



## DrumBeat: March 6, 2008

Posted by [Leanan](#) on March 6, 2008 - 9:39am

Topic: [Miscellaneous](#)

### [Kjell Aleklett: ASPO and Peak oil theorists challenge Saudi Arabia](#)

In Paris, March 2, 2008, Ali al-Naimi, oil minister for the world's largest crude producer, Saudi Arabia, and one of the oil industry's most influential figures, has been discussing Peak Oil. He has stated that Saudi Arabia, which already has the world's biggest proven oil reserves, plans to add another 200 billion barrels of oil to its proven reserves. He said this was "to reassure the world that we are not going to run out of oil in the next five to ten years as peak oil theorists say."

So what are the facts behind this claim of an extra 200 billion barrels? According to a seminar given in Washington in 2004 representatives from Saudi Aramco reported that Saudi Arabia had an initial 700 Gb barrels in place. Today, with cumulative production from Saudi standing at 119 Gb and 260 Gb in reserves (but admitting to only 131 Gb in developed reserves), the Saudi's claim a recovery factor of 54%.

### [Neil King on PBS: Falling Dollar Pushes Oil Prices Up, Weakening Economy](#) (transcript, audio, and video)

...I would point to the concerns out there that are really growing about whether we're going to have proper supplies five, six years down the road. Will oil supplies continue to be able to meet demand? Or will there be a moment when demand might possibly exceed supply?

And this particular concern, which is a sort of peak-oil concern that some people are raising, is filtering into OPEC. The oil minister of Saudi Arabia yesterday was saying that this particular pessimism, which he calls "unfounded," is one of the reasons that's really driving oil up, as investors think, "Wow, this is a commodity that may become increasingly scarce down the road."

### [Lump sums](#)

Oil production may soon 'peak', but what about coal? David Strahan reports on the recent figures that suggest global reserves may not be nearly as plentiful as the industry and governments have led us to believe.

## [The Bumpy Pathway to an Energy Breakthrough](#)

Rep. Roscoe Bartlett is one of the founders and, one might say, the lion of Congress's peak oil caucus, a group of lawmakers concerned about the world's oil supply running out. With leonine intensity, the Maryland Republican took on the Bush administration on its funding priorities for energy research and development.

## [Downward spiral](#)

The government insists that the UK has "considerable" coal reserves, but declines to be more precise. However, reserves are clearly nothing like what they were believed to be less than 30 years ago.

## [U.S. coal power boom suddenly wanes](#)

Concerns about global warming and rising building costs are blocking construction of new coal-fired power plants in the United States and pushing utilities to turn to natural gas and renewable power instead.

## [Shell says settles U.S. reserves class action](#)

AMSTERDAM (Reuters) - Royal Dutch Shell Plc. said on Thursday it had agreed in principle to settle a class action with U.S. investors arising from its 2004 restatement of oil reserves.

## [NAFTA's legacy: the worst agreement we ever signed](#)

Prime Minister Stephen Harper says Canada is an energy "superpower." But NAFTA virtually guaranteed that the U.S. would be the beneficiary of our energy, and it unleashed a massive increase in energy exports to the U.S.

Canada now exports 63 per cent of the oil it produces and 56 per cent of its natural gas to the U.S. And because of NAFTA's proportionality clause, Canada is legally obliged to continue exporting the same proportion of our oil and gas forever even if we face a shortage.

Next up is our water. The U.S. is already officially into its supply problems and it will, over the next 20 years, become a catastrophic crisis, outpacing even their predicted energy crisis.

NAFTA defines water as a good — meaning that, as soon as any provincial government signs a contract to export bulk water to the U.S. (by river diversion or tanker), nothing

can stop further exports.

### [Fed helps fuel high gas prices](#)

Under the forces of 2008, the nation has more gasoline in the tank than at any time since early 2002 - yet gas is \$3.15 a gallon with no peak in sight.

Blame speculators, a falling dollar, the federal deficit and continued, breakneck growth by China and India. Spare a thought for Federal Reserve chief Ben S. Bernanke while you're at it. His main tools to forestall a recession are adding to the problem. Energy inflation is twice as bad in the United States as in Europe, thanks to the wimpy greenback. Since the beginning of 2006 oil is up 60 percent in dollars but only 30 percent in euros.

### [Drivers ponder soaring gas prices](#)

San Rafael resident Eric Nelson didn't like the \$3.49 price sign he saw when he pulled into the Shell gas station at Second and Irwin streets Wednesday, but filled up his tank anyway.

"You gotta go to work," said San Rafael resident Eric Nelson. "We took a 3,000-mile car trip three years ago and we were excited about doing it again - but we're not going to."

### [Vermonters Keep Driving Despite High Pump Prices](#)

As gas prices have continued to rise over the last several years the majority of Americans haven't changed they way they drive.

"I look at the sign every time I pull in, but it's not like I stop and go, 'Oh I'm not going do this,' I mean, you have to fill the car up so that's what I do," says Matt Borick, a South Burlington resident.

### [Canada: Esso stations across the Prairies face fuel shortage](#)

CALGARY - Esso stations across the Prairies are running low on gasoline and face rotating outages for the next few weeks, according owner Imperial Oil Ltd.

Operational issues have reduced output at the Strathcona refinery, forcing the company to ration supply to its stations in the Prairies and into British Columbia, Imperial said Wednesday.

### [European gasoline to fill Australian tanks](#)

LONDON/SINGAPORE, March 6 (Reuters) - Australian motorists will burn Europe's excess gasoline in the coming months, including some shipped in from Russia the long way around, as Australia's own refineries stand idle, trade sources said.

Australia has been drawing gasoline from far afield to cover for the unplanned outage of Royal Dutch Shell's Clyde refinery in southeast Australia.

### [UK: Fuel Prices Set To Rocket](#)

Household bills are set to soar by hundreds of pounds for people in the North-east.

Industry experts warned petrol could hit £1.50 a litre this year after crude oil prices reached a new record high.

Today an Aberdeen MSP called on the Government to scrap a planned fuel tax rise.

### [Karachi power cuts hit millions](#)

Millions of people in Pakistan's largest city have been without electricity, following a power outage.

Pakistan's state-run utility said it had cut supplies to Karachi because the city's power company had not paid its bills. Outages occurred in the morning.

### [South Africa: Power problem to threaten manufacturing sector](#)

Eskom says it will take up to six months to process applications needing more than 100 kilo volt amps of electricity. That includes any project larger than a small townhouse complex.

Trade unions and economists have lambasted the move, warning it will impact on job creation and threaten existing jobs.

### [China's Guangdong faces severe power shortage](#)

BEIJING, March 6 (Reuters) - China's manufacturing hub, Guangdong province, will give heavy subsidies to small power producers and speed up the addition of new capacity to tackle a severe power crisis this year, an official said on Thursday.

Li Miaojuan, head of the Guangdong's Development & Reform Commission, said generating stations fuelled by oil and gas previously meant for closure due to their size and high costs would be allowed to operate to help plug an estimated 10 GW shortfall at the peak.

### [UAE: Profit-hit bakeries seek price rise](#)

Costly inputs range from direct ingredients to fuel, electricity and water needed to run the bakeries. For example, Al Jadeed Bakery, which operates around 100 delivery vehicles, has said it is being hit hard by increased petrol prices. The price of cooking gas, another major cost for bakeries, has gone up from Dh140 for a 44kg cylinder to Dh190.

### [Saddam-Era \\$1.2B Oil Deal with China Seen Revived April](#)

Iraq and China are close to wrapping up negotiations on a \$1.2-billion oil contract that was originally agreed to in 1997 under Saddam Hussein's government, an Oil Ministry official said Thursday.

### [Opposition's Attack On Mexico Min Complicates Energy Reform](#)

MEXICO CITY -(Dow Jones)- In January, Juan Camilo Mourino became Mexico's interior minister amid fanfare over how the former lawmaker would lead negotiations on key legislative reforms.

Six weeks later, President Felipe Calderon's point man for energy and labor reforms has a black eye: Mourino faces a congressional probe into alleged influence peddling.

Mourino's job doesn't appear to be at risk, but allegations he had helped a family-owned company secure contracts with the state oil company have eroded his negotiating strength, which impairs the Calderon government's push for energy reform.

### [Mexico Starts TV Campaign to Support Oil Bill](#)

(Bloomberg) -- Mexican President Felipe Calderon is using national television ads to overcome opposition to his plan to open the state oil monopoly to foreign investment, saying the nation needs outside help to get to crude in deep waters.

### [Reducing gas flaring to protect environment](#)

Doha • Qatar may soon join the Global Gas Flaring Reduction (GGFR) partnership, a World Bank-led initiative to reduce the burning of natural gas, or flaring.

"We expect Qatar and Kuwait to join us soon. We have been in talk with them and started to work with them," GCFR partnership Manager, Bent Svensson told a news conference here yesterday.

### [The Importance of the Corn Economy](#)

Our food supply depends to a large extent on corn. We feed corn to cattle and cows to provide meat on the table and milk in our glass. It is fed to chickens to provide a staple in our diet and eggs for our morning breakfast. Corn is used to make fructose which is a basic ingredient used to satisfy our "sweet tooth". And, unfortunately, it is now used as a tool by global warming zealots who want to change our way of life.

The growing craze to adapt ethanol to a transportation fuel has such far reaching consequences that our and the entire world's economy, and all our food sources, are disastrously affected.

### [Oil's End](#)

From the steps of the Supreme Court to the White House press room, from global trading exchanges to the snowy reaches of Alaska — over the last week, you could hear the creak of history as it began to pivot in a half-dozen locales.

The Age of Oil is at an end. Maybe not this year. Maybe not for five years. But signs of the coming collapse are evident.

Start at the White House. There, a week ago, President Bush touted tax breaks for oil companies that have just posted the largest profits in the history of American business. Yet he was dumbstruck when asked about the prospect of \$4-a-gallon gasoline, a price that will force many families to choose between food and basic travel.

"Wait — what did you just say?", the president asked after a reporter solicited his advice for Americans facing that price, which was predicted by many analysts.

"Oh, yeah?" Bush said. "That's interesting. I hadn't heard that."

He doesn't get out much, understandably. But had the president been in California over the weekend, he would have found consumers paying what he apparently has yet to fathom — more than \$4 a gallon at some stations.

### [Saudi oil strategy stays on target](#)

Saudi Aramco is aiming for sustainable oil production capacity of 12.5 million barrels-a-day by the end of 2009 from around 11 million b/d capacity at present as a result of the huge investment in exploration and field projects under way.

### [Two time zones 'to save SA power'](#)

South Africa could be split into two time zones to ease a crippling energy crisis, a top official has said.

This would stagger peak demand across the country, the director of public enterprise told parliament.

### [Yergin: Renewables Moving Toward Competitive Role in Energy Markets](#)

CAMBRIDGE, Mass.--(BUSINESS WIRE)--“Renewable energy is crossing the divide towards a competitive role in energy markets,” Daniel Yergin, chairman of Cambridge Energy Research Associates (CERA) and executive vice president of IHS Inc., said today in Washington, D.C. “But there is still more terrain to cover among the different renewable energy sources in terms of economics, technology and scale.”

### [Gored: Why Skeptics Need Al](#)

What is it about Al Gore?

The striking thing about the “Manhattan Declaration” that ended the Heartland Institute’s global-warming skeptics’ conference this week wasn’t its rejection of man-made global warming or the host of alternative scientific theories. No — the first recommendation the group made after days filled with scores of presentations and films was to take a shot at the Nobel prize winners:

*Now, therefore, we recommend: That world leaders reject the views expressed by the United Nations Intergovernmental Panel on Climate Change as well as popular, but misguided works such as “An Inconvenient Truth.”*

Only with that out of the way did the conference get back to its roots and recommend that “all taxes, regulations, and other interventions intended to reduce emissions of CO<sub>2</sub> be abandoned forthwith.”

### [Oil price soars towards 106 dollars after New York explosion](#)

LONDON (AFP) - Record-breaking oil prices spiked close to 106 dollars on Thursday after the market was rattled by news of a small explosion in New York and following a surprise fall in US crude stockpiles.

New York's main oil contract, light sweet crude for delivery in April hit 105.97 dollars per barrel, surging above 105 dollars after topping the previous record of 104.95 dollars



set on Wednesday.

Brent North Sea crude for April jumped to 102.95 dollars, beating its previous all-time peak of 102.29 dollars set on Monday.

### [Oil speculators 'riding roughshod' over OPEC, say analysts](#)

"Prices surged in the fallout from what was an absolute hysterical reaction to OPEC's decision" and news that US crude inventories had fallen last week, said the Schork Report, which provides analysis of energy markets.

"Thus, when OPEC tells us the (oil supply and demand) fundamentals have decoupled from prices and the speculators are running roughshod over the futures market, they have a point," it added.

### [OPEC – not as powerful as you might think: Brazil's oil may destabilize OPEC, but not the US.](#)

Indianapolis - Brazil's recent announcement that it might join OPEC reportedly produced a lot of hand-wringing among the experts. According to CNN, "analysts" feared that putting Brazil's big new oil finds under the Organization of Petroleum Exporting Countries' banner would mean higher oil prices.

Just who are these "analysts?" Either they need remedial economics training, or they are grossly misinformed about how OPEC works.

### [Boom in Asia means oil price will continue to rise above \\$100 a barrel](#)

There is a further difference from previous cycles in that the world is quite close to its production limits. Non-Opec supply is running absolutely full bore. If the oil companies could crank more out of the North Sea, Alaska and so on, they would at these prices certainly do so. But Opec also seems to be quite close to its limits. Saudi Arabia has traditionally been the swing producer. We don't know whether it can produce any more. It says it can but there are reports that it is having difficulty maintaining production. We do know that neighbouring Kuwait has called in foreign experts to tackle a problem of declining output. You don't need to buy the "peak oil" thesis (that the world is close to its ultimate peak output) to appreciate that Opec countries cannot produce a lot more oil, even if they wanted to do so.

### [OPEC Output Decision Will Lead to Abnormal Build in Stockpiles](#)

(Bloomberg) -- OPEC's decision to maintain production levels will lead to a bigger-than-average increase in oil inventories as demand weakens with the end of the Northern



Hemisphere's winter, according to Dresdner Kleinwort.

### [Iraq Is in 'Advanced' Talks With International Oil Companies](#)

(Bloomberg) -- Iraq, holder of the world's third- largest crude oil reserves, is in ``advanced" negotiations with international oil companies to develop five oil fields in the country.

``We hope to conclude a deal within weeks," Iraq Oil Ministry Spokesman Asim Jihad said today in a phone interview from Iraq. ``These deals will help us boost production by 500,000 barrels a day," he said.

### [UK: International Power plans 4-month plant outage](#)

LONDON (Reuters) - International Power plans to close its 1,050 megawatt Rugeley power plant for up to four months from the end of March for an upgrade, Chief Executive Philip Cox said on Thursday.

During the 15-16 week outage, the company will fit Flue Gas Desulphurisation (FGD) equipment to reduce sulphur emissions from the coal fired power plant. It expects the final commissioning in the third quarter of 2008, it said.

### [High Oil Squeezing British Airways Margins](#)

LONDON - Oil prices are showing no signs of cooling, and airlines are not finding the struggle any easier-- British Airways has warned that it will miss operating margin targets for 2009, as higher costs eat into its bottom line.

"Fuel will become our single largest cost next year," Finance Director Keith Williams told reporters ahead of an investor day on Thursday.

### [Peak Oil - True or False](#)

The arguments are so one-sided, it's practically a given that "peak oil" is real and threatening. Or is it? This article examines both sides. It lets readers decide and deals only with supply issues, not crucial environmental ones and the need to develop alternative energy sources. First some background.

### [Sustainable Settings proving unsustainable](#)

Call it a failed experiment in Roaring Fork Valley sustainability, but officials at the Carbondale nonprofit Sustainable Settings are threatening to leave.

Despite growing from 5,700 visitors from area schools in 2006 to more than 9,000 in 2007, and a booming business in organic produce on the 244-acre ranch, local regulations and the high cost of operating in Pitkin County are driving him out, said Brook LeVan, the organization's founder. Sustainable Settings is a nonprofit focused on education and building model, sustainable communities.

### [Chicken Wings and Peak Oil](#)

Once we realize that there might be “only enough to go around”, could we become aware of all of the things that oil does for us, and stop taking it for granted? Won't we savor every last drop and try not to waste a thing? Will we realize that there are generations to come after us, that will still need their share too? Will it help persuade us to look more seriously at alternatives?

### [Aussie brewery produces 'green' beer](#)

SYDNEY (AFP) - Feeling green after drinking alcohol has taken on a new meaning in Australia with a brewer launching a beer that it says helps fight global warming.

All the greenhouse gases produced through the life of a Cascade Green, from the picking of the hops to the empty bottle landing in the recycling bin, have been offset, the company said.

### [The Peak Oil Crisis: Polity on trial](#)

The coming storm will bring one of the most severe tests of the cohesiveness of governments and peoples that the world has known for a long time.

Over the last century, the industrial societies have built extremely complex and specialized civilizations. A simple example is that here in America only two percent of us now live on farms where they presumably are capable of readily producing their own food. Only 0.3 percent of Americans now claim to be farmers. The remaining 99+ percent of us are dependent on oil-based food processing, storage, and transport for our daily sustenance.

The fate of most of the world's peoples is going to depend on how well we, as societies – here and around the world,- get our collective acts together over the coming decades and organize to survive the transition to a post-oil world.



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