



DrumBeat: September 12, 2008

Posted by [Leanan](#) on September 12, 2008 - 10:03am

Topic: [Miscellaneous](#)

[Kazakh Oil: A War of Nerves](#) - *Russian brinkmanship could imperil the flow of oil and money across the Caspian to Europe*

ASTANA - On the scorching, scrub-dotted steppe along the east coast of the Caspian Sea, a Chevron-led team is opening up the taps on 50 new wells at the supergiant Tengiz oil field. Fifteen years after snagging rights to the Kazakhstan field, the U.S. oil giant is at last doubling production to 540,000 barrels a day, its largest single source of oil in the world.

Tengiz is a prize, and Chevron has spent bundles to secure it. In the nearby city of Atyrau, the headquarters and logo of Chevron's joint venture dominate the skyline, while company townhouses in the city center include pools, a gym, and schools for the expat oilmen and their families. You would think Chevron's victory in this remote oil patch was complete.

Yet getting the oil out of the landlocked country has always been a tricky affair: Russia has blocked, stalled, and restricted the flow of Tengiz oil through its territory since the first day Chevron took over the field. Teaming up with the Kazakhs, Chevron has resorted to shipping some of its oil across the Caspian Sea to Baku, the capital of Azerbaijan, and then via pipeline and railroad to Georgia's Black Sea coast in an effort to avoid Russia. These days, Chevron does ship most of its oil through Russia, but for safety's sake it hopes to build a long, new pipeline across Georgia and export more through that route.

The plans for the corridor, though, were drawn before Russia's summer romp through Georgia. Suddenly, that tiny Caucasian state—embraced by Washington in a bold plan to pry it away from Moscow's grip—seems much less secure. The republics along the route and the companies working there are wearing their game faces, saying it's not clear the conflict in Georgia changed anything. Chevron regional vice-president Ian MacDonald says "it's too early to say" whether the Georgia events will cause transportation problems. But already Kazakhstan has canceled plans to build a refinery on the Georgian coast, and Big Oil is privately scrambling to assess how much of a setback its export plans have suffered.

[Oil dips below \\$100 as Ike approaches](#)

NEW YORK (CNNMoney.com) -- Oil prices churned Friday, briefly dipping below \$100 a barrel for the first time in 5 months, as the concerns about a global economic slowdown overpowered even the fury of a massive hurricane blowing toward refineries on the Texas coast.

[Highlight: Oil Apocalypse Now?](#)

British filmmaker Andrew Evans travelled the globe to create this documentary examining the impact of rising oil prices.

For every "Drill, baby, drill" enthusiast like Sarah Palin and U.S. Energy Administration head Guy Caruso, there's an industry insider like energy investment banker Matthew Simmons and former oil exec Colin Campbell who believe oil has had its day.

The film balances peak oil theory with the promise of new technologies for oil discovery and recovery. Its apocalyptic stance stems from a lack of supporting evidence for a significant increase in the Organization of the Petroleum Exporting Countries' official reserve figures from 1983 to 1990. And the January, 2006, revelation that Kuwait claimed to have more than double the oil it actually had.

[Gas prices - voters' No. 1 concern](#)

NEW YORK (CNNMoney.com) -- The high price of gasoline is voters' top economic concern, according to a poll released Friday.

A CNN/Opinion Research Corp. poll found that 35% said price of gasoline was their highest concern. That was followed by availability of good jobs (28%), high taxes (18%) and mortgages or home values (18%).

The poll was taken on Sept. 5-7 and surveyed 1,022 adults. It has a margin of error of three percentage points.

While energy concerns led the list, the percentage of respondents who said that high gas prices were causing them "financial hardship" fell to 63% from 75% in July.

[Brazil flexes military might around new oil fields](#)

NITEROI, Brazil, Sept 12 (Reuters) - Brazil deployed warships, fighter jets and thousands of troops off its southern coast on Friday, starting two weeks of military maneuvers aimed at showing the world it can defend vast new oil reserves.

The exercise, dubbed Operation Atlantic, will simulate an attack by a fictitious enemy on oil platforms and pipelines both on and off shore along the coastline of the states of Rio de Janeiro, Sao Paulo and Espirito Santo.

The maneuvers are the latest in a national debate over how to manage a slew of recent deep-sea oil finds that could thrust Brazil, which still occasionally imports crude to meet domestic demand, into the top 10 of the world's oil producers.

"This is an exercise that is intended to dissuade, a show of force," Admiral Edlander Santos, the commander of the operation, said at a ceremony near Rio de Janeiro marking the beginning of the exercise.

[What next in plummeting U.S.-Venezuelan ties?](#)

(Reuters) - U.S.-Venezuela ties plunged to their lowest point in years on Friday as the superpower and one of its top oil suppliers ejected each other's ambassadors.

The United States also imposed sanctions on Venezuelan officials, and leftist President Hugo Chavez threatened to stop selling crude to his main customer.

Here are some possible scenarios of how the relations could proceed...

[Iran 'won't wait forever' on Nabucco](#)

VIENNA (AFP) - Iranian Oil Minister Gholam Hossein Nozari on Friday warned Austrian energy giant OMV that it should sign a deal on the Nabucco gas pipeline soon or Tehran might look for other partners.

"The Austrians must hurry up and turn the preliminary contracts into actual contracts, because time is running out and we won't wait forever," Nozari told the Austrian daily Wiener Zeitung in an interview published Friday.

[Large fire hits Mexico gas pipeline in accident](#)

CUAUTITLAN IZCALLI, Mexico (Reuters) - A Mexican gas pipeline caught fire Friday in an accident near the capital, sending flames more than 100 feet into the air and closing a main highway into the city.

[Chevron caught up in oil agency scandal](#)

A government scandal mixing alleged drug use, cronyism and sex at a federal office that handles billions of dollars in oil-drilling royalties has ensnared Chevron Corp.

The oil company, America's second largest, figures prominently in a report released this week that accuses government officials of growing far too close to their oil industry contacts. The report focuses on a little-known government agency at the heart of the

offshore drilling debate, the Minerals Management Service, which leases government lands to oil companies.

[Shell begins probe in reponse to fed report on fraternization](#)

WASHINGTON — Houston's Shell Oil Co. has launched an internal probe to examine the explosive findings of the Interior Department's Inspector General regarding fraternizing between oil company workers and the U.S. Minerals Management Service.

Calling the inspector general's report "very concerning," Shell President Marvin Odum said today he has started an investigation to make sure there wasn't "inappropriate behavior within my company."

[Exelon chief urges 'energy Marshall Plan'](#)

Com Ed parent Exelon Corp. said Friday that Chairman and CEO John Rowe will urge federal lawmakers Friday to "develop a 21st century Marshall Plan for energy."

The Chicago utility holding company said Rowe is slated to appear before the U.S. Senate Energy Committee, where he will tell members that "nothing less than a comprehensive national effort for energy will put us on the right track" to meet future energy needs.

[Richard Heinberg: The dress rehearsal is over](#)

As oil crosses \$100 on its way south, not even a hurricane in the Gulf of Mexico and a statement from OPEC that the cartel will cut production by over 500,000 barrels per day seems capable of halting the bloodletting. In response, the Financial Post features an article titled "Peak Oil peak," quoting this writer out of context; compare this with my commentary, which was the source of the quote).

Wasn't the price of oil supposed to rise endlessly? Wasn't the world supposed to end by now? What happened? What does it all mean?

Patience, gentle reader. All will be explained.

[U.S. plans to expel Venezuelan envoy](#)

"The plan is to kick him out," said the U.S. official, who asked not to be identified.

[Colombia will stick to Venezuela gas deal](#)

Colombia will stand by its part of the deal to provide gas to Venezuela through a joint pipeline that was opened in January this year, senior energy official Armando Zamora said.

[Saudi Aramco to Maintain Oil Supplies to Refiners in October](#)

(Bloomberg) -- Saudi Aramco, the world's biggest state oil company, will maintain crude supplies in October to customers in Asia and Europe at levels agreed under annual contracts, refinery officials said.

The Dhahran, Saudi Arabia-based producer will supply full volumes of crude oil to Asia and Europe next month, unchanged from September, said four refinery officials who had received notices from the company. They asked not to be identified because of confidentiality agreements.

[ANALYSIS - Mixed Saudi signals confuse OPEC output cut deal](#)

LONDON, Sept 12 (Reuters) - Mixed signals from Saudi Arabia have thrown into question whether the top oil exporter will throttle back output as agreed with other OPEC members this week.

[BP Shuts Baku-Ceyhan Pipeline After Leak in Turkey](#)

(Bloomberg) -- BP Plc shut a pipeline carrying Azeri crude oil from Baku to Turkey's Mediterranean coast near Ceyhan after a leak in the Turkish section required repairs.

[Shell extends force majeure on Nigeria oil exports](#)

LONDON (Reuters) - Royal Dutch Shell (RDSA.L: Quote, Profile, Research) said on Friday that it has extended the force majeure on Nigerian Bonny Light crude exports.

The force majeure has been extended because of security concerns in the oil-rich Niger Delta region in Nigeria and because the Anglo-Dutch oil major has found more leaks at a Bonny Light pipeline, a Shell spokesman said.

[Medvedev assures European consumers Russia has enough gas](#)

MOSCOW (RIA Novosti) - Russian President Dmitry Medvedev dismissed speculation on Friday that his country would not have enough natural gas for European consumers

and pledged to launch new fields if the market grows.

"It is amusing to hear statements that Russia will not have enough gas for supplies to Europe...This is not so," Medvedev told a Valdai International Discussion Club meeting.

Medvedev also said that the country's plans to develop energy cooperation with Asian states would not adversely affect energy supplies to Europe.

"We will do everything possible to solve a number of tasks on diversifying energy flows to Asia without detriment to Europe," Medvedev said, adding that this concerned oil, gas and nuclear energy.

[Mexico lawmakers see deal on oil law by October](#)

MEXICO CITY (Reuters) - Senate-level talks in Mexico are dragging over a politically thorny plan to tweak oil laws, although ruling and opposition party lawmakers said on Thursday a deal could still be reached by October. Leftists oppose conservative President Felipe Calderon's idea of luring more private firms to the flagging state-run oil sector via incentive contracts, but with centrists broadly on board, a compromise is in sight, lawmakers at the talks said.

[American exports fuels at record levels](#)

While the White House and most conservative congressional leaders have been pushing for more offshore drilling to relieve record fuel prices at the pump, new government data shows there is no domestic oil shortage as U.S. oil companies are exporting American petroleum products at record levels.

The U.S. Energy Department reported exports of finished petroleum products, including gasoline, diesel fuel and jet fuel, soared to 1.592 million barrels per day in May, up 31 percent from a year ago.

[Electricity shortage may choke B.C.'s gas patch](#)

An urgent electricity shortage is threatening to curtail the hottest economic growth sector in British Columbia -- the natural gas exploration industry.

Documents on file with the B.C. Utilities Commission show that the town of Fort Nelson, in the heart of B.C.'s gas patch, is so squeezed for power that there is no room for economic growth -- and some existing customers operate under the threat of blackouts.

The situation is raising concern among Canada's leading gas exploration and development companies.

[National Oil Cos Boast Value Proposition](#)

International oil companies (IOCs) offer technological expertise, operational capacity and project management as core strengths in striking oil and gas deals.

But they are finding it increasingly difficult to provide a value proposition acceptable to the owners of natural resources and in terms of shareholder return. Despite record oil prices and rising levels of capital expenditure, the overall trends in oil and gas production from the major oil players are down.

[IT underestimating coming power shortage](#)

UK IT managers are being accused of ignorance over their power consumption figures, despite spiralling energy prices and the looming 'energy crunch', which could lead to power shortages in four years time.

[Green Mortgages Offer New Growth](#)

If you could save up to \$200 a month in energy bills for 30 years, would you be willing to borrow an extra \$5,000 for a home loan upfront? Probably yes.

That's the power of energy-efficient mortgages, or "green" mortgages. Now, legislators, lenders, brokers and consumers are pushing for their wider use. Advocates say green mortgages can help solve several of the nation's broader problems, including the energy crisis, the mortgage implosion and the slowing economy.

[Still stuck in the '50s](#)

If longer commutes, heavier congestion, increased pollution and greater dependence on oil seem inevitable, there's a good reason: These ills all stem from the misguided way our elected officials fund transportation in America. It's time to establish a 21st-century transportation policy to pay for 21st-century priorities.

[SOLAR POWER: Industry execs ponder major shifts in demand, production](#)

NEW YORK -- Executives of some of the world's top photovoltaic manufacturers are preparing for a major shift in their industry.

While they may disagree on how quickly and widely changes will be felt, everyone is aware that shortages they have endured of their primary feedstock material, polysilicon, will soon be a thing of the past. And they worry that if they cannot get production and demand estimates right, they might inadvertently produce a glut of solar panels that

could send prices for their products spiraling downward.

[Wood shortage hits Boralex](#)

The weak U.S. housing market has taken its toll on an unlikely sector - the Canadian renewable power industry.

Boralex Power Income Fund said this week that it is temporarily closing a second power plant in Quebec because it can't get enough wood residue to fuel its operations.

[Huge increase in spending on water urged to avert global catastrophe](#)

Countries across the world will have to dramatically increase investment in dams, pipes and other water infrastructure to avoid widespread flooding, drought and disease even before climate change accelerates these problems, experts have warned.

["Titanic Syndrome" warns of catastrophe](#)

"The Titanic Syndrome," the directing debut of French environmental program-maker-turned-eco-campaigner Nicolas Hulot, is a cinematic attempt to wake viewers up to the calamitous future we're arguably heading for if we don't change our ways.

The titular syndrome is simple: Our planet is the doomed oceanliner, and we -- in the West, at least -- are all busy leading our more-or-less luxurious lives as we sail toward cataclysm. It's obviously not the first film in recent times to put forward the case for safeguarding Earth, but it promises to look at the issue from a bold perspective.

[Out of Gas: Partisan sniping keeps Congress from getting anything done on energy](#)

CONGRESS expended a lot of energy debating how to solve the energy crisis before running off for summer recess for five weeks. It ended up accomplishing nothing. Now Congress is back and seemingly ready for more of the same. House Speaker Nancy Pelosi (D-Calif.) will present an energy bill next week that would expand offshore drilling. But Republicans rejected the legislation on the basis of the outlines Ms. Pelosi released Tuesday. Meanwhile, Senate Majority Leader Harry M. Reid (D-Nev.) will hold hearings today with an eye to bringing energy bills to a vote sometime next week. But don't expect anything to happen.

[Travel Industry Unites To Push Congress For Energy Policy](#)

As the price of oil escalated to unprecedented levels earlier this year, the travel and tourism industry mobilized to urge Washington policymakers to enact an "emergency energy policy that will bring down fuel costs to economically sustainable levels and keep Americans productively traveling by air." A broad-based coalition, called 100DollarOil.us, was formed this summer to urge policymakers to act now as it enlists industry support to lobby elected representatives.

[Experts target shocking electricity bills](#)

If the high price of gasoline isn't enough to startle Americans, guess what's happening to the cost of power?

And energy experts say a crisis isn't coming; it's already here.

[Tree Length Wood Debate](#)

Karen Hawkins is already getting ready for winter. And that means cutting, splitting and stacking wood.

She'd like to use her fuel assistance money to buy tree length wood. Hawkins says its the best deal around.

"By buying a whole truckload, having it delivered here, cutting it with my chain saw and splitting it with the wood splitter, I get probably almost twice as much wood as if I received cut and split," says Hawkins.

But under the LIHEAP program, tree length wood isn't allowed. A spokesperson for Maine State Housing says it use to be--but so many consumers complained about being "shorted" that they decided to prohibit it. Now, that decision is being reconsidered.

[Pakistan: Deepening oil crisis](#)

As the crippling energy crisis has eased to some extent after the authorities made payments to the IPPs (Independent Power Producers) enabling them to go for full capacity generation, there is now warning from the oil marketing companies (OMCs) that there would be no oil supply chain during the next few months unless the Government clears their huge dues amounting to Rs 80 billion.

[Bolivia expels US ambassador Philip Goldberg](#)

Bolivia has expelled the US ambassador, accusing him of fomenting the civil unrest that threatens not only the country's first indigenous Indian president, Evo Morales, but the unity of the nation itself.

"Without fear of the empire, I declare Mr Goldberg, the US ambassador, 'persona non grata,'" said Mr Morales, echoing the anti-US rhetoric of his friend and close ally, Hugo Chavez of Venezuela.

"He is conspiring against democracy and seeking the division of Bolivia."

The announcement came after protests against Mr Morales escalated and turned violent. Earlier in the week opposition protesters burnt and pillaged government offices in city of Santa Cruz, which was followed by an attack on a gas pipeline that feeds the neighbouring giant of Brazil. Gas is the lifeblood of the Bolivian economy and the source of much of government revenue.

[Venezuela to expel U.S. ambassador](#)

(CNN) -- Venezuelan President Hugo Chavez said Thursday he is recalling his own ambassador from Washington and expelling the U.S. ambassador from Venezuela.

"He has 72 hours, from this moment, the Yankee ambassador in Caracas, to leave Venezuela," Chavez told a crowd of supporters.

The president said he was making the moves "in solidarity with Bolivia and the people of Bolivia."

[UK's third-largest tour operator collapses](#)

LONDON, England (AP) -- Thousands of British travelers were stranded Friday when the country's third-largest tour operator collapsed under pressure from high fuel prices and a sagging economy.

XL Leisure Group went into administration overnight, saying it had been unable to secure more funding.

[Interior Secretary "outraged" by oil-sex scandal](#)

WASHINGTON (Reuters) - U.S. Interior Secretary Dirk Kempthorne on Thursday said he was "outraged" by department workers who had sex, used drugs and took gifts from employees at regulated oil companies, while one senator called for a Bush administration official to resign over the scandal.

[House to vote next week on offshore drilling](#)

WASHINGTON (Reuters) - The House of Representatives could vote next week on

energy legislation that would open nearly all of the U.S. coastline to offshore drilling while repealing some tax breaks for oil companies, Democratic leaders said on Thursday.

[Palin 'governed from the center,' went after big oil](#)

Palin's agenda has been dominated by an energy policy that, in part, bears more resemblance to the one put forward by Democratic presidential nominee Barack Obama and other Democrats than the one backed by McCain and the GOP.

[Shell's Ormen Lange Gas Output Won't Peak Until 2010](#)

(Bloomberg) -- Royal Dutch Shell Plc said the peak in supplies from Norway's second-biggest gas field will be a year later than planned, risking lower shipments to the U.K. at a time of record prices.

[Slime for change: Can an algae-to-biodiesel facility help meet Maui's needs?](#)

The idea of replacing fossil fuel consumption with biofuels has been a much-ballyhooed topic of late, both globally and in Hawaii. Initial enthusiasm has since been tempered with realities of costs, including ongoing debates over converting food crops to fuel and converting farm lands and rainforests to agri-fuel plantations.

Throughout the discussions of plant-based biodiesel and ethanol, there has been a consistent optimism that the best biofuel choice—someday, when science and technology solve existing hurdles—could be microalgae. That's right—pond scum, lurking like the Creature from the Black Lagoon, could be the answer to Peak Oil.

[Poison Fire Interview](#)

Filmmaker Lars Johansson talks to the Ecologist about the making of the film 'Poison Fire' and the curse of oil in the Niger Delta.

[Consumers Likely To Lead a Cooldown](#)

Deepwater-exploration companies -- the oil producers that need to lease drilling rigs -- aren't deterred by today's falling prices. They are locked into extremely expensive long-term contracts, and they can't walk away from their huge investments in deepwater energy.

...Says Matt Simmons, who heads Simmons & Co. International, an energy-centric investment bank: "There is an extremely bullish, long-term case for the [deepwater] drillers. They are far more immune to short-term swings in oil prices, and their earnings

power is just unbelievably vast."

(Note: Retail sales came in [even worse](#) than expected.)

[Climate change could devastate Philippines: NASA scientist](#)

MANILA (AFP) - Climate change could have a devastating impact on the Philippines, leading to widespread destruction of the country's flora and fauna and flooding the capital Manila, a NASA scientist warned here Friday.

The continued melting of Arctic ice caps, brought on by climate change, could cause sea levels to rise by seven metres (23 feet), said National Aeronautics and Space Administration (NASA) physicist Josefino Comiso.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).