



DrumBeat: April 3, 2008

Posted by [Leanan](#) on April 3, 2008 - 9:12am

Topic: [Miscellaneous](#)

[ConocoPhillips sees refining margins squeezed in first quarter](#)

HOUSTON — ConocoPhillips warned Thursday that higher crude prices significantly squeezed refining margins in the first quarter.

The company said domestic refining and marketing margins for the quarter are expected to be significantly lower than they were at the end of last year because of higher crude prices and lower margins for products such as fuel oil, natural gas liquids and petroleum coke.

"The prices for these products did not increase in proportion to the cost of the feedstocks used to produce them," the company said in a release Thursday.

[Gas prices rise to new national record](#)

NEW YORK - Gasoline prices extended their record run at the pump Thursday, but took a breather in futures trading as investors collected profits from the previous session's huge advance.

...At the pump, the national average price of a gallon of gas rose 0.2 cent overnight to \$3.289 a gallon, according to AAA and the Oil Price Information Service. That's the latest in a string of records set as gas prices have followed surging oil futures higher.

[Australian Oil, Gas Exploration Spending Jumped 70%](#)

(Bloomberg) -- Australian spending on offshore oil and gas exploration jumped 70 percent last year to a record because of spiraling costs and equipment shortages, the national petroleum industry lobby group said.

[`Oil prices won't fall below \\$100 a barrel`](#)

I have strong reasons to believe that prices are not likely to come down below \$100 per

barrel. The ever-growing demand for crude oil, constrained supply from existing assets and inadequate replenishment from new assets are the major reasons. At the same time, resource owners globally have started tightening control over existing and prospective resources, thereby constraining free access to these resources. The end result is that oil majors having the required technology and know-how are losing access to reserves.

[Black Swans, White Knuckles](#)

In the deeper background of all this is the all-important oil story that nobody in politics or the media wants to pay attention to. Notice that in the fervid unloading of assets this past week, as investors dumped their positions in the commodities markets, the price of oil remained stubbornly above \$100-a-barrel.

Peak oil is for real. The supply can't keep up with global demand, even if the U.S. portion of global demand dips a bit. And more portentous sub-plots develop in the story every month. Export rates are falling at a steeper rate than depletion rates. In other words, the countries with all the oil aren't exporting as much of it. The exporting nations are not only buying more cars and running more air-conditioners, they also need to use more energy to lift the oil they've got out of the ground.

[Resource-hungry India seeks to increase its economic ties with Africa](#)

KAMPALA, Uganda: From scouting for diamonds in the deserts of Botswana to signing oil deals with Sudan and sending peacekeepers to volatile Congo, India is busy trying to match China's ever-growing clout in mineral-rich Africa and secure energy resources for its booming economy.

[Ecuador says close to securing new oil deals](#)

QUITO (Reuters) - Ecuador hopes to sign the first batch of agreements with foreign oil firms to increase state participation in contracts by next week, Oil Minister Galo Chiriboga said on Thursday.

[Chevron could lose billions over Ecuador suit](#)

A court-appointed expert in Ecuador has recommended that Chevron Corp. pay \$7 billion to \$16 billion if it loses a marathon lawsuit over oil-field contamination in the Amazon rain forest.

The estimate, contained in a report filed Tuesday in an Ecuadoran court, marks the latest twist in a bitterly fought case that has drawn international attention, with each side accusing the other of deception and dirty tricks.

[The Beginning Of The End For Coal](#)

With concerns about climate change mounting, the era of coal-fired electricity generation in the United States may be coming to a close. In early 2007, a U.S. Department of Energy report listed 151 coal-fired power plants in the planning stages in the United States. But during 2007, 59 proposed plants were either refused licenses by state governments or quietly abandoned. In addition, close to 50 coal plants are being contested in the courts, and the remaining plants will likely be challenged when they reach the permitting stage.

[Dan Walters Needs Our Help on High Speed Rail in California](#)

Walters assumes that present conditions will last for some time to come. But nowhere in his column are the words peak oil mentioned. Nor does he discuss soaring gas prices. Both will make it difficult and unattractive to continue flying between the two halves of our state, causing either supply disruption or fare increases beyond the ability of most Californians to pay. Walters may not believe in peak oil, even though it is a fact. But the constant rise in oil prices is going to have to eliminate cheap fares sooner or later.

[Life without transport by oil is closer than we think](#)

Minivans, global air travel and the transport of goods by diesel truck soon will become the stuff of yesterday as the world adapts to depleting oil reserves.

The planet, posits a new book by two Canadian academics, is on the cusp of a revolution in transportation that will steer people away from petroleum-fuelled vehicles and into ones that are either battery-powered or connected to electrical grids.

Transport Revolutions: Moving People and Freight without Oil, by Richard Gilbert and Anthony Perl, is one of the most thought-provoking books to cross my desk in a long while.

[Rosneft's proven oil reserves up 8% in 2007](#)

MOSCOW (RIA Novosti) - Russian state-controlled crude producer Rosneft said on Thursday its SEC-standard proven reserves grew 8% year-on-year in 2007 to 21.699 billion barrels of oil equivalent.

[ConocoPhillips Q1 production down 2 pct](#)

NEW YORK (Reuters) - ConocoPhillips said on Thursday its first-quarter oil and natural

gas production would be down more than 2 percent from fourth quarter levels, hurt by an unplanned shutdown of a natural gas processing plant.

[TNK-BP shrugs off 'one-off' raid](#)

Russian producer TNK-BP, half-owned by BP, said today it considered recent raids by security services officers and the arrest of an employee as one-off incidents, not a broad attack on the company.

[Husky's White Rose Oil Field Shut for Third Day on Heavy Ice](#)

(Bloomberg) -- Husky Energy Inc., the Canadian oil company controlled by Hong Kong billionaire Li Ka-shing, kept its White Rose field off Newfoundland and Labrador shut for a third day because of heavy ice in the area.

[BP makes Gulf of Mexico discovery](#)

NEW YORK (Reuters) - BP Plc on Thursday said it made an oil discovery at its Kodiak prospect in the deepwater Gulf Of Mexico, near the company's Tubular Bells discovery.

BP said it drilled a well about 60 miles southeast of the Louisiana Coast, in about 5,000 feet of water. The Kodiak well was drilled to a total depth of about 31,150 feet and encountered about 500 net feet of hydrocarbon-bearing sands.

[Syria signs oil refinery deal with China](#)

DAMASCUS (Thomson Financial) - China has signed a deal with Syria to build an oil refinery in the Arab country as part of plans to bolster cooperation in the oil and gas industry, the official SANA news agency reported on Thursday.

The refinery will have a daily refining capacity of 100,000 barrels of crude oil and is due to be completed by 2011, the agency said, adding that it will be built in the Abu Khashab region of the eastern oil hub of Deir Ezzor.

[TransAlta strikes deal for large CO2 facility](#)

CALGARY — — TransAlta Corp., facing rising unease over greenhouse-gas emissions from the coal-fired plants which provide most of its electricity generation, has announced a deal with Alstom to develop a large carbon dioxide capture and storage facility in Alberta.

The project — depending on taxpayer help — is to use the European engineering and equipment giant's proprietary chilled ammonia process, “one of the more promising and potentially lowest-cost solutions,” the companies said Thursday.

[Paulson calls for green cooperation with China](#)

BEIJING (AP) -- Treasury Secretary Henry Paulson called Thursday for closer U.S.-Chinese cooperation on energy conservation and for Beijing to cut import duties on environmental technology.

Speaking at a government think tank in the midst of a trip to discuss trade and other contentious issues, Paulson lauded China's recent steps to tighten environmental rules and said it could become a leader in deploying advanced technology for conservation.

[UK: Town Gears Up For Time When Oil Has Had Its Day](#)

We are just getting used to climate change and trying to do our bit to reduce, reuse and recycle, when it seems there's another concept to take on board, namely peak oil. Peak oil is the point in time when the maximum rate of oil production is reached, globally.

After that, the rate of production starts to decline, some say terminally.

[Greer: Net energy and Jevons' Paradox](#)

As last week's *Archdruid Report* post suggested, a difficult paradox lies in wait for attempts to bail industrial society out of its peak oil predicament by bringing new energy sources online. To build the infrastructure to produce a new energy source in meaningful quantities, a great deal of energy will be needed. If the new source can't be shipped via existing distribution networks, or used in existing end-use technology, more energy will have to be invested to provide these as well.

Until much of the new infrastructure is in place, though, the energy needed to develop it will have to come from existing sources. This is where the jaws of the trap open wide, because in a world already on the far side of Hubbert's peak, existing energy resources are fully committed. Thus the immediate effect of launching a project to make energy more available will be to make energy less available, driving up prices even faster than they would rise under the pressure of resource depletion.

[It's not a Recession or even a Depression that is coming, it is a Stagflationary Abyssal](#)

When you have negative pressures from several of the key components, they reinforce

each other and work together to drive the economy down. When it is all of them, the combined downward pressure on the economy has got to be immense. We don't know for sure how bad it is going to get because nothing like this has ever happened before. The only things that are better right now versus any other downturn is that if you compare our current issues with the 1929-1939 depression, we haven't had a major crash in stock prices and we have better regulations on the banking and financial markets (particularly on margin buying) as well as some governmental banking insurance like the FDIC. But how much ability does the FDIC/Federal government have to bail out the banks if they start failing with the severe deficits the federal government is already running? The economy is going to be at least bad enough so that we need a new name to call it. A recess is a small indentation while a depression is a larger hole, so I think this new worse economic crisis should be called an Abyssal, and since it comes with inflation, it will be a Stagflationary Abyssal.

[Putin Promises Better Deal for Foreign Investors](#)

Russian President Vladimir Putin on Wednesday promised better conditions for foreign investors, despite the approval earlier in the day of a law limiting business in strategic sectors of the economy.

"We intend to improve the climate for foreign investors, including in administrative regulation and investment laws," Putin said at the start of talks with Italian investors including the heads of energy giants ENI and Enel.

[Chevron Rejects Report in Ecuadorian Court for Bias](#)

Chevron Corporation said that it will petition the Superior Court in Lago Agrio to strike from the record a flawed and patently partisan report submitted in the ongoing environmental lawsuit filed by Ecuadorian citizens against Chevron.

"This is a defining moment for the Superior Court of Ecuador," said Ricardo Reis Veiga, managing counsel for Chevron Latin America. "The Court's appointee has knowingly violated the judge's orders and delivered a report that is biased and scientifically indefensible. No legitimate court in the world would permit such a charade. If the Court fails in this respect, it will be absolute proof that this trial has deteriorated beyond any shred of legitimacy."

[Can Mexico's Pemex Be More Like Brazil's Petrobras?](#)

Mexico is struggling with a very important question about its future. Does the country want to be Brazil or Venezuela?

On the one hand, you have authoritarian rule and government-controlled natural resources. On the other, you have a liberalization of state control and a booming economy. Hmm. That's a tough decision.

[Mexico says Petrobras tie could only follow oil law](#)

MEXICO CITY (Reuters) - The head of Mexican state oil monopoly Pemex said on Wednesday a strategic alliance with Brazil's state oil company Petrobras could only be considered once a law is passed to revitalize Mexico's energy industry.

[Myanmar gas pipeline leak not affecting Thai power](#)

BANGKOK (TNA) – The Ministry of Energy insisted that leakage in the natural gas pipeline from Myanmar's Yetagun gas field won't be a burden to the Thai public's electric power bills, saying Thailand's energy giant PTT will postpone the shutdown of the Myanmar's gas pipeline and has reserved fuel oil supplies from Malaysia to take up the slack.

[Power Crisis Handling Causes Tension in South Africa](#)

The electrical power crisis in South Africa and neighboring countries has sent ripples of unrest between the South African government and other national entities. According to Engineering News, the African National Congress (ANC) and the Congress of South African Trade Unions (Cosatu) issued a joint statement several days ago deeming Eskom's request for a 53% tariff boost "not acceptable."

[Malaysia: No petrol price hike in accordance with people's wish](#)

DATUK Seri Abdullah Ahmad Badawi said last week there would be no increase in the petrol price, since this was the wish of the people. The Prime Minister said his administration had accepted and recognised the strong message of voters as reflected in the result of the 2008 general election.

[Maryland: Senate reverses on energy](#)

The Maryland Senate reversed course yesterday on a key piece of Gov. Martin O'Malley's plan for reducing the state's energy consumption, giving it preliminary approval after reaching a compromise that directed more money toward financial help for lower-income families' electric bills.

[Oil companies targeted in Obama's Pennsylvania ad campaign](#)

WASHINGTON — Presidential candidate Barack Obama is vowing to take on Big Oil in a

new TV ad now playing in the primary battleground state of Pennsylvania.

[The Peak Oil Crisis: The Transition](#)

While waiting for the price of gasoline to get so high that we can't afford to drive anymore, there is still some time to ponder just how the great paradigm shift of the 21st century is going to work out.

What will life be like 40 or 50 years from now? How many of the 6.6 billion of us will still be around? Will lifestyles be an all-electric version of the 20th Century or will inability to recover from rapidly falling supplies of fossil fuels leave us with qualitatively different lifestyles?

[Colin J. Campbell: Petroleum Man will be virtually extinct soon](#)

Oil was formed in the geological past under well understood processes. In fact, the bulk of current production comes from just two epochs of extreme global warming, 90 and 150 million years ago, when algae proliferated in the warm sunlit waters, and the organic remains were preserved in the stagnant depths to be converted to oil by chemical reactions.

Natural gas was formed in a similar way save that it was derived from vegetal material. It follows that these are finite natural resources subject to depletion, which in turn means that production in any country or region starts following the initial discovery and ends when the resources are exhausted.

[Could oil hit \\$160 a barrel – next week?](#)

The oil price could hit \$160 a barrel as soon as next week.

At least, that's what 'Zapata' George Blake, the Texan oil analyst, reckons.

'Zapata' George has a habit of making bold calls that often seem to be proved right. I interviewed him on my radio show last week. He thinks there's an imminent supply squeeze ahead, which will cause the oil price to spike. Daily consumption is exceeding daily production, he says. There are oil shortages now.

[Gold Stocks: Too Much Speculative Risk for My Taste](#)

I've structured my portfolio over the last several years with a healthy complement of natural resource stocks. I purchased leading companies with solid fundamentals in the oil, natural gas, base metals and timber industries. The investment themes surrounding

my holdings are: (1) "Peak oil" is here or will be soon; (2) The robust growth of the Chinese and Indian economies will continue for many years; and, (3) Trees, well, they just keep growing. I do not own gold or gold stocks. The price of gold has been hitting new highs so I thought I would take another look.

[PetroChina plant adds diesel unit, eyes Saudi oil](#)

BEIJING (Reuters) - PetroChina's Dalian refinery, one of China's largest by capacity, has added a major diesel unit as part of a wider expansion programme, and expects to process its first Saudi crude oil in September, industry officials said.

[Ventura not quite all aboard: Public transportation on the table](#)

Two key factors are generating discussion about mass transit and making it a more socially acceptable trend, he said. First, the next generation is adopting a more urban lifestyle that is more conducive to public transportation, and second, "mega trends" and "big picture issues" such as global warming and the implications of peak oil have recently become topics that are being taken more seriously.

"We are using a fossil fuel to fuel our economy, and that fuel does have a danger of running out," Hales said. "There is now a national understanding that we are running out of the fuel that powers our system."

[Australia: Right track but wrong assumptions](#)

THE Eddington report contains the right approach to reducing greenhouse emissions from transport, but the assumptions it makes deserve to be challenged.

They are, in some cases, far too timid, in other cases over-optimistic and, in general, heavily biased towards business as usual. Eddington's approach, which is correct, is to propose a bundle of changes that could lead to a reduction in emissions from transport.

These changes are: reducing travel demand, boosting public transport share, improving vehicle technologies, and increasing vehicle occupancy.

[With gas costly, drivers finally cut back](#)

New York - For the first time since 1980, when long lines sprouted at gasoline stations, Americans are beginning to cut down on their driving.

The slight decline in total miles driven – apparent first in December – may indicate that the twin forces of high gasoline prices and a struggling economy are starting to affect the US lifestyle. Surveys find that Americans now consider gasoline prices a "financial

hardship."

If Americans are still balking at prices at the pump by Memorial Day, the effect on the economy may be wider – ranging from how people take vacations to how many trips to the mall they make.

[Arabs without oil hard hit by food price spiral](#)

BEIRUT (Reuters) - While Gulf Arab oil producers reap windfall earnings, their poorer cousins elsewhere in the Arab world are struggling with soaring energy and food bills.

Inflation has surged in Gulf countries, fuelled partly by lavish spending of record oil and gas revenues. This is also spurring demand for everything from housing to power and water.

Gulf states with currencies pegged to the dollar have also been hit by the global weakness of the U.S. currency, which is driving inflation by making some imports more expensive.

But wrestling with rising prices is a grimmer business in Arab capitals not cushioned by oil wealth. From Cairo in Egypt to Sanaa in Yemen, mostly authoritarian governments have to weigh the fiscal costs of subsidising fuel and food against the explosive political risks of social discontent.

[Record oil prices spark Venezuela "windfall" tax](#)

CARACAS (Reuters) - Venezuela is preparing a "windfall" oil tax to boost the OPEC nation's revenues from record crude prices, only months after leftist President Hugo Chavez's nationalization crusade forced out two of the world's largest energy companies.

The move extends Chavez's broad campaign to boost state control over oil operations that led to legal battles with Exxon Mobil (XOM.N) and ConocoPhillips (COP.N) and helped spark a wave of resource nationalism throughout the Andes.

[The Silent Side of Oil](#)

Oil has always been a big story for obvious economic, environmental, political, and technological reasons. For decades, Americans have read about tanker spills, rising oil prices, shortages at the pumps, and delicate trade relations. More recently, the press has swarmed the story of prices topping \$100 a barrel and OPEC's refusal of President Bush's request to increase production. But throughout the history of oil reporting, there has been one major aspect that the press has remained largely silent on: peak oil.

[The Philippines: What is peak oil?](#)

That exotic phrase – peak oil – was completely new to me until I heard it from historian Dr. Floro Quibuyen, a renowned Rizalist.

He explained that peak oil is the year in which oil production reaches its maximum and in which half the oil in the world will have been burned; henceforth, there will be a continuous decrease in oil production.

However, Dr. Quibuyen clarified that peak oil does not mean "running out of oil, but rather a steadily decreasing supply, increasing costs and causing major changes in the way we live." He warned that without timely mitigation, the economic, social, and political costs of the peak oil phenomenon will be unprecedented.

[Seeking a more stable oil market](#)

Volatility in oil prices has been persistent in the last few years, but the trend has pointed upwards. The reasons have included healthy economic growth and demand, especially in China and India, in addition to limited spare capacity, increased speculation, weak dollar, limitations of the global refining industry and the fear factor created by the geostrategic situation around the world. There are also the trouble spots engulfing some of the producing countries as exemplified by the invasion and occupation of Iraq.

[Electric Vehicles, Diesel Cars, Peak Oil, Tesla and the Oil Companies.](#)

I'm shopping for a new car at the moment. Two years ago I made a promise to myself that I'd not buy a gasoline car ever again. If I ever do it'll be a collective item and not my primary car.

Back in 2006 when I understood the energy crisis that humanity is going to face (and many will argue we are already facing it - I'm referring to Peak Oil) I already knew that EV technology was far superior to the conventional cars that use the greatly obsolete Internal Combustion Engine. So I started promoting EVs, and researching the market and EV technology.

[Peak Oil May Worsen the Climate Crisis](#)

It's hard to know whether we should be more worried that consuming oil is killing the planet or that there's way too little of this killer oil left.

[Peak Oil 101: The road could be very much downhill for current cars](#)

If Peak Oil pundits are right, it spells the end forever of cheap fuel for internal

combustion engine cars. Here's the perspective in one simple and quick read.

[Dell Powers Headquarters With Green Energy](#)

Dell is now powering 100 percent of its 2.1 million square-foot global headquarters campus with 100 percent green power, the latest step in meeting the company's 2008 carbon neutral commitment.

Dell is using all of the power generated from Waste Management's Austin Community Landfill gas-to-energy plant, meeting 40 percent of Dell headquarters' campus power needs. The remaining 60 percent comes from existing wind farms and is provided by TXU Energy.

[Obama would find Cabinet post for Gore](#)

WALLINGFORD, Pa. - Sen. Barack Obama said Wednesday he would give Al Gore, a Nobel prize winner, a major role in an Obama administration to address the problem of global warming.

[Extreme weather starving Uganda's pastoralists](#)

LOKUPOI, Uganda (AFP) - John Lochaon does not just survive on less than one dollar a day. He has stretched out 15 dollars for nine months in a part of Uganda that climate change is plunging into famine.

...Drought forces the one million-plus people in this northeastern region bordering Kenya and Sudan to constantly move around searching for food.

[African activists urge 1% GDP to fight global warming](#)

BANGKOK, April 3, 2008 (AFP) - African activists, saying the continent is getting a "raw deal" in climate talks, called Thursday for major polluters to commit one percent of GDP to fight the ravages of global warming.

The bloody Darfur conflict has been termed the world's first war triggered by climate change but campaigners here said few of the internationally funded projects to curb gas emissions have gone to Africa.

[World grapples with aviation's climate change footprint](#)

BANGKOK (AFP) - Air travel is booming as the world's population grows and fares fall, but its impact on Earth's sensitive climate must be taken into account in any new global warming pact, green groups say.

More than 900 delegates flew into Bangkok this week for a UN-led meeting on global warming, spewing about 4,181 tonnes of carbon dioxide into the atmosphere, an official from the United Nations climate body estimated.



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