



## DrumBeat: February 22, 2008

Posted by [Leanan](#) on February 22, 2008 - 9:40am

Topic: [Miscellaneous](#)

### [Brazil dances with OPEC](#)

NEW YORK (CNMoney.com) -- OPEC, the 13-nation cartel that has a huge influence over oil prices, may be expanding further into South America.

News that the second largest economy in Latin America was considering joining OPEC began to swirl late last year shortly after Brazil announced the discovery of huge offshore oil and gas deposits that could turn the country into a major oil exporter.

...Analysts say Brazil is serious about joining, and its membership could push crude prices higher as more oil would be under OPEC control, but that membership and significant crude exports from the country won't happen anytime soon.

### [China's Peak Oil Debate Still In Its Infancy](#)

Peak oil remains a "distant" idea in China, industry sources say. Many Beijing policymakers still subscribe to the traditional view that oil reserves are plentiful, and that the main difficulty is resource access -- a geopolitical rather than a geological problem. So, aside from token shifts in the country's energy mix toward more environmentally friendly fuels, the Chinese leadership is prioritizing security of oil supply over curbing oil demand.

### [Peak Oil Passnotes: China Has Spoken](#)

The market has spoken. For once the machinations of the market are being based not on herd mentality, software, technicals or the whims of the mass media. Instead the worrying thing is the moves to \$100 oil are based on reality, demand. Chinese demand.

It has not mattered a jot to China as oil has risen in price. Some people might want to buy a house because they think they may make money, other people buy a house because they love someone and they want to live in the city without renting. China is the latter. China is not interested in a few billion dollars this way or that every month, it wants to live in the city called 21st century prosperity and it is going to do everything in its power to stay there. And it ain't gonna rent.

### [Arab nations back Venezuela in Exxon row: Chavez](#)

CARACAS (Reuters) - Arab nations have backed Venezuela in its conflict with Exxon Mobil, President Hugo Chavez said on Friday, amid Exxon's continuing legal assault that has frozen up to \$12 billion in Venezuelan assets.

### [Exxon gets extension of Venezuelan asset freeze](#)

Exxon Mobil, the world's biggest oil company, was granted a temporary extension of a U.K. court order freezing \$12 billion-worth of assets held by Venezuela's state oil company until a court hearing next week.

### [Venezuelan oil price hits unprecedented level](#)

Venezuela's crude oil export price soared USD 3.84 to a weekly average of USD 90.13 (compared to USD 86.29 last week), thus hitting a new record, said the Ministry of Energy and Petroleum on Friday.

### [Confidence Frays In Saudi Gas Prospects](#)

When France's Total officially pulled the plug on its gas exploration adventure in Saudi Arabia last week, it was the first overt sign of disaffection with the ongoing gas program undertaken by four international joint ventures in the remote Rub al-Khali desert. But the news isn't much better from the other ventures, and concern is spreading that this public-private initiative may do little to solve the kingdom's internal gas supply problems -- much less provide gas for export.

### [Shell sees potential in U.S. Arctic](#)

ANCHORAGE (Reuters) - Royal Dutch Shell Plc is looking for oil and gas in the Chukchi and Beaufort Seas off the coast of Alaska, but the finds will have to be significant to justify the huge cost of development, a senior Shell executive said Friday.

Shell surprised many in the oil industry when it bid \$2.1 billion for acreage in this month's controversial auction of drilling rights in the Chukchi Sea, a large polar bear habitat, and one of the least explored areas in U.S. federal waters.

However, after conducting two years of seismic surveys in the Chukchi ahead of its bid, Shell is confident the area is one of the most promising exploratory basins in its portfolio.

## [Saudi Arabia urges rich countries not to use oil as weapon](#)

Saudi Arabia's foreign minister and president of the Arab Summit Thursday urged wealthy countries not to use the rising oil prices as a weapon to obtain an advantage over poorer countries.

"Oil is an important and strategic resource for the world economy. It must not be used as a weapon," Prince Saud al-Faisal told the South American and Arab Countries' foreign ministers meeting here.

## [Oil Prices: It's Not About the Oil](#)

What's driving oil prices? Economics 101 says price is determined by the balance of supply and demand. But when it comes to the oil market, fears and expectations have been trumping economic rules and carrying the day. "These movements have nothing to do with supply or demand, or with oil for that matter," says Fadel Gheit, senior analyst with Oppenheimer (OPY) in New York. "There is more exaggeration than ever before in this market."

## [Gas prices jump, but may not stay high](#)

NEW YORK - Gas prices jumped Friday to their highest level since June, a possible preview of what many analysts believe will be a record spike in pump prices this spring.

But the current price surge could be short-lived. While gas prices have risen sharply in recent days in response to oil's dramatic climb to a new record above \$101 a barrel, gasoline supplies have quietly grown to their highest level in 14 years.

## [Montana senator: BP proposal dropped](#)

Potential British Columbia natural-gas work that raised environmental alarms in Montana is being dropped, Sen. Max Baucus, D-Mont., said Thursday.

Energy giant BP and British Columbia officials decided that extraction of coal-bed methane, a type of natural gas, will not be pursued on the Canadian side of the Flathead River Basin, Baucus told The Associated Press. BP Canada spokeswoman Anita Perry said the possibility of coal-bed methane development in the Canadian Flathead has been withdrawn from provincial evaluation of a larger area where BP remains interested in potential coal-bed methane work.

## ["You made a mistake about us," Pdvsa CEO warns Exxon Mobil](#)

Venezuelan Minister of Energy and Petroleum and CEO of state-run oil conglomerate Pdvsa Rafael Ramírez Friday referred to the legal dispute between Pdvsa and US oil major Exxon Mobil in connection with the nationalization last year of oil upgrader Cerro Negro, and said the Venezuelan government would not recoil in the defense of the country's interests and would continue efforts to regain full sovereignty over oil resources.

"They made a mistake about us. It is important for these multinational corporations to know that we will not fear or give in," Ramírez declared before oil workers during a rally on Tía Juana dock in oil-rich northwestern Zulia state.

### [US official: Europe needs alternatives to overpriced Russian gas](#)

BRUSSELS, Belgium (AP) - Europe needs alternatives to overpriced Russian natural gas that enriches "shady middlemen," a U.S. official said Friday, putting forward the idea of Iraq and Azerbaijan as new suppliers.

Matthew Bryza, a deputy assistant secretary of state, took a swipe at Russia's state-owned OAO Gazprom, saying the United States wasn't fond of energy monopolies.

"We especially don't like them when they threaten at least the economic security of our most important allies," he said, criticizing the company for charging too much and trying to undermine Europe's efforts to seek new sources and routes for more gas.

### [House to vote next week on energy tax bill](#)

WASHINGTON - The House of Representatives will vote next week on legislation that would levy \$18 billion in taxes on big oil companies to help pay for extending renewable energy tax credits, Democratic leaders said on Thursday.

The legislation includes tax credits to promote renewable energy production from wind, solar, geothermal, cellulosic ethanol, biofuels and other sources. Many of the tax credits will expire at the end of this year.

### [Gazprom to Trade Up to 100 Million Tons of Emissions by 2011](#)

(Bloomberg) -- Gazprom Marketing and Trading Ltd., the global trading arm of the Russian gas export monopoly, plans to trade to as much as 100 million tons of emissions credits by 2011, about 5 percent of the European Union's total yearly grant.

### [BP aims for billions more barrels from Alaska](#)

ANCHORAGE - Operator BP expects to wring at least 2 billion barrels more crude from Alaska's Prudhoe Bay oilfield, even after the aging giant has yielded over 11 billion barrels, far more than thought possible when it was discovered.

In addition to coaxing more medium sour crude out of the most productive field in the United States, BP is eyeing the once worthless shallow reservoirs of heavier oil that have become valuable as oil prices have surged to above \$100 a barrel.

"No field the size of Prudhoe Bay has ever been shut in," said Gordon Pospisil, a senior BP petroleum engineer who is leading the effort to tap the field's heavy oil reservoirs.

### [Oil refinery alerted to intruder](#)

Police are searching the site of the Stanlow oil refinery in Cheshire after receiving reports of an intruder.

### [Judge says 'hot fuel' lawsuit can proceed](#)

KANSAS CITY, Mo. - A potential class-action lawsuit claiming U.S. oil companies have knowingly overcharged customers when gas station fuel temperatures rise passed its first hurdle Thursday.

U.S. District Judge Kathryn Vratil rejected a motion from the oil companies to dismiss the lawsuit, saying they had not proven the plaintiffs wouldn't prevail in court.

### [Depression + Inflation + Famine = Chaos!](#)

Oftentimes it seems so inconceivable that we could have come to this place, yet here is exactly what we are facing, right now: Depression in the housing market; retail inflation (due entirely to the price of oil and the plummeting dollar), credit availability all but shut down, and today we discover that grain stores are at their lowest point since they began measuring in 1960: 53 days. According to the CEO of Potash Corp., the Canadian fertilizer giant, if there is any disruption to this year's grain harvest, the world will be facing *famine* in 2009. And this is not a question of the rock-concert-for-third-world-countries famine, folks. He is describing global shortages of wheat. Food prices are already on the rise; with grain shortages, will surely come hoarding and hyperinflation in food.

### [Just how expensive is our wheat in reality?](#)

To put it simply, the last couple of centuries, probably since the opening up of the Americas, have seen the price of food fall to unprecedented levels.

Compared to our ancestors either we are unbelievably, fabulously rich, or the price of food is so incredibly cheap as to be incomprehensible to anyone born before 1500 AD.

### [Grassroots: Greenery from the bottom up](#)

A MULTI-STOREY car park in Woking, a commuter town just south of London, makes an unlikely totem for environmentalism. Only the chimney on the roof and the faint smell of burnt hydrocarbons betray its status as the centrepiece of Britain's greenest local council. Besides parking spaces, the building contains a 1.3MW gas-fired combined heat-and-power (CHP) plant that supplies electricity and heat (the latter a waste product in ordinary power stations) to council offices, a hotel and several other city-centre businesses. With help from solar-powered parking meters, another CHP plant at the municipal swimming pool and an energy-efficiency drive, Woking has cut its carbon emissions by 21% since 1990, nine percentage points more than the national target.

### [We'll Save the Planet Only if We're Forced To](#)

Do you check every item you buy to make sure it is green and planet-friendly? Do you buy carbon offsets every time you fly? Stop. It is time to be honest: green consumerism is at best a draining distraction, and at worst a con. While the planet's fever gets worse by the week, we are guzzling down green-coloured placebos and calling it action. There is another way. Our reaction to global warming has gone in waves. First we were in blank denial: how can releasing an odourless, colourless gas change the climate so dramatically? Now we are in a phase of displacement: we assume we can shop our way out of global warming, by shovelling a few new lightbulbs and some carbon offsets into our shopping basket.

This is a self-harming delusion. It's hard to give a sense of the contrast today between the magnitude of our problem, and the weediness of our response so far. But the best way is offered by the Nobel Prize-winning scientist Paul Crutzen.

### [Dire new warning on climate](#)

RECENT work by scientists suggests climate change is advancing more rapidly and more dangerously than previously thought, according to Canberra's top adviser on the issue.

In a dire warning to the Rudd Government, Ross Garnaut has declared that existing targets for cuts in greenhouse emissions may be too modest and too late to halt environmentally damaging rises in temperature.

### [Hunters, anglers join global-warming outcry](#)

Nearly 700 hunting, fishing and sporting groups, including several from Arizona, recently sent letters urging lawmakers to support a bill to curb the greenhouse-gas emissions that cause climate change.

These are not your typical environmentalists, but they are increasingly interested in environmental issues.

### [UK: Brakes come on over biofuel commitment](#)

The Government may retreat from its commitment to make all drivers use an increasing proportion of biofuel in their fuel tanks.

Ruth Kelly, the Transport Secretary, announced a study into the impact that the production of biofuels has on the environment. The Department for Transport (DfT) said that it would not support a European plan to increase the proportion of biofuel in petrol and diesel to 10 per cent by 2020 unless it could be proved that it reduced overall greenhouse gas emissions.

### [Growing world aircraft fleet and increasing pollution](#)

As competition among airlines around the world intensifies, more and more people find it convenient to travel by air for business and leisure. But the rapid growth of commercial aviation is having a significant impact on global warming and the Asia-Pacific region, the world's fastest expanding market for air travel, is starting to feel the heat.

### [Shell President: America's Energy Security a 'Mess'](#)

Shell President John Hofmeister addressed U.S. policy makers on Feb. 21 to proffer suggestions for energy policy changes. Hofmeister urged policy shapers to extend the rights of U.S. companies by allowing them to drill the outer continental shelf of the U.S., which is currently illegal.

Hofmeister said that the U.S.'s energy consumption, along with outdated policy, have led to a failure in energy security.

"During the course of today, the U.S. will consume 10,000 gallons of oil a second," said Hoffmeister. "That equivalent is 21 million barrels of oil a day ... that's a swimming pool full of oil every second of every minute of every hour throughout the day."

### [Libya's Ghanem sees oil prices rising further](#)

TRIPOLI, Feb 21 (Reuters) - Oil prices are likely to keep rising but OPEC has no plan to

increase production for now, the head of Libya's National Oil Corporation, Shokri Ghanem, said on Thursday.

"I believe the oil price will continue rising and this is because of speculation and political issues," Ghanem told Reuters in the Libyan capital Tripoli.

### [Power blackout in Java and Bali due to coal disruption](#)

JAKARTA: Large parts of Indonesia's most crowded island, Java, and the resort haven of Bali are hit by severe blackouts as bad weather at ports hampered coal delivery to power plants, but mining operations are unaffected, officials said yesterday.

The power crunch in Java and Bali, which started late on Wednesday, was the result of an electricity deficit of about 1,000MW, an official at the state power monopoly said. The outages are continuing yesterday, even though the power deficit has been halved but the blackout could spread to other areas in Java if coal supplies do not pick up soon, said Mulyo Adji, PT Perusahaan Listrik Negara's (PLN) spokesman.

### [Macedonia: Bulgaria Can Save Us From Energy Crisis](#)

The newspaper analyzes the situation in Macedonia and concludes that the domestic reserves are running out and that the situation is additionally complicated by the proclaiming of Kosovo's independence and Serbia's threats for imposing an embargo.

In searching for a solution the newspaper points out that what can be done fast is the building of a 400- kilovolt power transmission line from Shtip to Chervena mogila with a total length of 140 km, 40 km of which will be in Macedonia. The construction of the lines was started in 2006 but should be ready the coming summer.

### [UN agency seeks \\$8 million to feed Tajiks hit by record low temperatures](#)

The harshest winter Tajikistan has seen in decades has prompted a food and energy crisis leaving some 200,000 in need of emergency aid, the United Nations World Food Programme (WFP) said today as it appealed for \$8.3 million to help those affected.

The funds requested by WFP – part of a wider \$25 million joint appeal made earlier this week by the UN – will be used to buy and distribute three months worth of emergency food rations for 200,000 of the most vulnerable people, most of whom live in rural areas. The agency's non-governmental partners will help another 60,000 people.

### [Finance panel transfers funds for patrol fuel](#)



The Commission's Finance Committee, with assistance from Sheriff Tim Gobble and his staff, is making some progress in coping with the current fuel shortage for law enforcement vehicles.

### [Famines May Occur Without Record Crops This Year, Potash Says](#)

Grain farmers will need to harvest record crops every year to meet increasing global food demand and avoid famine, Potash Corp. of Saskatchewan Inc. Chief Executive Officer William Doyle said.

People and livestock are consuming more grain than ever, draining world inventories and increasing the likelihood of shortages, Doyle said yesterday in an interview on Bloomberg Television. Global grain stockpiles fell to about 53 days of supply last year, the lowest level since record-keeping began in 1960, according to the U.S. Department of Agriculture.

### [Food price threat as council 'squanders' farmland](#)

Sunshine Coast residents could face even higher food prices if the new council continues to 'squander farmland', a council candidate has warned.

"This very real threat is foreshadowed in a Queensland Government report, 'Queensland's Vulnerability to Rising Oil Prices,'" Division 9 (Coolum and hinterland) candidate Vivien Griffin said.

### [Ukraine's Tymoshenko Claims Breakthrough in Russo-Ukraine Gas Talks](#)

Ukraine Prime Minister Yulia Tymoshenko on Thursday claimed a wide-reaching breakthrough in talks with Russia on natural gas, making possible a stabilization of energy supplies to Europe.

Tymoshenko, speaking to reporters in Kiev's Boryspil airport, said executives from the Russian natural gas monopolist Gazprom had agreed to key conditions long disputed between Ukraine and Moscow, setting the stage for an end to years of acrimony and even gas-supply cut-offs.

### [Deepwater Troubles](#)

Last week, Pemex declined an invitation to join Petrobras as a minority partner in a deepwater exploration in the U.S. side of the Gulf of Mexico. This despite Pemex's twin problems of declining production and limited exploration capacity to tap large oil reserves in deeper waters. The conundrum rests now in how to get to those reserves

without the technical ability and with constitutional hurdles barring privatization of the government's energy monopoly.

### [Iran Q4 oil export to N.Asia up a third, China leads](#)

SINGAPORE, Feb 21 (Reuters) - Iran's crude oil exports to North Asia surged by 31 percent in the last quarter, driven by China and outstripping increases from other major Middle Eastern producers after OPEC raised output from November.

Quarterly exports from Iran rose 325,000 barrels per day (bpd), taking its annual total to the region to 1.255 million bpd, up 10 percent on-year, despite OPEC supply curbs for most of 2007 and fears Western sanctions over Tehran's nuclear work could hit sales.

### [Gazprom, Total, StatoilHydro Form JV to Develop Shtokman Field](#)

Gazprom, Total and StatoilHydro signed a Shareholder Agreement for the creation of Shtokman Development AG for phase one of the Shtokman field.

The agreement was signed at the central office of Gazprom by Alexey Miller, Chairman of the company's Management Committee, Christophe de Margerie, CEO of Total, and Helge Lund, CEO of StatoilHydro.

### [Philippines mulls opening shelved nuclear plant](#)

MANILA, Feb. 22 (Xinhua) -- The Philippine government is considering to open the country's only nuke plant, which has been shelved for over 20 years over safety reasons, local media reported Friday.

### [Could blue jean dye and white house paint solve the energy crisis?](#)

Imagine coating the roof of your house with a paint that absorbs energy from the sun – and lets you use that energy to power your television, computer or toaster.

Northwestern chemistry professor Mark Ratner hopes that one day you'll be able to do just that with a can of paint he calls “a battery in a jar.”

### [British Gas looks at \\$136 billion - 33 gigawatt off-shore wind project](#)

British Gas is looking to make a \$136 billion dollar investment in offshore wind power- a gambit sufficient to power every British home with 33 gigawatts of electricity by 2020.

The investment would be world's most intensive wind power development to date.

### [Kurzweil: 'Exponential' change ahead for games, people](#)

Kurzweil also believes that nanotechnology will solve the world's energy crisis within two decades. Solar panels are hard to manufacture, heavy, inefficient, and expensive, but Kurzweil said the advent of nanoengineered solar panels will change that.

Within five years, he believes that those high-tech solar panels will become less expensive per watt of energy produced than oil, taking away the financial incentive for people to burn through nonrenewable natural resources. Within 20 years, they will have largely replaced fossil fuels as the primary source of the world's energy.

### [Switzerland: Greenhouse gas plans cause political fallout](#)

Cabinet proposals to delay the introduction of a levy on carbon dioxide emissions from petrol have prompted a mixed response.

The centre-left said the government's climate and energy policy was disastrous while the centre-right as well as the business community criticised the lack of measures to address an anticipated electricity shortage.

### [Shell Asks SEC to Allow Inclusion of Canadian Sands in Reserves](#)

(Bloomberg) -- Royal Dutch Shell Plc, Europe's largest oil company by market value, urged U.S. regulators to ease rules on how petroleum reserves are counted to allow the inclusion of Canada's oil sands.

"The current exclusion of reserves not reported for crude oil, natural gas, and natural gas liquids that may be recovered from tar sands, oil shale, and other in-place hydrocarbons should be removed," The Hague-based Shell said in a letter to the U.S. Securities and Exchange Commission dated Feb. 19.

### [Thousands of Turkish troops cross into Iraq](#)

ISTANBUL, Turkey (AP) — Turkish troops have launched a ground incursion across the border into Iraq in pursuit of separatist Kurdish rebels, the military said Friday — a move that dramatically escalates Turkey's conflict with the militants.

It is the first confirmed ground operation by the Turkish military into Iraq since the U.S.-led invasion that toppled Saddam Hussein. It also raised concerns that it could trigger a wider conflict with the U.S.-backed Iraqi Kurds, despite Turkish assurances

that its only target was the Kurdistan Workers Party, or PKK.

### [Alberta's Oilsands Ambivalence](#)

I was amused to discover in Tuesday's Financial Post that Canadian petroleum producers are awakening to the fact that the oilsands extraction operations of northern Alberta have something of an image problem. The main reason I was amused is that if you've lived in Alberta, you know that the oilsands actually have about eight or nine different image problems. The environmental one is just the one that gets talked about the most -- particularly now, as prize-mongering journalists reinvent themselves as experts on the energy business and flock to Fort McMurray to bring back word of the supposed slow-motion tragedy in progress there.

### [Russian rail hopes to ship oil to China post-2010](#)

ST PETERSBURG, Russia (Reuters) - Russia's state railway hopes to keep some crude oil volumes for shipments to China after 2010, when Russia builds its first pipeline to Asia, the firm's head said on Friday.

"In 2010 oil will go to the pipeline except for expensive crude brands, whose owners will not want to mix them up with heavy crude," Vladimir Yakunin told reporters.

### [Michelin Hikes Tire Prices as Raw Materials Rise](#)

PARIS (Reuters) - French tyremaker Michelin kicked off a fresh round of price rises in Europe on Friday, passing on a spike in raw materials such as natural rubber, synthetic rubber, steel and oil.

The increases, to take effect between March 15 and July 1, will hit both consumers and businesses, likely adding to price inflation and possibly slowing economic growth.

### [Solar panels a 'loser,' professor says](#)

Installing solar panels on homes is an economic "loser" with the costs far outweighing the financial benefit, a respected University of California-Berkeley business professor said Wednesday.

The technology, using photovoltaic panels to generate electricity, is not economically competitive with fossil fuels and costs more than other renewable fuels, said Severin Borenstein, who also directs the UC Energy Institute.

"We are throwing away money by installing the current solar PV technology," he said.

### [What is Canada doing about peak oil?](#)

I have been researching the topic of energy security/peak oil for the National Farmers Union for almost two years (although my interest in the oil depletion issue goes back to 1972).

The results of this research are increasingly worrisome for many reasons, but one of our greatest concerns is the position of Natural Resources Canada's Oil Division with respect to peak oil.

### [Bankers Fouling Their Own Nests On Energy Issues](#)

Add to the list of challenges to the survival of industrial society our once-proud financial sector. At a time that demands the immediate launch of a transition to clean and renewable (not merely alternative) forms of energy, Wall Street seems capable only of serving up a greenwashed version of business as usual.

### [Governors try to advance clean energy](#)

Governors who want clean energy to be a national priority are trying to bring together states with wildly different ways of producing power, like tapping ocean temperature differences off Hawaii and mining coal in West Virginia.

But a souring economy has tightened state budgets and forced spending cuts that could temporarily short circuit renewable energy development.



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