



DrumBeat: February 21, 2009

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Topic: [Miscellaneous](#)

[The great oil output race](#)

From the deep waters of Brazil to complex and expensive projects in Canada, oil companies are in a desperate – some say losing – race to raise output from new projects faster than old ones decline.

“Peak oil”, a peak in world production, could still be decades away, according to the most optimistic forecasts, but a peak in non-OPEC production is already upon us, many experts say.

About two-thirds of the world’s oil comes from countries that are not part of OPEC and official energy forecasts indicate that an increase in production in this area will prove crucial to meeting growing demand in the developing world. Yet many experts say the combination of the economic crisis and natural depletion of reserves means there is little possibility that the total amount of crude produced outside of OPEC will grow at all in coming years, if ever.

Without more production in non-OPEC countries, dependable suppliers such as Saudi Arabia and the UAE will have to build up multibillion-dollar capacity expansions faster than planned, or risk a new “super spike” in oil prices after the global economy recovers.

[Saudi Arabia’s move to cut oil production will affect gas sector](#)

Saudi Arabia’s decision to reduce its oil production to its lowest level in many years will stifle its gas production this year and the problem could worsen in the long term, a key Saudi investment company said yesterday.

Since a large part of its natural gas is associated with oil, reduction in the Gulf Kingdom’s crude output in line with an Opec agreement to trim supplies to prop up sagging prices will depress smother gas extraction at a time when the country’s energy demand is growing fast, Jadwa said in a study.

[American drilling techniques may migrate overseas](#)

COLUMBUS, Ohio — With one eye cast toward home, giant European energy companies are investing billions in U.S. natural gas and oil fields where huge, hard-to-get reserves have been unlocked with new drilling technology.

That technology is the prize in Europe, where gas production has declined and where an international utility dispute recently left people in more than a dozen European countries shivering in unheated homes.

[Shell puts cost of crude oil theft in Nigeria as high as £1.1bn a year](#)

As many as 100,000 barrels of crude oil are being stolen or smuggled from Nigeria every day, representing 5 per cent of national production, according to estimates from Shell.

[Total, the French Oil Company, Places Its Bets Globally](#)

Since moving here 13 months ago as the local manager for Total, the French oil giant, Mr. Deffontaines has seen his main export pipeline damaged by terrorists, endured devastating flash floods and sent expatriate families back home because of security concerns.

Despite these challenges, Mr. Deffontaines, a lanky, 43-year-old Parisian, doesn't appear overly anxious. Indeed, Yemen is a showcase for Total, whose experience here shows how far an oil company will go these days to unearth new energy supplies.

[Bubbles of warming, beneath the ice](#)

As permafrost thaws in the Arctic, huge pockets of methane -- a potent greenhouse gas -- could be released into the atmosphere. Experts are only beginning to understand how disastrous that could be.

[Trouble Trickles From Steep Drop in Oil Prices](#)

The precipitous fall in the price of oil in recent months, while good for consumers, has contributed to the confusion in the global economy, wreaking havoc with the budgets and economies of oil-exporting nations and putting many expensive energy projects on hold.

..."The last five years saw the rebirth of the use of oil as a critical instrument of foreign policy by key resource countries, Iran, Russia and Venezuela in particular," said Ed Morse, managing director and chief economist of LCM Research. "With oil and natural gas prices having collapsed, the power of their weapons has been waning rapidly, turning creditor into debtor nations and depriving them of the revenue required to fulfill their

international goals."

[Oil Prices: Speak Softly and Carry an Ugly Stick](#)

The future of oil and natural gas markets this year is coming to resemble a reverse beauty contest, a hard-fought battle to decide which is uglier—the deteriorating demand picture or the grim supply side of things.

[Kuwait gas powers ahead](#)

Kuwait will forge ahead with developing its gas resources, despite the political deadlock that has stalled most of the country's oil projects, according to a senior official of its state oil company, and it will do it with the help of international energy companies.

"Kuwait is now open for gas. All our fields are open," said Mohammed Hussein, the deputy managing director for planning and gas of Kuwait Oil Company, at a gas conference in Abu Dhabi.

[Exxon Closes in on Gorgon LNG Deal with PetroChina](#)

According to a report from Dow Jones Newswires, ExxonMobil is close to finalizing an agreement to sell 2 million tons of LNG annually from Australia's massive Greater Gorgon project to PetroChina.

[National Oilwell Varco still drilling for acquisitions](#)

So is the company slowing down given lower commodity prices and rocky economic times? Not exactly. Pete Miller, chief executive of National Oilwell Varco, told a packed room at a Houston Strategic Forum luncheon on Thursday that his company is actively scouting for targets. His reasoning: That oil and gas is going to continue to be harder and harder to find, which will force oil and gas prices back up in the near future. "We're going to have peak oil," he said. "The question is when."

[China's resource buys](#)

Leaving aside Rio Tinto, to which I'll return in a bit, these indicate an increase in long-term oil supply deals between customers and producers both of which are state-backed enterprises, bankrolled by the government backed development bank. It thus increases the role of governments and may trigger greater concerns if not from the recipient countries then from others. It further reinforces the increased role of government and quasi-government influence in the energy and resource sectors as state-backed

resource companies have an increasing role in the energy sector in terms of production and supplies. Several of these companies have some private funding but ultimately governments have a key influence on decisions, backstopping decisions. However, it does seem to be potentially a win-win for the companies involved, even if the costs to the global markets are less certain.

[Shell eyes more Nigeria operational cutbacks](#)

LONDON (MarketWatch) -- After axing 1,200 jobs in Nigeria in 2008, Royal Dutch Shell PLC may be forced this year to take further cost-cutting measures, including more layoffs, in one of the oil major's most important producing markets, a Shell official said Saturday.

The official said the potential for more operational cutbacks stemmed from a combination of weak oil prices, inadequate spending by Nigeria's state oil company in its joint venture with Shell, and the likelihood Shell will have to fork over more tax money from its lucrative offshore Bonga oil field.

[Pemex's Cantarell Drops at Fastest Rate in 14 Years](#)

(Bloomberg) -- Petroleos Mexicanos, the state-owned oil company, said crude output fell 9.2 percent in January as its largest field plunged at the second-fastest rate ever.

Production dropped to 2.685 million barrels a day, from 2.957 million barrels a year earlier, Pemex, as the Mexico City-based company is known, said today in a statement. Pemex extracted 772,000 barrels a day from Cantarell, the world's third-largest field, a decline of 38 percent from a year earlier.

"If the question is, what is Pemex going to do in the short-term to prevent the falling production?" George Baker, a Houston-based energy consultant who publishes the newsletter Mexico Energy Intelligence, said in an interview. "I'm afraid the answer is nothing."

[Mexico cuts rate to boost economy, peso slides](#)

Mexico's central bank cut its benchmark interest rate by a quarter point Friday to boost the country's sagging economy, which has been pummeled by the U.S. recession.

[Latin America gears up for economic revival](#)

MEXICO CITY (Xinhua) -- Struggling Latin American countries amid the global financial crisis have unveiled an array of stimulus measures in a bid to dragging their economy out of a stagnation as early as possible.

In Mexico, the government announced a 54 billion dollar recovery plan in January, which includes such measures such as freezing gasoline prices and boosting spending on public works.

[Bob Geldof believes biofuels can eradicate poverty in Africa](#)

Renowned singer, philanthropist, political activist and biofuels advocator Sir Bob Geldof believes that biofuels can be developed from feedstocks without impacting food production, thereby, providing a positive impact on poverty-stricken communities by giving the opportunity to develop energy independence and eradicate poverty across Africa.

[Monbiot: A kneejerk rejection of nuclear power is not an option](#)

Support of nuclear power will no doubt provoke hostile responses, but we have a duty to be as realistic as possible about how we might best prevent runaway climate change.

[India: Atomic energy could have lit 40 million homes](#)

There is a great irony lurking behind the highly secretive doors of India's atomic energy establishment.

Even without the Indo-US nuclear deal, at least 40 million more homes could have been lit up for an entire year in power-starved India if the Department of Atomic Energy (DAE) had mined and used the extensive uranium reserves lying untapped for years.

[Richard Heinberg's Museletter: The Conservation Imperative: Energy Limits to Growth and the Path to Sustainability - Part II](#)

While this report is focused on the prospects for alternative energy sources to replace fossil fuels, it is useful to apply the above criteria first to oil, coal, and gas so that comparisons can be made with their potential replacements.

[Peak energy: promise or peril?](#)

Will we continue to use fossil fuels to the detriment of our planet and the human population? Or can we clean up our act in time to avoid calamitous change? That's the dilemma the world currently faces, yet in spite of efforts to transition to alternative energy sources, projections show that annual fossil fuel demand is likely to increase 45 per cent by 2030.

But those projections make an important assumption — that there will be enough oil, coal and natural gas to meet the demand. That's a view that is increasingly being challenged by researchers, who are now looking at what declining fossil fuel supplies might mean for the Earth's climate. Although some say that a peak in energy production could allow us to avoid the most serious consequences of climate change, others fear that we will still suffer disastrous impacts and run out of energy to boot.

[Nigerian court jails 13 Filipinos over stolen oil](#)

LAGOS (AFP) – A Nigerian court has sentenced 13 Filipinos to five years each or a fine of one million naira (6,800 dollars) for stealing 12,500 metric tonnes of crude from the Niger delta, a report said Saturday.

[Kidnapped Russians regains freedom in SE Nigeria](#)

Two Russian kidnapped by unknown gunmen operating in the oil rich Niger Delta since December 2008 have been found by the Joint Task Force in the Niger Delta, the Punch newspaper reported.

[Nigeria: Let's Leave Oil in the Soil](#)

Surveying the myriad problems behind the Nigerian state's facilitation of unregulated oil and gas extraction, Nnimmo Bassey and Environmental Rights Action (ERA) demand that obscene oil company profits be used to clean up the environmental and social mess inflicted upon the Niger Delta population. Concerned about the government's inability to tackle the problem of gas flaring, Bassey and the ERA propose a concerted endeavour to stop gas flaring, audit all oil spills and bring about a thorough clean-up of the region in order to detoxify the land once and for all. With a view to moving Nigeria away from its dependence on crude oil exports, Bassey and the ERA argue that offering new oil blocks should be resisted and oil kept in the soil.

[How Dangerous Is This Man?](#) (review of *Hugo Chávez And the War Against America*)

Since Venezuela is the fourth-largest supplier of oil to the United States, the authors of this book believe that Americans ought to take Chávez more seriously. They are far from impartial observers. Both Douglas Schoen and Michael Rowan are political consultants who worked for the opposition candidate whom Chávez defeated in 2006. They believe that Chávez manipulated that vote, just as they contend that he rigged the results of a 2004 recall effort mounted by the civic opposition movement Súmate ("Join up"), for which the authors also worked. Schoen, who played a key role in former President Bill Clinton's reelection in 1996, is a prominent practitioner of the global art of political polling and consulting: He has had 19 heads of state as clients and helped run election campaigns for Silvio Berlusconi, Shimon Peres, Yitzhak Rabin and Ehud Barak.

Rowan has done much the same thing, mostly for Latin American candidates.

[The most inspiring movement in the world: transition towns](#)

Transition! It advances undeterred and unstoppable. A growing movement steps up to deal with the inevitable change facing humanity in the 21st century.

America and the world face unprecedented challenges in the 21st century due to peak oil and unparalleled climate change which drives food scarcity. While the "Age of Oil" that supported massive population growth declines, human population explodes. The human race gallops toward a collision with its own numbers. Strap on your seatbelts, helmets and parachutes folks!

[Don't forget the toilet paper](#)

The newest thing is the bad economy, which some survivalists are putting their money on now as the tipping point for western civilization. 9/11 and the Bush years didn't plunge us back to the Flintstones -- although for a while it was a close thing -- so they are pinning their hopes now on a worldwide monetary collapse or the new scare scenario, "Peak Oil", which is apparently so scary, that we need to capitalize it.

[Solar power heats up energy possibilities](#)

(CNN) -- In the desert of southern Spain, just west of Seville, a sea of giant mirrors is reflecting the sun's energy to provide "concentrated solar power" (CSP) while illuminating the path to a new wave of green energy projects.

[Colorado enjoys the spotlight on its renewables](#)

DENVER - Colorado's renewable energy promise was on the national stage this week when President Barack Obama chose Denver as the stage for signing the \$787 billion economic stimulus package.

The 250 or so renewable energy business leaders who attended the ceremony Tuesday weren't surprised.

"You're asking why Colorado? It's like it's in the water here," said Jo Elyn Newcomb, general manager of Boulder-based Independent Power Systems, which among other things puts solar panels in people's homes.

[Dismal gas drilling forecast gets bleaker](#)

For the first time in more than two decades, the group that represents oil and gas drillers in Canada has been forced to revise its already bleak outlook for the industry.

The Canadian Association of Oilwell Drilling Contractors is now predicting 22 per cent fewer wells will be drilled in Western Canada, compared to the forecast it released in October.

[U.S. Gas Production Seen Sliding for 4 Years: Chart of the Day](#)

(Bloomberg) -- U.S. production of natural gas, the most widely used furnace fuel in the world's largest economy, may tumble through 2012 as low prices prompt producers to shut down drilling rigs from Louisiana to the Rocky Mountains.

[Low oil prices could push Russia to curb new fields](#)

MOSCOW, Feb 20 (Reuters) - Russia will consider linking the launch of new oil deposits to global crude prices, a policy that would allow oil firms to store up reserves and cut exploration budgets in times of low prices.

The proposal was made at a Feb. 12 meeting of government officials and oil executives in the refining town of Kirishi, the minutes of which were seen by Reuters on Friday.

A proposal was also made to set an allowed deviation of the annual production required by a licence agreement to oil price. The current subsoil law requires licence holders to produce a certain amount of oil or lose the right to the field.

[Russia prepares for OPEC session in March](#)

Russia's Vice-Premier Igor Sechin said his country is planning to discuss a proposed memorandum on cooperation with the Organization of Petroleum Exporting Countries at the group's mid-March session.

"We submitted our proposals and are going to discuss them," Sechin said of the draft memorandum submitted by Russia last October which contains proposals on joint monitoring, market analysis, data exchange, and energy market security.

[Yemen oil min - oil majors mull investments-paper](#)

DUBAI (Reuters) - Yemen has received investment offers from oil majors including Exxon Mobil Corp and Total, Oil Minister Amir al-Aidarous said in remarks published on Saturday.

[Shipping costs set to rise for oil companies](#)

The cost of delivering Middle East crude to Asia, down for the past four sessions, may advance next week as traders return from an industry gathering with just five day to find the vessels they need for early-March loadings.

[Chinese copper entrepreneurs flee DR Congo](#)

More than 40 Chinese-run copper smelters are standing idle in the Democratic Republic of Congo after their owners fled the country without paying taxes or compensating staff at the end of the commodity boom, according to a governor.

Moïse Katumbi, governor of Katanga province, which is bisected by Congo's copper belt, said Chinese entrepreneurs abandoned their smelters in a matter of days in a co-ordinated move at the end of last year as copper prices tumbled.

[Its Muscle Car Glory Faded, Pontiac Shrivels Up](#)

On Tuesday, when General Motors asked the federal government for more bailout money, it also announced a reorganization plan that included demoting Pontiac to a "focused niche brand," signaling that its lineup of vehicles would shrink and that it would no longer be a separate division.

To industry analysts and Pontiac's longtime fans, the downgrade provides a case study of the product missteps that helped put G.M. in its precarious state, and a reminder of the dangers in straying from a successful formula.

[It's Time for Cities to Favor People, Not Cars](#)

Los Angeles and countless other cities - Phoenix, Houston and Atlanta come to mind - are far more friendly to cars than people, having been built according to land use policies that all but put people behind the wheel. It's an unsustainable model, and it must change.

[Jim'll fix it](#)

For two decades, James Lovelock was seen by many of his scientific peers as an eccentric loner who had ruined his otherwise solid reputation as an inventor and pioneering environmental chemist by insisting that the earth was "alive", not very well, and living under the name of Gaia. But as global warming has moved up the agenda, he has increasingly appeared to be a prophet who deserves every honour the human race

can bestow.

[California farms lose main water source to drought](#)

LOS ANGELES (Reuters) - The main irrigation system for California farmers, the Central Valley Project, expects to halt water deliveries to most of its growers this year due to one of the worst droughts in state history, federal managers said on Friday.

The zero-water allocation for most CVP users was declared by the U.S. Bureau of Reclamation as California water officials repeated their plans to cut amounts supplied from a separate state-run water project to 15 percent of normal allotments.

[Return of Arctic ice no sign of climate recovery: researcher](#)

WINNIPEG — When it comes to global warming, even the good news may not be all that great in the end.

After a devastating Arctic ice melt in 2007, researchers were cautiously optimistic when the ice surface area actually grew in 2008.

But University of Manitoba scientist David Barber says the growth was mostly thin, first-year ice, which is more likely to melt during the summer.

[Changing Climate Numbers](#)

The 2007 assessment established a base line of expectation, but it is already looking outdated. From all over the globe, in bits and pieces, data are accumulating that suggest we may have already left behind the world of possibilities portrayed in the panel's report. Sea ice has melted more quickly than expected. And, according to a recent report from the United States Geological Survey, sea levels in 2100 could increase by more than double the 1.5 feet rise projected by the Intergovernmental Panel on Climate Change (it chose not to add in water from eroding ice sheets because they remain poorly understood). Add to that the hard reality that carbon dioxide is a long-lived gas, and the picture of global warming is both volatile and forbidding.



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