

DrumBeat: February 18, 2008

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Topic: Miscellaneous

Biofuels spark fears of land grabbing, 'peak food'

"Corn can be used for ethanol in cars and power plants, for plastics, as well as in baking tortillas. Natural gas can be made into fertiliser for food output. "Peak Oil" is morphing into "Peak Food"," says the paper, warning that vulnerable parts of the world face the risk of famine in the next three years as rising energy costs cause a food crunch.

While that may seem alarmist, food is certainly becoming less affordable from West Africa to South Asia, where Pakistan is introducing ration cards allowing lower-income citizens to buy flour at subsidised prices.

ExxonMobil bangs Sakhalin 1 gas drum

ExxonMobil believes Russia should allow it to export gas from the Sakhalin 1 project off Russia's east coast saying that, contrary to Gazprom's claims, the gas is not needed by the local market.

Two more energy IPOs shelved as public investment market continues on unstable ground

Not even the cushion provided by \$90 oil could help Forum Oilfield Technologies Inc. and Plains All American Pipeline LP get their public offerings to market in the midst of souring investment sentiment.

The two Houston companies shelved their IPOs this week, pointing to a weakening investor market.

Reasons to see red over green energy

You'd hope, wouldn't you, that the government department responsible for energy to heat our homes, power our cars and so on would be on top of two key issues - a switch to a low-carbon economy and the possibility that oil might run out sooner than we thought.

Both these issues should concern us greatly and, indeed, there is growing discussion of them everywhere. But, the Department of Business As Usual (DBERR) doesn't seem to be on the case at all.

Western fears on Russian energy

A clear majority of west Europeans regard Russia as an unreliable energy supplier but remain resistant to paying more for alternative supplies from renewable energy sources.

Nigerian militants ask for U.S. mediation in oil crisis

LAGOS, Nigeria – Militants behind attacks on Nigeria's oil infrastructure have asked the United States and President Bush to mediate to try to end a crisis that has seen foreign workers kidnapped and cut output of Africa's biggest producer.

Venezuela's Chavez threatens to sue Exxon over oil `theft'

CARACAS (Dow Jones)-Venezuela President Hugo Chavez Sunday said his government may file a suit against ExxonMobil for allegedly taking as much as 500,000 barrels of crude from oil fields without paying for them.

"They took 500,000 barrels of crude from here without reporting them, before they began developing" the fields, Chavez said during his radio and television show.

How expensive does oil have to get before your habits change?

"By some estimates, there will be 2 per cent annual growth in global oil demand over the years ahead, along with, conservatively, a 3 per cent natural decline in production. That means by 2010 we will need an additional 50 million barrels per day."

Not the words of a green evangelist but US vice-president Dick Cheney – while still CEO of Halliburton. Warnings like his have been largely ignored but a new film aims to bring oil production into mainstream debate just as Al Gore did with climate change.

Brazil's president confirms Petrobras data theft related to big petroleum finds

SAO PAULO, Brazil (AP) - Information stolen from Brazil's state-run oil company was related to two huge new offshore petroleum finds, President Luiz Inacio Lula da Silva said.

In comments to reporters during a trip to Brazil's Antarctic research station, Silva characterized last month's theft of four laptops and two hard drives as "serious" because it involved state secrets. He said that the Brazilian Intelligence Agency was assisting federal police in their investigation.

But Silva said it is too soon to determine whether the information was stolen by a group planning to pass information about the Tupi and Jupiter petroleum fields to foreign companies or governments.

Google's latest search: renewable energy

Google is prepared to invest hundreds of millions of dollars in finding cheaper, cleaner alternative energy sources.

Dan Reicher, director of climate and energy initiatives for the company's philanthropic arm, Google.org, says he has already committed US\$20 million (\$25.4 million) to funding start-up firms that research and develop solar, thermal and wind power. He is also looking at investing in a firm that creates energy through geothermal systems.

Experts Cast Doubt On Norway Thorium Energy Dreams

OSLO - Scientists told the Norwegian government on Friday that exploiting thorium, a radioactive metal, for nuclear power production is an interesting but far-out alternative with unknown economic potential.

A report commissioned by the government found that current knowledge of thorium-based energy production and the geology of the natural resource are not solid enough to draw any conclusions about the potential value to Norway.

Kurt Cobb: The lure of the city

Those who are concerned about sustainability talk about making cities more sustainable. But that is an oxymoron. Cities have never been sustainable. They have always needed more from the land than the land under them could give. But the issue is more nuanced than that. On the one hand, living more densely in an energy-constrained world makes sense. It reduces travel for all purposes, economic and social. And, in the past people did live in walkable villages and towns. Some still do. But today, at least in North America, only those living in large cities can really do without a car.

On the other hand, the explosive expansion of urban areas is primarily driven by economic growth and rising population. These two trends will be called into question in the energy-constrained world that is emerging in the 21st century. Without cheap energy it will be difficult to keep food production and economic growth on its current upward path. And, even if the two continue to rise, they may not do so at a rate that

satisfies the world's hunger for both food and energy.

LUKOIL halts oil to Germany in new pricing row

MOSCOW (Reuters) - Russian oil major LUKOIL halted oil supplies to Germany in February in a renewed pricing dispute with the monopoly importer of Russian crude to the country, trading sources said on Monday.

"February supplies are zero. The firm was due to ship around 520,000 tonnes (by pipeline) this month, then it halved the plan and later scrapped it all together. It is the same old story with Sunimex," one trading source said.

Explosion rocks West Texas refinery

BIG SPRING, Texas — An explosion rocked an oil refinery Monday morning, a Howard County sheriff's dispatcher said.

It was unclear whether there were injuries or whether a fire was burning at the refinery owned by Dallas-based Alon USA, which employs about 170 people and produces about 70,000 barrels a day.

"All I know is that it blew up," said the dispatcher, who declined to give her name.

Oil companies spend big on advertising

ANCHORAGE - Oil companies have spent more than \$1.4 million in recent months on advertising in a bid to win voter support for their views on oil taxes and a natural gas pipeline.

Iraq oil law stalled, no end to impasse in sight

BAGHDAD (Reuters) - A law that could shape Iraq's future by clearing the way for investment in its oil fields is deadlocked by a battle for control of the reserves and no end to the impasse is in sight, lawmakers and officials say.

Tajikistan: Emomali Rakhmon expands interaction with the European Union

Badly hurt by the cold winter as it was, Tajikistan also found himself in the grips of energy collapse. The Nurek Hydroelectric Power Plant which is the country's principal source of energy idles because water in its reservoirs is down to the critical level. Energy

| Drum | DrumBeat: February 18, 2008 http://www.theoildrum.com/rexport from Uzbekistan and Turkmenistan is down too because they need energy for their own needs.

UN appeal for Tajik winter aid

A severe energy crisis coupled with an unusually cold winter is affecting the lives of millions of people.

The UN says it needs \$25m (£13m) to help Tajikistan deal with the worst energy crisis it has ever experienced.

India: Gas Utilization Norms Unveiled

While NELP provides for marketing freedom, the Gas Utilization Policy, that is to come into effect in next couple of month, proposes to fix priority for usage of the gas discovered by firms like Reliance.

The new Policy prioritises natural gas allocation to fertilizer plants, petrochemical and LPG fractionators units, existing gas-based power plants and city gas projects in that order.

India - Petro price hike: Too little, too late?

The price build-up by oil companies of the controlled products is entirely based on notional numbers in the absence of actual imports. Right from the port of lading to the destination, all costs relating to freight, storage/handling losses, inland transportation etc., are assumed and at best based on historical costs of the earlier retention pricing, with a legacy of inefficiencies. These generate high refinery margins, almost twice the international benchmarks relevant to us. In fact, the government claims that high refinery margins generated in this manner saved the oil companies from bankruptcy.

If so, does it make good sense to just administer only the end prices and that too of a few products, out of the several coming out of the same barrel of oil?

India: Petro dealers plan protest on February 21

TIRUCHIRAPALLI: Predicting an acute shortage of petrol and diesel in a week, the petroleum dealers in the region have decided to stage a protest here on February 21 demanding smooth supply of fuel to dealers in rural areas.

KATMANDU, Nepal: Schools closed, garbage piled up on the streets and many buses stopped running in Nepal's capital Monday because of a fuel shortage caused by a general strike called by ethnic minorities demanding more rights.

Almost all schools in Katmandu and its suburbs were forced to shut because school buses had no fuel to transport students, said Lakchya Bahadur K.C. of the Private and Boarding School Association of Nepal.

"These schools will remain closed as long as the fuel shortage continues," he said Monday.

Nepal: Fuel, power crisis may cripple hospitals

Kathmandu (Xinhua) Hospitals and nursing homes in Nepal's capital may have to stop functioning if the irregular power supply and fuel shortage persist for a couple of days more, media reports said Monday. Four vehicles of the Tribhuvan University Teaching Hospital (TUTH), one of the most important hospitals in the country and used for ferrying over 1,000 staffers, have stopped operating during the day to save on fuel.

A fleet of three ambulances of the hospital is already off the road due to shortage of fuel, according to The Himalayan Times.

Pakistan: Fear of load-shedding on polling day looms large

The fear of load-shedding looms large on the polling day. Political parties believe that the government will use load-shedding as a tool to rig elections during the critical phase of counting.

British Prime Minister wants oil prices to come down

LONDON (KUNA) -- British Prime Minister Gordon Brown said Monday that he wanted to see a greater supply of oil and a better match between supply and demand.

In answer to a question during his regular monthly press conference in Downing Street, the Prime Minister said this match would make it possible for oil prices to come down.

Britain Runs Out of Pasta as Costs Soar

Pasta lovers were warned yesterday that spaghetti could soon be off the menu as supplies run short.

The crisis has been caused by Italian farmers, who usually grow the durum wheat for 99 per cent of all UK pasta products, now cashing in by instead selling it for biofuel.

Mideast wrong target on oil talks

President Bush traveled to the Middle East to, among other things, ask the Saudis to increase oil production and drive

Why did he have to go to the Middle East to do this? With the proper ID he could have gone north and asked Prime Minister Stephen Harper, a Calgary oilman and head of the Conservative Party, for the same favor.

He could have gone south, with the proper ID, and asked President Felipe Calderon, head of the PAN party, for more oil.

South Korea: Resources Diplomacy

A war without gunfire is going on among major powers over dwindling energy and other natural resources in the world. If Noam Chomsky and Alan Greenspan are right, it could easily escalate into a war with gunfire — a horrible one at that — as seen by the U.S. war in Iraq. So the next government's vow to focus on resources diplomacy is more than welcome, if a little belated.

US warfare is buffeting the global economy, again

Global memory is declining at an alarming rate, which does not augur well for the long-term survival of civilisation or even the human species. Why will we not learn from history, especially very recent history?

There are still many people around who lived through the man-made horrors of the Great Depression, a calamity wrought by greed and powerful private interests whose reach and influence far exceeded that of government. (Government regulation of economic activity did not happen without good reason.)

That Newfangled Light Bulb

Across the world, consumers are being urged to stop buying outdated incandescent light bulbs and switch to new spiral fluorescent bulbs, which use about 25 percent of the energy and last 10 times longer. In Britain, there is a Ban the Bulb movement. China is encouraging the change. And the United States Congress has set new energy efficiency standards that will make Edison's magical invention obsolete by the year 2014.

Il Drum | DrumBeat: February 18, 2008 http://www.theoildrum.com/r Now, the question is how to dispose of these compact fluorescent bulbs once they break or quit working.

Data center power: the cost reality

More IT executives are coming to grips with a grim reality: Data-center power and cooling costs are the hidden enemy of IT departments. They creep up on unsuspecting CIOs like deadly mists and choke off their ability to deploy new equipment and applications.

"If a CIO has not had to build a new data center recently, this is likely to be a huge surprise," says Ken Brill, founder and executive director of the Uptime Institute, which provides consulting services to more than 100 data center operators.

Haiti's efforts to save trees falters

GRAND COLLINE, Haiti - Far from the spreading slums of the Haitian capital, past barren dirt mountains and hillsides stripped to a chalky white core, two woodcutters bring down a towering oak tree in one of the few forested valleys left in the Caribbean country.

Fanel Cantave, 36, says he has little choice but to make his living in a way that is causing environmental disaster in Haiti. And these days, he and his 15-year-old son, Phillipe, must travel ever farther from their village to find trees to cut.

"There is no other way to get money," the father said, pushing his saw through splintering wood that will earn him as much as \$12.50, depending on how many planks it produces.

Disappearing bees threaten ice cream sellers

NEW YORK (CNNMoney.com) -- Haagen-Dazs is warning that a creature as small as a honeybee could become a big problem for the premium ice cream maker's business.

At issue is the disappearing bee colonies in the United States, a situation that continue to mystify scientists and frighten foodmakers.

That's because, according to Haagen-Dazs, one-third of the U.S. food supply - including a variety of fruits, vegetables and even nuts - depends on pollination from bees.

Proposed solar project could have helped South Africa: union

A 100 megawatt (MW) solar energy project that was supposed to have been built by Eskom in Upington in the Northern Cape, could have helped solve South Africa's energy crisis according to Trade union Solidarity.

Ireland: Hundreds of SME's in Limerick/Clare risk being left in the dark

By 2030 the 27 EU countries will have to import 93% of the oil that they need. Furthermore, it seems likely that existing sources of oil will be unable to meet this growing demand. Without urgent and significant action on energy security and climate change, we in Clare and Limerick will feel the environment winds of change soon after the economic storm has done its worst. Participation in the SME Energy Management Certification Scheme is just one way that companies can avoid such an eventuality', concluded Mr. Stephens.

Going green for 80 cents a day

FOR the cost of a daily local phone call, Australians could cut their greenhouse gas emissions to the same ambitious levels now being considered by the most advanced European countries, an economic study has found.

Dead zones off Oregon and Washington likely tied to global warming, study says

Low-oxygen areas that show scant signs of sea life have expanded. 'We seem to have crossed a tipping point,' a scientist says.

Missing: The 'Right' Babies

Europe is failing to produce enough babies—the right babies—to replace its old and dying. It's "the baby bust," "the birth dearth," "the graying of the continent": modern euphemisms for old-fashioned race panic as low fertility among white "Western" couples coincides with an increasingly visible immigrant population across Europe. The real root of racial tensions in the Netherlands and France, America's culture warriors tell anxious Europeans, isn't ineffective methods of assimilating new citizens but, rather, decades of "antifamily" permissiveness—contraception, abortion, divorce, population control, women's liberation and careers, "selfish" secularism and gay rights—enabling "decadent" white couples to neglect their reproductive duties. Defying the biblical command to "be fruitful and multiply," Europeans have failed to produce the magic number of 2.1 children per couple, the estimated "replacement-level fertility" for developed nations (and a figure repeated so frequently it becomes a near incantation). The white Christian West, in this telling, is in danger of forfeiting itself through sheer lack of numbers to an onslaught of Muslim immigrants and their purportedly numerous offspring.

(Bloomberg) -- Saudi Aramco, the world's largest state-owned oil company, will start production from its Khursaniyah oil-field project by April.

"Khursaniyah will make available 500,000 barrels a day within two months," Senior Vice President Khalid Buainain said today at a conference in London.

The start of output was delayed from December to allow "commissioning activities" to be completed. Saudi Arabia, like other Persian Gulf oil producers, is implementing large-scale energy projects to boost crude oil and refining capacity to meet rising demand.

Saudi Aramco plans to produce 12 million barrels a day by 2009 from all its fields, Buainain said. An additional 250,000 barrels a day this year from the Shaybah field, in the southeast desert known as the Empty Quarter, will bring total output to 750,000 barrels a day. It's also planning to pump 1.2 million barrels a day from the Khurais field by mid-2009, and expects production from the Manifa field will reach 900,000 barrels a day from 2011.

In shifting power, the rise of manifold destiny

With the sizzling competition for energy, water and other resources, comes the threat of global warming, something the rich, energy-guzzling countries have done little to curb, while urging restraint on developing nations.

"The fly in the ointment is energy," says Michael Klare, a professor of Peace and World Security Studies at Hampshire College in Amherst, Mass., and author of the forthcoming book *Rising Powers, Shrinking Planet*.

"China and India will have explosive growth and demand at a time when supplies are not going to grow fast enough to satisfy both their burgeoning requirements and those of the older powers like Europe and Japan."

If there is a struggle for resources, liberal democratic values could take a bigger battering worldwide. And if the United States and other Western countries were weakened, the process would accelerate.

Oil rises towards \$96, buoyed by supply risks

LONDON (Reuters) - Oil climbed towards \$96 a barrel on Monday, as investors weighed the effects of a slowing U.S. economy against an escalating row between OPEC member Venezuela and oil major Exxon Mobil.

Exxon struggling to replace reserves, analyst says

LONDON (MarketWatch) -- Exxon Mobil Corp. is struggling to replace reserves and may have to boost capital spending substantially, an analyst said on Monday.

China: Coal exports hit 13-month high

Mainland coal exports inched up to 5.75 million tonnes last month, the highest in 13 months as producers sought to capitalise on record global prices even as domestic supplies were strained by harsh winter weather.

Shipments from the world's top coal producer and consumer are expected to fall in the coming months after the central government put a two-month freeze on exports in a bid to solve its worst energy crisis in years. Transport disruptions and coal supply shortages caused power outages during the country's worst storm in 50 years.

Energy shortfalls of up to 35% to hit the UAE by 2012

The power generating capacity of existing facilities in the MENASA region is inadequate and investments of at least US\$ 155 billion will be required over the next decade to meet growing consumption, according to research by UAE-based infrastructure specialists, Septech Emirates.

According to the report, water and power shortages of approximately 35 per cent are expected in Kuwait, Qatar and Saudi Arabia by 2010, while the UAE and Bahrain will face similar problems by 2012 and 2013 respectively.

China's producer price index hits 3-year high

Surging crude oil prices pushed up China's producer price index (PPI) by 6.1 percent in January over the same month last year, the largest monthly rise in three years, the National Bureau of Statistics (NBS) said on Monday.

California "Food Miles" Cannot Be Discussed in Isolation from Land Use Policies

"Not too long ago, there was a food store within a half-mile of every resident in Davis. The trend to larger stores has been one cause of the closure of several of these 'neighborhood stores.' As the effects of climate change and 'peak oil' make themselves felt in our economy and our daily lives, having essential services such as a grocery store accessible to each neighborhood will be an important element in reducing the number and distance of vehicle trips in the community."

It's time to think about the nation's new energy future

In being neither appropriate nor effective, our feeble attempts so far are grossly irresponsible. What we need is the boldness and creativity that characterized this country after Pearl Harbor: having declared war but being unprepared militarily to take on the superior German and Japanese armies, the nation came together in a way that matched the urgency of the task. Our imminent crisis requires no less!

Aramco says Total and Conoco plans progressing well

LONDON (Reuters) - State oil company Saudi Aramco said on Monday its plans to build refineries with U.S. oil refiner ConocoPhillips and French oil and gas firm Total were "progressing well".

Saudi Aramco executive Khalid al-Buainain told a conference in London that refineries in Jubail and Yanbu would have 400,000 barrels per day capacity.

Nigeria: Let Us Go Back to Firewood

My take is simple and short, whether we agree or not we should go back to our old kitchen, the ones that used to be outside the main house, made of mud brick and thatch roofs; there is no kitchen like that, those kitchens often took time to construct.

We went wood searching, picked up many but it never finished and every home was sure of more than enough for firing the biggest pot in the house and the food produced was most times, not just delicious in taste but spread its aroma around the neighbourhood. Many of our mothers were married to their husbands just because of the dexterity they showed with the 'firewood-cooked food'.

Saudi, Norway back carbon capture for CDM - paper

OSLO (Reuters) - Oil exporters Saudi Arabia and Norway will cooperate to get carbon capture and storage (CCS) -- burying greenhouse gases -- recognised as a way for rich countries to offset their emissions, a Norwegian daily reported.

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