



Drumbeat: March 30, 2009

Posted by [Leanan](#) on March 30, 2009 - 10:27am

Topic: [Miscellaneous](#)

[ExxonMobil, Royal Dutch Shell, Chevron, Total taking no chances](#)

While many experts have cloaked the international oil and gas industry in an aura of mystery suggesting that an era of peak oil production beckons and that OPEC, with some 30 million bbl/day of capacity is the master of the oil industry, the fact is that it is a simple business and OPEC, while large, is in fact only one of many producers. The science of geology has advanced today to the point where crude oil and gas deposits can be identified with great precision, even those at depths 20 thousand feet below sea level or in the Arctic regions or the vast deserts of Africa and Asia. Prospecting tools are so sophisticated today that the risk of drilling a dry hole is sharply reduced.

[\\$100+ Oil, Not "If" But "When"?](#)

While it seems like ages ago, it was a just a year or so ago when oil was rising sharply and experts were knocking one another over to be the first to scream for \$100, \$150 even \$200 oil around the corner. The public outcry grew with each rise in gas prices. The crowd in Washington, who has been passing the buck for years rather than address the growing energy crisis, hauled the oil industry executives in front of Congress for the cameras in hopes of the public not realizing they had already kicked the can down the road versus having to actually do something about it.

The great debate a year ago was about Peak Oil. While agreeing with the Peak Oil Theory, yours truly kept saying it was one economic contraction away. Well, I assume you agree we have one heck of a contraction at the moment? If so, it would stand to reason I'm now prepared to fully join the "Peak Oil Believers."

[Petroflow Suspends Drilling Program, Citing Poor Economic Conditions](#)

Petroflow Energy Ltd., Calgary, says it has suspended its drilling activities in light of the current economic downturn.

[Avoid length in commodities, oil and resources this year](#)

LONDON (Reuters) - Commodities and oil will offer huge returns when global inflation takes off, fund of funds Caliburn Capital says, but it advised investors to avoid length in them this year while deflationary pressures dominate. Caliburn Chief Investment Officer Chris Bouckley was pessimistic over the outlook for the world economy, seeing it contracting this year and not hitting bottom until mid-2010.

[OPEC seaborne exports continue to fall, analyst says](#)

LOS ANGELES -- Seaborne oil exports from the Organization of Petroleum Exporting Countries, except Angola and Ecuador, will decline by 770,000 b/d in the 4 weeks to Apr. 11, according to shipping analyst Oil Movements (OM).

Exports will average 22.23 million b/d, down from 23.00 million b/d in the 4 weeks to Mar. 14, OM said in an estimate that is lower than last week's, which itself represented a 5 1/2-year low of 22.41 million b/d.

[US Products Outlook-Gasoline weak on imports, refineries](#)

NEW YORK (Reuters) - Gasoline differentials are likely to stay weak in the near term along the U.S. East Coast with the return to service of a major gasoline-making refinery and unsold cargoes of European gasoline, traders said Monday.

ConocoPhillips has begun the restart process after 6 weeks of planned maintenance of the 145,000 barrel per day gasoline-making fluid catalytic cracking unit at its 232,000 bpd Bayway refinery in Linden, New Jersey, with sources anticipating the process to take 3 to 4 days.

[Kenya pipeline link to Uganda oil fields proposed](#)

LOS ANGELES -- Kenya's Mombasa-to-Eldoret oil pipeline could eventually be extended to Uganda's Albertine rift basin—site of promising recent oil discoveries—once the line has been extended to Kampala, Uganda.

[Seven Reasons Why Better Place Will Fail and Four Why It Won't](#)

The well-funded Better Place hopes to revolutionize transportation by building a network of charging stations for electric cars. But does it really have the goods?

[Nuclear power inches back into energy spotlight](#)

The nation's nuclear power industry — stuck in a decades-long deep freeze — is thawing.

Utilities are poised to build a new generation of nuclear plants 30 years after the Three Mile Island accident, whose anniversary was Saturday, halted new reactor applications. The momentum is being driven by growing public acceptance of relatively clean nuclear energy to combat global warming.

Several companies have taken significant steps that will likely lead to completion of four reactors by 2015 to 2018 and up to eight by 2020. All would be built next to existing nuclear plants.

[Poll shows growing support for nuclear power plants](#)

A new Gallup poll found growing levels of support among Americans for nuclear energy.

While support for nuclear power in recent years has usually been in the mid-50 percent range, the latest poll found that 59 percent of the respondents favor its use. And the number of people who say they strongly favor nuclear - usually around 20 percent - was 27 percent in the poll.

[Insurance rates for oil tankers up 30 pct despite global crisis](#)

KUWAIT (KUNA) -- Insurance prices for oil tankers have increased between 20 and 30 percent in spite of the current financial crisis, Chairman of the Board and Managing Director of Kuwait Oil Tanker Company Nabil Burisli said here Monday. The rise is due to piracy in the Gulf of Aden, he told KUNA, adding that the downturn in the global economy and the subsequent decline in the prices of many goods and services "are supposed to reflect on the price of insurance," but only on a limited scale.

[Europe's oil refining set to shrink](#)

LONDON (Reuters) - Vanishing gasoline demand from the United States and a long-term fall in local oil use mean Europe's refiners are shutting down capacity -- for good.

[Pipe glitch hits Norway offshore sector](#)

Norway's oil and gas industry has been hit by a worldwide pipeline quality scare after Italian company Tecnox said hundreds of thousands of duplex pipe fittings were heated at the wrong temperature during production.

A spokesman for the Norwegian oil industry association, the OLF, told Dow Jones Newswires that 20,000 of the affected fittings have been purchased by petroleum companies operating on the Norwegian continental shelf and that replacing them might require production shutdowns "for a short period of time".

[Petrobras, FUP Agree to Suspend Oil Workers' Strike](#)

After three and a half days of negotiations, Petrobras and the National Oilworkers Federation (FUP) reached an agreement to suspend the labor strike, which was started on Monday (03/23).

[World still thirsts for gas'](#)

Qatar sees high demand for gas despite a global downturn, with some Asian and European countries including India or China requesting new supplies, the Gulf Arab state's Oil Minister Abdullah Attiyah said.

"The world is facing a shortage of gas," Attiyah told Reuters on the sidelines of an energy conference in Kuwait.

"Still until today I receive a lot of requests from India, China, from Germany, from many parts of the world...Demand for gas is very high," he said, adding that no existing customer had asked to reduce supplies.

[Bad weather closes two Mexico oil ports - govt](#)

MEXICO CITY (Reuters) - Two of Mexico's three main oil exporting ports were closed on Sunday due to bad weather, the government said.

Dos Bocas port was closed for a second straight day and Cayo Arcas port was shuttered on Sunday morning, with both reporting high waves and strong winds.

Mexico's third main oil port, Coatzacoalcos, reopened after being closed on Saturday afternoon.

[Indonesia May Send Tangguh LNG to China in June](#)

Indonesia may carry out the first delivery of liquefied natural gas (LNG) from the Tangguh project in Papua to China's Fujian province in June, Indonesia's oil watch dog BP Migas said Monday.

Indonesia is expected to deliver 2.6 million tons of LNG annually from the Tangguh project to China's Fujian province for 25 years starting this year, it said.

[Ethiopia's dam project could kill Kenya's Lake Turkana](#)

Ethiopia is midway through construction of a dam upstream on River Omo, which is Lake Turkana's main tributary, giving it 80 per cent of its water. The other rivers, Turkwel and Kerio are seasonal and can barely sustain the lake's water level.

Local and international impact reports have indicated the Turkana could start drying up once the huge dam, owned by Ethiopian Electric Power Corporation (EEPCCO), cuts off the river to fill up a capacity of 11 billion cubic meters of water.

[OPEC cuts put floor under oil price; prevented collapse: Muhanna](#)

Dubai (Platts) - OPEC's decision to cut production by a combined 4.2 million b/d last year succeeded in putting a floor under oil prices, balanced the market and prevented an "unusual" build in consumer oil stocks, according to a senior Saudi oil adviser.

Ibrahim al-Muhanna, an adviser to Saudi oil minister Ali Naimi, said in a paper presented to a March 28 meeting of the Organization of the Arab Petroleum Exporting Countries (OAPEC) that OPEC's decision to implement cuts had come under "harsh" attack from Western oil-consuming nations, including the US, the UK and consumer watchdog the IEA, which saw the move as "unreasonable."

"But time has proved OPEC's critics wrong and justified the group's realistic action," he wrote.

[Collapse of crude prices heralds wave of oil industry consolidation](#)

The oil industry is bracing itself for a wave of consolidation as cash-rich companies acquire more vulnerable rivals that are struggling after the collapse of the price of crude, analysts say.

[Aramco to continue its long-term outlays](#)

RIYADH: State oil company Saudi Aramco renewed its commitment to long-term investment plans in oil and gas during the global financial crisis, which has dampened demand for sources of energy.

[Kuwait raises oil output capacity](#)

KUWAIT CITY, Kuwait (AFP) – OPEC member Kuwait has boosted its oil production capacity to three million barrels per day and aims to raise it to four million by 2020, a top oil executive said on Monday.

[Qatari minister sees more oil cooperation amid financial crisis](#)

KUWAIT (KUNA) -- Qatari Minister of Energy Abdullah Al-Attiya said he Monday he believed the current global financial crisis could have favorable aspects, including possible closer cooperation and mutual benefit among national and international oil companies.

[Israel's Oil Refineries posts Q4 loss as crude drops](#)

JERUSALEM, March 30 (Reuters) - Israel's Oil Refineries (ORL.TA) said on Monday it moved to a net loss in the fourth quarter, as lower fuel prices weighed on its bottom line.

Oil Refineries, Israel's biggest refinery, posted a quarterly net loss of \$182 million, compared with a profit of \$18 million a year earlier.

Oil Refineries said that the steep fall in crude oil prices last year lowered the value of its unhedged inventory of crude oil.

[Nigeria: Unpaid Taxes - AP, Shell, Oando, Others Face Senate](#)

Abuja — Oil companies believed to be evading taxes in Nigeria are expected to face the Senate Committee on Public Accounts today to either offer explanations or prove the records wrong.

[Russia economy to shrink 4.5 pct: World Bank](#)

MOSCOW, (AFP) – Russia's economy will contract 4.5 percent in 2009 from the year earlier due to a worsening global financial outlook and low oil prices, the World Bank said on Monday.

"With a much worse global financial outlook and oil prices in the 45 dollars a barrel range, Russia's economy is likely to contract by 4.5 percent in 2009, with further downside risks," the Bank said in its latest economic report on Russia.

[Drop in Nigerian Oil Revenues Foreshadows Economic Downturn](#)

The head of Nigeria's state-owned National Petroleum Corporation says the country's economy is expected to decline in the wake of falling oil prices and declining crude production.

Nigeria had projected its 2009 budget based on a benchmark price of crude oil of \$45 per barrel per day and oil output of 2.3-million barrels per day. What is striking is that oil prices collapsed from almost \$150 last year to the current price of about \$50.

[South Korea's S-Oil gets BBB ratings from S&P; outlook stable](#)

The ratings on South Korea's S-Oil reflect its sound profitability, which mainly stems from its solid operating efficiency, and strong shareholder base. The rating is constrained by the highly cyclical industry characteristics of the oil refining and marketing sector, the company's limited business integration, and capital expenditure increases made by the company during the current economic downturn, S&P said.

[Ex-Vitol Trader to Start \\$100 Million Oil Hedge Fund](#)

(Bloomberg) -- Andrew Serotta, the Vitol Group oil trader who left last year as the firm scaled back its derivatives business, said he plans to start a \$100 million hedge fund called Logista Capital to trade in crude futures.

[Raymond J. Learsy: The Oil Patch Vaudeville Act](#)

There they go again. It was so nice and quiet on the oil front for a short while. Had the price of oil held at \$147 we would have been regaled endlessly with all the good reasons why it should go ever higher. Procrastinations came from far and wide and were trumpeted loudly for all to hear. Next stop \$200/bbl by Goldman Sachs, or to \$250 by Alexei Miller CEO of Gazprom (on June 10, 2008) and \$500 by the "Old Reliable" of oil price excess, James Simmons (not to speak of vertiginous price moments by T.Boone Pickens along the way). But then watching the price fall from the undreamed of heights of \$147/bbl to the dowdy mid fifties and below seemed to have made the oil guys and gals tongue tied in disbelief. But not for long . This past week they came out with guns blazing.

[Under a Flourescent Moon](#)

What's going on now is nature's way of telling you that America's standard of living has to be reduced by something between 20 and 50 percent. You can have it in the form of a compressive deflationary depression, including widespread bankruptcies... or you can have by way of inflation, in which money loses its value. But there's one basic qualification to this: the way down is not symmetrical with the way up. That is, it's really not just a matter of ratcheting down to a standard of living half of what it was, say, in 2006, because in the event all the various complex systems that support everyday life enter failure mode before our society re-sets at a theoretically lower level of equilibrium.

[People Are Hoarding Nonperishable Survival Food in Anticipation of Widespread Shortages](#)

Due to a dramatic increase in consumer demand, SurvivalOutpost.com, an Austin-based on-line retail store specializing in Emergency Preparedness Supplies & Nonperishable Survival Food for individuals, families and businesses, recently announced a new line of dehydrated food products to meet the ever-increasing desire for emergency food storage.

"The demand for nonperishable survival foods, such as MRE's and dehydrated meals - anything that has a long shelf-life - has increased dramatically over the past 6 months," notes SurvivalOutpost.com co-owner Brian French. To meet the ever-increasing demand for emergency food supplies, SurvivalOutpost.com recently established a supplier relationship with Honeyville Farms, a leading producer of nonperishable foods. "From the day we launched our new line of dehydrated foods, the demand has been amazing. People are clearly becoming increasingly nervous about basic provisions such as food and water, and they are buying these products in bulk," says French.

[White House questions viability of GM, Chrysler](#)

WASHINGTON – Neither General Motors nor Chrysler submitted acceptable plans to receive more federal bailout money, the Obama administration said as it set the stage for a crisis in Detroit that would dramatically reshape the nation's auto industry.

The White House pushed out GM's chairman and directed Chrysler to move quickly to forge a partnership with Fiat if it expects to receive additional government assistance.

President Barack Obama and his top advisers have determined that neither company is viable and that taxpayers will not spend untold billions more to keep the pair of automakers open forever.

[Hummer's fate faces GM decision](#)

DETROIT - By Tuesday, General Motors Corp. will have to decide whether its struggling Hummer brand will die a quiet death or live on with a new owner.

The wounded automaker has told the federal government that it will make the decision to jettison or sell Hummer by the end of the first quarter as part of a plan to justify the government loans on which it is living.

[Are 2 billion cars a nightmare we can avoid? New book tackles the subject](#)

Let's look at China for a moment. The People's Republic was founded in 1949, and it took nearly 50 years before Beijing had a million cars on its teeming streets. But in just the few years since, the capital city's fleet has more than doubled, to 2.6 million in 2005, when 1,000 vehicles a day were being added.

Today, China uses about a third as much oil as the United States, but it won't stay that way for long: By 2010, the country will have 36 times more cars than it had in 1990. By 2030, it could have more than the U.S., and who would be buying more oil then?

[GE Invests In Tesla](#)

It appears as though GE Capital (GE) has invested in Tesla Motors, according to a leaked Car and Driver interview with CEO, Elon Musk.

[U.S. Nuclear Power Sector to Rebound; Will Create New Profit Plays for Energy Investors](#)

It's been 30 years since the accident at Three Mile Island effectively killed the commercial nuclear power industry in the United States. But strongly escalating concerns about global warming, growing worries about so-called "Peak Oil," and greatly improved nuclear-power technology are combining to make nuclear power an increasingly alluring option in the United States, Money Morning has been reporting.

[Flatulent cows could be curtailed by fish oils](#)

(CNN) -- The benefits to humans of omega 3 fatty acids in fish oils are well documented, but a new study has found that fish oils can have a wider benefit to the environment -- by reducing the amount of methane produced by cows.

[Climate lobbying in D.C. attracts Texans](#)

WASHINGTON — The nation's economy is in the tank, and companies in Houston and elsewhere have been shedding jobs. But in Washington, there's a growth industry that's putting some Texans to work: climate change lobbying.

[U.S. to push for U.N. climate deal but no "magic wand"](#)

BONN, Germany (Reuters) – U.S. President Barack Obama's administration promised to push for a new United Nations climate treaty on Sunday but said Washington had no magic wand and that all countries had to help.

[China hails U.S. climate promises, says to act](#)

Beijing welcomed U.S. promises of more action to slow global warming on Monday and said China would also do its share while ensuring that its people were not "left in the dark" without electricity.

'Eco-Friendly Growth Is a Must for Future'

Prime Minister Han Seung-soo Monday called on lawmakers to join the global campaign to stop climate change, saying that otherwise, ``there will be no future for us."

Since President Lee Myung-bak unveiled low-carbon, green growth as a major policy agenda last year, Han has spread the gospel of eco-friendly growth to political leaders and government officials whenever he has a chance to promote the drive.



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