



DrumBeat: January 29, 2008

Posted by [Leanan](#) on January 29, 2008 - 9:51am

Topic: [Miscellaneous](#)

[Lester R. Brown: Why Ethanol Production Will Drive World Food Prices Even Higher in 2008](#)

We are witnessing the beginning of one of the great tragedies of history. The United States, in a misguided effort to reduce its oil insecurity by converting grain into fuel for cars, is generating global food insecurity on a scale never seen before.

The world is facing the most severe food price inflation in history as grain and soybean prices climb to all-time highs. Wheat trading on the Chicago Board of Trade on December 17th breached the \$10 per bushel level for the first time ever. In mid-January, corn was trading over \$5 per bushel, close to its historic high. And on January 11th, soybeans traded at \$13.42 per bushel, the highest price ever recorded. All these prices are double those of a year or two ago.

[Valero Port Arthur work to cut runs 100,000 bpd](#)

HOUSTON(Reuters) - Valero Energy Corp Chief Executive Bill Klesse said on Tuesday that throughput at the company's 295,000 barrel per day (bpd) Port Arthur, Texas, refinery will be cut by 100,000 bpd for a coker unit overhaul.

[Kirkuk Oil Flow To Ceyhan Stopped; 1.4 Million Bbl Stored](#)

LONDON -(Dow Jones)- Oil shipments from Iraq's Kirkuk oil fields into the Turkish Mediterranean export terminal of Ceyhan are still on hold, a local shipping agent said Tuesday at 1000 local time (0800 GMT), following reports that the flow had ground to a halt Friday.

The local shipping agent said total inventories of loadable Kirkuk crude available at store tanks at Ceyhan now stands at around 1.4 million barrels.

[Chevron's Kazakh Unit Raises Oil Output With Injector](#)

(Bloomberg) -- Chevron Corp.'s Kazakh venture, TengizChevroil LLP, increased crude

oil extraction after starting up a gas injector.

The addition of 90,000 barrels a day brings current capacity to about 400,000 barrels a day, Chevron said today in a statement. Capacity will reach 540,000 barrels a day in the second half when more facilities at the Tengiz field are added.

[Alberta's Liberal leader says other provinces should profit from oilsands](#)

TORONTO - With a provincial election call expected soon, Alberta's Liberal leader says he wants to boost Canada's economy by letting other provinces profit from the oil boom.

[Gunmen attack shipbuilder in Nigeria](#)

Gunmen riding in two boats attacked a waterside shipbuilding company Tuesday in Nigeria's lawless southern oil region, injuring one person, police said.

The gang escaped with spare parts as the military moved in to restore order, police said.

[Energy security: A new buzzword for Europe](#)

Without ensuring its energy security, Europe's ability to be a serious global player is at risk. The answer to the question "is Europe ensuring its energy security?" is negative. If current trends continue, Europe will be more energy hungry and more dependent on unreliable suppliers.

[Heavy footprint weighs down U.S. empire](#)

Is the decline of the status of the United States a result of its heavy ecological footprint? A strong argument can be made that the fading of the American empire is fundamentally an environmental issue.

In his book *The Upside of Down*, Canadian political scientist Thomas Homer-Dixon devotes a lot of space to an environmental analysis of the decline and fall of the Roman Empire. Interesting in itself, it is also meant as a cautionary tale, not only for the U.S., but also for all industrialized nations.

[Outside View: Oil firms boom on Iraq war](#)

As ExxonMobil prepares to celebrate what could be a record profit of more than \$10 billion for the last quarter of 2007, jubilant company officials and stockholders might

want to join in a moment of silence for the more than 1 million war dead in Iraq -- Iraqi and American combined. They paid the ultimate price in a war in which ExxonMobil has had a hand and which we can estimate is responsible for at least \$2.5 billion of ExxonMobil's latest profit.

[Gulf needs \\$50 oil to maintain investments](#)

DUBAI: The Gulf states – including Saudi Arabia and the United Arab Emirates – will keep investments at their planned levels as long as oil remains above \$50 per barrel, said EFG-Hermes Holding, Egypt's largest investment bank.

[Price freezes squeeze Chinese farmers](#)

"Prices of pesticides and chemical fertilizers have continued to soar, but the price of rice has not undergone big hikes in recent years," Xu said. "Rice in 2007 only fetched 80 yuan (US\$11) or so per 50 kilograms on the market. I don't have much left after labor costs are deducted. It is simply unrealistic to rely on plowing the fields and becoming prosperous."

[Australia: Fuel drought as refinery problems cause shortages](#)

MOTORISTS face the likelihood of petrol shortages amid claims oil companies are using refinery malfunctions to exploit consumers by inflating prices.

Shell confirmed yesterday that its unleaded supplies were "tight" after the breakdown of the catalytic cracking unit at its Clyde refinery.

[Russia's Gazprom plans to deliver gas to Israel via Turkey](#)

Russia-based energy giant Gazprom is seeking to extend its business relations with Turkey, with plans to launch new projects to enlarge its delivery area in the Middle East and Israel via Turkey in particular.

[Strategic gas field in northeast Russia awaits Gazprom in 2008](#)

MOSCOW, January 29 (RIA Novosti) - Russian energy giant Gazprom will start developing one of Russia's largest oil and gas fields in the northeast this year, a regional leader said on Tuesday.

The Chayanda gas field in the Republic of Sakha (Yakutia), with proven reserves of 1.24 trillion cubic meters of gas and 50 million metric tons (about 370 million barrels) of crude, was included in the list of strategic deposits in late 2007.

[Shell sparks fears over oil reserves](#)

Royal Dutch Shell is to delay publication of key data about its oil reserves that it would normally have released alongside profits figures being published on Thursday.

The decision has disappointed some analysts, who have been told that the subject will not even be "up for discussion" and which has sparked concern the reserves numbers could be poor.

[Kuwait upbeat on oilfield plan](#)

KUWAIT: Kuwait was confident that the country's legislature would pass a long-delayed plan to explore northern oilfields with the help from foreign firms, reports said yesterday.

The northern oilfields, crucial to plans to raise output capacity, have been delayed for years by legislators who say the plan could give foreign firms control over the country's oil wealth.

Kuwait, which has around 10 per cent of the world's oil reserves, plans to raise its capacity to four million barrels per day oil by 2020.

[Japan Plans to Support Replacing Petrol With Wood](#)

TOKYO - Japan is set to embark on a five-year plan this year to harness a new form of energy using unused wood biomass to produce auto fuels and other industrial products currently made from imported petrol.

Japan, where two-thirds of the country is covered by forests, can supply a part of alternative fuels made from wood-origin ethanol as well as raw materials for plastic and carbon fibres.

[Biodiesel film wins Sundance award](#)

"Fields of Fuel" was chosen for the Audience Award for Best Documentary Film and was presented to Tickell by host William H. Macy. The film's producer and other crew members accompanied Tickell onstage to accept the award. In his acceptance speech, Tickell said, "May we work together to create a green and sustainable future."

[Australia Rules Out Uranium Sales to India](#)

The newly installed Australian Labor government has reversed a decision by the previous Howard administration to sell uranium yellowcake to India. Canberra has said it will ban such sales to New Delhi until it agrees to sign the Nuclear Nonproliferation Treaty.

[Refiners cut oil use, show world has enough for now](#)

LONDON/NEW YORK (Reuters) - Oil around \$90 a barrel for three straight months has led refiners around the globe to process less of it, offering further proof the world's immediate needs for crude are amply covered.

A Reuters estimate shows at least 400,000 barrels per day (bpd) is off line as refiners close units that process crude -- allowing oil inventories to pile up as refined product prices lag crude's rally.

[Investment Guru Jim Rogers: 'It Doesn't Look Like \\$90 to \\$100' Will Be High Enough to Slow Oil Demand \(Part 1 of 3\)](#)

Three billion, famed investor Jim Rogers pointed out during a recent interview with EnergyTechStocks.com, is the number of people "who weren't even in the game" in the 1970s, the last time oil prices reached record highs.

On top of that, said the creator of the Rogers International Commodities Index (RICI), in the 1970s there were huge amounts of oil that people knew were eventually going to come on line, whereas today the world's oilfields are in a state of decline.

[Taipower seeking spot coal on concern China will halt exports](#)

Taiwan Power Co., the island's biggest electricity producer, plans to buy coal in the spot market because of concern China will stop exports, a company official said.

The utility issued a tender last week for about 1 million metric tons of coal and may buy more in the spot market, Chief Engineer Tu Yueh-yuan said by phone from Taipei yesterday.

[GlobalCOAL coal price index jumps above \\$100/T](#)

SYDNEY, Jan 29 (Reuters) - Thermal coal prices at Australia's Newcastle port, a benchmark for Asian coal prices, jumped nearly \$9 over the weekend to \$102 a tonne, data from electronic trading platform globalCOAL showed on its week-to-date index.

The sharp rise in the coal price index comes after reports of China and South Africa halting their coal exports in an effort to alleviate a severe power crisis.

[Triple digit oil price regardless of peak](#) (audio)

The real value of oil is "way, way, way above \$80" according to a leading analyst. Paul Horsnell, head of commodities research for Barclays Capital, says it is hard to see the price falling below \$80, even allowing for a lot of pessimism about the economy, and that the long run price is likely to be in triple digits – but not because of resource constraints. At least not immediately.

In an interview with lastoilshock.com and Global Public Media, Horsnell argued that the market is in a period of 'price discovery', where it was not yet clear how high the price would have to rise in order to bring on additional supplies or reduce demand.

[Supergrid could provide 30% of Europe's electricity](#) (audio)

A high voltage electricity grid connecting countries from the North Sea to the Bay of Biscay could provide almost a third of Europe's power by 2030, according to the company behind the idea. The system would improve energy security, cut emissions, and even reduce the price of power at times of peak demand.

[Norwegian gas will go to highest bidder](#) (audio)

As the European gas market tightens over the next decade, Norwegian supplies will be allocated on a strictly commercial basis, according to Deputy Minister of Petroleum and Energy Liv Monica Stubholt.

In an interview with lastoilshock.com and Global Public Media, Ms Stubholt stressed that Norway was raising its gas production and would be a "reliable and predictable supplier".

[Bangladesh: Priority to the fertilizer plants, instead of the power plants](#)

The Energy and Mineral Resources Division on Sunday asked Petrobangla to give priority to the fertilizer plants, instead of the power plants, in supplying gas in the ongoing Boro season. An inter-ministry meeting, chaired by special assistant to the chief adviser M Tamim, decided that the Shikalbaha power plant would suspend generation, if needed, so that more gas can be fed to the Raujan power plant and gas supply to Chittagong Urea Fertilizer Limited and Karnaphuli Fertilizer Company can be ensured for smooth production.

[Acute farm machinery shortage looms, warns Case IH](#)

Buoyant world farm commodity prices, plus the 'sniff of a good season' here in Australia, are the key drivers of looming farm equipment shortages.

With large swags of broadacre equipment imported, any boom in worldwide equipment sales is going to make it hard for Australian dealers to get into production-line queues, particularly in the US.

[SAfrica's Sasol says resumes normal fuel production](#)

JOHANNESBURG (Reuters) - South Africa's Sasol, the world's biggest producer of fuel from coal, has resumed normal fuel production after output was cut due to the country's power crisis.

[Hirsch: The WSJ article on a CERA oil decline study](#)

On January 17, The Wall Street Journal published an article entitled [New Fields May Offset Oil Drop](#), reporting and commenting on a study by CERA entitled, "No Evidence of Precipitous Fall on Horizon for World Oil Production: Global 4.5% Decline Rate Means No Near-Term Peak: CERA/IHS Study." Here are some WSJ article highlights and related comments / questions:

1. *"Output from the world's existing oil fields is declining at a rate of about 4.5% annually."*

Comment: Because of CERA's established record of marked optimism in oil and natural gas, a prudent observer might assume 4.5% as a lower bound on this extremely important parameter.

[People in need forced to beg for heating help](#)

One oil distributor told me on Monday that he's finding this to be a very difficult heating season. That's because he's regularly on the phone with people pleading for some help. In one poignant example, he says, a father was very nearly in tears trying to get a break on his heating bill.

The trouble is that the small-time oil distributor, who is basically a reseller of heating oil, is also feeling the squeeze this winter. The cost of buying the product and the price at which it is sold is tight and therefore all the so-called discounters have to be conscious of all their expenses.

[Chinese Power Firms' Margins Hit By Rising Fuel Costs](#)

HONG KONG - Unlike their foreign counterparts, which can comfortably embrace higher demand and reap larger profits during the winter season, Chinese power producers are struggling to make it through the current snowstorm and are expected to see lower profits for the current year.

The heavy snow and sleet have weighted down electricity pylons and cables, blocked national railways, which transport coal to power plants, and forced 7% of the county's power plants to shut down their turbines, causing power shortages in 17 provinces amid China's snowiest winter since the Communist Party took over the country in 1949.

[Coal shipments continue as power plants shut](#)

Mainland ports were still loading coal for export in defiance of a government ban on shipments, but top miner and exporter Shenhua Group was feeling a pinch from the new policy, sources said on Tuesday.

Tianjin port, the mainland's third-largest, was still loading coal for export as was the smaller Rizhao port, both on the northeastern coast, port officials told Reuters.

[Problems In Black And White For China](#)

HONG KONG - Coal and coal stocks were as hot as China was cold Tuesday, with the country's power plants and transport networks paralyzed by severe winter weather that has killed 24 people and caused about 22.1 billion yuan (\$3.1 billion) in direct economic losses.

China, which generates 78% of its power from coal, has been striving to increase production in the past few years to keep pace with rising demand for electricity that has been fueled by five consecutive years of double-digit percentage economic growth. The biggest snowfall in 50 years has pressured an already stretched coal market, raising heating demand and blocking deliveries.

[All power plants under capacity](#)

Durban - Not a single one of Eskom's coal-fired power stations, which should supply 90 percent of the country's electricity, is operating at full capacity.

Difficulties in coal supply, technical problems or planned maintenance have wiped out a quarter of the utility's capacity.

[China's big freeze, Australia's floods and South Africa's disruptions paint coal bright](#)

It has been described as the dirtiest fossil fuel of all, but with the high costs of oil and natural gas, coal's time is now and it's on a resurgent path with prices surging in the face of shortages and anticipations that no major producers will up supplies in the next two years.

[Nepal: Diesel, kerosene crunch worsens](#)

KATHMANDU - A shortage of diesel and kerosene has gripped the country, creating panic in the transport sector, posing a threat to industry and badly hurting low-end consumers.

On Monday, long queues of buses and micro-buses could be seen at Bhadrakali, Naxal and other leading gas stations in the Valley, while the petroleum dealers association said most of the pumps in the tarai and along the major highways remained closed as they had run out of supplies.

[PAKISTAN: Wheat price rises, power cuts breeding discontent](#)

Pakistan is also gripped by one of the most severe energy crises in its history, with power cuts for up to 15 hours a day for domestic consumers, and also periodic cuts in piped natural gas, which serves as the primary fuel in many homes.

Islamabad is affected, but the most prolonged cuts are reported in small towns and villages.

[Mexico Lawmakers Threaten Walkout Over Energy Reform](#)

(Bloomberg) -- A Mexican opposition party threatened to boycott congressional sessions in a bid to hinder an energy reform package backed by President Felipe Calderon.

Congressman Alejandro Camacho of the Party of the Democratic Revolution told reporters today that lawmakers from his party may walk out or resign over a plan to ``sell Mexico" by opening up its oil industry to private or foreign investment.

[Gaza petrol stations boycott Israeli fuel shipments in protest](#)

GAZA, Jan. 29 (Xinhua) -- Petrol stations in Gaza on Tuesday refused to receive fuel shipments from Israel except diesel for power plants and the cooking gas.

Mahmoud al-Khozendar, deputy director of the Union of Gaza Service Stations Owners, said the decision was made in a protest against Israeli overt reduction of the fuel supplies needed by Gaza.

[More help urged for 'green' energy](#)

Almost lost in the public debate over coal-fired power versus renewable energy is how to get both kinds of power from the plants where it's produced to the cities where it's used.

At issue: how much planning is being given to placing electrical power lines near generating plants that use renewable resources, versus conventional coal-fired power plants.

[OPEC Jan Output Trickles Up To 33 Million B/D, Enough For 2Q - Tracker](#)

DUBAI -(Dow Jones)- Crude oil production from the Organization of Petroleum Exporting Countries trickled higher in January, with the group's present output sufficient to meet its share of global oil demand in the seasonally weaker April-June period, tanker tracker Petrologistics said Tuesday.

The data underscore the expectation among oil ministers and analysts that the cartel won't alter its output levels when it meets Friday in Vienna.

Production from the group's 13 members was expected at 32.9 million barrels a day, 100,000 barrels a day higher than seen in December, the Geneva-based consultancy firm said.

The figures for January and December include Ecuador, which rejoined the group in November.

[With Eye on US Econ Woes, OPEC Likely to Hold Output Steady](#)

Despite calls by the Bush administration and European governments for OPEC to pump more oil, the cartel may actually look to cut output this spring if signs continue to point to increasing oil supplies and diminishing demand.

[OPEC Likely to Deny Bush's Call for Oil, Survey Shows](#)

OPEC, the producer of more than 40 percent of the world's oil, may reject U.S. President George W. Bush's request to increase production and relieve the strain of rising energy costs.

[India: Govt set to raise gas price by 16%](#)

NEW DELHI: Government is likely to raise the price of natural gas produced by ONGC and Oil India Ltd by 16 per cent and index it to inflation rate, a move that would result in higher revenues for the two firms

[Valero earnings tumble as gasoline margins lag](#)

NEW YORK (Reuters) - U.S. refiner Valero Energy Corp on Tuesday said fourth-quarter earnings fell sharply on lower profits from gasoline production.

Net income in the quarter fell to \$567 million, or \$1.02 a share, from \$1.11 billion, or \$1.80 a share, last year.

Profit margins from refining were relatively weak in the quarter as gasoline prices failed to keep pace with oil prices that soared to record levels.

[Australia: Petrol companies may get competition](#)

THE competition monitor says it is courting a new independent player to drive down petrol prices.

The Australian Competition and Consumer Commission chairman, Graeme Samuel, says he has lost patience with the four main oil companies - Shell, BP, Mobil and Caltex - and they will have to separately face the commission over their excuses that refinery breakdowns or maintenance had led them to increase prices.

[China's CNOOC says 2008 oil, gas output to rise](#)

SHANGHAI, China (AP): CNOOC Ltd., China's biggest offshore energy producer, said Tuesday it plans to boost capital spending in 2008 to develop new oil and gas fields and raise its production by up to 16 percent.

[Iraq cuts off oil supplies to SKorea](#)

SEOUL (AFP) - Iraq has stopped crude oil exports to South Korea in protest at an exploration deal involving Korean firms in Iraqi Kurdistan, officials said Tuesday.

...The dispute has not badly hit supplies because Iraq accounted for less than three percent of total crude imports last year, an energy ministry official said. The shortage was covered by purchases on the spot market.

[SAfrica power crisis to wreck growth forecasts: economists](#)

South Africa, which had forecast five-percent annual growth until the end of the decade, will struggle to hit half that figure owing to its electricity crisis, economists warned on Tuesday.

[BHP mines silent amid S African energy crisis](#)

BHP Billiton has halted mining at its manganese mines in Hotazel, and its aluminium smelters at Bayside, Hillside and Mozal continue to shed load.

The company says its coal mines are still operating and are prioritising coal supply to Eskom.

[South Africa - Today's meeting agenda: cutting demand](#)

Johannesburg - Eskom's Midrand conference facilities will host another emergency meeting today with the country's largest power users and officials from the departments of minerals and energy, and public enterprises, to try to resolve the energy crisis.

[Energy crisis 'could hobble infrastructure'](#)

South Africa's critical electricity crunch has raised doubts over whether infrastructure can keep pace with an economic boom while the country prepares to host the 2010 Fifa World Cup tournament.

[Swaziland: Cabinet's urgent meet over energy crisis](#)

CABINET yesterday convened an urgent meeting to review the present threat of a power crisis.

Secretary to Cabinet Sandile Ceko confirmed that of the two items on the agenda was the situation regarding power shortage, load shedding and related issues. he said the meeting explored medium to long term solutions but were not specific about projects initiated by certain individuals or companies.

[20 Questions on Green IT](#)

The data centre energy crisis is continuing to cause concern for our customers around the world. All indications are the problem will continue to escalate over the next five years. If you consider that the energy usage in a data centre is approx. 30 times that of a regular office space you start to quickly realize the magnitude of the problem.

[Area man makes Page One of Wall Street Journal](#)

A Middleville man was featured in a Page One story in Saturday's Wall Street Journal.

Aaron Wissner is apparently part of a small but growing movement of people who believe that oil production has peaked and that as supplies dwindle, chaos will follow.

['Action needed' on home emissions](#)

European governments and the European Commission are being urged to hasten the development of housing that produces no greenhouse gases.

The European Energy Network (ENR), which includes energy advisory bodies across the EU, says better enforcement of green building codes is also needed.

[Gates donates 20 mln dollars to help rice farmers: institute](#)

MANILA (AFP) - Bill Gates, the world's richest man, is to donate nearly 20 million dollars for research into helping rice farmers deal with global warming, the International Rice Research Institute said Monday.

The Philippines-based institute said it would use the donation from the Microsoft founder to harness scientific advances and address major unsolved problems in agriculture.

[G7 to consider climate change fund: report](#)

TOKYO (AFP) - Japan, Britain and the United States are looking to jointly propose the creation of a special fund designed to fight climate change.

[Bush wants climate deal that gives 'none a free ride'](#)

WASHINGTON (AFP) - US President George W. Bush called Monday for completing an international deal aimed at cutting global-warming greenhouse gases that involves "every major economy and gives none a free ride."

In his annual State of the Union speech, Bush plugged a US initiative which stresses uses of nuclear power and technology to trap emissions from coal plants that critics fear will undermine UN-led efforts to fight climate change.

[Hansen: White House 'Reviews And Edits' All Testimony By Government Scientists](#)

In 2006, the government's top global warming researcher, James Hansen, revealed the government's efforts to muzzle him from speaking out about climate change. NASA political appointees reviewed all his lectures, papers, and requests for interviews from journalists.

In a new e-mail, Hansen reveals that the censoring is not only happening to him, but to all government scientists. He writes that the White House Office of Management and Budget reviews all scientific testimony to make sure that it's "consistent with the President's budget."



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