



DrumBeat: January 11, 2009

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[UAE and Qatar will lead demand for oil in Gulf this year](#)

The UAE and Qatar will lead the 18 million barrels a day growth in oil demand in the Gulf in 2009, energy analysis firm PFC energy said in its latest report.

The Washington-based company said diesel and jet fuel will lead the overall growth in demand for fuel oil in the GCC in 2009.

The growth in demand though 30 per cent lower than the figures in 2007-2008, would come when countries across the world will see a fall in demand.

[Let's "hope and pray that Hirsch is wrong" about our oil supply](#)

Summary: The global recession might push back the arrival of peak oil for three reasons.

1. Less consumption now leaves more oil in the ground for future use.
2. Less investment now in oil exploration and development means less consumption in the next few years (or decade).
3. Alternative energy technology has more time to develop, reducing future oil consumption.

This is a grace period, useful if we make good use of the time. If we squander it, we might find ourselves in more poorly prepared for peak oil than if the recession had never happened. For example,

1. energy research might fall victim to budget cuts, and
2. programs to develop unconventional and alternative energy sources might be scrapped.

[EU Urges Russia to Resume Gas Flow as Monitors Arrive at Posts](#)

(Bloomberg) -- The European Union urged Russia to resume shipments of natural gas via Ukraine after international monitors arrived to measure flows and an accord brokered to resolve a transit dispute was signed by all sides.

[UAE oil surge boosts Arab financial surplus](#)

Arab countries recorded a sharp increase in their combined external financial surplus in 2007 as a result of higher crude oil exports and the bulk of the increase was in the UAE, according to official Arab figures.

[Nigerian Rebels Seek Leader's Freedom in Exchange for Britons](#)

(Bloomberg) -- Militants operating in Nigeria's oil region have issued the first photographs of two British oil workers held hostage for four months.

The Movement for the Emancipation of the Niger Delta, or MEND, said the release of Robin Hughes and Matthew Maguire was tied to freedom being granted to its detained leader.

[Iraqi Oil 2008-2009](#)

The Iraqi oil industry is pulled apart between multiple and different factors. The importance of these factors lies in their impact on the Iraqi oil industry for at least the next twenty-five years. Indeed, decisions that are being taken now, or those that will be ratified during this period, will provide the basic framework for the nature of the Iraqi oil industry in the foreseeable future.

[Shaky Ground: Russia-Ukraine Gas Dispute Could Affect U.S. Fertilizer Supply](#)

"Some of the nitrogen production in some countries has already been shut down," he says. "It looks like it could very easily shut down additional urea capacity in the world, at a time when urea stocks are going to need to be built up before the spring season. It certainly could have an impact on supply availability for spring."

[South Dakota farmers could receive protection in grain buys](#)

In a move that appears to have been motivated by the mess farmers found themselves in after ethanol giant VeraSun filed for bankruptcy, the PUC wants grain buyers to have more bond coverage. The current \$300,000 bonding cap would be replaced by a minimum \$350,000 bond, escalating to \$500,000 for anyone buying \$100 million worth of grain annually. Beyond that, grain buyers would have to have an additional \$25,000 bond for each \$10 million of grain purchases.

[Wisconsin lawmakers seek state ban on phosphorus in fertilizer](#)

Two state lawmakers want to ban phosphorus in fertilizer, a move they say will be the first step of "an ambitious environmental agenda" for the new legislative session.

The proposal by Rep. Spencer Black, chairman of the Assembly Natural Resources Committee, and Sen. Mark Miller, chairman of the Senate Committee on the Environment, would ban phosphates from lawn fertilizer, which makes up for about half the phosphates that pour into the Dane County lakes, Black said. Fertilizer for agricultural production would be exempt.

[Massive Greenland meltdown? Not so fast, say scientists](#)

PARIS (AFP) – The recent acceleration of glacier melt-off in Greenland, which some scientists fear could dramatically raise sea levels, may only be a temporary phenomenon, according to a study published Sunday.

[Amazon Deforestation: Earth's Heart and Lungs Dismembered](#)

Splintered, charred wood litters the outskirts of an expansive ranch that lies on recently cleared land in the Brazilian Amazon. On the newly planted pasture, cattle leisurely graze, occasionally lifting their heads to gaze past heaps of dead trees towards an island of dense vegetation that has thus far been spared. But it too may soon be cut down.

Such scenes are becoming increasingly common as large swaths of the Brazilian Amazon are being bulldozed and burned to accommodate expanding cattle ranches. Deforestation, which is dismembering the Earth's functional heart and lungs, is largely resulting from cattle ranching driven by economic incentives and demand for Brazilian beef, according to the Center for International Forestry Research.

[GM shows plan for Chevy minicar, electric Cadillac](#)

DETROIT (AP) — General Motors turned its opening news conference at the Detroit auto show into a pep rally touting the health of the company and its products, unveiling plans Sunday to build a 40-mile-per-gallon minicar for the U.S. market and a Cadillac concept car powered by electricity like the Chevrolet Volt.

[Thomas L. Friedman: Tax Cuts for Teachers](#)

Over the next couple of years, two very big countries, America and China, will give birth

to something very important. They're each going to give birth to close to \$1 trillion worth of economic stimulus — in the form of tax cuts, infrastructure, highways, mass transit and new energy systems. But a lot is riding on these two babies. If China and America each give birth to a pig — a big, energy-devouring, climate-spoiling stimulus hog — our kids are done for. It will be the burden of their lifetimes. If they each give birth to a gazelle — a lean, energy-efficient and innovation-friendly stimulus — it will be the opportunity of their lifetimes.

[Russia Gazprom shuts wells, makes losses in gas row](#)

MOSCOW (Reuters) - Russia's gas row with its neighbour Ukraine has forced Russian gas giant Gazprom to shut down over 100 gas-producing wells, local agencies reported on Sunday, quoting Prime Minister Vladimir Putin.

Gazprom has also suffered losses of \$800 million due to the row over gas debts and pricing for 2009, which led to a cut-off in Russian gas supplies to Ukraine on Jan. 1.

[Plan to raise output](#)

PETROCHINA Co, the country's largest oil company, aims to more than double oil and gas production at the fourth-biggest Chinese field by 2020 to meet domestic demand.

[Solar power plants](#)

TWO large solar power plants will be built in the plateau provinces of Qinghai and Yunnan this year, with expectations that China will be able to cut domestic reliance on coal and oil.

[Saudi to cut output below OPEC target: Reuters](#)

LONDON and DUBAI — Top exporter Saudi Arabia plans to cut oil output by up to 300,000 barrels per day below its agreed OPEC target — a pro-active step to prop up a collapsing market, industry sources said on Sunday.

OPEC's most influential member has lowered supply this month to 8 million bpd, meeting its target under OPEC's pact to reduce overall production by a record amount from Jan. 1.

But strict Saudi discipline has failed to boost oil prices — which at close to \$40 are far from the \$75 a barrel named by Saudi King Abdullah as a fair price. So Riyadh is prepared, from February, to go beyond what is required by OPEC, the sources said.

“We've been told Saudi Arabia will cut to about 7.7 million in February,” said a senior oil executive. “They want to prevent a huge stock build up and a further decline in the oil

price.”

[Ship crews paid double to brave pirates-Saudi firm](#)

DUBAI (Reuters) - Oil shippers are paying crews double to persuade them to sail through the pirate-infested Gulf of Aden, an official at Saudi Arabia's National Shipping Company (NSCSA) said on Sunday.

Thomas Homer-Dixon's new book, [Carbon Shift: How the Twin Crises of Oil Depletion and Climate Change Will Define the Future](#), will be out April 14.

“We are now so abusing the Earth that it may rise and move back to the hot state it was in fifty-five million years ago, and if it does, most of us, and our descendants, will die.”

—James Lovelock, leading climate expert and author of **The Revenge of Gaia**

“I don’t see why people are so worried about global warming destroying the planet — peak oil will take care of that.”

—Matthew Simmons, energy investment banker and author of **Twilight in the Desert: The Coming Saudi Oil Shock and the World Economy**

The twin crises of climate change and peaking oil production are converging on us. If they are not to cook the planet and topple our civilization, we will need informed and decisive policies, clear-sighted innovation, and a lucid understanding of what is at stake. We will need to know where we stand, and which direction we should start out in. These are the questions **Carbon Shift** addresses.

Thomas Homer-Dixon, author of **The Ingenuity Gap** and **The Upside of Down**, argues that the two problems are really one: a carbon problem. We depend on carbon energy to fuel our complex economies and societies, and at the same time this very carbon is fatally contaminating our atmosphere. To solve one of these problems will require solving the other at the same time. In other words, we still have a chance to tackle two monumental challenges with one innovative solution: clean, low-carbon energy.

[From Dining Out to Cold Turkey](#)

In October, sales of Ball canning and storage products were up 92 percent over the same month last year.

Sheri Ann Richerson, a freelance writer in Marion, Ind., seems to have canned everything in her half-acre garden that didn’t move. She also froze 10 chickens.

“Since June we have been able to get by on \$20 to \$30 a week for food,” she said. Ms. Richerson is not a farm girl to whom all of this came naturally. She learned to can from

the Ball book of directions. "Some days we started canning at 9 a.m. and didn't finish until 6 a.m.," she said.

Her goal was to can 1,500 jars of food, but the shortage of rings and lids at local stores stymied her, and she and her husband did only 700. All in her tiny 1930s kitchen, so small, the refrigerator is in the dining room.

"We are doing all this to save money," she said. "I think there is going to be a bigger and bigger problem with shortages of food and of money, which will eventually come down to us. When I read about all of these businesses closing, the question is how long people will have money to buy video games, which is what my husband sells."

[Two geologists on saving the earth](#)

Our economic system is entirely based on the creation of materials. Material wealth comes out of the earth and the level of our lifestyle is entirely based on our consumption of resources. The thing that has allowed that to accelerate so there is even a middle class in many countries, including our own, is cheap energy. Petroleum. If that becomes less available, less cheap because it's less available, that is going to limit everything that we do. It's going to have a major impact. It's going to limit whether we can produce non-petroleum alternatives.

[Tanzania oil companies defy govt on fuel prices](#)

The Energy and Water Utility Regulatory Authority's (EWURA) directive to oil importing companies to reduce the price of petroleum products from last week has been ignored.

Two weeks ago the government through EWURA issued a directive that indicative prices for diesel and petrol in Dar es Salaam should be at TShs 1,166 and TShs 1,271 per litre respectively.

However by last Tuesday pump prices remained between TShs 1,400 and TShs 1,600 for petrol, while diesel and kerosene sold at TShs 1,450 and TShs 1,200 per litre respectively.

[Why America's automakers fell behind](#)

While the Big Three auto makers are figuring out what to do with their millions of dollars in bailout money, the folks over at Toyota have made it clear, again, why American auto makers have fallen behind and continue to fall behind their Japanese counterparts.

[A Crossroad for Russia and America](#)

MOSCOW — In August of last year, a new Russia presented itself to the world. From the battlefield of Georgia, the message said: We are no longer seeking the good opinion of the West. The new taste for confrontation was seen by many as a byproduct of oil and gas wealth, which had given Russia's leaders the confidence to risk international isolation. In the title of a book he published in April, the scholar Marshall Goldman offered a one-word explanation: "Petrostate."

That thesis may have a short shelf life. Russian leaders, no longer hoping to make the ruble an international reserve currency, now face a confluence of disasters: The price of a barrel of oil has slid below \$40, shares of Gazprom fell 76 percent in a year and more than a quarter of Russia's cash reserves have been spent shoring up the ruble.

[With profits sinking, refineries scale back](#)

The last 12 months have been a rough ride for refineries, though you would be hard-pressed to find many sympathizers in an economy gone sour.

But there's not very much money being made these days by companies operating the massive distilleries that break down crude oil into gasoline, diesel fuel, home heating oil and jet fuel.

[OPEC could cut output in March if prices fall - Iran](#)

"If oil prices continue to fall, cutting production at the March 2009 meeting would not be unlikely," Iran's OPEC governor Mohammad Ali Khatibi told the oil ministry website SHANA.

"A fourth OPEC production cut in the March meeting would not be beyond expectation," he said.

[Use of oil as weapon out of question: Saud](#)

NEW YORK — Saudi Arabia on Wednesday ruled out use of oil as a weapon by Arab states to secure an end to the 12-day Israeli military onslaught in the Gaza Strip.

"Oil is not a weapon. You can't reverse a conflict by using oil," Saud Al-Faisal, Foreign Minister, told reporters here on the sidelines of a Security Council debate on the Israeli offensive which has claimed 689 Palestinian lives.

[Pakistan - 65,000 tons of Iranian crude arrive: Deferred payment facility](#)

KARACHI: A ship carrying 65,000 tons of crude oil from Iran arrived at the port on Friday under the deferred payment facility.

Pakistan Refinery Limited (PRL) had signed an agreement last month with National Iranian Oil Company (NIOC), which had extended the credit facility for the payment of crude oil to 90 days from 30 days.

[Kuwait sees oil prices 'soar in few days'](#)

Oil prices are expected to rise in coming days as Opec's output cuts kick in and demand rises because of cold weather, a Kuwaiti oil official said in remarks published on Sunday.

[Can Opec use oil as a weapon](#)

RIYADH: In mid-70s, shortly before physical elimination from the scene, the late King Faisal of Saudi Arabia had forewarned Henry Kissinger, the wheeler-dealer of the day, that if and when pushed to the wall, "we would put our (oil) wells to fire and return to the tents."

However, King Faisal's son, Prince Saud Al-Faisal, the current foreign minister, is pragmatic to the core and concedes that using oil as weapon is no more possible.

When Arab oil producers used crude supplies as a weapon during the 1973 Yom Kippur war between Israel and Arab armies, those were distinctly different times.

[Georgia refuses Gazprom help to restore gas supplies to Armenia](#)

MOSCOW (RIA Novosti) - Georgia has rejected Gazprom's offer of assistance in restoring gas supplies to Armenia, the Russian energy monopoly said on Sunday.

Georgia halted Russian gas transit to Armenia on January 9 after damage was discovered on a stretch of the Kazakh-Saguramo gas pipeline.

[Dutch, Algerians discuss Sahara gas venture:report](#)

ALGIERS (Reuters) - Algeria and the Netherlands discussed on Saturday a partnership involving Nigeria and Royal Dutch Shell in a project to pipe Nigerian gas to Europe across the Sahara, Algerian official media reported.

Algerian Energy and Mines Minister Chakib Khelil said the topic was raised in talks he had with Dutch Economic Affairs Minister Maria van der Hoeven, the official Algerian news agency APS reported.

[Saudi Supertanker Sailing to Dammam After Release, Gazette Says](#)

(Bloomberg) -- Saudi Arabia's oil supertanker Sirius Star is sailing back to Dammam, the Saudi Gazette reported, citing an unidentified official at the kingdom's Oil Ministry.

[OPEC member countries show themselves to be all hype, no bite](#)

Question: What are the similarities between the Dallas Cowboy football team and the 11-member nations of the Organization of Petroleum Exporting Countries (OPEC)?

Answer: All hype; no bite.

[What's next after the oil sands stampede?](#)

The recent euphoria surrounding the development of the Canadian oil sands has come to an end because of the economic fallout from the global financial crisis. But in its recent update to its crude oil outlook through 2020, the Canadian Association of Petroleum Producers (CAPP) has chosen to ignore most of the damage to the oil sands industry.

[Exposing the Myth of Clean Coal Power](#)

The "clean coal" campaign was always more PR than reality — currently there's no economical way to capture and sequester carbon emissions from coal, and many experts doubt there ever will be. But now the idea of clean coal might be truly dead, buried beneath the 1.1 billion gallons of water mixed with toxic coal ash that on Dec. 22 burst through a dike next to the Kingston coal plant in the Tennessee Valley and blanketed several hundred acres of land, destroying nearby houses. The accident — which released 100 times more waste than the Exxon Valdez disaster — has polluted the waterways of Harriman, Tenn., with potentially dangerous levels of toxic metals like arsenic and mercury, and left much of the town uninhabitable.

[No King Coal](#)

Dynegy's decision to back off new coal-fired power plants is good for its image and the environment.

[Happiness grows out of tiny parks, not huge TVs](#)

Of all the strange, inspiring and disturbing headlines of 2008, my mind keeps returning,

for some reason, to a short piece of reportage buried at the bottom of the New York Times editorial page last summer.

According to "[Life in a Slow Lane](#)," there is now such a dearth of green space in New York City, residents have taken to rolling out Astroturf in curb-side parking spaces, plopping down lawn chairs, and feeding quarters into the meter all day in exchange for this makeshift pastorage.

[An edible Statehouse lawn? Montpelier group looks at life without oil](#)

MONTPELIER – The times they are a-changin', and some area residents plan to be ready for them.

About 70 people gathered at a meeting of the group Transition Town Montpelier at the Unitarian Church on Saturday to explore the steps they can take to make the adjustment from a society based on cheap petroleum to one where food, energy and currency systems are more localized.

[G.M. to Make Batteries for Volt in Michigan](#)

GENERAL MOTORS will announce Monday that it will make lithium-ion battery packs to power the 2011 Chevrolet Volt and other extended-range electric vehicles at a new facility in Michigan. With the announcement, to be made during press preview days for the North American International Auto Show by Rick Wagoner, the company's chairman and chief executive, G.M. becomes the first major automaker with a commitment to producing the advanced battery packs in the United States.

[Detroit Goes for Electric Cars, but Will Drivers?](#)

Throughout the cavernous Detroit auto show hall, typically the high temple of brute horsepower, auto companies will be competing this week to establish their green and electric credentials. On Sunday, when the show opens, Ford will announce plans for its electric vehicle, including a goal to start selling them by 2011.

These are risky bets. There are no guarantees that consumers — for all their stated concerns about global warming, dependence on foreign oil and unpredictable gas prices — will buy enough of them. They may balk, for example, at the limits on how far they can drive on a single charge.

[Oregon names climate scientist](#)

Oregon State University and the governor's office today announced the name of

Oregon's new chief climate scientist.

Philip W. Mote, the Washington state climatologist, will direct the Oregon Climate Change Research Institute and become a professor in the College of Oceanic and Atmospheric Sciences at Oregon State in Corvallis, where the institute will be based.

[Emissions rise on Australia's east coast](#)

Greenhouse gas emissions rose by 1.3 per cent across the east coast of Australia in 2008, a new report shows.

The Climate Group's annual Greenhouse Indicator Report, to be released on Monday, covers all emissions from energy use in NSW, Victoria and Queensland.

[Giant plasma TVs face ban in battle to green Britain](#)

New rules will phase out energy-guzzling flatscreen televisions as the EU brings its climate campaign to the living room.



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