



## DrumBeat: June 12, 2008

Posted by [Leanan](#) on June 12, 2008 - 9:15am

Topic: [Miscellaneous](#)

### [The Peak Oil Crisis: The Summer Ahead](#)

Growth in worldwide oil supply is not doing well. Non-OPEC production is sagging and is expected to increase by only 310,000 b/d this year and OPEC currently is close to producing flat-out with new projects slipping. OPEC's production is now expected to grow by only 500,000 b/d during 2008, half of the amount anticipated earlier this year. The bottom line is that supply is not keeping up with demand.

The most troublesome aspect of the IEA report is that OECD crude stocks fell by 8.1 million barrels in April – a time of the year when they typically increase by 30 million barrels. Preliminary numbers suggest that the drop is continuing in May and June. The world is living off its stockpiles, a situation that will not long endure. If it turns out that supply only grows by about 500,000 b/d while demand increases by 800,000 b/d, it should be obvious that prices are going up until the demand falls.

### [Oil Rebounds After Nigeria Announces Ogoni Operation Takeover](#)

(Bloomberg) -- Crude oil rebounded after Nigeria's president said the country's state-owned oil company will take over operations in the Ogoni district of southern Nigeria from a Royal Dutch Shell Plc joint venture.

### [India: Growing number of cars to have cascading effect on economy](#)

NEW DELHI: With the growing number of vehicles in India and China set to heighten oil consumption in the region, the eventual fuel shortage would cause a cascading effect on the economy of the two countries, noted environmentalist Lester R Brown claimed here on Thursday.

"Oil production is declining and snowballing the rise in prices worldwide. At this juncture, if people here keep on turning to more cars and vehicles, it will cast a cascading effect on their economies," Brown said.

### [West Australia gas crisis poses threat to economy](#)

WESTERN Australia is facing a crippling gas supply crisis that could deny the nation significant export revenue from the China-led mining boom at a critical phase in the economic cycle.

Premier Alan Carpenter warned yesterday he might eventually need to invoke emergency powers to seize control over all gas and electricity supplies after an explosion at a key mining site last week cutoff one third of the state's gas supply.

### [TNK-BP's Fridman says BP chmn insults Russia govt](#)

MOSCOW (Reuters) - Russian billionaire Mikhail Fridman, one of BP's partners in Russian oil venture TNK-BP, said the British oil major's chairman had insulted the Russian leadership on Thursday.

"We find Mr (Peter) Sutherland's comment unhelpful and frankly, insulting to the Russian leadership," Fridman said in a statement emailed to reporters, adding he should not lecture the Russian government.

### [Engineers search for fuel-saving big rigs](#)

MARIETTA, Ga. - Tractor trailers lose valuable miles per gallon to the drag that air exerts, but air may also help tame the fuel guzzling forces.

Scientists at Georgia Tech's Research Institute are creating a "circulation control system" that blows a steady current of air around the back of the truck to help boost fuel efficiency.

### [\\$4 Gasbags](#)

Amid \$135 oil, it ought to be an easy, bipartisan victory to lift the political restrictions on energy exploration and production. Record-high fuel costs are hitting consumers and business like a huge tax increase. Yet the U.S. remains one of the only countries in the world that chooses *as a matter of policy* to lock up its natural resources. The Chinese think we're insane and self-destructive, while the Saudis laugh all the way to the bank.

### [U.S., UK agencies seek oil trading limits](#)

WASHINGTON — U.S. oil futures regulators are working on a deal with their British counterparts to impose first-ever position limits on West Texas Intermediate contracts on the ICE Futures Europe exchange, a U.S. congressional source told Reuters Thursday.

U.S. regulators are feeling heat from U.S. lawmakers to rein in what they see as excessive speculation in oil markets. Prices have soared 40 per cent since January to record highs near \$140 (U.S.) a barrel.

The deal between the U.S. Commodity Futures Trading Commission and UK Financial Services Authority would impose limits on positions that trading parties can take in front-month WTI contracts on ICE Futures Europe, the source said on condition of anonymity.

### [Plenty in the tank](#) - *The problem seems to be getting to enough of the oil that is known to exist*

At first glance, BP's own data seem to support the gloomier case. The firm reckons that global output fell by 130,000-odd b/d last year. Worse, proven reserves also fell, by about 1.6 billion barrels. This suggests that the world is consuming oil faster than it can be found—a worrying thought, even if reserves are large.

But Christof Rühl, one of the report's authors, points out that data on reserves are slow to appear. For several countries, BP had to make do with last year's numbers. When the updated figures are in, he expects they will actually add up to an increase. Global reserves have risen by 36% since 1987.

As for output, Mr Rühl breaks last year's decline into involuntary and deliberate portions. There are countries, such as Mexico and Norway, whose output is in inevitable decline. Others, such as Nigeria, saw declines brought on by political unrest. But by far the most precipitous drop last year took place in Saudi Arabia. Some argue that it too is testing the limits of geology's bounty. But ostensibly, at any rate, the production cuts were intentional.

### [Have we underestimated total oil reserves?](#)

Black gold might not be as scarce as we thought. This week oil prices escalated to a record \$139 per barrel, but that may partly be because the amount of available oil in known reserves has been significantly underestimated.

So says Richard Pike, a former oil-industry adviser and chief executive of the UK Royal Society of Chemistry, who blames flawed statistical calculations.

### [John Michael Greer: Saving science](#)

From today's perspective, mind you, it may seem silly to suggest that science may need saving at all. Not only does scientific research play a huge economic role in modern society, science has become an ideology that fills most of the roles occupied by religion in older civilizations than ours. Scientific institutions have profited accordingly, expanding

into an immense network of universities, research institutes, foundations, and publishers, subsidized by many billions a year in government largesse.

Yet the same thing could have been said about the priesthods of Jupiter Optimus Maximus and his fellow gods in the glory days of the Roman Empire, or the aristocratic priest-scribes of the Lowland Maya city-states in the days before Tikal and Copán were swallowed by the jungle. Civilizations direct huge resources to their intellectual elites, because they can, and because the payoff in terms of each civilization's values are well worth the expenditure. The downside is that the intellectual heritage of each civilization becomes dependent both on the subsidies that support them and on the ideological consensus that makes those subsidies make sense.

### [Gazprom's bravado about \\$250 a barrel oil conceals output jitters](#)

LONDON -- It wasn't the number that shocked, or even that it was a very big number. Analysts have been issuing scary oil price predictions for some months now and Goldman Sachs recently plumped for \$200 (U.S.) per barrel. What was unnerving about this week's frightening number was that it was Gazprom, the world's biggest utility, that was touting the notion that the oil price would reach \$250 per barrel, probably next year.

### [Russia pips Saudi Arabia as top oil producer](#)

PARIS/SINGAPORE: Russia was the biggest crude oil producer in the world in the first quarter of 2008, extracting 9.5 million barrels per day (mbpd), ahead of Saudi Arabia at 9.2mbpd, the International Energy Agency said on Wednesday.

The IEA ranks the US as the third-biggest producer with 5.1mbpd, followed by Iran, pumping 4mbpd. China is in fifth place with output of 3.8mbpd.

### [Jet fuel prices in April rose 54% even as demand drops: ATA](#)

NEW YORK (MarketWatch) -- Jet fuel prices in April, on average, were up more than 54% from a year ago despite a small decline in consumption, the Air Transport Association said Wednesday. For April, the average price for jet fuel was \$3.02 a gallon, a 4.1% increase from its March price, according to the ATA data. Consumption in April declined 4.2% since March to 1.58 billion gallons, but the industry's fuel bill remained flat at \$4.78 billion, the ATA said.

### [Petrobras' Tupi field to produce 500,000 bpd by '20](#)

RIO DE JANEIRO (Reuters) - Brazil's state-run oil company Petrobras (PETR4.SA: Quote, Profile, Research) plans to have its giant Tupi oil field fully operational by 2015,

with output of at least 500,000 barrels per day by 2020, a top company official said.

### [Gas Giants Get Rapped. Again.](#)

LONDON - The European Competition Commission revealed just how seriously it takes breaches of its anti-trust rules on Wednesday after announcing it had charged two of Europe's biggest gas suppliers, E.ON and Gaz De France, over an alleged agreement to keep out of each other's home markets. If found guilty, the two companies would have to fork up as much as 10.0% of their annual turnover.

### [Iraqi PM, Jordan king discuss improved ties, security, cheaper oil](#)

AMMAN, Jordan: Iraq's Prime Minister Nouri al-Maliki discussed in Jordan Thursday an increase in cheaper oil supplies to his cash-strapped neighbor and ways to prevent Islamic militants from joining the bloody anti-American insurgency in Iraq.

### [Mexican Ruling Party in Senate Shake-Up to Push Pemex Reform](#)

Mexico's ruling National Action Party, or PAN, has replaced its Senate leader in a bid to drum up support for a controversial energy reform bill before Congress.

### [U.S. evaluating Saudi oil meeting: White House](#)

ROME (Reuters) - The United States is evaluating what will be accomplished at a summit Saudi Arabia has called to address soaring global oil prices before a decision will be made on who will attend, a White House official said on Thursday.

### [Nigeria: Ogoja, Okuku Residents Protest Power Outage](#)

Ogoja and Okuku residents in Cross River State have staged peaceful demonstration, apparently reacting to prolonged periods of living without electricity supply from the Power Holding Company of Nigeria (PHCN). The residents of the these areas while walking round some major streets vowed that they would not pay electricity bills any longer.

### [French port workers to strike 48 hours next week](#)

Workers at France's largest oil port of Fos-Lavera in the southern port of Marseille started stepping up pressure last week by prolonging their weekly strike.

"We have received confirmation that the Marseille port will be blocked today

(Thursday) and Friday," a spokeswoman for the port said, adding that port workers will gather in a general meeting at 1345 (1145 GMT).

### [India: Choked fertilizer supply could add to govt's woes](#)

Tuesday's violent turn of events in Karnataka, with farmers taking to the streets, and the police firing in which one person was killed, could be an early warning signal for Centre that at a time when global fertilizer prices have risen sharply and feed-stock prices have shot through the roof, a delay in distribution of even the existing stock could lead to trouble in states like Madhya Pradesh and Rajasthan — two states bound for polls by the end-year.

### [UK: Drivers Face £8m Petrol Bill Hike as Oil Prices Surge](#)

Hard-up motorists in North Staffordshire and South Cheshire are spending about £8.2 million a month more on fuel than this time last year.

Families, businesses and emergency services are feeling the pinch as prices at the region's pumps have risen by 27 per cent in a year.

### [Energy costs forcing US families to make dangerous cutbacks](#)

Low income families have been forced to cut back on basic purchases like food and medicine and keep their homes dangerously cold or hot as a result of surging energy prices in the United States, according to a national survey released Wednesday.

But the high cost of petrol, heating and air conditioning is also spurring efficiency across the country as even wealthier consumers said they were driving less, buying smaller cars, using public transport and installing more efficient appliances in their homes.

### [S.Africa gives nuclear a nod to help power crisis](#)

CAPE TOWN (Reuters) - South Africa's cabinet has approved the country's nuclear policy, enabling the controversial technology to play a greater role in alleviating a critical power shortage, a senior government spokesman said on Thursday.

Utility Eskom has rationed power to the key mining sector since a near total collapse of the electricity grid in January. The power shortage has spooked investors and is seen contributing to slower growth this year.

## [Japan to Raise Meat Prices as Corn Boosts Feed Costs](#)

The government has subsidized part of the increase in feed costs to support farmers. Still, costs to farmers rose 17 percent from a year earlier to 52,300 yen per ton on average in the quarter, according to the ministry.

``An increasing number of livestock farmers are abandoning their business because feed and other costs have exceeded their incomes," said Masataka Ishiguro, vice secretary general at National Confederation of Farmers Movements, representing over 40,000 farmers in Japan.

## [Smelting joint venture caught in Apache blast](#)

Alcoa of Australia, of which 60 per cent is owned by the US-based Alcoa and 40 per cent by Alumina, said in New York that it was declaring force majeure on its supply contracts for alumina, the raw material it uses in its smelters to produce aluminum, because of the disruptions.

## [Oklahoma's painful car culture](#)

NEW YORK (CNNMoney.com) -- For many people in Oklahoma, life is built around the car.

With several refineries in the region, years of cheap fuel have made it possible for many people to live far from their jobs.

Now the situation is unraveling.

## [6 Cars Built for \\$4 Gas](#)

It's been a bad year to be a car salesman. Four-dollar gas and a lousy economy have driven sales down 8 percent so far this year, with SUVs and pickup sales off far more. Overall, 2008 could end up being the worst year in the car biz in more than a decade. But a few models are thriving, mainly because they offer the higher gas mileage that buyers crave, with a bit of pizzazz in the bargain. Some of the winners that are defying a down market...

## [Planning on buying a hybrid? Get in line](#)

"Surveys have shown \$4 to be the tipping point in consumer purchase behaviour and we are seeing that ring true in shopping patterns on Cars.com," the website's editor-in-chief, Patrick Olsen, said in a statement.

Six of the top 10 most-searched vehicles were hybrids, compacts or subcompacts.

### [High oil costs, stimulus checks spark interest in pellet stoves](#)

LUDLOW - George E. Dupuis has people coming into his Turnpike Acres Pellet Stove Shop with their government stimulus check in one hand and their most recent fuel oil bill in the other.

### [Peak Moment: Learning from the Collapse of Earlier Societies](#)

According to Professor Guy Prouty, every civilization rises, evolves, and then collapses to a simpler structure -- and this will include our own. Comparing America with the Western Roman Empire, Prouty notes the over-reach of our military, the unsustainability of capitalism, peak oil, and climate change. And, this time, we may see a global collapse. Transitioning to a simpler society will require us to change behavior and consciousness: decrease energy, get out of debt, decentralize, de-consume, grow our own food, build community, see ourselves as connected to the planet. Collapse is not the end, he says. It's part of a natural cycle.

### [U.S. can become world's energy giant](#)

As a young man, John F. Kennedy wrote "Why England Slept," a book about Great Britain's failure to confront the rise of fascism until it was almost too late. Perhaps a sequel might someday be "Why America Slept," about how a great nation ignored the growing danger of energy dependence and failed to act.

There's reason for hope, however. We can look back on our history and see many stretches where the United States slumbered while a problem festered. When the nation finally woke up, it tackled problems with a vigor no other country can match. If America has truly awakened to the urgency of the energy crisis, fasten your seat belt.

### U.S. Sen. Kay Bailey Hutchison: [How America can achieve true energy independence](#)

President Reagan said, "There are no easy answers, but there are simple ones." This principle applies to America's energy woes. Since January 2007, the price of a gallon of gasoline has soared from \$2.33 to a record \$4.04. Over the next two decades, global demand for oil is expected to rise by 50 percent. Further price escalation is inevitable.

When confronted by these facts, the energy solution is simple. We need more energy! We should be increasing our production of oil, natural gas, clean coal and nuclear power — and those resources should come from America, instead of foreign dictatorships.



## [The Cure for Shortages is Growth](#)

UN Secretary-General Ban Ki-moon, addressing the High-Level Conference on World Food Security held in Rome on June 3rd, set a target for increasing world food production 50% by 2030. This is the proper response when faced with a shortage. People need more food, so they should have it. If someone were to tell those facing starvation or malnutrition that they should just tighten their belts and do without, maybe rest more to reduce their need for calories, they would be laughed at as fools, if not denounced as heartless monsters.

Price increases mean that supply has not kept up with demand. Yet, when we are confronted with a shortage of oil or other forms of energy, we are often told to do without rather than increase supplies. But the higher demand for food and energy has the same roots, the desire of people the world over to improve their standards of living. Unfortunately, in certain Left-wing intellectual and policy circles, there are those who do not feel the average person deserves to be better off.

## [India: Nooyi slams US inaction on oil prices](#)

NEW YORK: PepsiCo chief Indra Nooyi has criticised Washington for not doing enough to control energy prices, which could hurt companies by cutting into consumers' discretionary spending.

What is particularly worrisome, Nooyi said here on Wednesday at a conference hosted by The Wall Street Journal, "I don't see anybody in Washington or anywhere saying, 'Look, this energy crisis is the biggest one we've had, let's really put the best people to work on figuring out how to reduce the country's dependence on oil.'"

She said lawmakers need to "figure out what they're going to do about it" before Americans begin to rein in their spending. Consumer spending accounts for more than two-thirds of the US economy.

## [Energy concerns echo oil crisis of Nixon days, Kissinger says](#)

What is interesting to me is when we went through the crisis, we thought US\$30 oil was unbearable. Ironically, the steps that we proposed at the time, which were more or less accepted but never implemented, are still the steps people are talking about and are not yet implemented. We established the International Energy Agency [IEA] to create emergency stockpiles, consumer co-operation in crisis, and possible joint action on prices as an opposite number to OPEC. We had recommended a floor price for oil so that alternative sources could not be bankrupted by piratical pricing or by political pricing. And then alternative sources of energy. All of this was sort of accepted as principles but never implemented. Now we face exactly the same problem, but now we have seen what happens when you don't act in a crisis. At what point do transfers of wealth [to oil producing countries] become unacceptable? That will have to be decided by the

consumers together.

### [South Korea: Global Struggle Emerges for Oil Reserves](#)

In an industry where the size of the corporation determines whether it can put in a bid for oil projects, Korea faces a harsh reality. The Korea National Oil Corp. does not even rank in the top 100 in size, making it hard for it to bid for oil fields against larger corporations around the world.

### [Brown Will Seek Lower Oil Prices at Meeting in Saudi Arabia](#)

(Bloomberg) -- Prime Minister Gordon Brown said he will press oil producing countries to increase supply at a meeting this month in Saudi Arabia as he seeks to protect British consumers from rising energy prices and food costs.

``Every single government is now under pressure because of energy and food prices," Brown said today at a press conference in London. ``People's standard of living has been affected by this. That's why the dialogue with oil producers is essential."

### [UK's Brown sees no short-term oil boost in Jeddah](#)

LONDON (Reuters) - British Prime Minister Gordon Brown said he expected no short-term output rise from an oil summit in Saudi Arabia later this month, but urged the world to work on a long-term, coordinated energy strategy.

Confirming that he would attend the summit, to be held in Jeddah on June 22, Brown said the meeting was unlikely to result in any production increase, but that did not diminish the need for consumers and producers to tackle the energy crisis.

### [Whatever, Dog](#)

With an array of mind-numbing charts and graphs, Hirsch showed how we are fast approaching the maximum oil production capacity worldwide — known as peak oil — and how after that, it's all downhill. The good news, he said, was that by the year 2050 we'd probably be okay. By that, he meant that the industrial nations of the world would have transitioned into substitute energy sources. But as we sat there with the air conditioner set to replicate the Arctic tundra, Hirsch told us how between the year 2015 and 2050, the world would be one continuous explosion of economic violence, disruption, and trauma. This would be caused by the growing chasm between actual oil available and the amount needed to keep the industrialized economies humming at anything approximating their current capacities.

## [Making Sense of Collapse: Funeral Procession or Party Time?](#)

In his most recent post, Richard Heinberg asks "How Do You Like Collapse So Far?" and also asks why we should think or talk about collapse if there's nothing we can do about it? He suggests that in the face of the gargantuan unraveling over which we have very little power, keeping in mind what it is about our species that is worth saving is a salutary emotional and spiritual practice. In fact he says, "...there may in fact be only one occupation worthy of our attention: that of identifying the qualities that make our species worth saving, and then celebrating and exemplifying those qualities. If we concentrate on doing that, perhaps we win no matter what. Outwardly, it will probably look a lot like what many of us are already doing: working to save a species, an ecosystem, a human community; to make a village sustainable, or to halt a new coal power plant."

## [UK: Communities being 'offered bribes' to host dumping sites for nuclear waste](#)

Communities around the UK will be invited today to consider volunteering to host a burial site for nuclear waste in deep geological disposal facilities.

Environment Secretary Hilary Benn will set out in a White Paper the procedures for choosing the sites where radioactive material from the nation's existing nuclear power stations will be disposed of permanently.

## [Factories close, supermarkets empty and jets run out of fuel as truckers' strike bites](#)

Strike action by thousands of Spanish and Portuguese truckers produced ominous knock-on effects on food supplies, aviation and industry yesterday, as Lisbon airport ran out of fuel, car factories shut down and petrol stations and supermarkets reported shortages.

In a worrying sign for other European countries that face rising discontent at the spiralling cost of diesel, a third day of strikes generated widespread mayhem and the mood turned ugly after the first casualties of the standoff: two strikers died in clashes on picket lines.

## [OPEC President Rules Out Oil Output Increase at Saudi Summit](#)

(Bloomberg) -- OPEC President Chakib Khelil said the oil-producer group won't raise output at a summit with consuming nations in Saudi Arabia later this month.

"Supply is more than enough, there won't be a change," Khelil said in an interview today in Algiers. OPEC won't consider any change to its output target before its next scheduled meeting in September, he said.

### [Libya says oil supply problem lies ahead](#)

LONDON (Reuters) - World oil supply is enough at present but future supply is more of a concern as output nears a peak from which it will decline, the top official for OPEC member Libya said on Thursday.

### [After the oil crunch?](#)

There are two competing explanations for today's high oil prices. One sees the price rise as the result of a temporary imbalance between supply and demand, exacerbated by a weak dollar and a bubble of speculative commodities trading. Fix these problems, adherents suggest, and the price can return to previous low levels, allowing business to continue as usual. The other sees the current price spike as symptomatic of a much deeper crisis, one that could end life as we know it in the rich, consuming west as global supplies of cheap oil begin to run short, not temporarily, but for ever. As Chris Skrebowski, editor of the *UK Petroleum Review*, puts it: "This is what I would describe as the foothills of peak oil." An imminent oil peak is no longer just a fringe theory: increasing numbers of experts view the topping out point as very close, if not actually upon us. "Easy, cheap oil is over, peak oil is looming," warns Shokri Ghanem, head of Libya's National Oil Corporation. If they are right, we are about to move into a very different world.

### [Crude Report Stumps Analysts](#)

U.S. oil refineries are still sluggishly producing fuels, at least by industry analysts' expectations. In fact, refining activity seems to have actually slowed over the past two weeks. Yesterday's Energy Department oil inventories report indicated domestic refiners utilized only 88.6% of their productive capacity last week. Insiders had expected refining capacity to top 90%, a 0.3% increase over the previous week's rate.

### [Fuel blockade: Talks resume in bid to head off tanker drivers strike](#)

Talks aimed at averting a strike by hundreds of fuel-tanker drivers will resume today.

Yesterday, leaders of the Unite union met for more than 10 hours with managers from two companies which deliver fuel to Shell garages across the UK in a bid to resolve a row over pay.

### [BP chief's bleak view on oil crisis as production gap keeps widening](#)

Global oil production fell last year for the first time in six years while consumption

continued to grow, according to BP.

...However, Tony Hayward, the chief executive of BP, dismissed claims that the notion of "peak oil" was responsible for soaring prices. BP said that there were 1.24 trillion barrels of oil left globally, or 41 years of production at present rates.

### [Fuel shortage affects urban transport in Buenos Aires](#)

The shortage of fuel forced several bus lines in Buenos Aires to suspend or reduce their service on Wednesday, while the lack of diesel hampered industrial and agricultural activity elsewhere in Argentina.

Hundreds of buses were affected by the move, and there was chaos at bus-stops, as commuters tried to squeeze into full vehicles.

Daniel Millaci, president of the bus transport organization CEAP, said bus lines were affected by supply problems from Shell, 'which started to deliver 50 per cent less fuel until they receive a diesel lot from abroad, which could happen next week.'

### [Oil executives: "What do they know?"](#)

The spectacle of an industry lobbyist decrying the prospects of increased regulation is very much dog-bites-man, as far as news value goes. But there's something especially annoying about the comments made by John Damgard, the president of the Futures Industry Association, in a five-minute video snippet produced by the Financial Times.

### [Whither the factory worker?](#)

The despair on the faces of muscled, redundant GM workers last week as their truck plant prepared to close was a glimpse of a future without oil. It was a reminder, too, echoing Dorothea Lange's classic 1936 Migrant Mother portrait.

### [House approves Amtrak funding](#)

WASHINGTON (AP) -- A nearly \$15 billion Amtrak bill passed the House on Wednesday as lawmakers rallied around an alternative for travelers saddled with soaring gas prices.

### [Our focus is on oil, but Old King Coal is very much alive and kicking](#)

We tend to forget this. All our focus is on oil, for the obvious reason that it is the fuel that

we see the price of in large figures on every filling station in the land. Most of us have to stump up every week or fortnight to fill the car. But gas and coal are coming to matter more and more, with coal growing fastest. The principal reason for that is that coal is the principal fuel for China and to a lesser extent India. There are obvious implications for air pollution and more generally for carbon emissions. Europe is doing pretty well at cutting energy use; Asia is different.

### [Turning Off the Taps](#)

You don't have to have an awful lot of gray hair to remember the excitement around England's massive North Sea oil fields. While discovered in 1969, it wasn't until well into the 1980s, on the back of surging oil prices, that the fields came into full production. Turning up the taps, the United Kingdom (as well as Norway and Germany, who also have North Sea production) became a significant exporter of oil.

But then, in 1999, something happened: the UK's North Sea production hit peak... that tipping point after which reservoirs go into decline, setting in motion both reduced production and progressively higher costs related to extracting the remaining oil.

### [Exxon offers Gazprom LNG terminal deal - Itar-Tass](#)

MOSCOW (Reuters) - Exxon Mobil Corp (XOM.N: [Quote](#), [Profile](#), [Research](#)) offered Russia's Gazprom a role in a liquefied natural gas regasification terminal on the U.S. East Coast, Itar-Tass quoted Gazprom Deputy Chief Executive Alexander Medvedev as saying on Wednesday.

Medvedev said Gazprom could have a role in the terminal's facilities or become an investor, according to Russian news agency Itar-Tass.

### [Saudi Aramco delivers first consignment of Arabian crude to Qingdao refinery](#)

Saudi Aramco has announced that the first delivery of Arabian heavy and medium crude has arrived at Sinopec's new Qingdao refinery in China, onboard the Xin An Yang tanker from Ras Tanura, Saudi Arabia.

### [Mexico minister tight-lipped on Saudi oil talks](#)

MEXICO CITY (Reuters) - Mexico is aware of the pressure high oil prices are putting on producer nations, Energy Minister Georgina Kessel said on Wednesday, but gave no indication whether she would attend a Saudi Arabia meeting on supply.

### [Saudi Aramco to Supply Full Crude Volumes to Refiners in July](#)

(Bloomberg) -- Saudi Aramco, the world's largest state oil company, will supply customers in Asia, Europe and the U.S. with full volumes of crude oil they had requested under their monthly loading programs for July, refinery officials said today.

### [BP says its Russian partners are raiders](#)

STOCKHOLM — BP Plc accused its oligarch partners in its multi-billion dollar Russian joint venture TNK-BP of being corporate raiders and said the Kremlin was doing nothing to stop them trying to wrestle control of the venture.

### [TNK-BP: oligarchs seek stronger hand before forced sale](#)

TNK-BP was initially a success that benefited from political approval. But the climate has changed and the Kremlin has made clear that it wants Russian control of all oil and gas assets. Gazprom has made equally clear that it wants TNK-BP and it is widely assumed that the end-game is a buyout of the oligarchs and the issuance of a single controlling share to the gas giant. The tycoons fear a stitch-up and a bad deal, so push for advantage, seeking control to boost their negotiating position. They want to be key players in a settlement and see a window of opportunity in the confusion over who controls Russia. Is it Prime Minister Putin, the nationalist autocrat, or is it President Medvedev, the former lawyer?

### [Norway says oil price helps renewables push](#)

OSLO (Reuters) - High oil prices make life difficult in poorer countries but at the same time also help fuel development of renewable energy sources, Norway's Energy and Petroleum Minister Aaslaug Haga told Reuters on Thursday.

### [Severn barrage cost 'cannot be justified'](#)

The huge cost of building a controversial barrage across the Severn Estuary to produce electricity cannot be justified, a new economic study concludes.

It would be wrong to use £15bn of taxpayers' money to build the barrier when as much power could be produced more cheaply from other renewable sources.

### [Global Warming Could Release Trillions Of Pounds Of Carbon Annually From East Siberia's Vast Frozen Soils](#)

East Siberia's permafrost contains about 500 Gigatons (1100 trillion pounds) of frozen

carbon deposits that are highly susceptible to disturbances as the climate warms.

### [Climate chaos is inevitable. We can only avert oblivion](#)

Sometimes we need to think the unthinkable, particularly when dealing with a problem as dangerous as climate change - there is no room for dogma when considering the future habitability of our planet. It was in this spirit that I and a panel of other specialists in climate, economics and policy-making met under the aegis of the Stockholm Network thinktank to map out future scenarios for how international policy might evolve - and what the eventual impact might be on the earth's climate. We came up with three alternative visions of the future, and asked experts at the Met Office Hadley Centre to run them through its climate models to give each a projected temperature rise. The results were both surprising, and profoundly disturbing.



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