



DrumBeat: January 30, 2008

Posted by [Leanan](#) on January 30, 2008 - 9:51am

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[Refiners raid European fuel market as run cuts bite](#)

LONDON (Reuters) - Two refiners, their European plants running at reduced rates as they seek to defend their profit margins from \$90 per barrel oil, lifted European fuel prices as they bid for cargoes on Tuesday, trade sources said.

Interest in diesel from ConocoPhillips and gasoline from Petroplus helped cargo prices rise while prices in the Amsterdam-Rotterdam-Antwerp refining hub, which are more reflective of inland European end-user demand, declined.

The companies are among about dozen refiners worldwide who have taken more than 400,000 barrels per day of distillation capacity off line this month to restore the margin between crude prices and oil product prices, which have lagged crude's rally.

[China in lockdown as weather worsens](#)

BEIJING, China (CNN) -- China's worst winter in more than half a century showed no signs of abating Wednesday as forecasters told citizens to brace for three more days of snow and sleet.

"The heavy snow and sleet has paralyzed transport and coal shipments, and led to travelers cramming railways stations and airports and power supply reductions in almost half of the 31 provinces and regions on the Chinese mainland," China's Xinhua news agency reported.

[Suncor, Shell oil sands output unaffected by cold](#)

CALGARY, Alberta (Reuters) - Oil sand projects operated by Suncor Energy Inc and Royal Dutch Shell are running normally despite a bitter cold snap in northern Alberta that forced Syncrude Canada Ltd to suspend production at its 350,000 barrel per day project.

Suncor and Shell both said that their oil sands mining projects near Fort McMurray, Alberta, were producing at normal rates. Suncor's output is about 260,000 bpd, while

Shell has a capacity of 155,000 bpd.

[Europe thinks alternatively in quest to go 'green'](#)

LONDON — Europeans are experimenting with alternative, eco-friendly sources of energy that are, well, quite alternative.

Businesses and individuals are trying ways large, small and controversial to wean the Continent off expensive oil, gas and coal — and to combat climate change.

[OPEC Meeting: No change seen in oil production quotas Friday but later cut likely](#)

LONDON (Thomson Financial) - OPEC is set to leave its production quotas unchanged this Friday but the likelihood of a cut at its next scheduled meeting in March is growing as the prospect of a global economic slowdown looms.

OPEC ministers have begun to arrive in Vienna ahead of the cartel's specially convened meeting this week in an attempt to pacify consumers worried that tight supply was pushing prices too high.

However, oil ministers from OPEC member states Ecuador, Nigeria and Qatar have already indicated that they see no change to output at this week's meeting, although the cartel's largest producer and de facto leader Saudi Arabia has yet to comment.

[Monbiot: Population growth is a threat. But it pales against the greed of the rich](#)

It's easy to blame the poor for growing pressure on the world's resources. But still the wealthy west takes the lion's share.

[Stratfor: Iraq's oil offensive](#)

The Iraqi government cut off oil exports to South Korean energy firm SK Energy on January 1, and will deny the company oil for all of 2008 unless it backs out of its deal with the Kurdistan Regional Government (KRG) by January 31, Reuters reported today (January 28), citing Iraqi Oil Ministry sources.

The move represents an important development in the ongoing dispute between the KRG and the Shiite-dominated central government in Baghdad over control of Iraq's oil resources.

[Why Cape Breton shakes in the echo of this distant boom](#)

NEW WATERFORD, N.S. — When Frankie Morrison wanted to remodel his kitchen, he didn't take out a loan, or dip into his retirement savings. Instead, the 53-year-old father of three followed in the footsteps of his son, his eldest daughter, his brother-in-law and just about every other working-age man in this former coal-mining town: He headed west for a spell, to take part in the Great Economic Miracle known as the oil sands.

"I came home with \$9,200 in my pocket after six weeks," he explained, flashing a \$200 watch his employer gave him for avoiding accidents on the job. "My buddy just came back and he made \$43,000. He bought a four-wheel drive, put new cupboards in his home, a new kitchen and new flooring. As a fella says, you make hay while the sun shines."

[China's CNPC wants to purchase Russian gas at European prices](#)

MOSCOW (Thomson Financial) - The China National Petroleum Corporation (CNPC) has informed Russia's OAO Gazprom that it wants to pay a price similar to that which European clients currently pay for its natural gas, a source close to the negotiations told Interfax.

'The Chinese are insisting that Gazprom proceed from the gas price for Europe at the starting period of determining the price formula,' the source said.

[Iraq 'set for oil price windfall'](#)

Increasing oil production and higher oil prices mean Iraq could be set for an influx of extra money towards reconstruction, a report has said.

[Iraq oil cash not spent for reconstruction](#)

Increased Iraqi oil revenues stemming from high prices and improved security are piling up in the Federal Reserve Bank of New York rather than being spent on needed reconstruction projects, a Washington Times study of Iraq's spending and revenue figures has shown.

[Friction over coal price at root of power shortage](#)

In the longer term, the rolling cuts are the product of a clash between the power and coal industries over price and profits, with Beijing standing by, sometimes ineffectively, as referee.

The state power companies have bristled in recent years at the rising cost of the coal

they buy to fire their generators. While coal prices have been largely deregulated, and become increasingly tied to global markets, power prices are still set by the government.

[NTPC Coal Imports to Jump 67%, May Burn Lower Grades](#)

(Bloomberg) -- NTPC Ltd., India's biggest utility, plans to import 67 percent more coal next fiscal year and switch to lower grades, to curb the impact of record fuel prices as its meets soaring electricity demand.

The generator may have to pay 39 percent more to import the fuel in the year starting April, Chairman T. Sankaralingam said by telephone from New Delhi today. At current prices NTPC will on average pay as much as \$75 a metric ton for imports next year compared with \$54 in the year to March 31, he said.

[Sinopec's Maoming further delays coker maintenance](#)

BEIJING (Reuters) - Sinopec's Maoming refinery has postponed further the maintenance of a delayed coking unit to the second quarter as it operates at near full speed to meet firm domestic fuel demand, an industry source said.

[Tokyo Electric Expects Record Loss on Oil, Gas Costs](#)

(Bloomberg) -- Tokyo Electric Power Co., forced to shut the world's biggest nuclear plant after an earthquake, predicted a record loss for the year ending March because of higher costs for oil and natural gas.

... ``Fuel costs are leaping far more than we expected," Managing Director Masaru Takei told reporters Tokyo today. ``Spikes in oil prices force us to pay more for liquefied natural gas as well. Sellers are taking a tough stance to increase their fuel prices."

[Malaysia: Stockpile sign of a responsible govt](#)

IT is the duty of every responsible government to ensure a constant supply of essential foodstuff so that people will have access to such goods on a daily basis.

One way of doing this is to stockpile enough food and fuel in case of an emergency leading to a shortage, whether due to natural causes or other factors. There must be enough supply to last the storm.

[High Oil Prices Boost Energy Efficiency - Report](#)

LONDON - High oil prices have spurred countries to use energy more efficiently, a report by an energy industry group said, but the authors say concerted government action is still needed to encourage less waste.

[Days of cheap energy are over, lawmaker says](#)

DES MOINES -- Iowa should implement efficiency standards for utility companies as part of the state's drive to create green jobs and reduce energy consumption, a group of lawmakers announced Tuesday.

"Iowans are used to the concept that energy will be cheap, and those days are now over," said Sen. Rob Hogg, D-Cedar Rapids. "Energy is no longer going to be cheap, so we have to become better energy consumers."

[A load of hot air?](#)

Green and vegan claims that meat is a climate crime are based on a UN statistic that could lead to more industrialised farming.

[UK: Beef shortage brings call for price increase](#)

With fertiliser, feed and fuel prices all escalating, NFUS has huge concerns that the production of both beef and lamb could be about to suffer a serious drop unless prices start to reflect both the tight supply situation and rising costs.

Figures produced by the Scottish Government revealed drops in both breeding sheep and cattle numbers since June 2007.

[Risk of restarting nuclear reactor too high: Keen](#)

The woman who was fired by the federal Conservatives as president of Canada's nuclear safety watchdog said Tuesday the safety risk of resuming the Chalk River, Ont., reactor was 1,000 times higher than accepted international standards.

[Where Industry Has Failed Us](#)

The second half of the 20th century was, in some key respects, a time of stagnation. Have we learned any lessons from the failure of industry (and governments)? We could be enjoying universal supersonic jet travel, with aircraft capable of vertical takeoffs and landings; electric cars; and cheap nuclear power. Instead, we've been deprived of these

things by timidity and cowardice in high places, by a lack of vision and initiative and by a failing of the energetic, entrepreneurial spirit of technical adventure that dominated the West from 1750 to 1950.

[Saying Goodbye To The Oil Age](#)

The litany of "bigger, faster, and more complex," mega-this and mega-that, as a cure for the initial problem of "bigger, faster, and more complex" is self-evidently ludicrous, so ludicrous that we cannot see it. It is sheer bigness — overpopulation, resource-consumption, and environmental destruction — that has led us to the first days of systemic collapse. Dragging images out of science-fiction movies to create "bigger, faster, and more complex" machines will not do the trick. The paradigm is elusive but real: the worship of technology creates a chain reaction, a spiral, a thermostat set to zero tolerance. The technophile is a junkie with a need for an ever-larger fix, a millionaire with an ever-greater fear of poverty, a Uriah Heep who creates his own enemies.

[Mexico sees big oil field's output sliding further](#)

MEXICO CITY, Jan 29 (Reuters) - Crude oil reserves in Mexico's huge but waning Cantarell oil field will continue to decline this year at around the same pace as in 2007, Pemex Director General Jesus Reyes Heroles said on Tuesday.

Reyes Heroles told Reuters average daily production at Cantarell, in the Gulf of Mexico, would drop by 200,000 barrels over 2008, increasing pressure on the state-owned oil monopoly to ramp up output at smaller oil fields.

The decrease would be a drop of 16 percent from Cantarell's December 2007 output of 1.26 million barrels per day (bpd), its lowest level of the year. Yields at Cantarell declined 16 percent during 2007, slightly more than forecast.

[Oil scarcity has 'snuck up on us', expert says](#)

Dr Jim Buckee has just retired as president and chief executive of Talisman Energy, a major independent Canadian oil company with a market capitalisation of \$25 billion.

..."I think it's pretty alarmist if one or more of the world's largest oil companies say, 'listen guys, supplies of oil are going to get tight'. The ramifications are immense.

"Always the line of the major oil companies, Exxon, Shell, BP has been, 'there's plenty of oil, technology will overcome shortages; we'll find it'.

"They changed a little bit to, 'there's plenty of oil, but access is difficult' and then this is a change again saying, 'well actually, it looks like it's finite and we're looking over the hill'."

[Syn crude production suspended after extreme cold](#)

CALGARY, Alberta (Reuters) - Production at the 350,000 barrel per day Syncrude Canada Ltd oil sands project has been suspended after instruments began freezing up due to a bitter cold snap in northern Alberta, the joint-venture's biggest shareholder said on Tuesday.

[China Oilfield Shares Rise on Profit, Cnooc Spending](#)

(Bloomberg) -- China Oilfield Services Ltd. rose in Hong Kong trading after saying profit almost doubled and its biggest customer Cnooc Ltd. budgeted a 44 percent jump in spending to meet Chinese energy demand.

[Suncor plans major oil sands spending](#)

TORONTO (Reuters) - Suncor Energy Inc said on Wednesday its board approved a C\$20.6 billion investment aimed at boosting crude oil production at the company's oil sands operation north of Fort McMurray in Alberta.

The investment will boost its production by 200,000 barrels per day, and help the company achieve its goal of raising crude oil production capacity to 550,000 bpd in 2012, it said.

[Gazprom looms large on EU's gas supply horizon](#)

Russian energy giant Gazprom has secured further pipeline deals with individual EU member states and announced its ambition to move into the UK market this week, casting further doubts over the EU's ambition to "speak with one voice" on external energy matters.

[Energy: It's real money now](#)

Jeff Hohensee, CEO of the local sustainability consulting/education firm Natural Capital Solutions (NCS), said demand for NCS services is increasing, partially because the "drivers of change" are staring businesses in the economic face.

Hohensee said businesses face "durably" increasing energy costs; what he called the "reality" of climate change; increases in resource costs as the world population approaches 7 billion people; and the possibility of "peak oil," or the point at which worldwide oil production capacity will begin to decline, in the foreseeable future.

[Another view of Plan B](#)

Seawater agriculture and seawater/saline algae farms are an important part of an approach to try and head off warming as opposed to "living in a warmer world." Evidently we reached "peak oil" in 2006. With the tremendous growth in Asian demand, oil prices are expected to rise rapidly.

Therefore, both from an economic and a climate perspective we need to -- soon -- replace petroleum fuels for transportation. The only viable candidates are hydrogen and biofuels. Hydrogen has major storage and infrastructure issues; biofuels appear to be the approach of choice going forward. Replacing oil will require tremendous capacity, which is only available for biomass if we utilize seawater agriculture and seawater/saline algae farms.

[Kirschenmann says agriculture must change to survive](#)

Agriculture and other industries are based on a system of easily extracted fossil fuel.

"We tap into the earth's crust, pull it out and process it," Kirschenmann said. "Up until we reached peak oil in the 1970s, we were getting 100 kilocalories of energy for every kilocalorie we invested. Our whole economy was based on cheap energy."

Today every kilocalorie invested generates just 20 kilocalories.

[Prof Says Fiscal System Holding Back Uk Oil and Gas Projects](#)

"Currently the UK continental shelf is suffering from serious cost escalation, and this has meant that some projects/fields are unattractive.

"Among the examples is gas from the west of Shetland area. There are around 20 undeveloped discoveries there, but the development and infrastructure costs are very high, and even an integrated development scheme with a common hub and pipeline system is uneconomic. Tax reliefs could help such high-cost developments."

[Another showdown with Alberta](#)

The noble idea, part of Trudeau's plan at nation-building by spreading the public weal between the haves and have-nots, was to force Albertans to share the oil boom's petrobucks with all the rest of us. The result was the rise of western separatism and an anger that lasted for decades, and still makes Alberta a no man's land for Liberals.

[Mines to get 90% of power supply back, says Eskom](#)

Johannesburg – South Africa’s mines should have 90 per cent of their power back by tomorrow, Public Enterprises Minister Alec Erwin said yesterday.

“The target is on Thursday to go to 90%,” said Erwin after a meeting of the government, the mining industry and Eskom.

[Brazil's Politicians Set to Cash in on Oil and Gas Discoveries](#)

As if Brazil was not blessed with a bounty of natural resources it seems that God has decided to help his favorite nation once again by unveiling his latest gifts - massive reserves of oil and gas. The state-owned oil company Petrobras announced on January 21 that it had discovered huge offshore gas reserves which could be as large as the oil resources it discovered in November at the nearby Tupi field, which are estimated at five to eight billion barrels.

This means that Brazil is on its way to becoming one of the world's leading oil and gas producers. Brazil is already self-reliant in oil and when the natural gas is flowing in 2014 it will no longer depend on Bolivia. Ironically, this good news comes amidst fears of energy rationing this year as the country's current power resources cope to meet with the rising demand from a growing economy.

[China weather chaos a sign of things to come: experts](#)

BEIJING (AFP) — Don't tell the thousands of Chinese stuck at railway stations or airports, but the chaos caused by a vicious cold spell afflicting much of China could be just a taste of things to come, experts say.

The inclement weather and ensuing problems merely highlight the country's increasing vulnerability to the extreme weather swings characteristic of global climate change, experts say, and is likely to be repeated in future years.



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