



DrumBeat: February 13, 2008

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Topic: [Miscellaneous](#)

[Rice: US naming special energy envoy](#)

WASHINGTON - Secretary of State Condoleezza Rice said Wednesday she will appoint a special envoy for energy issues to deal with the use of oil and gas for political means, particularly in Central Asia.

Her comments to a congressional committee come amid threats from Venezuela to cut off oil exports to the United States as well as several incidents in which Russia has or threatened to cut off gas supplies to some of its neighbors, most recently Ukraine.

"It is a really important part of diplomacy, in fact, I think I would go so far as to say that some of the politics of energy is warping diplomacy in certain parts of the world," Rice told the Senate Foreign Relations Committee.

[U.S. says backs Exxon in Venezuela battle](#)

WASHINGTON (Reuters) - The U.S. State Department said on Wednesday it backed Exxon Mobil Corp in its efforts to get a "fair and just" compensation package from Venezuela for its assets there but was not involved in the case.

[Exxon Gives Chavez Biggest Fight Yet Over Oil Nationalization](#)

(Bloomberg) -- Exxon Mobil Corp., the most profitable company ever, is giving Venezuelan President Hugo Chavez the toughest fight yet in his widening efforts to expand state control over his country's vast oil resources.

[Citgo Refinery May Get Hit With Fine](#)

LAKE CHARLES, La. (AP) -- Federal safety investigators have proposed \$169,000 in fines against Citgo Petroleum Corp.'s refinery in Lake Charles on allegations of failing to protect employees from hazardous working conditions.

[RPT Algerian energy minister dismisses oil output hike at OPEC meeting in March](#)

ALGIERS (Thomson Financial) - Algerian Energy and Mines Minister Chakib Khelil, currently the president of OPEC, has dismissed chances of an announcement of an increase in oil production when the oil cartel has its next meeting on March 5 in Vienna.

"I can't tell you what decision will be taken by OPEC conference, but it will take into account all aspects of the oil market, and what I can tell you is that it won't be an increase in oil production," Khelil told reporters in Algiers, in response to question on whether the organisation would decide either to raise or reduce oil output.

[The Good News: Decarbonization](#)

Although many pundits talk about peak oil, there's not much talk about "peak gas." That's because there continues to be a surfeit of gas, and more gas is being discovered all the time. Between 1995 and 2005, global proved natural gas reserves increased 25 percent, to some 6,348 trillion cubic feet. At current rates of extraction and assuming no new discoveries, that's enough gas to supply the world for another six decades. But better still, new gas reserves are being discovered faster than new oil reserves.

[Cellulosic ethanol a reality: First American plant in production](#)

In a development that could dramatically advance the renewable fuels industry, cellulosic ethanol is now in production at the first small scale waste wood commercial facility operating in the U.S. Located just 1 mile South of Upton, Wyoming, the plant was engineered, constructed and is operated by KL Process Design Group (KL). This is the result of six years of development efforts between KL and the South Dakota School of Mines and Technology.

[Detailed weather and ocean measuring instruments planned for oil rigs](#)

WASHINGTON (AP) - Detailed weather and ocean measuring instruments will be mounted on seven oil rigs in the Gulf of Mexico.

The announcement comes today from the National Oceanic and Atmospheric Administration and Shell Oil Company.

[US misses second deadline to protect polar bears](#)

WASHINGTON, Feb 13 (Reuters) - The United States has missed its own postponed deadline to decide if polar bears need protection from climate change, and critics link the delay to an oil lease sale in a vast swath of the bear's icy habitat.

[U.S. and Canada on collision course over Arctic rights: U.S. official](#)

A leading U.S. government scientist says his country and Canada are on a collision course over seabed rights in the Arctic Ocean, where vast, untapped oil and gas deposits are fuelling an undersea land grab and researchers from all polar nations are racing to collect data backing their countries' territorial claims.

Andy Armstrong, a top official with the National Oceanic and Atmospheric Administration (NOAA) and co-director of the U.S. Joint Hydrographic Centre, says there's "no question" that U.S. efforts to secure sovereignty over an extended continental shelf off the northern coast of Alaska are bound to "overlap" with Canada's own claims in the region.

[Aramco chief: Bad policy may hurt assets](#)

HOUSTON (UPI) -- Policies to combat climate change -- "well-intentioned but ultimately flawed or confusing" -- could hurt oil recovery, the head of Saudi Aramco said.

...Jumah said that in a bid to tackle the perception of peak oil, both conventional oil as well non-conventional resources such as tar sands must be considered. He placed the world's in-place endowment of conventional oil and non-conventional fuels at between 13 trillion and 16 trillion barrels.

[Global oil execs sound cautious note on U.S. economy](#)

HOUSTON (Reuters) - Oil executives from around the world expressed growing concern over the health of the U.S. economy on Tuesday as they continue to watch for signs that any weakness may spread to other economies and hurt global energy demand.

Oil prices have soared to record levels, recently climbing above \$100 a barrel on robust demand from fast-growing economies like India and China and worries about supply disruptions.

But that scenario may fall apart if a downturn in the U.S. economy hits demand.

[Aramco chief: Calls for alternatives hurt](#)

HOUSTON, Feb. 12 (UPI) -- Calls for the aggressive displacement of fossil fuels hurt investments to increase supplies to meet growing demand, the head of Saudi Aramco said Tuesday.

[Oil majors face increased political risk from State intervention: Aon Analysis](#)

Oil multinationals face increased political and economic risks as governments readdress the balance of power by taking more control over their domestic product, according to Aon's Political and Economic Risk Map 2008. The report found that countries such as Venezuela and Uzbekistan pose a high risk for companies with potential problems such as confiscation, sovereign non-payment and political interference. These political risks could threaten global oil supplies and push record oil prices even further.

[Oil minister: Oil Bourse to start operation next week](#)

Oil Minister Gholam Hossein Nozari said on Wednesday that Iran's Oil Bourse is to start operation from next Sunday.

Speaking to reporters after a cabinet session, he said Minister of Economy and Financial Affairs Davoud Danesh Jaafari is to attend the opening ceremony.

Iran's national currency, rial will be the base of hard currencies for all transactions in Tehran Oil Bourse, he said.

[Mexico mulling buying fuel from far-off India](#)

MEXICO CITY (Reuters) - Mexico, a major oil exporter but an importer of refined fuel, is mulling buying gasoline from faraway India if prices there undercut costly U.S. refineries, state oil monopoly Pemex said on Tuesday.

Pemex will examine market conditions in the second half of the year, when India is expected to complete a new oil refinery that could take in Mexican crude and ship back refined fuel.

[What's good for Exxon ...](#)

Whadda you mean "we," Mr. TV Pundit? When you say "we" are doing better in Iraq or, even more absurd, that "we" were right to invade that country in the first place, are you lumping Joe Blow American in with the top officers of Exxon, which made \$40.6 billion in profit last year thanks to the turmoil in the energy markets? That royal "we" is good for the royals who control our government, but its persistent use embodies a pernicious lie that betrays the core ideal of representative democracy.

[Will peak oil trigger Mad Max society?](#)

The situation we're headed for -- and that some predict as soon as next year -- is called "peak oil." That means that although plenty of oil is still being pumped and sold, there isn't enough of it to go around. And that means the possibility of "widespread blackouts, the virtual collapse of transportation infrastructure in industrialized countries and a shortage of petroleum-based chemical fertilizers necessary to grow most of our food." And that means war, famine, pestilence, and hunger. A situation that is otherwise known as "deep doo-doo."

[Brazil's power crisis teaches vital lessons](#)

In April 2001 the Brazilian government foresaw that if demand was not reduced considerably, the country faced possible blackouts in the following year as a result of drought.

Brasilia moved rapidly to take preventative action.

Penalties for exceeding new power usage limitations, as well as rebates for excess savings, were explained in a nationwide publicity campaign. This "resulted in a 20 percent reduction in energy consumption within two months".

[Report: China close to major deal with Qatar to import natural gas](#)

BEIJING - China is close to signing a deal to buy liquefied natural gas from Qatar to fuel the fast-growing Chinese economy, a news report said Wednesday.

[Nigeria Parliament Budgets 2.45M bbl/d Oil Output](#)

The two houses of the Nigerian parliament have agreed on a benchmark oil price of \$59 a barrel for the 2008 budget, compared with a government proposal of \$53.83/barrel, and assumed oil production of 2.45 million barrels a day.

[Refinery problems spark shortages at Shell stations](#)

Problems at one of three major oil refineries in Alberta have sparked a supply shortage for Shell retail and commercial gasoline stations in Western Canada, and might exacerbate an already tight market, experts said Tuesday.

...Retailers already are reporting low gasoline inventories or missing deliveries early this week, according to local news sources.

[Alaska: Rural energy crisis issues prominent in Legislature](#)

Bush Alaska needs access to reasonably priced energy. We need fuel to stay warm and to run our snowmachines and trucks; but also I believe that without energy security and stability, no community can remain economically stable.

[Fuel shortage hits Nepal's capital](#)

KATMANDU, Nepal -- A shortage of fuel in Nepal prompted by strikes and protests in the south forced the shutdown of much of the capital's public transportation system Wednesday, industry officials said.

More than 80 percent of Katmandu's buses, vans and trucks remained parked because authorities were unable to buy diesel and gasoline to run them, said Sharad Sitaula of the Nepal Transport Entrepreneurs Association.

"We are facing a major crisis in our business. We have no income and are unable to pay our drivers and staff. If this continues, many of us will have to shut down our business," Sitaula said.

[CARE distributes food and coal to desperate orphanages in Tajikistan](#)

Dushanbe, Tajikistan - CARE is distributing coal, food and warm clothing in the early phase of its emergency response to orphanages and nurseries in the hardest-hit areas of Tajikistan, as they struggle to survive the severe winter and power blackouts that have left millions in Tajikistan without heat or electricity.

[Slump in Chinese oil demand is forecast](#)

SINGAPORE (Reuters) -- China's freak winter will slow growth in its demand for oil this year, as factories, cars, and trains suffer from the same freeze that left millions of travelers stranded, Lehman Brothers said.

[Public hearing on oil refinery planned for March 3](#)

ELK POINT, S.D. (AP) - The Union County Commission will hold a March 3 public hearing on a Texas company's request to turn 3,800 acres north of Elk Point into a planned development district for a \$10 billion oil refinery.

[Green funds now examining the bigger picture](#)

Green investing continues to move mainstream as major U.S. sustainability funds, Canadian banks and institutions across North America incorporate green thinking into an emerging, broader philosophy: ESG.

The environmental, social, governance (ESG) model of investing, along with the increase in environmentally themed funds (ETFs) is dramatically changing the investment landscape for fund managers and investors across Canada.

[Honda sees revenue stalling until late-2009](#)

Honda has set a goal of selling at least 4.5 million cars in 2010, up about a fifth from calendar 2007.

But its growth has been held back in recent years by a shortage of vehicles as demand for its fuel-efficient models, such as the Civic sedan and CR-V crossover, surpassed expectations.

Honda, also the world's top motorcycle maker, is already scrambling to boost car and motorcycle production in many markets around the world, including India, Thailand, Vietnam, Argentina and Brazil.

[Malaysia reviews proposed biofuel policy amid rising palm oil prices](#)

KUALA LUMPUR, Malaysia: Malaysia is reviewing plans for mandatory blending of palm oil and diesel for biofuel after prices of the commodity more than doubled in two years, a Cabinet minister said Tuesday.

[Biofuels Meltdown](#)

Last week two studies published in *Science* announced what anyone might have suspected all along. "Biofuels," rather than reducing carbon emissions, are adding two them -- possibly by a factor of nearly 100!

The two studies may finally puncture the myth that anything is to be gained from burning crops for fuel. From the very beginning, there was never any indication that turning corn into ethanol was improving our energy independence. As that effort faltered, the myth arose that at least it was reducing carbon emissions. Now it has been shown to do neither.

[Atomic renaissance threatened by critical skills shortage](#)

But outside France the industry in Europe has been dormant for at least 20 years. Even in those countries that formerly had the expertise most experts are now retired and there are widespread skills shortages.

"The nuclear industry went through a very unpopular period in the 80s and early 90s,"

says Paul Howarth, Director of Research at the Dalton Nuclear Institute at Manchester University in the UK. "Even in the UK, where we still have a nuclear industry, we just about have enough expertise to evaluate new reactor designs. There is a serious need to refresh our skills base."

[Global energy growth rates exceed expectations](#)

ISLAMABAD: A record 20,000 MW of wind power were installed world-wide last year, with the United States, Spain and China providing the biggest annual increases, the Global Energy Council (GEC) said.

World-wide wind power installed capacity stands at a record, 94,112 MW, BBC reported. Steve Sawyer, Secretary General of the Brussels-based Global Energy Council, said that the growth rates in wind energy continue to exceed the council's most optimistic expectations.

[True scale of CO₂ emissions from shipping revealed](#)

The report suggests that shipping emissions - which are not taken into account by European targets for cutting global warming - will become one of the largest single sources of manmade CO₂ after cars, housing, agriculture and industry. By comparison, the aviation industry, which has been under heavy pressure to clean up, is responsible for about 650m tonnes of CO₂ emissions a year, just over half that from shipping.

[£25 congestion charge will hit 30,000 of worst polluting vehicles, says mayor](#)

Drivers of high powered sports cars and 4x4s will be hit by a new £25 charge every time they enter central London under plans to reduce congestion and cut pollution across the capital.

The London mayor, Ken Livingstone, said around 30,000 of the worst polluting vehicles would face a threefold price rise from October, while the most environmentally friendly cars would be able to enter the congestion zone free of charge.

[The great green land grab](#)

Fancy your own swath of rainforest or snow-capped peak? From Britain to Botswana, the Philippines to Patagonia, there is an explosion of individuals, charities, even billionaire financiers buying up vast areas of land in the name of protecting environments. But is private ownership the way to save them?

[Oil execs: Crisis coming, but not because of scarcity](#)

HOUSTON – The Earth is not about to run out of oil.

According to executives of major oil companies, the planet has plenty of oil to feed growing demand for energy. It's just getting more difficult and more expensive to produce the oil that's left.

So difficult, in fact, that the head of Hess Corp. predicts the globe could face shortages, price spikes and maybe even political instability in the next decade or so.

[Empty Holes and Black Swans](#)

It may be blasphemous to ponder in a region that produces a good deal of the world's hydrocarbon-based energy, but what if Peak Oil has already occurred?

"My opinion is that it's increasingly likely that we actually set an all-time record in May 2005 of 74,252,000 barrels per day," states Matt Simmons, founder and chairman of the world's largest energy investment banking company, Simmons & Co. International.

"And for the first three months of 2007," Simmons continues, "we were almost a million barrels per day behind that, and we're dropping fast. If that record still holds a year from now, I'll bet someone ten-to-one that we set peak oil in May 2005 and it's now past tense."

[Energy Conference in Houston Includes Focus on Climate Change, US Housing Woes](#)

One key player in the world's oil market is Saudi Arabia, the nation considered to have the largest reserves. Abdallah Jumah, president of the Saudi state oil company, Saudi Aramco, told participants Tuesday that his company plans to expand production capacity to 12 million barrels a day by the end of 2009. He rejected claims by Houston analyst Matt Simmons and others that Saudi Arabia's main fields are in decline and that the country will not be able to continue expanding its production.

[Exxon Mobil won't be hurt by Venezuelan move, analyst says](#)

NEW YORK (MarketWatch) -- Oppenheimer & Co. analyst Fadel Gheit said Exxon Mobil won't have any trouble finding more crude oil to buy on the world market now that Venezuela has cut the oil giant off. "Hugo Chavez is sorely mistaken," Gheit said of the Venezuelan president who has upped his rhetoric since Exxon Mobil moved last week to seize \$12 billion in the country's overseas assets. "Exxon buys oil in 35 different varieties -- more flavors than Baskin Robbins," Gheit said. Since Venezuelan oil is a heavier grade and requires more refining than other types of crude, Chavez will be left looking for places to sell, while Exxon "will have the last laugh all the way to the bank,"

he said.

[Will additives push gasoline to a record high?](#)

New York - Already feeling the effects of a cold snap in the Midwest and Northeast and strains with key oil supplier Venezuela, American energy consumers are about to encounter a new complication: rising prices of a key gasoline additive – nicknamed liquid gold by some.

[Oil price surge helps Total fourth quarter net profit climb 62 per cent](#)

PARIS - French oil giant Total SA said Wednesday that fourth-quarter profits rose 62 per cent as oil prices surged and new projects in Angola and Qatar boosted production.

[Shell Nigeria suspends restructuring for government talks](#)

ABUJA (Reuters) - The Nigerian arm of Royal Dutch Shell has suspended a cost-cutting reorganisation to hold more talks with the Nigerian government which is worried about job losses, a spokeswoman said on Wednesday.

[Oil market to ease on higher supplies, EIA says](#)

SAN FRANCISCO (MarketWatch) -- The world oil market is poised to ease over the next two years with production increases offsetting moderate growth in oil demand, the U.S. Energy Information Administration said Tuesday.

Oil prices, however, will remain higher than last year's. The barrel, which averaged \$72 in 2007, is expected to average about \$86 in 2008 and \$82 in 2009. Oil topped \$100 a barrel early this year.

[IEA to Cut Global Oil Forecast on Slower U.S. Economy](#)

(Bloomberg) -- The International Energy Agency will cut its forecast for global oil demand this year because slower economic growth in the U.S. will curb consumption.

The energy adviser to 27 oil-consuming nations will revise its outlook "slightly downward," Nobuo Tanaka, executive director, said in Houston yesterday. The agency is due to release its forecast later today. The IEA on Jan. 16 cut its first-quarter demand estimate by 100,000 barrels a day because of a mild U.S. winter.

[Economic Report of the President](#) (PDF, Chapter 7, page 167)

In 2008, the nominal price for crude oil reached its highest level ever. This increase was due to several economic, geopolitical, and environmental factors such as growing world demand, limited supply growth, smaller inventories, security concerns in oil producing countries, and a decline in the value of the U.S. dollar.

Some fear that high oil prices reflect a peak in oil production and predict an imminent decline in production in the near future. This type of prediction often assumes static or growing consumption with limited additional discovery or production. As the price of oil rises, however, there is an economic incentive to find new sources or improve extraction techniques. Enhanced oil recovery (EOR) is one example of this type of response. EOR is any technique that can increase the amount of oil that can be recovered from an oil field, but it is most commonly associated with gas injection, particularly using CO₂, which forces the oil to the surface. The Department of Energy estimates that state-of-the-art EOR could potentially add an additional 89 billion barrels to the total recoverable oil resources of the United States, although not all of that is necessarily economically recoverable.

Even if production has peaked, we are unlikely to abruptly run out of oil. As the price rises over time, producers will have an incentive to retain some of the resource to sell at a later date and consumers will have an incentive to transition away from oil consumption. Over time, the price rise will make the adoption of alternative energy sources more and more likely.

[Investors: Don't blame us for high oil prices](#)

With oil prices near \$100 a barrel and gasoline hovering around \$3 a gallon, speculative investment from banks and hedge funds has taken heat for adding as much as \$30 or \$40 to the cost of a barrel of oil. The finger-pointing became especially acute in 2007, when crude prices went from around \$50 to nearly \$100 in 12 months.

"It's pure speculation," longtime Oppenheimer oil analyst Fadel Gheit said in a recent CNNMoney.com story. Nothing has changed from a year ago, he said, he said "Not a single thing."

[Firms prepare bids for Manifa pipeline contract](#)

Contractors are expected to submit bids by 16 February to provide pipelines and power cable equipment for the next phase of development at the 900,000-barrel-a-day (b/d) offshore Manifa field.

[Beijing defiant as Spielberg walks out](#)

BEIJING was defiant yesterday in the face of its most embarrassing Olympic crisis so far, sparked by the US director Steven Spielberg's announcement that he is quitting as an artistic adviser to the 2008 Olympic Games because of China's continued support for its oil-rich trading partner Sudan.

[Is Corporate Greenwashing Headed for a Fall?](#)

Fear not global warming, peak oil, polluted air and water -- big business will take care of everything.

[Global Heating: Why We Must Shift to Carbon-Free Fuel](#)

While the ultimate goal is renewable hydrogen, the magnitude of the energy challenge dictates the use of hydrogen produced from major energy sources such as coal (with carbon sequestration) and nuclear. A vigorous longer-term approach with carbon-free hydrogen and fuel-cell technologies can play a central role. While there are many challenges, there are no apparent show stoppers that couldn't be addressed by a well-funded, dedicated program.

[Global warming gets less debate than future of oil](#)

HOUSTON -- When the head of the Intergovernmental Panel on Climate Change says he is "delighted" with what he just heard from the head of the one of the nation's biggest energy companies, it would seem global warming has arrived -- even at what is described as the "Super Bowl" of energy conferences.

ConocoPhillips Chairman James Mulva told a lunchtime crowd at Cambridge Energy Research Associates' 27th annual meeting that a growing consensus on the consequences of climate change demands that the energy industry, as well as the United States, become fully engaged in the debate.

"The train is leaving the station without the industry on board," said Mulva, whose Houston-based firm has been among the front-runners in supporting "a strong, mandatory framework to control greenhouse-gas emissions."

[Climate Change May Kill Thousands In UK By 2017](#)

LONDON - There is a 25 percent chance that a severe heat wave will strike England and kill more than 6,000 people before 2017 if no action is taken to deal with the health effects of climate change, a report said on Tuesday.

[UN hosts post-Bali ministerial session on climate change](#)

UNITED NATIONS (AFP) - Developing and rich nations on Tuesday urged speedy UN-led action to seal a new global pact to reverse climate change by late 2009, with special attention to the needs of vulnerable countries.

[Tiny nations seek climate help at UN](#)

UNITED NATIONS - The day's first word went to a tiny island nation with a big sinking feeling.

Leading off the U.N. General Assembly's second day of talks on climate change, Tuvalu issued a cry for help Tuesday on dealing with the impact of global warming on its 10,000 people, who live on nine low-lying coral atolls in the South Pacific being lapped at by rising seas.

[Climatologist: Sea Ice to keep shrinking](#)

ANCHORAGE, Alaska - Arctic sea ice next summer may shrink below the record low last year, according to a University of Washington climatologist. Ignatius Rigor spoke Monday at the Alaska Forum on the Environment and said global warming combined with natural cyclical changes likely will continue to push ice into the North Atlantic Ocean.

The last remnants of thick, old sea ice are dispersing and the unusual weather cycles that contributed to sea ice loss last year are continuing, he said.



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