



DrumBeat: February 8, 2008

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Topic: [Miscellaneous](#)

[Energy: The \\$22 trillion question](#)

NEW YORK (CNNMoney.com) -- How safe are our oil supplies? Where will the new supplies come from? Have high oil prices killed the economy? Are speculative investors responsible for the price runup?

These are all central - an contentious - questions in the world of oil. And they're all up for debate as leading members of the oil and energy industry gather in Houston, Texas for Cambridge Energy Research Associates' (CERA) annual energy conference.

[Venezuela oil minister denies \\$12 billion in assets frozen](#)

CARACAS, Venezuela (AP) - Venezuela's oil minister denied today that the state oil company has had \$12 billion in assets frozen by court orders obtained by Exxon Mobil.

Rafael Ramirez tells reporters that the courts have frozen just \$300 million in cash. He calls that a "transitory measure" while state oil company Petroleos de Venezuela presents its case in New York and London.

[Tribes honor Venezuelan-owned company for heating help](#)

RAPID CITY, S.D. (AP) - American Indians are again receiving heating help from the CITGO oil company that's owned by Venezuela.

Several tribes honored the people involved yesterday in Rapid City, including CITGO's CEO and the head of Citizens Energy Corp., which sends oil profits to charitable programs.

[The Sun Also Sets](#)

Back in 1991, before Al Gore first shouted that the Earth was in the balance, the Danish Meteorological Institute released a study using data that went back centuries that

showed that global temperatures closely tracked solar cycles.

To many, those data were convincing. Now, Canadian scientists are seeking additional funding for more and better "eyes" with which to observe our sun, which has a bigger impact on Earth's climate than all the tailpipes and smokestacks on our planet combined.

And they're worried about global cooling, not warming.

[Richard Heinberg: Proportionality](#)

There is a strange clause in the North American Free Trade Agreement (NAFTA) that applies to only one country—Canada. The clause states that Canada must continue to supply the same proportion of its oil and gas resources to the US in future years as it does now. That's rather a good deal for the US: it formalizes Canada's status as a resource satellite of its imperial hub to the south.

From a Canadian perspective there are some problems with the arrangement, though. First is the fact that Canada's production of natural gas and conventional oil is declining. Second is that Canada uses lots of oil and gas domestically: 70 percent of Canadians heat their homes with gas, and Canadians drive cars more and further than just about anyone else. The problem is likely to come first with natural gas; as production declines, there will come a point when there isn't enough to fill domestic needs *and* continue to export (roughly 60 percent of Canada's gas now goes to the US).

That point is not decades in the future, it is fairly imminent.

[Spying against oil-rich Norway returns to Cold War levels after lull, intelligence chief says](#)

OSLO, Norway: International espionage against oil- and technology-rich Norway is now back at Cold War levels, after spying dwindled following the 1991 collapse of the Soviet Union, police intelligence said Friday.

NATO-member Norway is a major exporter of oil and natural gas and shares land and sea borders in the Arctic with Russia. That includes vast disputed areas claimed by both countries in the Barents Sea, which has massive fish stocks and is seen as a potentially rich area for petroleum production.

[Canada, Brazil lead oil output growth in Americas](#)

CALGARY, Alberta (Reuters) - Booming investment in Canada's oil sands and rising Brazilian crude production should more than make up for declines elsewhere in the Americas -- good news for the United States as it tries to reduce its reliance on Middle East imports, a Reuters survey showed.

[North Sea Brent Crude-Oil Daily Shipments to Fall 15% in March](#)

(Bloomberg) -- Daily shipments of North Sea Brent crude, part of the price benchmark for almost two-thirds of the world's oil, will fall by about 15 percent in March.

Tankers are set to load 157,346 barrels a day of Brent crude in March, down from 184,552 barrels a day scheduled for February, according to the loading program of field operator Royal Dutch Shell Plc, Europe's largest oil company.

[Correa: Ecuador Govt Doesn't Plan on Taking Back All Concessions](#)

President Rafael Correa said Thursday that his government doesn't plan on taking back all of the concessions that had been awarded in the mining, oil and hydroelectric sectors.

Several groups have pressured the Correa government to do so.

"The position of some sectors who are requesting the total reversion of the oil, mining and hydroelectric concessions is an absurdity. The country needs to develop those sectors," Correa told journalists.

[Iran Starts Second Atomic Power Plant: Report](#)

Iran has started building a second atomic power plant in an oil-rich region near the border with Iraq, Iran's Ambassador to Russia was quoted as saying on Friday by Itar-Tass news agency.

Gholamreza Ansari said construction had started at Darkhovin in south-western Khuzestan province. Iran has said it would construct a 360 megawatt plant at the site.

[Papua New Guinea: Chaos in ESP over fuel](#)

All police operations in East Sepik province have been thrown into chaos as the ongoing fuel shortage finally stalled the entire police operations in the province this week.

The problem had sparked a verbal confrontation between the public and police outside the Wewak police station after police could not move the detainees at the police lock-up to the district court houses for their cases yesterday morning.

[Tennessee: Sheriff's fuel crisis focus of Finance panel discussion](#)

After discussing four options for addressing the fuel crisis in his letter, Sheriff Gobble said, "I will not willingly implement any of these so-called 'options,' nor will I voluntarily reduce the current level of services provided the citizens of Bradley County. As always you will vote as you will, but I recommend tapping the General Fund and benefits line items to properly fund all county departments during this gasoline shortage."

The sheriff has requested a transfer from the county's fund balance of \$195,000 for fuel and an additional \$30,000 for vehicle maintenance. These line items have been exhausted in his 2007-2008 budget with more than four months remaining.

[Oil & Gas Expert Launches Facebook/My Space for Energy Industry](#)

A Houston oil and gas communications expert hopes to help solve the talent crisis in the energy industry with the beta launch today of www.energypeopleconnect.com, a social media website she believes is a first in the industry.

[Polysilicon Plant Costs On the Rise](#)

Norwegian Renewable Energy Corp. said this week that the expected cost of its polysilicon plant in Moses Lake, Wash., has shot up nearly 20 percent from the \$660 million previously expected.

The "mechanical completion" of the plant also will be delayed by approximately two months, with commercial production scheduled to begin at the end of this year, according to REC Silicon – a branch of REC -- and its contractor for the project, Fluor Corp. REC blamed the setbacks on tight market conditions that "have pushed the world's equipment vendor and fabrication show capacity to the limit" and delayed equipment deliveries.

[Mexico oil production decline to increase in 2010](#)

LOS ANGELES, Feb. 7 -- Mexico will face difficulties in producing crude oil over the coming 2 years, according to a media report, which claims that Cantarell and Ku-Maloob-Zaap (KMZ) fields will decline simultaneously in 2010.

"As we move toward that scenario," said El Financero newspaper, "Cantarell's decline became more pronounced in 2007, when it stopped producing an average of 304,000 b/d. It declined by 234,000 b/d in 2006 and 101,000 b/d in 2005, the paper reported.

According to the paper, that reduction contributed to a drop of 174,000 b/d in the country's total production in 2007, compared with a decline of 78,000 b/d in 2006 and 50,000 b/d in 2005.

[Oil Insufficiency](#)

The law of supply and demand suggests that prices will rise as access to any good thing in life becomes scarce. One of these products just happens to be oil, a finite resource. As Michael T. Klare explains, "Petroleum is, of course, a finite substance, and geologists have long warned of its ultimate disappearance. The extraction of oil, like that of other nonrenewable resources, will follow a parabolic curve over time..."

[Russian military base in Tajikistan to remain functioning](#)

DUSHANBE. February 8. KAZINFORM. Russian Military Base No. 201 on the territory of Tajikistan will continue to function in any emergency situations, Colonel Viktor Kindeyev, acting commander of the base, told journalists on Friday.

"The combat preparedness of the Russian military base will not be affected, even if the authorities have to cut us off from electricity supply. The base is connected to the power transmission line, which is turned off only in exceptional situations," he said.

[Nigeria: New Policy to Make Gas Cheaper](#)

As part of his panacea to the nation's energy crisis, President Umaru Musa Yar'adua has approved a new National Gas Pricing Policy aimed at ensuring short and long term gas availability at affordable prices, for the domestic and industrial sectors.

Under the new policy, Nigeria's gas will be supplied at the lowest commercially sustainable prices to the strategic domestic sector which provides electricity for residential and light commercial users.

[South Africa: Car Companies Aim to Curb Electricity Use](#)

CAREFUL planning and cutting back on electricity consumption by motor manufacturing companies will probably avert an energy crisis in the industry, but unscheduled power cuts remain a threat.

[US-Russia nuclear deal upstages Iran](#)

Tehran is not the only capital that must worry if the two heavyweights of the nuclear order begin hobnobbing. Many countries - such as India and South Africa - would also be affected by any redrawing of the nuclear fuel trade regime. But it is Iran which is in the firing line.

[Workhorse trucks are dens of luxury at Chicago Auto Show](#)

While 2008 by some measures in the car industry is about being green and smaller vehicles, the lust for big and brawny is still on display.

With 4-door crew cab pickups in demand, more people are using trucks as their primary vehicles, and Accavitti said they demand the same features they're used to in their cars and SUVs.

"You used to just see trucks at work sites or the rodeo, and seldom saw them at Smith & Wollensky for dinner," he said. "Now, it's socially acceptable to take them to the country club, and they want to know where are the leather seats, where's the navigation system?"

[Farms and oil wells and mines, oh my](#)

As unnerving as the markets' latest roller-coaster ride has been for investors, commodities remain a good bet for respectable gains in a portfolio, experts say. From corn and wheat to oil, iron ore, coal and precious metals, prices are likely to be driven higher by worldwide supply shortages and growing demand.

[Nimbyism Jibe Fuels Wood-Plant Battle](#)

A North Yorkshire village has found itself on the front line of the drive to make wood a fuel of the future.

The residents of Wombledon, near Helmsley, would prefer it to stay just like it is.

But Land Energy, the company which wants a big plant making wood pellets on Wombledon's doorstep, is going back into battle for the project - four months after withdrawing its first planning application because Ryedale Council officers supported the villagers' objections.

[Wild Biofuels Stories Circulate on Internet](#)

The biofuels market for all alternative biofuels is just a hoax. It's propped up the government and will lead the country down the wrong path, ending up in an energy crisis, in the long run. Therefore the recently enacted Energy Bill is also a sham that does disservice to the country.

Was that written or said by a politician? Maybe a scholar or a leading scientist? No, instead it came off an Internet search for facts about how soy biodiesel use is growing and catching on across the country.

[Deffeyes: The Second Great Depression](#)

Yesterday, I was pumped up to vote in the California primary. When I moved to California to enjoy my grandchildren, I filled out a voter registration form. They must have tossed the forms in the wastebasket, because I was not registered to vote here yesterday.

Here's my revenge on the system: We are now entering the Second Great Depression. The name isn't original with me – I picked it up off the Internet – but it seems to fit the situation. My interpretation is that world oil production will diminish faster than we can bring on alternatives.

[Keeping the oil flowing](#)

Physical scarcity of hydrocarbons is not an issue, despite Jeremiahs who forecast a point in time at which the maximum global petroleum production rate is reached, after which the rate of production enters its terminal decline. The 'peak oil' theory should not stick: new reserves are being discovered around the world on a regular basis. The bringing on stream this week of Iran's vast Azadegan field -- estimated to have some 26 billion barrels of oil -- and expansive, still largely untouched provinces in Russia, such as Yamal and East Siberia, show that the Earth is far from running on empty.

[The Peak Oil Crisis: The Future of Our Cars – Part 3](#)

Last week's column explored the options for powering vehicles when supplies of imported petroleum and products start to decline. At present it appears that biofuels, natural gas, and electricity are the only alternatives that will be available in large deliverable quantities in the next ten or 20 years. While biofuels are already in widespread use, it is becoming obvious that turning food crops into fuel is bad policy. Fuels from non-edible plants may provide a significant share of our fuel someday, but that day is still some way off. Many think it will be years and certainly well into the time of oil depletion, before cellulosic ethanol becomes commercially viable on a large scale. Not only does the technology and economics still need to be worked out, but also massive amounts of infrastructure would have to be built.

This leaves us with natural gas and electricity as the only realistic options to power our cars and trucks for the immediate future.

[Corporate cafeterias go the green, healthy route](#)

Forget about greasy hamburgers and french fries. Major employers such as Cisco Systems (CSCO), Dow Chemical (DOW) and others are overhauling cafeteria fare in a new effort to introduce healthier foods and programs that slash environmental waste.

[Less driving means less demand for gas, lower prices](#)

WASHINGTON — High prices and a slowing economy are leading consumers to significantly cut back on their driving, a development that could limit the pain at the pump this spring and summer.

U.S. drivers pumped 1% fewer gallons of gasoline on average during the four weeks through Feb. 1 compared with the same period a year ago, according to the Energy Information Administration, the statistical arm of the Energy Department.

That was the second-consecutive week of year-over-year drops. During the last 10 years, weekly gasoline demand has risen 1.6% on average.

"It's prices and the economy," EIA senior oil market analyst Douglas MacIntyre says. "We've had several months of \$3 or so gasoline. People are probably thinking it's more lasting than a price spike. (And) the slowing down of the economy means people are buying less, going to the store less ... people are just changing their driving patterns."

[Oil Production: Will the Peak Hold?](#)

It's any one's guess if the old high will stand or not. And, of course, there are questions about the accuracy of EIA's numbers. In fact, there's skepticism that any database attempting to consolidate such an unwieldy beast as the world's oil production into one number. Nonetheless, everyone will be watching the updates, eager to declare victory for their side. All the more so considering how close last October's total was to the May 2005 apex. As we wrote this article, EIA's monthly production figures run through October 2007. The November report is coming soon.

[Talk of 'peak oil' prompts land rush](#)

Tom Petrie, the oft-quoted energy analyst who sold his eponymous energy firm Petrie Parkman to Merrill Lynch i& Co. in 2006, said while the industry faces a challenging period given the country's "economic funk," he doesn't think oil will slip much lower than \$70 to \$80 per barrel, versus some doomsayers' prediction of \$50 to \$60. He just got back from the Middle East and said while the ability of OPEC to set oil prices is limited, Saudi Arabia wants the floor to be no lower than \$60.

Petrie also lends credence to the notion that world oil production has peaked, which would keep oil prices aloft. One proof: Even Middle Eastern countries are talking about investing in renewable energy, including biofuels, solar and wind.

[Oil firms ordered to Niger Delta](#)

Nigeria's government has ordered all oil firms that fled the Niger Delta in the wake of militant attacks to return to the area or cease operations.

[The upside to peak fertilizer](#)

Synthetic fertilizer prices are spiking upwards all over the world, inflicting economic pain on farmers everywhere. Another sign of the peak oil apocalypse? The industrial production of nitrogen -- a key synthetic fertilizer ingredient -- is extraordinarily energy intensive. So when energy prices rise, so do fertilizer prices. And if you buy the thesis that without manmade fertilizer the world will be physically incapable of supporting a population of nine billion, then you start to get very nervous.

[Coal outperforms energy rivals, earning title of other black gold](#)

SAN FRANCISCO (MarketWatch) -- Coal, whose price surge has already outrun those of crude oil and natural gas, is generating an even louder buzz as a rash of bad weather has reduced its production globally.

Citigroup earlier this week raised its forecast for thermal coal, saying it now expects prices for the benchmark product to double this year as blizzards in China, power outages in South Africa, and floods in Queensland cut into global output. Meanwhile, demand for coal keeps rising as the world's electricity use expands.

[Exxon wins \\$12b freeze on Venezuela assets](#)

NEW YORK - Exxon Mobil Corp. has secured court orders to freeze more than \$12 billion in worldwide assets of Venezuela's state-owned oil company, as it prepares to dispute the nationalization of a multi-billion dollar oil project.

The move limits Petroleos de Venezuela's room to maneuver as it fends off challenges from major Western oil companies over President Hugo Chavez's 2007 decision to nationalize four heavy oil projects in the Orinoco Basin, one of the richest oil deposits in the world.

[Venezuela sovereign bonds slump on \\$12 bln asset freeze](#)

NEW YORK (MarketWatch) -- Venezuela's sovereign bonds slumped Thursday after U.S. and U.K. courts froze more than \$12 billion in worldwide assets of the country's state-owned oil company, Petroleos de Venezuela SA, or PdVSA.

Venezuela's risk premium on JPMorgan's Emerging Markets Bond Index Global Diversified was flat at 544 basis points over Treasurys, and returns were negative 1.93%. Earlier, returns were a negative 0.37%.

[Protection sought for Pacific walrus](#)

ANCHORAGE, Alaska - A conservation group asked the government Thursday to protect Pacific walrus from the effects global warming and energy development could have on the species' northern habitat.

[Bolivia seeks aid to battle floods](#)

LA PAZ, Bolivia - Bolivia's foreign minister said Thursday that the world has an obligation to send aid to flood-ravaged areas of Bolivia, linking a disaster that has killed 49 people to global climate change.

As Bolivia faces a second straight year of devastating floods, David Choquehuanca argued that developed nations who produce most of the world's greenhouse gases are morally obligated to pitch in when the negative effects of climate change strike poorer countries.

[Converting land for biofuel worsens global warming: study](#)

WASHINGTON (AFP) - Clearing raw land to produce biofuels actually contributes to global warming by emitting large amounts of greenhouse gases into the atmosphere, researchers have warned.

Carbon dioxide (CO₂) emissions from new croplands carved into rainforests, savannas, wetlands or grasslands would easily surpass the overall amount of CO₂ emissions reduced through the use of biofuels, according to a report in the February 8 edition of Science.



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