



DrumBeat: February 15, 2008

Posted by [Leanan](#) on February 15, 2008 - 9:56am

Topic: [Miscellaneous](#)

[Analysis: Does storing oil raise prices?](#)

To date, the SPR holds 698 million barrels of oil, but the DOE has been actively working to increase the reserve's size in order to meet the Bush administration goal, announced by the president last year, of doubling its contents to 1.5 billion barrels by 2027.

But with oil prices reaching records highs of \$100 per barrel this year, some congressmen say the administration's actions are worsening the load on consumers and adding to market instability. Last week Sen. Byron Dorgan, D-N.D., introduced a bill calling on the Department of Energy to cease adding oil to the SPR for the rest of 2008, or until prices fall below \$50 a barrel.

"We need to use a little common sense here," Dorgan said in a statement. "I believe maintaining the current reserve is important for our economy and national security but the time to stock up is not when prices are highest."

[CERA sees a dozen reactors under way by 2015 in US](#)

HOUSTON, Feb 15 (Reuters) - Challenges facing a nuclear revival in the United States seem only to increase, but industry experts at the CERA conference expect to see a dozen new reactors under construction in the next decade, they said Friday.

[Ark. congressman introduces energy bill](#)

A plan introduced by U.S. Rep. Mike Ross to encourage alternative and renewable energy relies on oil drilling in Arctic wildlife lands and the Gulf of Mexico to meet its goals.

Ross' bill, the "American-Made Energy Act of 2008," also would create tax credits to build new nuclear power plants throughout the United States, with an aim of having 40 percent of the nation's power come from nuclear sources.

[New Zealand: Low lakes pose risk of power cuts](#)

The security of the electricity supply is on a knife-edge and power cuts are possible this winter.

Energy Minister David Parker yesterday admitted the supply situation was becoming dire, although he still believed the country would get through winter without blackouts.

Earlier yesterday, however, Meridian Energy chief executive Keith Turner told a select committee at Parliament that New Zealand would avoid cold showers and brown-outs only if nothing else went wrong.

"It is a very fine margin, finer than I have seen it in my career," Turner said.

[Senator Feinstein asks Energy Secretary Bodman about Oil Transparency](#)

On February 11, 2008, California Senator Dianne Feinstein sent a letter (see below) to Energy Secretary Samuel Bodman inquiring about the Department of Energy's activities concerning peak oil.

[Experts debate whether oil crisis looms](#)

HOUSTON—Are the lackluster production and reserve replacement rates reported by the largest oil companies precursors to a looming oil crisis?

The largest oil companies have had increased difficulty meeting a range of challenges to increase their production, including mature oil fields with declining production rates and restrictive regimes that have tightened their hold on their resources as commodity prices have.

The issue was much debated by oil executives and industry watchers at the CERA energy conference this week.

[OPEC Finance Chiefs to Discuss Dollar Oil Pricing, Khelil Says](#)

(Bloomberg) -- OPEC finance ministers will meet to study a proposal from Venezuela to price oil in a currency other than the U.S. dollar, the group's President Chakib Khelil said.

[Eni ups estimate on Russian reserves by 20 pct to about 1.5 bln boe](#)

MILAN (Thomson Financial) - Eni SpA chief operating officer Stefano Cao said reserves of its Russian assets are estimated at about 1.5 bln barrels of oil equivalent (boe), a 20 pct increase compared to the company's previous assumptions.

[What is it for?](#)

Once again, Gazprom has threatened to cut off Ukraine because of overdue bills, and once again the issue has been fudged.

The Kremlin is clearly, and deplorably, trying to intimidate Ukraine into dropping its newly revived ambitions to join NATO, and into quashing any thoughts that it might host American missile-defence installations. Vladimir Putin's loose talk about nuclear targeting is particularly alarming. But the real point of the story is bad government and corruption.

[Chile's Gener 2007 net falls to \\$81 million](#)

SANTIAGO (Reuters) - Aes Gener CHG.SN, a unit of U.S. power company AES Corp, said profit fell 47 percent last year on big cost increases resulting from higher fuel prices and cuts in natural gas supplies.

[Nepal strike hits petrol supplies](#)

Nepalese petrol stations have been hit by severe fuel shortages, largely triggered by protesters blockading key roads in the south of the country.

Most petrol stations have shut down and those still serving fuel have attracted queues of thousands of motorists.

[Sierra Leone: "Enough Petrol Now, More On the Way"](#)

"If only people stop hoarding petrol and if only consumers stop panic buying of the commodity, we will all realise that there is enough petrol to last until the next consignment which is just round the corner," the deputy minister assured.

[Put Up Your Dukes: Venezuela Wants \\$110M in Taxes from Exxon](#)

The battle ensues in international courtrooms, as Venezuela and Exxon Mobil duke it out over lost compensations concerning the Orinoco Belt and the country's nationalization of oil and gas projects.

Now, the Venezuelan municipality Independencia claims that Exxon Mobil owes \$110 million in taxes for production in the area between 2000 and 2006, reports Dow Jones.

[OPEC to mull backing Venezuela in Exxon dispute](#)

QUITO (Reuters) - OPEC will consider taking action at its next meeting to support Venezuela in its legal dispute against U.S. oil giant Exxon Mobil Corp, Ecuador Oil Minister Galo Chiriboga told Reuters on Friday.

"Any actions that the OPEC could take will come from a legal analysis from member countries' lawyers," Chiriboga said in a telephone interview, without specifying possible actions. He said OPEC member lawyers will meet on March 4.

[Expert Says Chavez Is in Over His Head](#)

Venezuelan President Hugo Chavez doesn't have the tactical advantage he thinks he does when it comes to controlling his oil-rich country's resources, an energy security consultant told oil and gas executives Wednesday.

[Chevron's Pascagoula refinery back in operation after fire](#)

PASCAGOULA, Miss. - The Chevron Pascagoula Refinery has resumed production in a crude oil unit damaged by fire last summer.

[Lester R. Brown: U.S. Moving Toward Ban on New Coal-Fired Power Plants](#)

In a report compiled in early 2007, the U.S. Department of Energy listed 151 coal-fired power plants in the planning stages and talked about a resurgence in coal-fired electricity. But during 2007, 59 proposed U.S. coal-fired power plants were either refused licenses by state governments or quietly abandoned. In addition to the 59 plants that were dropped, close to 50 more coal plants are being contested in the courts, and the remaining plants will likely be challenged as they reach the permitting stage.

[Insight: The next crisis will be over food](#)

I used to think that the fastest way to become worried about markets was to stare into the bowels of a monoline. No longer. A few days ago, I happened to hear Goldman Sachs discuss the state of the global financial system with European clients.

And what struck me most forcefully from this analysis – aside from the usual, horrific litany of bank woes – was just how much trouble is quietly brewing in corners of the commodities world.

[After the coal rush](#)

Spiking global prices of coal should make energy experts rethink the wisdom of depending on it for long-term fueling of electricity plants.

[The asymmetry of economic war](#)

Away from these areas of direct combat, however, another strategic dilemma faced by the architects of the war on terror is becoming increasingly visible. This involves developments in asymmetric warfare - the ability of the weak to take up arms against the strong - which are already changing the global pattern of armed operations and counterinsurgency in ways still largely unrecognized. The United States army, and other powerful armies, find this form of warfare particularly difficult to cope with, as it can utilise in highly effective ways the advantages of an imbalance of forces and a surplus of targets..

[Ensuring energy security is a costly affair - KSA](#)

(MENAFN - Arab News) Oil is a costly affair. When US Energy Secretary Samuel Bodman was last here in Riyadh, he stressed on the need to invest "billions of dollars" in the industry annually, so as to achieve "global energy security."

The International Energy Agency estimates that \$22 trillion of investments would be needed between now and 2030 if the world is to meet expected energy demand.

[Scramble for South Africa coal underway](#)

SOARING international energy prices and Eskom's desperate need for more coal to feed its overworked power stations have stoked southern Africa's coal sector as investors scramble to bring new coal mines on line.

[Partners in pipelines, but not in energy exports](#)

Though connected by two pipelines that convey Caspian Basin energy to Western markets, Georgia and Azerbaijan are having trouble working out a long-term gas-supply deal. Price appears to be a major sticking point.

[The crippling hours of load-shedding in Nepal start affecting the industrial production](#)

The energy-crisis is starting to have all-round effects. From common consumers to business enterprises, the lack of energy has triggered a cascading impact everywhere.

Among the worst sufferers include the industries and businesses. From manufacturing to service industries, all have been subject to swelling hours of power cuts.

[Bolivia tries to avert looming energy crisis in Argentina, Brazil](#)

LA PAZ, Bolivia: Bolivian President Evo Morales said Thursday he will meet with the leaders of Brazil and Argentina to try to resolve a possible energy crisis because the Andean nation may be unable to supply enough natural gas to meet the needs of its power-hungry neighbors.

While Bolivian officials have said they can meet the needs of Argentina and Brazil this year, increased demand by the two nations could mean shortages in 2009. Natural gas is a key energy source for Brazil and Argentina, which have South America's largest economies.

[Kosovo PM Rebukes Energy Utility](#)

Kosovo's Prime Minister Hashim Thaci has lashed out against the management of the local energy utility, blaming it for shortages of power and demanding greater accountability.

Talking of a "national energy crisis," Thaci accused executives of the Kosovo Energy Corporation, KEK, of "steering the energy sector as if it was their private property and letting millions of euros leak without any sense of responsibility".

[Shrinking timeframe to prevent dangerous climate change?](#)

A growing number of scientists are echoing the concern raised in the latest Intergovernmental Panel on Climate Change (IPCC)'s Fourth Assessment Synthesis Report that climate change is happening faster than at rates predicted by earlier IPCC reports.

A recent paper published in the US Proceedings of the National Academy of Science (PNAS) suggests that the Earth's land and oceans are losing their capacity to absorb the excess carbon dioxide from anthropogenic emissions, accelerating the build-up of greenhouse gases in the atmosphere.

[Reports of the oil industry's imminent death are greatly exaggerated](#)

I am utterly perplexed by Jeremy Leggett's attempt to foretell the impending demise of the oil industry (The great fuel folly, February 5). Unless, of course, he contemplates

such a development as being highly favourable to his Solarcentury company. I am one of the economists who, he claims, "tend not to see the problem". But Leggett seriously understates the ability of the many oil-producing countries to sustain provision of oil and natural gas.

[Goodbye gasoline? Not so fast](#)

Spreading car culture will push gasoline demand ever higher, but experts say it will need some help to meet the world's growing energy needs.

[The door to Iraq's oil opens](#)

Peak oil - when global oil production will reach a peak and then begin to fall - is a real possibility sooner or later. It has happened in the US; it is happening in Britain, the North Sea and Indonesia; it is expected to happen in Mexico and some other major oil producing countries during the coming five-year period.

In this scenario, the criticality of Iraqi oil production cannot but be overstated. Furthermore, Iraq is particularly blessed in certain other ways. Apart from its massive reserves of oil and gas, the cost of oil production in Iraq at US\$1 to \$2 per barrel is very low. Second, the oil fields are dispersed evenly across the country. Third, Iraq's location itself is a boon. Unlike, say, the Caspian, Siberia or the Arctic, it is easy to develop oil export routes out of Iraq heading in several directions simultaneously - the Persian Gulf, Saudi Arabia, Kuwait, Jordan, Syria and Turkey. All this means that rapid expansion of Iraq's oil production and the arrival of substantial amounts of Iraqi oil - exceeding 10 mn b/d - in the international market is an attainable objective.

[Venezuela's oil minister says Exxon demands excessive](#)

CARACAS, Venezuela — Exxon Mobil Corp. is demanding more than 10 times the compensation the company could rightly deserve from Venezuela for the nationalization of an oil venture, the country's top oil official said Thursday.

Oil Minister Rafael Ramirez said Exxon Mobil's losses and past investments stemming from Venezuela's nationalization decision last year "wouldn't even reach 10 percent" of the \$12 billion in assets the company has sought to freeze in court.

"They ask for too high an amount for their compensation," Ramirez said.

[Who benefits when airlines merge? Who gets hit the hardest?](#)

Call it collusion, monopolizing or whatever you want, but banding together provides them a competitive edge that will help stabilize a battered and teetering industry,

dampening what has for decades been a wildly cyclical pattern of highs and lows.

It's also a hedge against future catastrophes such as a terrorist attack, a severe recession or continued spikes in petroleum prices. If, as many are predicting, the so-called peak oil crisis hits in the next five or 10 years, massive consolidation will be the only means of survival. Best to start now. The eagerness to merge is in many ways a survival tactic.

[DoD energy strategy: "More fight - less fuel"](#)

When Undersecretary of Defense Kenneth Krieg asked Defense Science Board to form a Task Force on DoD energy strategy he specifically used two words very often – identify and assess.

The DSB released its report called DoD Energy Strategy: "More Fight - Less Fuel" on February 12, 2008. The title of Section 2.2.2 is Peak Oil. Not surprising, because James Schlesinger was the co-chairman of the DoD Task Force.

[Barack Obama: Old package in a new wrapping](#)

One of his foreign policy advisers is Zbigniew Brzezinski, who goes back to the Carter Administration. Zbig is as imperialist as they come...

The last thing Zbig wants is what Peak Oil and climate change is now demanding: more political localism and local control of resources by the people of whose land they are a part. When this book was published in 1997, Big Oil thought it had discovered in the Caspian Sea basin oilfields that would be greater even than those of Saudi Arabia. However, soon thereafter, the oil companies found out that there was not nearly the amount of oil there that they thought and they canceled projects.

[A Better Way to Capture Carbon](#)

Researchers have developed porous materials that can soak up 80 times their volume of carbon dioxide, offering the tantalizing possibility that the greenhouse gas could be cheaply scrubbed from power-plant smokestacks. After the carbon dioxide has been absorbed by the new materials, it could be released through pressure changes, compressed, and, finally, pumped underground for long-term storage.

[OPEC Hints At Output Cut If Supply Rise Continues](#)

LONDON -(Dow Jones)- The Organization of Petroleum Exporting Countries said Friday weakening world economic growth and demand prospects and ongoing increases

in U.S. and European crude and gasoline inventories could soon force the producer group to pare back its own production to avert a drop in crude prices.

"These unfolding developments in the world economy and the oil market warrant close monitoring in the months ahead to ensure a timely response to changing conditions," OPEC said.

[Oil prices approach 100 dollars per barrel](#)

LONDON (AFP) - World oil prices advanced on Friday towards 100 dollars per barrel, briefly topping 96 dollars, as geopolitical jitters stemming from Nigeria and Venezuela stoked global supply concerns, traders said.

Those market fears overshadowed a gloomy warning from Federal Reserve chairman Ben Bernanke, who predicted "a period of sluggish growth" ahead for the energy-hungry US economy.

[Peak Oil: The Next 5 Years](#)

I suppose this post should be titled, "Why you want to own long term oil futures." The following graph of "all liquids" supply and demand going forward five years gives us an basis to compare recent observations on peak oil by Matt Simmons, Charlie Maxwell and Chris Skrebowski, three very astute oil observers, and draw some conclusions.

[Improving Our Green Job Prospects](#)

On the one hand we have a deepening economic recession, a mortgage and debt crisis, and rising unemployment. On the other hand is the growing energy and climate crisis, shadowed by the specters of peak oil and planetary meltdown. Rising prices for energy, food and health care are hitting the poor and middle class hard. We have ourselves in quite a mess.

No one has all the answers to these problems, but there is one answer that everyone with any sense embraces as a necessary first step toward a permanent solution: we must create green jobs in the renewable energy and energy efficiency industries. But despite that clear path forward, somehow the political will is not there yet and our prospects for a green jobs program in 2008 do not look very good.

[Beijing petrol stations to close](#)

China is closing 10% of Beijing's petrol stations to improve air quality ahead of the Olympics in August.

By the end of May, 144 will shut because they are not expected to meet higher environmental standards, according to state media.

[Siberian field to produce cheaper oil than Saudi crude - Rosneft](#)

KRASNOYARSK (RIA Novosti) - An oil deposit, which Russian state-controlled crude producer Rosneft is developing in East Siberia, will produce cheaper oil than Saudi crude, the company's president said on Friday.

[OPEC lowers its oil demand projections for 2008](#)

VIENNA - The OPEC oil cartel on Friday lowered its projections for growth of oil demand this year in response to a slowdown in world economic momentum.

The Organisation of Petroleum Exporting Countries in its February report said demand would likely grow by 1.43 percent this year rather than its previously estimated 1.52 percent.

[Chavez Uses Exxon Legal Battle to Stoke Anti-American Sentiment](#)

(Bloomberg) -- Venezuelan President Hugo Chavez has seized on a legal battle between the state oil company and Exxon Mobil Corp. to drum up backing for his campaign against the U.S. and President George W. Bush.

Oil and Energy Minister Rafael Ramirez called the dispute an ``economic war" with the U.S. and urged Venezuelans to march in the streets to protest court orders that freeze more than \$12 billion of Petroleos de Venezuela SA's assets. Oil workers planned to hold a vigil at the company's headquarters near downtown Caracas from last night to this morning.

[Coal Doesn't Have to Be a Dirty Word, CEOs Say](#)

Coal is no longer an ugly, dirty stepchild in the shadow of oil and natural gas now that the world faces unrelenting electricity demand growth in emerging nations including China and India, which are gobbling up the abundant fuel.

But coal's environmental issues often overshadow perceptions of its value at home, where it is the one fossil fuel America has more of than anyone else.

[Next US president will take action on climate change: Stiglitz](#)

PARIS (AFP) - Joseph Stiglitz, the Nobel laureate economist, declared himself "almost certain" Thursday that the next US president, whoever it turns out to be, will get tough on climate change.

"I don't want to be over confident, but I'm almost certain that the new president will come (through) on this issue," Stiglitz told a conference in Paris.

[Business chiefs vow to lead fight against global warming](#)

TOKYO (AFP) - Some of the world's top companies vowed Friday to step up their efforts to cut greenhouse gas emissions, saying governments were failing to show sufficient leadership in the fight against global warming.

The declaration reflects a growing trend by global corporations waging war on climate change by taking steps to reduce or offset the amount of carbon dioxide belched out by their offices and factories.

[Gore warns on 'subprime carbon' industry](#)

UNITED NATIONS - Al Gore advised Wall Street leaders and institutional investors Thursday to ditch businesses too reliant on carbon-intensive energy — or prepare for huge losses down the road.

[Venture to Use Sea to Fight Warming Runs Out of Cash](#)

Planktos, a California company that is trying to turn a profit by fertilizing the ocean with iron dust, canceled planned field tests on Wednesday, citing a lack of funds. At the company's Web site, planktos.com, a notice blamed a "highly effective disinformation campaign" for the cancellation.



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