



DrumBeat: November 22, 2008

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Topic: [Miscellaneous](#)

[The Oil Industry's Future](#)

HOUSTON, Texas (AP) -- Big Oil is set to spend billions on new exploration in 2009, but in addition to ocean beds thousands of feet below the water's surface, major producers are surveying the balance sheets of vulnerable companies in the sector.

Major oil companies are sitting on enormous piles of cash after posting record profits in recent quarters, while crumbling stock and crude prices have made many smaller oil and gas companies potential targets.

The disparity in the energy sector comes as Exxon Mobil Corp., BP PLC and other oil giants find it increasingly difficult to secure new sources of fossil fuels the old-fashioned way -- exploring and drilling for them.

[The Medvedev Doctrine](#)

He wants to build a new security bloc and a gas cartel, and transform Moscow into a financial hub.

[China's Impact on Oil Market](#)

The future of oil market lies in the hands of China. If its economy does not register another year of growth in oil demand, global oil consumption will decline next year.

China's clout in the international markets is immense, but the way it reacts to market signals is different from the way industrialized countries do. It still has many characteristics of a centralized economic system and its moves are unpredictable.

[Minister: Gasoline rationing saves 20 million litre daily in Iran](#)

TEHRAN (Xinhua) -- Iran's Oil Minister Gholam-Hossein Nozari said on Saturday that gasoline rationing scheme has helped the country to curb the consumption as much as

20 million liters a day, Iran's Energy and Oil Information Network (SHANA) reported.

[Aramco Reviewing \\$9 Billion Manifa Project](#)

MILAN - Saudi Arabian oil company Aramco is reviewing its \$9 billion Manifa oil field project and Saipem SpA, a major contractor, has been told not to take on any more commitments for it, the Italian company said on Friday.

The review involving the 900,000-barrels-a-day offshore project is another sign Saudi Aramco, by far the world's biggest oil company by output, wants to renegotiate contracts it signed at the height of the commodities price boom.

[Surprise Drop in Power Use Delivers Jolt to Utilities](#)

An unexpected drop in U.S. electricity consumption has utility companies worried that the trend isn't a byproduct of the economic downturn, and could reflect a permanent shift in consumption that will require sweeping change in their industry.

Numbers are trickling in from several large utilities that show shrinking power use by households and businesses in pockets across the country. Utilities have long counted on sales growth of 1% to 2% annually in the U.S., and they created complex operating and expansion plans to meet the needs of a growing population.

[Mexican oil production down nearly 10 percent](#)

MEXICO CITY (AP) — America's third-largest oil supplier has exported 17 percent less crude this year.

Mexico's state-owned Petroleos Mexicanos company says daily production through October averaged 2.8 million barrels, down nearly 10 percent from the same period last year.

Pemex says production has dropped by a third this year at Mexico's main Cantarell oil field.

[Oil Could Hit \\$35/Bbl Without Major OPEC Cuts](#)

Oil prices are likely to sink as low as \$35 a barrel without a massive production cut from the Organization of Petroleum Exporting Countries, Lawrence Eagles, head of commodities research at JPMorgan Chase & Co., said Friday.

OPEC needs to cut 3 million barrels a day to compensate for the bleak global economic

outlook, which is expected to result next year in the first contraction to oil demand since the early 1980s. The group agreed in October to reduce output by 1.5 million barrels a day, but OPEC is unlikely to successfully make further cuts quickly enough to prevent further declines in oil prices, Eagles said in a conference call.

[From the Kremlin to Caracas, how oil collapse changes everything](#)

As the price of a barrel falls to below \$50 for the first time in years - to a third of its value just a few months ago - petrol will be cheaper but the shockwaves mean crisis for oil-producing nations and further instability for a battered global economy.

[Sinai low on fuel because of Gaza smuggling: Egypt](#)

EL-ARISH (AFP) - Egypt's northern Sinai is running low on fuel supplies because of the amount of smuggling across the border to the Israeli-blockaded Gaza Strip, Egyptian officials said on Saturday.

"Smuggling to Gaza through tunnels has led to a drastic reduction in fuel supplies at petrol stations" in the northern Sinai, said Mohammed Hussein, a senior official of the Sinai governorate.

[Eni CEO says oil prices could fall more - report](#)

MILAN (Reuters) - Oil prices could fall further, Italian oil company Eni SpA's chief executive officer, Paolo Scaroni, was quoted as saying on Saturday.

[Saudi shares close near five-year low](#)

The stock market in Saudi Arabia shed more than nine per cent of its value on Saturday and closed at its lowest level in almost five years after crude oil prices closed below 50 dollars on Friday.

[Ex-oil exec says nation needs energy board](#)

A former oil industry executive said Friday that an independent body comparable to the Federal Reserve Board should be created to set and guide national energy policy.

John Hofmeister, who stepped down as president of Shell Oil earlier this year to head Citizens for Affordable Energy, a nonprofit advocacy group, called for a Federal Energy Resources Board to determine the future "strategy of the land" on oil and gas exploration, production and distribution and on the development of alternative energy

sources and technologies.

[Challenges To Environmentally Responsible Energy Use In Today's Society](#)

Now we are rushing to escape the energy culture as we know it, in order to remake it as we don't know it. The irony is that a marginal amount of planning – continual improvement in mileage standards, closing of the loophole in those standards that exempted light trucks, steady federal investment in renewable energy – might have alleviated the energy and climate crunch facing us today.

“We could be using half the energy that we're using,” says political scientist and energy policy expert Mark Bernstein, managing director of the new USC Energy Institute.

[Report says pandemic will threaten coal, power supplies](#)

A new report from the University of Minnesota warns that an influenza pandemic could disrupt the coal industry, thereby endangering the nation's significantly coal-dependent electric power system and everything that depends on it.

[Wind farm ruling stirs mixed reaction, jubilation and disappointment](#) (Washington)

The unanimous decision by the state's highest court that upheld the governor's approval of the Kittitas Valley Wind Power Project has stirred both disappointment and jubilation, depending on how one views the role of state and local government.

[China's crops at risk from massive erosion](#)

BEIJING (Reuters) - Over a third of China's land is being scoured by serious erosion that is putting its crops and water supply a risk, a three-year nationwide survey has found.

Soil is being washed and blown away not only in remote rural areas, but near mines, factories and even in cities, the official Xinhua agency cited the country's bio-environment security research team saying.

[Plugging the supply gap](#)

The Middle East is facing one of the most serious water problems in the world, with the level of available renewable water in the region just one fifth of what the rest of the world enjoys on a per capita basis.

Demographics are a major concern, given that the population of the region is growing 55% more quickly than the global average, and it is estimated that by 2011, water needs will be double current levels. Despite this, Saudi Arabia is expected to require investment of more than US \$600 billion over the next 15 years to service the 45% increase in population that is expected to happen by 2020.

[Food crisis leading to an unsustainable land grab](#)

The world map is being redrawn. Over the past six months, China, South Korea, Japan, Saudi Arabia, Kuwait and other nations have been buying and leasing huge quantities of foreign land for the production of food or biofuels for domestic consumption. It's a modern day version of the 19th-century scramble for Africa.

[Burning desire](#)

A buying frenzy has descended on the wood pellet business as Ontario and Quebec homeowners, frightened by a serious shortage in the low-cost heating alternative, snap up every bag in sight.

[The Science of the Future of War](#)

Our global population from just one billion people in 1800 to six billion in 2000. We live in a globalized world now, and worldwide population is expected to increase to over eight billion by 2030. The evidence of that increase is now all around us, in our polluted environment, our warming climate, our disappearing rainforests, and our increasingly degraded farmland: We are, as a species, in the process of proving Malthus's proposition that population will always outstrip resources.

Has the age of rapid resource expansion really come to an end? Human ingenuity continues as unchecked as our population growth, and we will no doubt find ways to squeeze more food, water, and energy out of the existing supplies. But there are natural limits on how far efficiency and invention can take us. Thomas Homer-Dixon, Director of Peace and conflict Studies at the University of Toronto, and Ambassador Richard Benedick, who was the chief U.S. negotiator for the 1987 Montreal Protocol on atmospheric ozone levels, argue that resource wars will become increasingly common in many parts of the world in the twenty-first century. Water, for example, is becoming a key constraint on development and quality of life in many places. Thanks to dwindling supplies and burgeoning populations, the Middle East and much of North Africa now have one-third as much water per capita as in 1960. Israel has already exploited 95 percent of the available water supply in the country, and uses it efficiently; there is no new supply to tap. In the Gaza Strip, seawater is contaminating groundwater supplies as fresh water is pumped out to supply the growing population.

[Obama outlines job-creation plan](#)

(CNN) -- President-elect Barack Obama on Saturday offered an outline of his economic recovery plan and jobs were the top priority.

American workers will rebuild the nation's roads and bridges, modernize its schools and create more sources of alternative energy, creating 2.5 million jobs by 2011, Obama said in the weekly Democratic address, posted on his Web site.

[GM weighs bankruptcy option: report](#)

WASHINGTON -- The board of directors of embattled U.S. automaker General Motors Corp is considering "all options" including bankruptcy, according to a report on the Wall Street Journal's website late on Friday.

The paper, citing people familiar with the board's thinking, said the stance puts it in conflict with chief executive Rick Wagoner, who told lawmakers this week bankruptcy is not a viable alternative for the company.

[Somali pirates vow to resist any rescue efforts](#)

Somali pirates holding a huge oil-laden Saudi tanker on Saturday vowed to fight back should any assault be attempted to free the ship and urged its owners to pay up a 25 million dollars ransom.

As world powers rushed naval forces to Somalia's dangerous waters amid growing concerns of major disruptions in international trade, the pirates consolidated their land base with more men and weapons.

[Even the good news is bad](#)

I understand if some readers are confused at this point. If soaring commodity prices spelled doom for civilization last spring, isn't it good that commodity prices are falling now?

If you think so, you clearly do not have what it takes to make it in the news business.

[Carbon dioxide levels already a danger](#)

LONDON, England (CNN) -- A team of international scientists led by Dr James Hansen, director of NASA's Goddard Institute for Space Studies, say that carbon dioxide (CO₂)

levels are already in the danger zone.

Concentrations of CO₂ in the atmosphere currently stand at 385 parts per million (ppm) and are rising at a rate of two ppm per year. This is enough, say the scientists, to encourage dangerous changes to the Earth's climate.

[Report: Climate protests rising](#)

The Worldwatch Institute reports that climate protests are escalating worldwide, as more and more people join movements to block the construction of coal-fired power plants and pressure their governments to mandate greenhouse-gas-emission caps.

[Russia threatens to cut off gas to Ukraine: report](#)

MOSCOW (AFP) – Russia's Gazprom will cut off gas deliveries to Ukraine on January 1 unless a new contract is signed, a company spokesman said on Saturday, making a threat that could affect deliveries to Europe.

"We would like to avoid such a scenario, we would like to agree on everything before New Year's, but as you understand, we cannot deliver gas without a contract," spokesman Sergei Kupriyanov was quoted as saying by Interfax news agency.

[Turkish pipeline ablaze following attack](#)

A section of the Kirkuk-Ceyhan oil pipeline linking Iraq and Turkey was still ablaze on Saturday after an apparent Kurdish guerrilla bomb attack but the fire was under control, a Turkish energy ministry source told newswire Reuters.

Oil exports from Iraq remained halted after the blast in southeast Turkey on Friday evening and the source said the timing of the pipeline's repairs and reopening would only become clear once the fire had been extinguished.

[What will President-Elect Obama's energy plan mean for Houston?](#)

"At the rate we're going, we're planting the seeds for the mother of all energy crises," energy expert Matt Simmons said.

Simmons believes we've already reached our peak energy production.

"Workers of Houston ought to be worried about – will the Obama administration grasp the urgency to get prices higher than they are today?" Simmons said.

[Greece: Pirates release tanker, crew safe](#)

ATHENS, Greece – Somali pirates have released a Greek-owned tanker that was hijacked in September, a Greek government spokesman said Saturday.

The tanker MV Genius was released Friday with its cargo of refined oil intact and the crew of 19 safe, Merchant Marine Ministry spokesman Constantine Gialelis said. He said the ship's owners would not provide any information, including whether ransom was paid.

[French May Aid Cameroon In Securing Oil-Rich Bakassi - Report](#)

YAOUNDE, Cameroon -(Dow Jones)- Senior French military Brigadier General Claude Reglat, based in neighboring Gabon, has discussed the possibility of his country's troops assisting Cameroon to ensure security in the oil-rich Bakassi peninsula, which has met with incessant pirate attacks in recent months, state-run Cameroon Radio Television, or CRTV, reported Saturday.

[ConocoPhillips delays Louisville site by a year](#)

ConocoPhillips is pushing back the opening of a training facility and research center in Louisville to 2012 or 2013, a move that a company official Thursday attributed in part to the economic downturn.

[Pakistani retail outlets seek 5% commission on fuel](#)

KARACHI -- Pakistan Petroleum Dealers Association Chairman Abdul Sami Khan has urged the government to raise the commission received by retail outlet owners to 5% of the consumer price. Otherwise retail outlets in the country will have to close, he said.

Saying outlets would no longer buy gasoline from oil marketing companies unless they are allowed the higher commission, he added, "We will not be responsible for any shortage of petroleum products due to closure of [retail outlets]."

[Officials curbed in oil-sex scandal](#)

Washington -- The Interior Department has taken disciplinary action against more than a half-dozen workers who accepted lavish gifts, partied and in some cases had sex with employees from the energy companies they regulated.

[UAE growth rate to drop to 4% due to global financial crisis](#)

ABU DHABI (Xinhua) -- The economic growth rate of the oil-rich United Arab Emirates (UAE) is forecast to drop to four percent in 2008 from last year's 7.4 percent due to the impact of the global financial crisis, local newspaper The National reported on Saturday.

[Medicine Bow coal-to-liquids plan still on](#)

Despite the economic downturn, plans are still moving forward for a coal-to-liquids plant in Carbon County under development by Medicine Bow Fuel & Power LLC, a subsidiary of DKRW Advanced Fuels LLC.

"At the time we decided to move forward on this, oil was half of what it is today," DKRW chief executive Jon Doyle told a state legislative committee in Casper on Wednesday. "The issue today is not, 'Is there money?' It's the confidence of banks about where do they put that money?"

[The wonder of Wanda Jablonski, the woman who broke the stranglehold of oil's Seven Sisters](#)

Where's our Wanda? In a world that fears peak oil, climate change, blackmail by energy czars and volatile prices, it is hard to get a clear view of the choices we face.

We lack an authoritative and dispassionate guide. We lack, in short, the 21st-century successor to Wanda Jablonski, a petite but steely oil journalist who for 40 years spoke on equal terms with shahs, sheikhs and oil barons. But however close her relationships with some of the world's most powerful men, her real achievements were to enlighten her readership and to advance the debate.

[How Arctic melting could benefit shippers, oil companies](#)

WASHINGTON — With global warming melting the Arctic's eons-old ice at an alarming rate, shipping and oil companies are looking ahead at how to exploit the new open waters.

[Hollywood and climate change experts ponder global warming](#)

LOS ANGELES (AP) - Hollywood insiders and climate change experts agree that they can't shove messages about global warming down audiences' throats.

They met at the Skirball Cultural Center on Tuesday to discuss how storytelling in film and TV can translate broad issues about climate change to everyday audiences.

"The storytelling has to trump everything," said "West Wing" actor Bradley Whitford.

[New Senate to get major global warming bill](#)

WASHINGTON (AFP) – The US Senate will take up two sweeping global warming bills in January, in the latest sign that Barack Obama's election could quickly reverse years of US footdragging on climate change.

Democratic Senators, openly gleeful that years of fierce struggles against George W. Bush's Republican administration on the issue were drawing to a close, proclaimed the United States would undergo a "sea change" in environmental policy.

[Is Obama's Energy Plan Enough? No, Many Environmentalists Say](#)

As ambitious as Obama's campaign promises were — at least compared to his predecessor's — the future state of global energy will demand government policies with a much longer reach, according to alternative-energy leaders. The International Energy Agency's (IEA) annual World Energy Outlook, released Nov. 12, projects that global energy demand will increase by 45% between 2006 and 2030 — and that \$26 trillion in power-supply investments will be necessary simply to meet those needs. Barring radical changes in our energy policy — beyond what Obama has pledged — greenhouse gas emissions will rise 45% by 2030, and extreme global warming would be virtually unavoidable.



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