



DrumBeat: January 7, 2009

Posted by [Leanan](#) on January 7, 2009 - 9:57am

Topic: [Miscellaneous](#)

[Shell seeks Colo. water for oil shale production](#)

Shell Oil has filed for the first major water right on the Yampa River in northwest Colorado for its oil shale development plans.

Shell applied Dec. 30 in state Water Court to use about 8 percent of the Yampa's peak spring flow.

Shell spokesman Tracy Boyd says the water would be shipped to a reservoir for later use in oil shale production.

Critics say extracting oil from shale will use too much of the West's scarce water. Some estimates say it could take up to three barrels of water to produce a single barrel of oil.

[Oil tumbles more than \\$4](#)

NEW YORK (CNNMoney.com) -- Oil shed more than \$4 a barrel Wednesday after a government report showed much larger than expected increases in crude and gasoline stockpiles, a sign that demand has fallen significantly.

Crude for February delivery fell \$4.72 to \$43.86 a barrel in electronic trading.

The government said crude stockpiles rose by 6.7 million barrels for the week ended Jan. 2.

Experts had expected a rise of 1.5 million barrels, according to according to a poll by research firm Platts.

[Mexico to Freeze Gasoline Prices, Boost Jobs Spending](#)

(Bloomberg) -- Mexico will freeze the price of gasoline for the rest of 2009, cut electricity rates for some industries and expand unemployment benefits as part of a financial stimulus to help the nation weather an economic slump.

The government and industries will increase spending on infrastructure such as roads,

airports and sea ports to 570 billion pesos (\$42.4 billion) this year, President Felipe Calderon said today in Mexico City. The price of heating gas will be cut by 10 percent and frozen for the rest of the year.

[Petrobras Cuts Bolivia Gas Imports as Rains Fill Dams](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, cut its purchases of Bolivian natural gas after Brazil's power-grid operator banned thermal-power generation in the southeast of the country.

Petrobras, as the company is known, is maintaining imports at levels that allow it to avoid paying for more gas than it needs under its contract with Bolivia, the Rio de Janeiro-based company's press office said today in an e-mailed response to questions.

[Russia learns lessons in PR war over gas supplies](#)

KIEV (Reuters) - Russia has shown in its gas price row with Ukraine that it has learnt some lessons in how to handle the media since being widely portrayed as the aggressor during a similar dispute in 2006.

[Energy regulator resigns](#)

WASHINGTON (AP) -- Joseph Kelliher, the Republican chairman of the Federal Energy Regulatory Commission, announced Wednesday that he will resign his position effective Jan. 20, coinciding with the end of the Bush administration.

Kelliher's departure had been expected as President-elect Barack Obama is all but certain to select a Democrat to head the agency that oversees power grid reliability and wholesale natural gas markets.

[Aptera pushes back retail deliveries to October 2009, looks for cash](#)

As expectant Aptera buyers are obviously aware, the company failed to meet its self-imposed end of 2008 deadline to start delivering vehicles. In fact it wasn't even close. The company does expect to have a "production-intent" vehicle completed by the end of next week but that one isn't leaving the company. In a letter sent to customers this week, management acknowledged that they waited until far too late in the program to actually give consideration to many of the things paying customers might want in a vehicle; the ability to grab some food from a drive-through window, for example.

[Who needs a hybrid?](#)

Green is for sale. But who's buying? Seriously, who needs a hybrid? Without question, fuel-saving technology is essential both for automakers who hope to compete in the next decade and for a nation stricken by energy problems. But if you dig through the sales numbers over the past few months, it's easy to see that more consumers are asking whether the extra cost of a hybrid-electric car is really worth it.

[Analysts expect Opec not to abandon expansion](#)

Driven by a long-term strategy, Opec members will not abandon their expansion plans for the year and 2010 despite the prevailing low oil prices and a production cut, energy economists say.

As of now, work has commenced on about 100 capacity expansion projects in Opec countries with an estimated cost of \$120 billion (Dh440bn).

These upstream projects are in addition to all energy infrastructure projects and downstream expansions.

[OPEC Cuts Biting Into Oil Cos' Output Growth Areas](#)

Oil majors that derive a large part of their income from production in member states of the Organization of the Petroleum Exporting Countries are finding the cartel's production cuts are hampering growth prospects in some of their most promising geographical areas.

As a result, both short- and long-term profit prospects will be hit, which could, in turn, hurt share prices.

So far, large oil companies have felt little pain from the global recession. But this may be about to change.

[Bulgaria's capital city on energy saving scheme](#)

Following the halted supplies of Russian natural gas to Bulgaria on January 5 2009, Sofia mayor Boiko Borissov introduced a plan that aims to reduce energy consumption throughout the city.

The first to go were the lighting of public buildings, Borissov told reporters on January 5 2009. Some of the street lights and the lights of the city's Christmas decoration were also turned off, as well as the heating in the city's public transport.

[Don't act surprised](#)

The West has sleep-walked once again into a Russia-Ukraine gas crisis, with another cutoff of natural gas supply in the middle of winter.

Europeans and Americans alike called the gas war of January 2006 a wake-up call, a needed warning to increase the security of gas supply on the Continent. But three years later, the causes of the chronic gas war remain firmly in place - an utter lack of coherent energy policy in Ukraine, malicious decision-making in Russia, and passive acquiescence by Western countries.

[Central Asia's Era Of Cheap Gas Comes To A Close](#)

Starting on January 1, Uzbekistan increased the gas price it charges neighboring Kyrgyzstan and Tajikistan for natural gas to \$240 per 1,000 cubic meters, saying last year's price of \$145 was far below real market prices.

The two impoverished Central Asian countries protested that the increase was excessive and unaffordable for their domestic customers. Sulosyn Toktosunova, a Bishkek-based expert, tells RFE/RL's Kyrgyz Service that many Kyrgyz households will no longer be able to afford their gas bills.

"The new gas price will have a very bad impact on people's living standards," Toktosunova said. "Possibly, we are going to have a serious crisis in this regard in 2009. Last year, many people were not able to pay their gas bills even with earlier, cheaper prices. They were in debt. How will they cope with new tariffs?"

[Production at StatoilHydro's Yttergryta Gets Head Start](#)

The Yttergryta subsea field has started gas production for the Asgard field in the Norwegian Sea, only eight months after the plan for development and operation (PDO) was approved.

The field has been developed from find to production in around 18 months and the first part of the subsea production facility was already in place before exploration drilling was started.

[Oil prices: Wild 2008 ends with mild contango](#)

Spot prices finish the end very low, but what about the long end of the curve, where market practitioners reflect their medium term expectation of the oil buy / sell balance?

Some would say the curve is in deep contango (i.e. future prices are higher than the spot), reflecting a strong expectation that prices will resume their upward movement as

soon as the crisis is less severe.

But a close look at the forward curve suggests the contango is not that steep, and the implicit inflation calculated from the curve is much lower than what could be expected in a peak oil scenario.

[Chesapeake Energy Defies Skeptics](#)

Chesapeake spent much of the past five months doing deals that few thought possible. Some highlights: two deals with BP PLC (BP) for a combined \$3.6 billion; a new \$460 million bank line announced during the worst of the credit crunch; and a \$3.4 billion asset sale to Norwegian oil giant StatoilHydro (STO). Total value of deals this year: roughly \$12 billion.

"There are still skeptics out there, and we keep proving them wrong," Chesapeake spokesman Jeff Mobley said Monday.

[Mexico: Fishing industry is sputtering](#)

More than 95 percent of Mexico's fishing fleet has been idled this week because the high cost of diesel to run the boats is eroding profits, an industry group said.

The nation's fishing industry eventually will come to a complete halt as boat owners pressure the government to increase the subsidy for diesel, said Rafael Ruiz Moreno, president of the National Fishing Chamber of Commerce.

[Smart Money Moves Back into Energy, But Carefully](#)

A pair of deals by Oklahoma billionaire George B. Kaiser, widely considered one of the country's savviest energy investors, could be an early sign that after a massive selloff, the smart money is getting back into the oil industry.

But the cautious nature of the investments suggests that while a bottom may be near, the recovery won't be quick.

[T. Boone Pickens likes odds for his energy plan](#)

Every president since Richard Nixon has pledged to move the country toward energy independence, and they've all failed, oilman and investor T. Boone Pickens told a crowd at Rice University on Tuesday.

"But we have a better chance now with President-elect Obama than we would have with

McCain," the longtime Republican fundraiser said, because it appears Obama is serious about understanding the issues and is developing specific plans.

[Why Obama's green jobs plan might work](#)

Some states -- including Michigan -- already see renewable energy as their future: It's the only sector that appears to be making room for more employees despite the recession.

[Saving a squirrel by eating one](#)

Though squirrel has appeared occasionally in British cookery, history doesn't deem it a dining favorite. Even during World War II and the period of austerity that followed, the Ministry of Food valiantly promoted the joys of squirrel soup and pie. British carnivores replied, "No, thank you."

These days, however, in farmers' markets, butcher shops, village pubs and elegant restaurants, squirrel is selling as fast as gamekeepers and hunters can bring it in.

[The beauty of the backyard turbine](#)

Looking for a way to help the environment, PEI potato farmer Randy Visser hit upon an idea. His farming operation uses large amounts of electricity to cool, wash and sort potatoes, so he decided one way to help the planet would be to generate some of his own power.

That's why he's installing a wind turbine, with a top capacity of 50 kilowatts, or enough to meet the needs of about 16 homes when it's running full-tilt. It will allow him to cut his electricity purchases by a third to a half, depending on the strength of the gusts, using a non-polluting power source.

[Oil prices to top \\$100 barrel by end of 2010: Pickens](#)

HOUSTON (Reuters) - Texas billionaire T. Boone Pickens said on Tuesday that oil prices will rise above \$100 a barrel by the end of 2010 as the global economy recovers.

Oil prices in the \$40 a barrel range are "not going to be around much longer," Pickens told a gathering at the James A. Baker III Institute for Public Policy at Rice University in Houston.

...While the cost to transform the nation's transportation and electric infrastructure is enormous, Pickens said reducing the annual tab for imported oil "can pay for anything

you are doing."

Government leadership is imperative, Pickens said. "Waiting for the free market can be disastrous," Pickens told reporters.

Lack of financing has slowed Pickens' ambitious plan to build the world's largest wind farm of 4,000 megawatts in the Texas Panhandle.

[Russia orders Gazprom to stop Ukraine gas flow](#)

MOSCOW (Reuters) - Russian Prime Minister Vladimir Putin ordered gas export monopoly Gazprom to halt gas supplies via Ukraine on Wednesday, Russian news agencies reported.

In a meeting with Putin, Gazprom chief executive Alexei Miller proposed halting deliveries of gas to the Russian-Ukraine border because Kiev was siphoning off the fuel, Interfax news agency reported.

[Russia stops all gas supply to Europe via Ukraine](#)

KIEV, Ukraine – Russia shut off all gas supplies to Europe through Ukraine on Wednesday — leaving tens of thousands of people in more than a dozen countries without heat during a winter cold snap. The EU accused both nations of holding consumers hostage in their contract dispute.

The effects of the gas cutoff reverberated across the continent, where some countries have substantial reserves and others do not.

[Ukraine has stolen 86 mln cu m of gas in 2009 - Gazprom](#)

MOSCOW (RIA Novosti) - Ukraine has stolen more than 86 million cubic meters of gas from Gazprom since the start of the year, the Russian energy giant said on Wednesday, adding that it had not shut off supplies to Europe via Ukraine.

"In the last 24 hours, Ukraine has illegally taken another 21 million cubic meters of Russian gas intended for delivery to Europe. As a result, since the beginning of year, just from Gazprom Ukraine has stolen more than 86 million cubic meters of gas," the company said in a statement.

[What is Russia's end-game in gas row?](#)

What was Putin seeking to achieve by reacting in this way? There is so far no consensus

among diplomats and analysts about what Russia's end-game is. The following are the main theories:

[Oil traders seek tankers to keep crude stored](#)

Oil traders are seeking as many as 10 supertankers to store crude, potentially taking the amount hoarded at sea to almost five days of European Union demand, according to Frontline Ltd., the largest owner of the vessels.

About 25 of the carriers, each able to hold about 2 million barrels of crude, were already hired for storage. There are enquiries for 5 to 10 more, Jens Martin Jensen, Singapore-based interim chief executive officer of the company's management unit, said by phone today. Traders are storing crude to take advantage of higher prices for supply in the future.

[Don't get used to cheap oil, analysts say](#)

HOUSTON – All that money you're saving these days at the gas pump? You might want to put it in the bank.

The same cheap oil that's providing relief to drivers and businesses in an awful economy is setting the stage for another price spike, perhaps as soon as next year, that will bring back painful memories of last summer's \$4-a-gallon gas.

The oil industry is scaling back on exploration and production because some projects don't make economic sense when energy prices are low. And crude is already harder to find because more nations that own oil companies are blocking outside access to their oil fields.

[Energy forward curves are tricky for Bloomberg](#)

Forward curves in energy often lead to confusion. It's very tempting to see them as a forecast of price, however, as FT Alphaville and Reuters columnist John Kemp (former Sempra analyst) have argued frequently — it's not as easy as that.

[OPEC makes virtually all of pledged supply cut: survey](#)

LONDON (Reuters) - OPEC oil supply fell in December for a fourth consecutive month as members implemented a deal to cut output and prop up oil prices, a Reuters survey showed on Tuesday.

[Abu Dhabi Releases Prices of Crude Oil for Loading in December](#)

(Bloomberg) -- Abu Dhabi National Oil Co. released official selling prices for crude oil loaded in December, the state-owned company said in a statement faxed to buyers.

The table below gives the official selling prices, together with the change in dollars a barrel, free-on-board at the loading port. Free on board means the buyer will pay for any shipping costs to the destination, and there is no charge to the buyer for delivery to the vessel at the loading port.

[Iran Cuts February Oil Supplies to Two Asian Refiners](#)

(Bloomberg) -- Iran, OPEC's second-largest producer, will reduce shipments of crude oil for February to two refiners in Asia as part its commitment to the group's output cuts, said officials from the companies.

National Iranian Oil Co., the country's state-owned producer, will lower supplies sold under long-term contracts by 14 percent, said the two officials at refineries in Taiwan and Singapore, who asked not to be identified because of company policies.

[Strike hits some Indian refineries, natgas supply](#)

NEW DELHI (Reuters) – Officials at India's state-run oil firms began an indefinite strike on Wednesday, demanding higher wages, hitting operations at four refineries and cutting natural gas supply, company and union officials said.

[Gunmen raid ExxonMobil oil platform off Nigeria](#)

CALABAR, Nigeria (Reuters) - Armed men attacked an oil platform belonging to U.S. energy giant ExxonMobil (XOM.N) off Nigeria early on Wednesday, the latest sign that criminal gangs are extending their reach in Africa's top oil industry.

Gunmen in a flat-bottomed vessel raided the facility, which lies some two hours by boat off the coast of the southern Nigerian state of Akwa Ibom, shortly after midnight. They also attacked a nearby barge and an oil services vessel.

"They shot into the air and water and ordered everyone on the platform into one room and threatened to kill us," a witness told Reuters, adding the raid had lasted two hours.

[Saudi's crown jewel has more oil](#)

Nearly 57 years after it was brought on stream, the field is still pumping more than half of Saudi Arabia's total crude output and believing that it has an even bigger potential,

authorities are planning to embark on a new development scheme that could offset produced oil and maximise its reserves.

Rebuffing persistent claims by experts in the West and other countries, Saudi Aramco says the field is not ageing and its reserves could be even larger.

"Since its discovery, the enormous Ghawar has kept oil experts on their toes. In mid-2007, the Ghawar Integrated Assessment and New Technology (Giant) team, an interdepartmental group working on a long-term visionary endeavour to better understand and characterise the oilfield, came across an interesting finding while looking at ways to maximise the reservoir's oil recovery percentage," Saudi Aramco said in its quarterly bulletin, *Dimensions*.

[Kuwait's secretive companies add to crisis woes](#)

KUWAIT (Reuters) - Kuwait's weak financial regulation is compounding the effects of the global credit crisis, unsettling investors there and threatening the government's attempts to diversify its oil-driven economy.

A series of bombshell announcements from companies including Kuwait's biggest investment bank, Global Investment House, that they are struggling to cope with the financial storm have highlighted the Gulf state's lax rules on company disclosure.

[Apache seeks to revive Australian natural gas project](#)

Apache Corp. and Santos Ltd. are seeking to revive a \$651 million natural gas project in Australia after signing an accord to sell the fuel to an iron ore venture proposed by Citic Pacific Ltd.

The restart of work to develop the Reindeer project depends on signing construction contracts by mid-March, Houston-based Apache said in a statement. Contracts with Clough Ltd., an engineering company, were scrapped last month after the project was halted because of a failure to complete the agreement with Citic Pacific.

[Energy growth is a dead end](#)

The utopian worldview that says the planet can sustain indefinite growth in energy production is grossly out of touch with the physical realities of the planet. There are very real limits to the supply of non-renewable fuels - fossil-based or uranium. At some point, perhaps not too distant, affordable supplies of non-renewable fuels will be gone. The concept of 'peak oil' has been common parlance in energy circles for years.

[Obama's Oil Reality Check](#)

For Barack Obama, sensibly and scientifically curing the nation's energy crisis at breakneck speed will be better than a bucket of bailouts and several military invasions combined.

The new president could fight Iran and terrorism by reducing the estimated \$1 trillion the U.S. economy spends each year on foreign oil from OPEC regimes. Jobs upon jobs would be created if his administration creates a new fuel infrastructure, alternative propulsion supply line, and upgraded public transit. What's more, by subtracting America's dependence on Mideast oil, Obama can influence whole spheres of foreign policy. Imagine a Middle East devoid of the petropolitical pressure point.

[Anglesey "nuclear nightmare" warning](#)

An announcement that energy giant RWE npower has secured grid connection and land for a new nuclear power station at Wylfa, Anglesey, has been greeted as a nuclear nightmare and a target for terrorists.

[Capacity of China's small rural hydropower plants exceeds 50 mln kw](#)

China said Wednesday that small hydropower stations, defined as those with an installed capacity of less than 50,000 kilowatts, numbered nearly 50,000 at the end of 2008.

That number represented one third of the country's installed hydropower capacity, according to Tian Zhongxing, head of the rural hydropower development department under the Ministry of Water Resources. Tian made the comment during the national water resources work conference held here in the capital of southern China's Guangxi Zhuang Autonomous Region.

[EU biofuels growth seen slowed by financial crisis](#)

OXFORD, England (Reuters) - The sharp drop in crude oil prices and the global financial crisis is set to disrupt the development of biofuels in the European Union, a top European Commission official said on Tuesday.

"The path will be a bit chaotic. I don't see a taking off in biofuels in 2009, 2010 but probably later because we know that oil prices will (eventually) increase again," Jean Luc Demarty, the European Commission's Director-General, Agricultural and Rural Development Department, told reporters.

[California's snowpack levels breed new water worries](#)

LOS ANGELES — Skiers are enjoying the early winter snows on California's mountains, but down closer to sea level are big worries that the snowfall and its spring runoff won't be enough to relieve two years of drought.

Unless the next few months prove to be wet ones, tougher conservation steps and even water rationing from cities to farms could be ahead for the nation's most populous state.

The impact could be felt across the country in higher food prices, officials warn, if water shortages reduce production in the 400-mile-long Central Valley where much of the nation's fruit is grown in irrigated fields.

[NY adopts clean air rules, stricter than EPA's](#)

ALBANY, N.Y. – New York environmental regulators adopted stricter air pollution rules on Tuesday to prevent power plants and factories from belching out more smog and soot.

Under rules adopted by the New York State Environmental Board, new industrial plants — as well as existing ones that modify operations in ways that increase emissions — will have to install state-of-the-art pollution controls. The rules take effect in March.

[Japan to monitor greenhouse gases from space](#)

TOKYO (Reuters) - Japan's space agency will launch a satellite later this month to monitor greenhouse gases around the world, officials said Wednesday, hoping the data it collects helps global efforts to combat climate change.

The Greenhouse Gases Observing Satellite (GOSAT), to be launched on January 21, will enable scientists to calculate the density of carbon dioxide and methane from 56,000 locations on the Earth's surface, the Japan Aerospace Exploration Agency (JAXA) said.



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