Oil prices: OPEC's high wire act

The cartel struggles to keep oil prices high, but not high enough to kill the economy. Long term, are they investing enough to meet worldwide demand?

...Over the next two decades, the world will need to ramp up oil production from 85 million barrels a day currently, to about 117 million barrels a day, according to the Energy Information Administration. Nearly two-thirds of that new production is expected to come from OPEC.

There have been well-publicized concerns some oil-rich states are tapping the profits from their nationalized oil companies and using the money not for re-investment in oil production, but to fund social programs like roads, schools and healthcare. The concern isn't that poor people are getting services, it's that the world won't have enough oil.

But experts say that's mostly unfounded.

Peak Oil Passnotes: Stagflation Beckons

This week, in fact this year, has seen the equity markets fall and fall hard. Maybe not plunge back to the range they were in between the years 2002 and 2005, but the volatility and the worries over the economies of the U.S. and UK has taken the edge off current thoughts of growth.

In turn you would expect to see the price of oil tanking. Well, it has fallen, as low as $87 per barrel. But then again one year back it was at $49 per barrel, and no one was really talking about recession. So one can hardly call the figure of $87 a slump.

PDVSA debt rise will not affect ratings-Moody's

NEW YORK, Jan 25 (Reuters) - The massive debt increase in Venezuela's state-owned oil company PDVSA will not affect its credit ratings, Moody's Investors Service said on Friday, adding that it expects the company's debt load to keep growing in the future.
"PDVSA's financial leverage remains relatively modest, with total debt-to-capitalization in the area of 20 percent, the ratings agency said in a statement.

BP trims Alaska oil spending plans on tax overhaul

ANCHORAGE, Alaska (Reuters) - BP has shelved a $1 billion Alaska heavy oil project and trimmed a planned boost in 2008 capital spending due in part to the state's recent tax overhaul, company officials said Friday.

Ameriwest Energy: 4.9 million barrels of oil recoverable with CO2

Ameriwest Energy Corp has announced the results of a reservoir study of the South Glenrock C Unit (SGCU) located in Converse County.

...According to the study's base case, the estimated remaining OIP in the C Unit is 17.67 million barrels of oil (MMSTB) of which 4.9 MMSTB may be recovered from a continuous CO2 injection program over 25 years, according to detailed simulation predictions.

Valero suffers refinery fire in Caribbean

Valero Energy Corp. officials experienced a fire Friday in the company's Aruba refinery in the Caribbean. As a result, the entire refinery has been shut down.

The fire began in a vacuum tower of the refinery at around 9:45 a.m. Central time and firefighters in Aruba extinguished the fire at 11:15 a.m. One Valero employee was treated for heat exhaustion, but no injuries were reported. All non-essential personnel have been sent home. The refinery employs 775 individuals.

Trader says gas debt talks with Ukraine fail

MOSCOW (Reuters) - A gas trader, half-controlled by Russia's gas export monoploy Gazprom, on Friday said it had failed to reach a deal with Ukraine over a $598 million Ukrainian debt for gas supplies from Russia and Central Asia.

Analysts and market observers closely follow all pricing and debt disputes between the two countries, as Ukraine accounts for 80 percent of Russia's gas transit to Europe.

Brazil sugarcane industry eyes EU biofuel market
SAO PAULO (AFP) - Brazil, the world leader in making ethanol from sugarcane, is homing in on Europe's biofuel market following a decision by the European Commission to combat climate change by reducing the dependency on petrol.

The EU plan calls for biofuels to be used in at least 10 percent of fuels used in transport in the 27-nation bloc by 2020.

For Brazil's sugarcane industry, the news is seen as a golden export opportunity.

Nigeria oil exports to fall sharply in March-trade

LONDON (Reuters) - Nigerian crude oil shipments are expected to tumble sharply in March because of maintenance work at the Bonga field and a force majeure at the Forcados terminal, traders said on Friday.

The March loading schedule is estimated at around 1.72 million barrels per day, down 420,000 bpd from the previous month.

Plenty of oil remains, Exxon manager says

As a public affairs manager for ExxonMobil Corp., Sara Tays is frequently asked if the world's oil supply is on the verge of running out.

Tays, the featured speaker at the Greater Beaumont Chamber of Commerce's luncheon Thursday, said this concern was first raised in the late 19th century.

Demand has increased exponentially since then but new technology is constantly uncovering new supplies and the end is not yet in sight.

OPEC to monitor US price impact - Venezuela oil min

CARACAS (Reuters) - OPEC will monitor the impact on oil prices of a U.S. economic slowdown at its meeting next month, although it is premature to say if America's problems will hurt crude values, Venezuela's energy minister said on Friday.

Venezuelan crude oil sales to the US bounce back

Similarly to the previous months, Venezuelan crude oil shipments to the United States slightly increased in November compared to the previous year, and particularly to November 2006, but byproducts exports reinforced their downward trend.
Buying local helps the neighbors

Independent merchants are seeing a growth in the desire among their customers to buy local, according to a nationwide survey of more than 1,300 independent retailers. The survey -- commissioned by the Independent Business Forum, a trade association network, and administered by the Institute for Local Self-Reliance -- found that even during these tough economic times, small businesses are doing OK, especially when they play up “their local ownership and community roots.”

High oil prices prompt a scramble for Africa

Even if prices tumble, interest in West Africa is likely to be sustained by its strategic location between the U.S. and Asian markets, and the low sulphur content of its oil which makes it less corrosive to refine and more environment-friendly.

But with talk of "peak oil" -- a plateau in world production -- gaining currency among even seasoned oil executives, any prolonged decline in petroleum prices seems unlikely.

StatoilHydro shuts Oseberg South field due storm

OSLO (Reuters) - Stormy North Sea weather has forced StatoilHydro to shut its 54,000-barrel per-day Oseberg South oilfield, the Norwegian energy group said on Friday, adding that it sought to restart production on Saturday.

StatoilHydro also reduced manning at platforms at four other North Sea fields but plans to continue production at Snorre, Huldra, Visund and Kvitebjørn.

Iraq expects to raise oil production

Iraq expects to increase oil production this year to 3.7 million barrels a day and hopes to sign contracts to boost the output from oil fields that aren't producing to capacity, Iraq's oil minister said.

Iraq's oil production is at its highest since before Saddam Hussein fell in 2003, Hussein al-Shahristani said in an interview Thursday night on the sidelines of the World Economic Forum's annual meeting.

Russia Novoil refinery halts diesel output

"Diesel production at NovoUfimsk is on halt for a third day and people say it will take about a week to fix the problems," one trader, a regular offtaker of volumes from the refinery, said.
Another trading source said the Ufa group was behind the promised schedule of diesel deliveries, both for the domestic and export markets, but the management has pledged to catch up with the schedule, especially on the export front.

New energy deal to make Serbia major hub for Russian gas supplies to Europe

MOSCOW: Russia signed gas and oil deals worth US$2.2 billion (€1.5 billion) with Serbia Friday as part of a long-term effort to lock in its role as a major energy supplier to Europe, a push that worries some Western leaders.

The two agreements, which Russian officials said would make Serbia an important hub for the distribution of Russian gas, are just the latest bid by Moscow to build or acquire European pipelines, storage facilities, ports and energy companies.

Price watchdog growls at petrol companies

THE ACCC finally declared war on the oil industry last night, saying price gouging by greedy petrol companies was hurting every Australian.

Sheriff’s office gas fund request refuels debate

Sheriff Gobble asked the Finance Committee Wednesday for $195,000 from the county’s general fund to provide vehicle fuel for his department through the end of the fiscal year (June 30, 2008). Halfway through the budget year, his budget is almost exhausted.

The sheriff also asked for an additional $30,000 for his vehicle maintenance line item.

The sheriff was severely criticized by County Mayor D. Gary Davis and Commissioner Jim Smith for taking no conservative action when it was first determined fuel funding was going to be insufficient for the year.

“In six months you’ve doubled your (fuel) budget and you’ve shown no intention to cut consumption,” said Mayor Davis.

UK: Massive wind farm 'turned down'

Plans to build one of Europe's biggest wind farms on the Isle of Lewis are set to be turned down, BBC Scotland understands.

The BBC's Gaelic news service, Radio nan Gaidheal, has learned that Scottish Government ministers are "minded to refuse" the 181 turbine scheme.
More than 5,000 letters of objection to the proposals were received by the Scottish Government.

It is believed environmental concerns are behind the decision.

**Bill Gates new project: Farming**

DAVOS, Switzerland (CNN) -- Microsoft billionaire Bill Gates announced a new direction Friday as he pledged $306 million in grants to develop farming in poor countries, leading the charge for corporate responsibility at a major meeting of business chiefs.

"If we are serious about ending extreme hunger and poverty around the world, we must be serious about transforming agriculture for small farmers, most of whom are women," Gates said.

**Straw Tiger**

Chinese farmers could earn more money by cutting their country’s coal consumption. Straw residues from agricultural production are becoming an appealing feedstock for cofiring in power plants.

**Eating As If the Climate Mattered**

Notably, all food at the NCSE conference was vegan, and there were table-top brochures with quotes from the U.N. report on the meat industry, discussed more below. And the IPCC head, Dr. Rajendra Pachauri declared, as the AFP sums it up, "Don't eat meat, ride a bike, and be a frugal shopper."

**Warning that rising costs make livestock production untenable**

NFU Scotland's livestock committee, comprising sheep and beef farmers, has warned retailers that significant shortages of product are on the horizon unless prices improve. There is concern that farmers are set to sell their breeding stock as rising costs make businesses unsustainable.

The warning follows news that the pig industry is to stage a mass rally outside the Houses of Parliament on March 4.

**China Halts Coal Exports Amid Shortage**
SHANGHAI, China - China’s Transport Ministry ordered ports on Friday to temporarily stop loading coal for export as the country struggles to meet domestic needs amid mounting power shortages.

...The Transport Ministry’s emergency notice, posted on its Web site, ordered railways and other transport networks to make hauling coal and food a priority in coming weeks. Ocean shippers should stop loading coal for export and divert shipments, if needed, "for domestic thermal coal requirements," it said.

It warned of "severe" consequences for failing to comply with the order, to stay in effect through the Lunar New Year holiday in February and the annual session of the national legislature in early March.

South Africa Declares Electricity Emergency

CAPE TOWN, South Africa (AP) — South Africa will ration electricity, increase prices and encourage a switch to solar energy, all part of emergency measures now being undertaken amid power outages that have caused chaos and misery nationwide and threatened to choke economic growth.

Neighbors like Botswana and Namibia, which rely heavily on South African energy exports, have also been badly hit by the disruptions in the region's economic and political powerhouse. The outages have undermined confidence in South Africa, with more incidents like the stranding of hundreds of people on tourism icon Table Mountain spreading through the media to other countries.

South Africa: Power cuts threaten 22,000 farming jobs

Harvesting is heavily dependent on cooling systems, and unscheduled power cuts have made it difficult to plan ahead. Government wants Eskom to commit to scheduled and unchanged two-hourly power cuts between 4pm and 6pm or 6am and 8am when it's the coolest.

South Africa: Power cuts cost milk industry R100m a month

Disrupted irrigation schedules, lower milk yield by cows suffering from heat stress and damage to electrical equipment are adding to farmers' woes.

They are particularly vulnerable to losses because milking is generally done early in the morning and in the afternoon, in peak power usage periods.

South Africa: Guns vs. butter
When one looks at the chronology of government policy-making, it appears that when the hard choices needed to be made, the decision was for guns before butter. More specifically, the government chose to spend billions of Rands on arms that we do not need (and in some cases do not have the capacity to use) instead of adequately investing in infrastructure to lay the basis for long term economic growth. This infrastructure includes diverse aspects, such as our road networks, water purification and sewage systems. Electricity generation and distribution is currently the most topical case in point.

Australia: Holiday petrol runs dry

Shell last night warned of looming shortages in the more expensive fuel after production problems at its western Sydney refinery.

While the company claimed the shortages were tied to equipment failures yesterday, one Liverpool outlet said it had been dry since last Saturday.

Tajikistan: Citizens Ponder Bleak Future Amid Harsh Winter

The harshest winter in decades is plunging Tajikistan into a socio-economic crisis, as officials find themselves squeezed in a tightening vice of tough choices. The country currently is grappling with an energy emergency, with some areas now left totally without electricity. Efforts to solve the crisis, however, could cause a disastrous spike in inflation in a country where over 50 percent of the population lives below the poverty line.

Temperatures in Dushanbe, the Tajik capital, have hovered around minus-20 degrees Celsius over the past few weeks. The minus-22 reading recorded in Dushanbe on January 19 was the lowest recorded temperature in the city since 1982. The country’s antiquated infrastructure has not been able to cope with the cold, prompting drastic cuts in electricity.

Energy Crisis Looms In Maryland

Baltimore (WJZ) — With the average BGE Electric bill set to go up another $100 a year, Maryland is in the midst of an energy crisis.

Blame the rising costs on a wholesale market that the state has no control over.

The new increases will mark an 85 percent total increase since deregulation.

Mexican Oil Fights Theft
During 2007 the Integral Program to Combat the Illegal Market detected 323 clandestine tubes connected to PEMEX installations.

Of the 323, 296 hoses were found illegally installed to refining segments and the rest in closed areas, oil pipelines, and gas and basic petrochemistry lines.

Two secret tunnels were also discovered under construction to reach PEMEX segments last year, one in San Pedro de las Colonias, Coahuila and another in Mazatlan, Sinaloa.

India, France Agree to Talks on Nuclear Cooperation

(Bloomberg) -- Indian Prime Minister Manmohan Singh and French President Nicolas Sarkozy agreed to discuss a civilian nuclear-cooperation agreement, which may help India to plug a power shortage using reactors from companies such as Areva SA.

Climate change ‘will lead to warfare over food and water’

Climate change will have a long-term impact on the nation’s security as wars break out over food and water supplies around the world, a report said yesterday.

Hundreds of millions of environmental refugees will seek new places to live, with many of them heading for Britain, according to the report for the Oxford Research Group.

...It was “almost certain” that, by 2050, droughts, food shortages and flooding would lead to the mass movement of up to 200 million environmental refugees, the paper, An Uncertain Future: Law Enforcement, National Security and Climate Change, said.

The Peak Oil Crisis: The Future of Cars – Part 1

Since the end of World War II, the private gasoline-powered automobile has become the center of life in America. Our suburbs, commerce, recreation, religion, indeed nearly every imaginable aspect of our lifestyles has been centered around the mobility the ubiquitous, affordable private car has brought us. The lure of the private automobile is not unique to America. There are few other cultures in the world today that are not trying to emulate America as soon as their economic circumstances permit – think China and Russia. There now are about 240 million cars, light trucks, and motorcycles in the U.S. (not to mention another 700 million or so elsewhere in the world). The number is increasing by nearly 4 million each year. Something has got to give.

Shell says shuts Australia gasoline unit for months

SYDNEY/SINGAPORE, Jan 25 (Reuters) - Royal Dutch Shell (RDSa.L: Quote, Profile, Research) said on Friday it will keep a gasoline-making catalytic cracking unit at its
85,000 barrels per day (bpd) Clyde refinery in Australia shut for several months following an unplanned outage.

The shutdown at Clyde and the partial closure of Shell's 125,000-bpd Geelong plant, have prompted the refiner to ship in hefty volumes of clean products from Singapore, which traders said could be largely gasoline, raising prices by $2-4 on Friday's Asian close.

Shell Seeks Gasoline in Singapore as Sydney Stations Run Short

(Bloomberg) -- Royal Dutch Shell Plc sought to buy cargoes of premium gasoline in Singapore after a refinery fault in Australia led to fuel shortages in Sydney.

Gold soars above US$920 as power crisis closes mines

SINGAPORE - Gold and platinum hit all-time highs on Friday after a power crisis closed South African mines, with dollar weakness, firm oil and expectations of more interest rate cuts in the United States providing additional support.

South Africa's three main gold producers and the world's biggest platinum miner suspended production at all their mines in the country on Friday due to a power crisis, helping send precious metal prices to new highs.

Sasol says power woes to "impact on production"

JOHANNESBURG (Reuters) - Sasol, the world's top maker of motor fuel from coal, said on Friday its output would be affected by a request to cut its electricity demand, but was able to maintain output for the "foreseeable future".

South Africa is in the grip of a national power emergency, and the state-owned utility Eskom has asked big power consumers to reduce their demand for electricity.

World's top oil consumers discuss record crude prices

Brussels/Davos - The energy ministers of the world's biggest oil consumers held a conference call on Friday to share their concerns over high world oil prices and urge China and India to help stabilize the situation, officials in Brussels said.

IEA Calls OPEC Group for Gas Producers an 'Own Goal'
The International Energy Agency said setting up an OPEC-style group to control natural-gas supplies and prices would be a mistake because utilities might increase electricity production from other sources of energy.

"If such a gas forum is formed it gives the wrong message to consumers and could be an own goal," Fatih Birol, the IEA's head of research, told a press conference today at the World Economic Forum in Davos, Switzerland. Utilities may worry that such an organization would be able to control gas prices and opt for other sources of fuel, he said.

Bulgaria sees South Stream pipeline operational by 2013

SOFIA (Thomson Financial) - A 10 bln eur pipeline carrying Russian gas to Europe via Bulgaria should be up and running by 2013, Bulgarian Economy and Economy Minister Petar Dimitrov told a parliamentary debate on the subject today.

Gazprom strikes new supply deal with Lithuania's Lietuvos Dujas

VILNIUS (Thomson Financial) - Lithuania's Lietuvos Dujos gas distribution company signed a new supply deal with Russian giant OAO Gazprom, a company spokeswoman said today, a move that could hit customers' pockets hard.

The spokeswoman confirmed that a deal had been inked but refused to give details of the amount and price of the gas, saying the information was confidential.

However, new gas prices announced by Lietuvos Dujos yesterday evening showed an average increase of 67 pct to 1,250-1,620 litas (531-688 usd) per 1,000 cubic metres, depending on the amount consumed.

Former chairman of China's No. 2 oil company faces corruption charges

BEIJING: The former chairman of China's No. 2 oil company, Sinopec Corp., has been expelled from the Communist Party and referred to prosecutors on charges of corruption and bribe taking, state media reported Friday.

Chen Tonghai "abused his position to obtain improper benefits for his mistress and others and led a corrupt life," state broadcaster CCTV reported on its main evening national news broadcast.

20,000 wind turbines - plus a 15% rise in electricity bills

The cost of household electricity bills is expected to rise by up to 15 per cent if Britain is to meet compulsory climate change targets announced yesterday.
Feds Launch Investigation Into Oil Companies

BIDDEFORD, Maine -- The federal government's Office of the Inspector General is launching an investigation into the business dealings at two of the three oil companies owned by Curro Industries in Biddeford.

Curro is accused of taking money from customers then failing to deliver fuel.

Brown calls for a 'green' World Bank

DAVOS (AFP) - Prime Minister Gordon Brown called Friday for the World Bank to assume an environmental role capable of taking on the global challenges posed by climate change.

UN climate envoy expected to become South Korean PM: reports

SEOUL (AFP) - The United Nations special envoy on climate change is expected to be nominated as South Korea's next prime minister, media reports said Friday.

The nomination of Han Seung-Soo is likely to be officially announced next week, Yonhap news agency quoted a source close to president-elect Lee Myung-Bak as saying.

EU aims to adopt energy, climate laws by spring 2009: presidency

BRUSSELS (AFP) - The European Union aims to enact sweeping new legislation on energy and climate change by the spring of 2009, the EU's Slovenian presidency said Thursday.

"We are counting on a constructive approach and support of the member states and the parliament for a final adoption of the package by spring 2009," said Slovenian Environment Minister Janez Podobnik.

Japanese PM pledges initiatives on climate change, development

LONDON (AFP) - Japan's Prime Minister Yasuo Fukuda pledged Tokyo-led initiatives on climate change and economic development in the near future in a comment piece in the Financial Times on Friday.

Writing ahead of a speech to the World Economic Forum at Davos, Switzerland, on Saturday, Fukuda wrote that "combating climate change and fostering development,
particularly in Africa, are two of the issues that Japan, as chair of the 2008 meeting of the (G8) ... is pushing hard to address."

He wrote that he feared that "recent instability in the world economy might hijack the debate and dominate the agenda."

EU Aims to Choke Carbon Emissions

The work of the European Union is often seen as technical, dull and remote: It's hard to gin up much general interest in, say, another green paper on financial regulation, however incisive it may be. But today's announcement in Brussels was a blockbuster: a sweeping package of measures to combat climate change that sets a global standard and means major changes for how Europe gets its energy.

Scientific Group Releases New Statement on Climate Change

The world's largest society of Earth and space scientists has released a new statement on climate change that unequivocally names human activity as the cause of global warming.

"Earth's climate is now clearly out of balance and is warming," according to the first paragraph of the new statement by the American Geophysical Union. The statement cites many components of the Earth system that are changing at unnatural rates, including rising global temperatures, ice melt, sea level rise and the distribution of precipitation around the globe.

"The facts are well-established now that the Earth's climate is warming," said Bette Otto-Bliesner of National Center for Atmospheric Research in Colorado at a press conference today in Washington, D.C., held to release the statement.

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