



DrumBeat: September 14, 2008

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Topic: [Miscellaneous](#)

[Saudi pursues plan to raise output](#)

Saudi Arabia is pushing ahead with mega projects to lift its sustainable oil production capacity to 12.5 million barrels per day at the end of 2009 but it appears to have suspended long-term plans, a Saudi group said yesterday.

..."The five capacity expansion projects will cost nearly \$60bn. They will bring on-stream 2.95 million bpd of oil. This is equivalent to three per cent of global oil supply and greater than the total production of Kuwait," the Riyadh-based Jadwa Investment Company said in a study, citing government data. "Total production capacity will increase by less than this as Saudi Aramco assumes some production declines elsewhere. The net addition lifts capacity by about 12.5 million bpd and the bulk of the capacity to come on-stream over the next couple of years is light crude."

Buoyed by a surge in its petrodollar income, Saudi Arabia kicked off the world's largest capacity-building programme five years ago to expand its sustainable output and maintain existing capacity by offsetting a decline in some fields. Opec's de facto leader has set a target of 12.5 million bpd by the end of 2009 and 15 million bpd in the following years. But the Saudi Oil Ministry has said recently the extra capacity would not be needed at least at present.

[Saudi Arabia will Account for 20.03 pc of ME Oil Demand](#)

Jeddah – Saudi Arabia will account for 20.03 per cent of the Middle Eastern regional oil demand by 2012, while providing 40.71 per cent of supply, according to a forecast in the latest Saudi Arabia Oil & Gas Report from BMI.

The report says that ME regional oil use of 8.24mn b/d in 2001 rose to an estimated 10.61mn b/d in 2007. It should average 10.86mn b/d this year and then rise to around 11.84mn b/d by 2012. Regional oil production was 22.87mn b/d in 2001, and in 2007 averaged an estimated 25.56mn b/d. It is set to rise to 28.94mn b/d by 2012. In terms of natural gas, last year the region consumed an estimated 371bcm, with demand of 542bcm targeted for 2012, representing 46 per cent growth. Production of an estimated 368bcm in 2007 should reach 576bcm in 2012 (+56 per cent), which implies net exports rising to 34bcm by the end of the period. Last year, Saudi Arabia consumed an estimated 20.75 per cent of the region's gas, with its market share forecast at 17.97 per

cent by 2012. It contributed an estimated 20.90 per cent to 2007 regional gas production and, by 2012, will account for 16.91 per cent of supply.

[Ike destroys oil facilities, damages pipelines](#)

HOUSTON - Federal officials say it appears Hurricane Ike destroyed a number of production platforms and damaged some of the pipelines in the Gulf of Mexico.

Lars Herbst, regional director for the U.S. Minerals Management Service, said Sunday that flyovers revealed that at least 10 production platforms were destroyed by the storm.

Herbst stressed the assessments were preliminary, but the damage appeared far worse than that caused by Hurricane Gustav two weeks ago.

[Twelve Texas refineries showing little damage](#)

PORT ARTHUR, Texas (Reuters) - Twelve of the 15 Texas oil refineries shuttered ahead of Hurricane Ike showed no visible signs of flooding or damage in the storm's wake, although fewer than half of them appeared to have power, a Reuters eyewitness said Sunday.

The assessment was in line with reports from emergency management officials that the state's refineries appeared to have escaped serious flooding -- a sign fuel production could resume more quickly than initially thought.

[BP, Gazprom to Revive Kovykta Talks](#)

LONDON -- BP said Friday that it expected to revive talks on a joint venture with Gazprom after settling a dispute in TNK-BP.

BP and Gazprom last year agreed to contribute assets worth about \$3 billion to a joint venture. TNK-BP planned to sell its stake in the Kovykta gas field to Gazprom, while BP had an option to buy back a quarter of the deposit. Talks stalled while BP was locked in a power struggle with its partners in TNK-BP.

[U.K. ethical investment fund wary of oilsands push](#)

Just days after Canada's oilsands moved into the federal election spotlight, one of Britain's largest investment firms is launching a campaign to convince petroleum giants BP and Shell to scale back their plans to exploit the controversial energy source.

[Bahrain: Oil production to be increased](#)

Bahrain oil field will undergo a major development to boost production capacity, for which help will be sought from international oil companies to deploy the latest technology to achieve the target.

[Critics: Smithsonian too cozy with oil](#)

WASHINGTON (UPI) -- The Smithsonian Institution has expanded its research ties to oil companies seeking to explore drilling, a newspaper's analysis shows.

Since 2000, researchers at the Smithsonian's National Zoo have received more than \$5 million from oil companies to conduct biological studies and help choose sites for drill platforms, The Washington Times reported Sunday.

[Greenspan: Economy in 'once-in-a-century' crisis](#)

WASHINGTON (CNN) -- The U.S. credit squeeze has brought on a "once-in-a-century" financial crisis that is likely to claim more big firms before it eases, former Federal Reserve chief Alan Greenspan said Sunday.

Greenspan told ABC's "This Week" that the situation "is in the process of outstripping anything I've seen, and it still is not resolved and it still has a way to go."

"Indeed, it will continue to be a corrosive force until the price of homes in the United States stabilizes," Greenspan said. He predicted that would not happen until early 2009, and said the odds of U.S. recession have gone up in recent months.

"I can't believe we could have a once-in-a-century type of financial crisis without a significant impact on the real economy globally, and I think that indeed is what is in the process of occurring," he said.

While recent declines in the prices of oil and food may help avert a recession, he said, "I wouldn't put my money on it."

[Ike's supply toll rises as more closures reported](#)

HOUSTON -- Assessments of Hurricane Ike's blow to US oil supply climbed as new closure reports reached government agencies.

The center of the wide storm made landfall near Galveston, Tex., in the early morning of Sept. 13, knocking out electrical power in most of Houston and many surrounding communities. Damage was widespread from a combination of unusually strong storm

surge, a very large wind field, and windspeeds just below Category 3 hurricane status.

The Department of Energy's Office of Electricity Delivery and Energy Reliability added two refineries to the closure list it issued before the hurricane came ashore.

[Alaska Airlines to cut 1,000 jobs](#)

Alaska Airlines says it will cut up to 1,000 jobs and reduce flight departures by 15% as record oil prices and a slowing economy take their toll.

[Niger Delta Militants Attack Shell, Chevron Plants](#)

(Bloomberg) -- Nigerian militants said they killed at least 22 soldiers and destroyed parts of Royal Dutch Shell Plc's Soku gas plant and Chevron Corp.'s Kula oil pumping station in overnight attacks.

The Movement for the Emancipation of the Niger Delta, or MEND, said in an e-mailed statement that it also blew up a crude pipeline at Nembe at several points. Chevron confirmed the attack on its Kula pumping station in Robertkiri, which lies in the Kula district, southwest of the main oil hub of Port Harcourt.

``There was an attack on Robertkiri flow station, though it was already shut due to pipeline leakage," a Chevron spokesman said in a telephone interview from Lagos, declining to be identified. Shell spokeswoman Caroline Wittgen said the company is investigating reports of attacks on its facilities.

[Valero says power restored to Houston refinery](#)

NEW YORK (Reuters) - Valero Energy Corp said on Sunday power has been restored to most production units at its 130,000 barrel per day Houston oil refinery.

[Shell: Offshore restaffing begins, more next week](#)

HOUSTON (Reuters) - Shell has begun restaffing offshore oil facilities after Hurricane Ike and aims to be at full strength as soon as possible, the company said Sunday.

[Experiment Boosts Hopes for Space Solar Power](#)

WASHINGTON — A former NASA scientist has used radio waves to transmit solar power a distance of 92 miles (148 km) between two Hawaiian islands, an achievement that he says proves the technology exists to beam solar power from satellites back to

Earth.

[Texas oil refineries could be down 9 days - US senator](#)

WASHINGTON (Reuters) - Texas oil refineries disabled by the massive Hurricane Ike could remain idled for up to nine days and Americans should brace for possible gas shortages, U.S. Sen. Kay Bailey Hutchison said on Sunday.

'We are looking at another week or eight or nine days before refineries are up and going, so refined gasoline is going to be in a shortage situation because of the power outages and flooding,' the Texas senator said on CBS' 'Face the Nation.'

'It is going to be felt for the next week, that we have gasoline shortages, so people need to be prepared for that.'

[Oil slides below \\$99 - Markets relieved](#)

NEW YORK (CNNMoney.com) -- Oil prices fell below \$99 a barrel Sunday in a special early trading session as traders bet that Hurricane Ike did not cause significant damage to refineries.

"The market is expressing some relief," said Andrew Lebow, a broker at MF Global in New York. "We were worried on Friday that the storm surge would flood the refineries, but right now it looks like that was not the case."

[Ike's aftermath: The return of \\$4 gas](#)

NEW YORK (CNNMoney.com) -- Gas prices are poised to shoot back toward record highs after Hurricane Ike's direct hit to the heart of the nation's oil refineries, analysts said.

...In addition, Hurricane Ike could turn out to be the third-most expensive natural disaster in U.S. history, according to preliminary forecasts from a firm that does loss estimates for the insurance industry.

[Russia's Opec bearhug is something to worry about](#)

As if the prospect of a global recession isn't enough, consider the latest threat to world economic stability: an alliance between Russia and Opec, the oil-producing cartel dominated by Saudi Arabia.

That's a scary possibility, as Russia supplies one third of Europe's energy needs, while

Opec accounts for nearly 40 per cent of global oil production. Together they produce half the world's oil, so any pact that paves the way for Russia to become a full member of the cartel would present a threat to countries such as Britain, which is becoming increasingly dependent on foreign imports as supplies of North Sea oil dry up.

[Tapping Power From Trash](#)

WHEN talk turns to alternative energy and global warming, let us not forget stinking piles of garbage.

Buried in airless pockets deep inside landfills, the organic matter in these great mounds of waste is consumed by bacteria that give off gas rich in methane, increasingly used to generate electricity and heat.

[Europe Lowers Goals for Biofuel Use](#)

PARIS — European legislators said Thursday that government goals for using biofuels should be pared back, prompting the fledgling industry to fire back with a campaign warning that alternatives may be no cleaner.

[Hung over from the Ethanol Party](#)

The headache from the Ethanol Party hangover is getting worse. However, ethanolics (the drinkers at the Ethanol Party) are not the people who are feeling the pain.

Like drunkards on the highway, ethanolics have disrupted traffic in the world food supply by diverting corn to ethanol plants. As a result, everybody pays higher food prices. And, like alcohol-related traffic fatalities, some people in poor countries are likely to starve to death.

[Wind: The other offshore energy source](#)

Visitors to Rehoboth Beach, Del., soon may be greeted by more than sand dunes, seagulls and beach umbrellas. If offshore-wind advocates have their way, scores of 140-foot blades will be spinning in the ocean breeze nearly a dozen miles away, barely visible to the sunbathers.

Offshore wind has taken a back seat to offshore drilling for oil and natural gas in the current energy debate. But those wind-driven turbines probably will be operating long before oil platforms appear off Atlantic Coast states.

[Offshore Drilling Is Coming to a Vote](#)

Congressional Democrats, balancing political reality against a policy they have long opposed, are on the cusp of approving legislation that would open the Atlantic and Pacific oceans to oil drilling as close as 50 miles offshore.

With votes scheduled this week in the House and Senate, Democrats have essentially given up defending the current ban on drilling within 200 miles offshore along both coasts. Instead, led by House Speaker Nancy Pelosi (D-Calif.), they are offering a mix of proposals that would allow drilling, with the waters off Massachusetts, Virginia and Georgia most likely to be the first affected.

[Ike Shuttters 20% of U.S. Refining Capacity; Reserves Released](#)

(Bloomberg) -- Almost 20 percent of the U.S.'s oil refining capacity was shut after Hurricane Ike slammed into the Gulf Coast, limiting fuel deliveries and prompting the Department of Energy to release 309,000 barrels from its strategic reserves.

... ``If these refinery outages go three weeks or more, most of the nation could see \$4 gasoline again," Bruce Bullock, director of the Maguire Energy Institute at Southern Methodist University in Dallas, said in an telephone interview. ``If they are back up in a week, it may be a 15- or 20-cent-a-gallon increase."

[Tennessee: Region's gas stations largely deserted following Friday's panic buying](#)

Despite stern warnings to prospective price gougers, the price of regular gasoline in the Model City climbed as high as \$4.49 on Stone Drive by Saturday afternoon, sparking continued outcries for price relief from consumers disturbed by the upward trend.

In contrast to Friday's parking lots jammed with cars and drivers, area gas stations resembled ghost towns Saturday. For several, it was because the supply of gas ran out Friday or early Saturday.

[Bolivia army patrols town under martial law](#)

LA PAZ (Reuters) - Bolivian troops patrolled a restive city in the impoverished nation's north before dawn on Sunday, the mayor said, as the death toll rose to 30 from days of clashes between government and opposition supporters.

Troops fanned through the streets of Cobija city early on Sunday after forces grouped in the airport for two days when leftist President Evo Morales declared martial law on Friday in Pando province, where Cobija is the capital.

[Russian warships to help Chavez's anti-U.S. drive](#)

CARACAS (Reuters) - Russian warships will sail into the Caribbean later this year, helping Venezuelan President Hugo Chavez to fend off perceived U.S. aggression and weaken Washington's influence in its traditional backyard.

Evoking Cold War memories, Russia said this week it would send the missile-laden, nuclear-powered cruiser Peter the Great and other hi-tech ships for joint naval exercises with Venezuela scheduled for November.

The manoeuvres show a resurgent Russia flexing its military muscle at a time of diplomatic tension with the United States after the Georgia war and over Washington's plans for a missile defence shield hosted by several former Soviet states.

[Higher food prices hard to stomach](#)

Ballooning gasoline prices made their way through the food-supply chain, and now we're all paying more for less at the grocery store.

[Youths protest persistent power outages in Guinea](#)

It has been three months with no electricity in Bambeto and Cosa in Conakry, Guinea and hundreds of youths have demonstrated against the state-run Electricity of Guinea (EDG).

[Windfarms: One of the great deceptions of our time](#)

The total power generated by all the 2,300 turbines so far built in Britain, is less than that contributed by a single medium-size conventional power station.

[Wind-Power Politics](#)

For years, wind-farm projects had stalled in the face of local political opposition. Then an entrepreneur named Peter Mandelstam came up with a new and energizing approach.

[One green baby](#) - *Limiting your quota of offspring to one is the latest way to reduce your carbon footprint. But will it really help save the planet?*

In spite of the fact that this remains a Cinderella subject, an examination of online discussions reveals that interest in the topic is growing. Momentum is building in the

wake of the oil-powered juggernaut of climate change. Population is an issue for those concerned about it, not just because of rising CO2 levels, but because of a growing re-engagement with the idea of peak oil, recent food crises, and a renewed sense that the planet's resources are not infinite. Yet, for all that this argument is out there, discussed on many internet forums (mainly by men), it is incredibly hard to find anyone with the commitment to live by it. Many of the advocates of the idea were in their 50s or older and had already made their contribution to the next generation of world population.

[Energy Culture in Hasbro's 1980s Universe](#)

The energy crisis of the 1980s should probably be appropriately called the energy crisis of the 1970s. This crisis was the result of the members of the Organization of Arab Petroleum Exporting Countries, plus Egypt and Syria to stop providing oil to countries supporting Israel. Effects of this political action were rising energy costs, rationing of reserve and an attempt of many nations to limit their dependence on oil, or to look for alternative energy sources. On toymaker Hasbro, the direct result was the reduction of the size of its action figures. The G.I. Joe line of toys was introduced as a 3 3/4 inch action figure line, instead of a 12-inches line, in 1983.

[Big Three should get with the program](#)

Pity the poor industrial giant. The Big Three, made up of Ford, General Motors and Chrysler, have for years been building gas-guzzling vehicles amid myriad stories in the popular press about the increasing cost of finding and refining oil; upheavals like hurricanes, real or anticipated, on oil infrastructure; and disturbing scenarios of the world approaching peak oil levels that will see consumer pump prices mushroom.

The three continued to pump out big trucks, SUVs and cars. Why in the face of all these warning signs?

[Militant group in Niger Delta declares war on oil industry](#)

LAGOS (AFP) - The most prominent militant group in oil-rich southern Nigeria on Sunday said it had declared an "oil war" and threatened all international industry vessels that approach the region.

...The group warned all vessels to stay on the high seas and not to come into port.

"All international oil and gas loading vessels entering the region are warned to drop anchor in the high sea or divert elsewhere until further notice. Failure to comply is taking a foolhardy risk of attack and destruction of the vessel."

It also reiterated the warning it issued Saturday to oil companies telling them to evacuate their staff from field facilities.

"Again, we are asking that oil companies evacuate their staff from their field facilities

because the brief is not to capture hostages but to bring these structures to the ground," MEND said.

[Chevron confirms attack on Nigeria oil platform](#)

ABUJA (Reuters) - U.S. oil major Chevron confirmed one of its oil platforms in Nigeria was attacked by militants on Sunday, but production was already shut down due to previous pipeline problems, a company official said.

[Nigeria oil facilities unaffected by fighting - military](#)

ABUJA (Reuters) - No oil facilities in the Niger Delta have been affected by two days of fighting between security forces and militants, a Nigerian military spokesman said on Sunday.

"There was heavy casualties on the part of the militants," said Lieutenant Colonel Sagir Musa, spokesman for the military task force in Rivers state. "We are hopeful they will give up the fight very soon."

[Iran, Ecuador sign deal on energy, refinery plan](#)

TEHRAN (Reuters) - OPEC members Iran and Ecuador have signed an energy cooperation deal, an Iranian news agency said on Sunday, the latest in growing ties between Tehran and leftist South American governments that have annoyed Washington.

The memorandum of understanding included a plan to build a refinery and a petrochemical unit in Ecuador, in cooperation with both Iran and Venezuela, two of Washington's most outspoken opponents.

[DOE talking with IEA in case emergency oil needed](#)

WASHINGTON (Reuters) - The U.S. Energy Department said on Saturday it was providing information to the International Energy Agency on the disruption in U.S. oil production and fuel supplies caused by hurricanes Ike and Gustav in case a drawdown in emergency petroleum stocks was needed.

"We have been producing analysis for the IEA that demonstrates the lost amount of production," Kevin Kolevar, assistant secretary for electricity delivery and energy reliability, told reporters at a Federal Emergency Management Agency briefing.

[Two US Gulf refineries tap emergency oil stocks-DOE](#)

HOUSTON (Reuters) - The U.S. Energy Department will send 309,000 barrels of crude oil from the nation's emergency stockpile to two Gulf coast refineries that are running short of supply due to hurricanes Gustav and Ike, the department said on Sunday.

[Far from Ike's path, an aftershock is felt: \\$5 gas](#)

HOUSTON - From Florida to Tennessee, and all the way up to Connecticut, people far from Hurricane Ike's destruction nonetheless felt one of its tell-tale aftershocks: gasoline prices that surged overnight — to nearly \$5 a gallon in some places.

Fears of supply shortages, and actual fuel-production disruptions, resulting from Ike's lashing of vital energy infrastructure led to pump price disparities of as much as \$1 a gallon in some states, and even on some blocks.

[Italy seeks last-minute deal to save Alitalia](#)

ROME (Reuters) - The Italian government scrabbled to save Alitalia from collapse on Sunday, less than 24 hours before the airline has said it might start cancelling flights as it cannot secure fuel supplies.

[CIA's Overthrow of Iran in 53 Reaps Bitter Harvest](#)

In his new book, "An Enemy of The People"(Doukathsan), Lawrence Velvel, dean of the Massachusetts School of Law at Andover, notes that after Kermit Roosevelt, (grandson of President Theodore), then head of Mideast Operations for the CIA, created a state of anarchy that toppled the legitimate government, the U.S. oil companies cashed in.

"Our oil companies---Gulf, Standard of New Jersey, Texaco and Mobil---received a 40 percent share of the new National Iranian Oil Company, and the shah established a tyrannical dictatorship, with the dreaded Savak doing dirty work for him," Velvel writes. "So our misconduct of yesterday contributed greatly to, (and) probably caused, the terrible situation in the Middle East we find ourselves in today."

[US turns up the heat in biofuels dispute](#)

A transatlantic trade dispute over biofuels has escalated, with the US biodiesel industry accusing European companies of hypocrisy for protesting against subsidised fuel that they are themselves importing.

[Higher food prices could benefit global warming, U.S. waistlines](#)

But what if Americans respond to inflation by eating less?

Some environmentalists and experts in nutrition consider that a good idea.

[Sydney suffers and the winner is...Melbourne](#)

THE outlook is bleak. Melbourne, not Sydney, is Australia's city of the future.

A world study evaluated cities on their efforts to improve sustainability including public transport, local economy, environment, health, education, recreation and living standards. Melbourne rated sixth on the top 10 list of sustainable cities and Sydney was nowhere to be seen.

[Phase out coal and burn trees instead, urges leading scientist](#)

Humanity must urgently embark on a massive programme to power civilisation from wood to stave off catastrophic climate change, one of the world's top scientists has told *The Independent on Sunday*.

Twenty years ago, Professor James Hansen was the first leading scientist to announce that global warming was taking place. Now he has issued a warning that a back-to-the-future return to one of the oldest fuels is imperative because the world has exceeded the danger level for carbon dioxide in the atmosphere.

[Melting permafrost may hasten global warming](#)

TWICE as much carbon is locked away in the frozen soils of the earth's permafrost regions as had been thought, raising the concern that global warming will accelerate faster than expected once the soils start to thaw.

A three-year study by an international team of researchers including Pep Canadell of the CSIRO produced the new estimate, based on cores up to three metres deep taken from permafrost regions, particularly across Russia.

Dr Canadell said temperatures near the poles were predicted to rise by as much as 8 degrees by the end of the century. "The world could experience a major melt of large tracts of permafrost in Canada, Russia, Alaska, Norway, Sweden, Finland and Greenland."



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