



DrumBeat: November 11, 2008

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[World needs four new Saudi Arabias, warns IEA](#)

Fresh sources of oil equivalent to the output of four Saudi Arabias will have to be found simply to maintain present levels of supply by 2030, one of the world's leading energy experts has said.

Fatih Birol, chief economist of the International Energy Agency (IEA), the developed world's energy watchdog, told The Times that the depletion of existing oilfields meant that vast new investments would be required to satisfy the demand for oil.

Global oil production stands at about 85million barrels per day. Saudi Arabia is the world's largest producer: it pumped an estimated 9.4million barrels per day during October.

Dr Birol's warning of a looming supply crunch emerged before the publication today of the IEA's 2008 World Energy Outlook, which for the first time includes details of a comprehensive study of depletion rates in the world's largest oilfields.

[Oil Falls to 19-Month Low, Gasoline Tumbles, on Demand Outlook](#)

(Bloomberg) -- Crude oil fell below \$59 a barrel in New York for the first time since March 2007, and gasoline tumbled, on speculation the International Energy Agency will cut its 2009 oil-demand forecast because of slowing economic growth.

[Beaufort Sea project 'promising': Researcher](#)

The federal scientist heading Canada's bid to claim thousands of square kilometres of Arctic Ocean seabed under a UN convention says a joint U. S-Canada mapping mission to the Beaufort Sea this fall yielded "very promising" results that could vastly extend this country's territory in one of the polar region's richest target zones for offshore oil and gas.

"The quality of the data is astonishing," Halifax-based geoscientist Jacob Verhoef told Canwest News Service. "We haven't analyzed it all, but what we found is that the entire Beaufort Sea - all the way up to the north - is covered with significant amounts of

sediments, which makes our case look very promising."

[Tax Overhaul Could Help Oil Producers](#)

A proposed overhaul of the way oil companies are taxed, including more frequent calculations of export duties and a possible replacement of the mineral extraction tax, would help meet calls for assistance from producers.

But any changes would also have to take into account an increasingly difficult balancing act of supporting oil companies and making sure the federal budget is not curtailed by the incentives.

[The Global Response to a Terror-Generated Energy Crisis](#)

The Heritage team simulated the effects on world oil supplies, demand, and prices after a major terrorist attack on oil exports from Saudi Arabia and resulting disruption of oil shipping lanes between the Middle East and major Asian economies. Analysts at The Heritage Foundation's Kathryn and Shelby Cullom Davis Institute for International Studies developed the crisis scenario, while analysts in Heritage's Center for Data Analysis (CDA) measured the effects of these disruptions on the U.S. economy and found:

- The price of petroleum in the U.S. spiked very quickly from the price of \$127 per barrel on the day of the game to a high of \$244 per barrel just days later.
- This price increase caused a rapid slowing of the U.S. economy, seen in a drop in employment of approximately 1.5 million jobs in the first year and an average drop in inflation-adjusted gross domestic product (GDP) in the first year of \$119 billion.

[Study: EIA annual natural gas outlook needs revising](#)

HOUSTON -- The US Energy Information Administration has largely underestimated near-term US natural gas production in its Annual Energy Outlook, released early this year, according to a study by FACTS Global Energy, Singapore, released earlier this month.

EIA's own data in its October 2008 Short-Term Energy Outlook documented the annual forecast's gap. Actual production for 2007 grew by 4.3%, rather than the originally forecast 2.7%.

[Russia to supply 55 bln cu m of gas to Ukraine in 2009 - Gazprom](#)

MOSCOW, November 11 (RIA Novosti) - Russia will supply at least 55 billion cubic meters of natural gas to Ukraine in 2009, energy giant Gazprom said on Tuesday.

Oleh Dubina, head of the Ukrainian national oil and gas company Naftogaz, and Gazprom CEO Alexei Miller held talks on Tuesday in Moscow on natural gas supplies to Ukraine and the conclusion of a long-term gas supply contract until 2019.

[Lower Oil Prices Enlarge List of Big Oil's Possible Targets](#)

As crude-oil prices fall further, the list of beleaguered oil and natural gas companies vulnerable to takeover grows.

The economic downturn and the drastic drop in oil prices, which have fallen from all-time highs above \$145 to about \$60 a barrel recently, have caused share prices of most energy companies to plunge and forced many to cut capital spending to preserve liquidity.

[Canada: Diesel flowing again, but truckers still fuming](#)

Diesel is starting to flow again at truck stops in Western Canada, but truckers are hoping the federal government can prevent another diesel shortage by regulating when refineries can shut down for maintenance.

[An opportunity in energy policy — a letter to the President-elect](#)

We believe that no other challenge we currently face will be adequately addressed unless we are successful in tackling our energy challenges. Based on recognition of the fundamental change that has taken place in global energy markets, critical elements of a new approach to energy policy are set out below.

[GM's Skid Quickens as Crunch Raises Bankruptcy Threat](#)

(Bloomberg) -- General Motors Corp., burning cash as U.S. sales slide, is being pushed closer to bankruptcy as it waits to learn whether the auto industry will win a new round of government loans.

Only federal aid can prevent a collapse of the biggest U.S. automaker, analysts including Buckingham Research Group's Joseph Amatore said before the shares tumbled today for a fifth straight day. Reorganizing in court protection also may not be possible, because the credit crunch has dried up financing.

[Mexico keen to test biofuels](#)

Mexico's ambitious plans to have biofuels one day meet a tenth of its gasoline demand are threatened by heavy regulations in the fuel and farm sectors, government and industry officials said Monday.

Government gasoline subsidies reduce the attractiveness of biofuels, especially as no subsidies are offered to biofuels producers or users, ethanol backers said.

[Farmers should cash in on rising biofuel demand](#)

Just a couple of generations from now there will be a petrol or diesel allowance of just one litre/adult/ week. That's the grim forecast -- given here at the weekend -- from a world biofuel expert.

He told people at a conference in Dublin that by 2050 the one-litre-per-adult rule will apply. Frightening stuff.

[Seeing Our Future In The American Car](#)

For better or worse, this country is never going to abandon cars on a mass scale in favor of public transportation. A massive investment in public transportation would be welcome, and it may happen. But the car as the dominant form of transportation is here to stay in American life -- and here to stay for some time to come. The American cars of the past, however, will not be a part of our future. Heavy, large cars run by gasoline powered combustion engines will go the way of the Dodo. In 50 years, there will be SUVs in museums, but not on the roads.

[Amtrak routes hit record ridership in 2008](#)

With gasoline prices spiking in mid-summer, ridership on the Amtrak San Joaquins and other California intercity trains hit a record in the year ending Sept. 30, Caltrans officials announced Monday.

A total of 949,611 passengers rode the San Joaquins last year. Ridership in July was 32% higher than the same month in 2007. The route from Bakersfield to Oakland and Sacramento is the sixth-busiest Amtrak line nationwide.

[Saudi output dominance to continue, analyst says](#)

LOS ANGELES -- Saudi Arabia will account for 20.93% of Middle Eastern regional oil demand by 2012 while providing a dominant 40.71% of supply, according to a recent

analyst report.

BMI's Saudi Arabia Oil & Gas Report also said that regional oil use, which stood at 8.24 million b/d in 2001 and rose to 10.61 million b/d in 2007, should average 10.86 million b/d in 2008 and rise to some 11.81 million b/d by 2012.

[Gulf states throttle back on oil and step on gas](#)

Gulf states are easing back on oil projects but pushing forward on gas as domestic demand upstages crude exports as the focus for energy investment.

While oil export projects continue to fall victim to the global economic slowdown and subsequent weakening demand forecasts, the need for natural gas is surging due to rising populations and industrialisation.

[Oil-Sands Spending to Fall 20% on Shell, Suncor, Encana Delays](#)

(Bloomberg) -- Energy companies are cutting back development of Canadian oil sands, the world's biggest energy reserves outside Saudi Arabia, as crude prices plunge and processing costs become prohibitive.

[Daniel Yergin: What lower oil prices mean for the world](#)

Oil prices are a barometer of the world economy. Rising prices between 2003 and 2007 reflected the best global economic growth in a generation. This high economic growth was brought to an end not only by underpricing of risk, excess liquidity and over-confidence but also by an increasingly unsustainable commodity boom - of which oil was a crucial part. Now, as the world has dropped into recession, oil prices have fallen by more than half.

[Still a long way to go in travel debate](#)

Locavores, those who aim to eat locally grown food, may be doing more harm than good to the environment.

[The end of the Holocene?](#)

We've spent a nice 10,000 years enjoying quite a cozy epoch, one that has nurtured human evolution and provided us with large habitable regions in which to develop our bustling civilizations. The degree of climate change we are facing, however, could push us into an entirely foreign set of climate conditions quite soon, a new paper concludes.

The crux of the paper, which is based on research on ice cores and other paleoclimate records, is that the Earth's climate system hasn't responded fully yet to the rapid increase in greenhouse gases in the atmosphere, and that much more warming is in the pipeline for the damage already done. In other words, the changes could be so dramatic that the Earth will likely leave the climate of the Holocene era soon.

[IEA to Cut Oil Demand Forecast, Ex-Staff Analysts Say](#)

(Bloomberg) -- The International Energy Agency may cut its 2009 oil demand forecast for a third month as the threat of the worst recession since World War II saps fuel consumption, former IEA analysts said.

The Paris-based adviser to 28 oil consuming nations will reduce the estimated growth in global demand from 700,000 barrels a day, or 0.8 percent, in its next monthly report on Nov. 13, said four analysts who used to work at the IEA and are now at banks. The International Monetary Fund last week warned of the first simultaneous recession in the U.S., Japan and Europe in more than 60 years.

``Given the downward revisions to the IMF data, it is highly likely they will revise demand down," said Lawrence Eagles, global head of commodities research at JPMorgan Chase & Co. in New York, who expects demand to shrink 0.4 percent, or 320,000 barrels a day in 2009. ``Anything above zero demand growth now is an optimistic forecast." Eagles joined JPMorgan in September after five years as editor of the IEA's monthly report.

[Oil falls to \\$60 as China spending optimism wanes](#)

Oil prices fell to near an 18-month low of \$60 a barrel Tuesday as hopes waned that a huge Chinese spending plan will do much to avert a prolonged slowdown in the global economy.

[China's Oct crude exports slump 48% from Sep to 300,000 mt](#)

Hong Kong (Platts) - China's monthly crude oil imports rebounded in October after posting a decline September, while monthly oil products imports shrank for the third month in a row, preliminary trade figures released Tuesday by the country's General Administration of Customs showed.

The country imported 16.16 million mt (3.96 million b/d) of crude last month, 7.5% more than September's 15.03 million mt (3.68 million b/d).

The October volume was 28.2% higher than a year earlier, when the country bought 12.61 million mt (3.1 million b/d) of foreign crude.

[Reliance Refinery, Gas Projects May Be Delayed, Times Reports](#)

(Bloomberg) -- Reliance Industries Ltd. may be forced to miss its deadlines for starting production at its new oil refinery in western India and a gas field off the country's eastern coast, the Economic Times reported, citing unnamed company officials familiar with the plans.

[Iraq government approves \\$67b budget for 2009](#)

Baghdad: The Iraqi government on Tuesday approved a \$67 billion budget for 2009 after revising its spending plans downward as a result of falling oil prices.

Government spokesman Ali Al Dabbagh said the budget would be sent to parliament for ratification.

[Gathafi pledges petrodollars for the people](#)

TRIPOLI - Libyan leader Moamer Gathafi said he is determined to scrap ministries and ensure oil revenues go directly into people's pockets, the JANA state news agency reported on Tuesday.

"The decision to distribute oil revenues, their sole source of wealth, directly to the people is not negotiable," Gathafi said in a meeting on Monday with Prime Minister Baghdadi Mahmudi.

[Nigeria militants threaten new "oil war" if attacked](#)

ABUJA (Reuters) - Nigeria's most prominent militant group threatened on Monday to renew attacks on the oil sector if soldiers stormed its hideouts, but a military spokesman denied such plans.

The Movement for the Emancipation of the Niger Delta (MEND) said it believed the military was planning to launch an assault on two of its camps in Delta and Bayelsa states in southern Nigeria.

[Russia-Qatar-Iran gas talks Wed to focus on South Pars: Gazprom](#)

Moscow (Platts) - Russia, Qatar and Iran plan to discuss the implementation of the South Pars project at a second round of talks in the Qatari capital Doha on Wednesday, Gazprom said in a statement Tuesday.

"As part of the ongoing discussions between Russia, Qatar and Iran on expanding cooperation, Gazprom representatives will on Wednesday participate in a meeting of a technical committee that will discuss details of the implementation of the joint South Pars project," Gazprom said.

[Seventies book predicted our future](#)

Based on then ground-breaking modelling, the forecasts of global ecological and economic collapse by mid-century contained in the controversial 1972 book; *The Limits to Growth*, are still 'on-track' according to new CSIRO research.

...In a paper published in the international journal; *Global Environmental Change*, CSIRO physicist Dr Graham Turner compares forecasts from the book with global data from the past 30 years.

"The real-world data basically supports *The Limits to Growth* model," he says. "It shows that for the first 30 years of the model, the world has been tracking along the unsustainable trajectory of the book's business-as-usual scenario."

[Bill McKibben: Reversal of Fortune](#)

The formula for human well-being used to be simple: Make money, get happy. So why is the old axiom suddenly turning on us?

[Warming to nuclear](#)

GIVEN THE LONG-TERM BENEFITS it's remarkable that nuclear power still needs to be championed. But that's exactly what Bertrand Barré has been doing.

A veteran of the nuclear energy industry, Barré – who is also chairman of the International Nuclear Societies Council (INSC) and a consultant to French nuclear group Areva – acknowledges the nuclear industry's roots in devastating weaponry is still a perception burden. "It's unfortunate, but that's history," says Barré.

[The Renewable Energy Revolution Can Become Reality More Quickly and Cheaply than People Realize](#)

A new study by the Energy Watch Group provides convincing evidence that even moderate investments are enough to extend the use of renewable energies. There is no need to construct new nuclear-power facilities to meet demand.

[EU To Launch Plan For Caspian Gas, Wind Power](#)

BRUSSELS - Europe should erect more wind turbines, keep a closer watch on oil stocks and improve access to Caspian gas, Europe's energy chief will say this week.

The 27-nation bloc is seeking to reduce its reliance on Russian gas after pricing disputes between Russia and transit states disrupted supplies in recent years and Russia's invasion of Georgia in August stoked tensions.

[China Solar Companies Reportedly Slowing Production](#)

The China-based solar cell and module manufacturers are slowing down production in anticipation of slowing demand and falling prices, according to Wedge MKI, the Asia-based research arm of investment research boutique Wedge Partners.

[Utilities to test solar power at traditional plants](#)

LOS ANGELES (Reuters) - A U.S. utility group announced on Monday a plan to test adding solar thermal energy to natural gas and coal-fired power plants in a move designed to cut fuel costs and greenhouse gas emissions.

[EPA Must Propose a Science-Based Fuel Rule](#)

The Environmental Protection Agency must accurately account for global warming emissions from biofuels when implementing the new renewable fuel standard, leading environmental and science groups said in a letter they sent today to EPA Administrator Stephen Johnson.

[Recession Will Allow Lower Carbon Caps, Investor Says](#)

(Bloomberg) -- The prospect of a global recession will allow governments to set lower emission targets, an investor in carbon credits said.

[UN climate chief seeks Obama input in December talks](#)

The UN climate chief said Wednesday he was "very encouraged" by Barack Obama's stance on global warming, and said he hoped the US president-elect would join in key talks in December before taking office.

"It is impossible to advance on this important topic without the full engagement of the United States," Yvo de Boer, Executive Secretary of the UN Framework Convention on Climate Change, told AFP by phone.

[Government nixes forest experiments; scientists upset](#)

DURHAM, N.C. — For more than a decade, the federal government has spent millions of dollars pumping elevated levels of carbon dioxide into small groups of trees to test how forests will respond to global warming in the next 50 years.

Some scientists believe they are on the cusp of receiving key results from the time-consuming experiments.

The U.S. Department of Energy, however, which is funding the project, has told the scientists to chop down the trees, collect the data and move on to new research. That plan has upset some researchers who have spent years trying to understand how forests may help stave off global warming, and who want to keep the project going for at least a couple of more years.

[Southern Ocean close to acid tipping point](#)

Australian researchers have discovered that the tipping point for ocean acidification caused by human-induced CO₂ emissions is much closer than first thought.



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