



## Drumbeat: April 6, 2009

Posted by [Leanan](#) on April 6, 2009 - 9:05am

Topic: [Miscellaneous](#)

### [Oil-Contango Trade Resumes as Shipping Rates Tempt Shell, Vitol](#)

(Bloomberg) -- Vitol Group, Royal Dutch Shell Plc and Gunvor International BV booked supertankers to store oil at sea as plunging shipping rates made the trade potentially more profitable again after a three-month gap, a shipbroker said.

Vitol, a closely held oil trader, hired three tankers at \$45,000 a day each, capable of carrying a combined 6 million barrels of oil, Athens-based Optima Shipbrokers said today. Gunvor, shipper of a third of Russia's oil, booked a tanker at the same rate, while Shell, Europe's largest oil company, hired an ultra large crude carrier at \$64,000 a day, Optima said.

### [Total May Delay Canada Oil Sands Decision, Scrap Pilot Project](#)

(Bloomberg) -- Total SA, Europe's third-largest oil company, may postpone an investment decision in the Joslyn permit of the Canadian oil sands due to costs and has suspended and may dismantle a pilot project in the area.

### [Qatar, Exxon Delay Natural-Gas Project](#)

DOHA--Qatar has delayed the Barzan natural-gas-field project to be developed with Exxon Mobil Corp., and will wait for building costs to fall before starting construction.

### [Exxon Mobil chief says oil giant to invest \\$129 billion over 5 years, not adjusting staffing](#)

RAS LAFFAN, Qatar (AP) — The head of Exxon Mobil Corp. said Monday the company is not planning to shrink its staff or cut back on investment because of the global economic downturn.

Chairman and Chief Executive Rex Tillerson said the world's largest publicly traded oil company expects to spend \$129 billion on new projects over the next five years.

### [Caution is king in outbound India resources deals](#)

HONG KONG/MUMBAI (Reuters) - Indian resources giants such as Oil and Natural Gas Corp are likely to hoard cash and shun big overseas deals despite market expectations they should seize distressed firms struggling in the financial crisis.

Financing difficulties and fears of making the wrong move in a dismal market with little pricing visibility are scaring Reliance Industries and other Indian firms away from large overseas targets, analysts say.

That's in stark contrast to rival China, whose state-backed firms are plowing billions into Australian resources this year, including aluminum giant Chinalco's \$19.5 billion tie-up with Rio Tinto.

### [ENI to Sell \\$4.2 Billion Stake in OAO Gazprom Neft to Gazprom](#)

Italian oil and gas company ENI SpA on Tuesday will sign a \$4.2 billion deal to sell its stake in Russian oil producer OAO Gazprom Neft, according to people familiar with the matter.

### [Valero Expects Texas Hydrocracker to Be Out 7-10 Days](#)

(Bloomberg) -- Valero Energy Corp. expects a 45,000-barrel-a-day hydrocracker at the Port Arthur, Texas, refinery to be down for seven to 10 days, a company spokesman said.

The hydrocracker was shut April 3 for unplanned work, Bill Day, the spokesman, said in a telephone interview. The unit was shut so workers could repair a leak in an air cooler, Day said.

### [Total becomes 2nd largest oil firm following takeover of Caltex in Uganda](#)

KAMPALA (Xinhua) -- Total Uganda has become the second largest oil firm in the East African country after it took over Caltex from Chevron, local media reported on Monday.

With the takeover, Total Uganda now commands a 20 percent market share after Shell Uganda. But there is a 30 Ugandan shilling (about 0.015 U.S. dollars) difference between the two companies' pump prices.

### [Unexpected friends](#) - *The environmental risks and rewards of offshore oil*

FATE has not been kind to the western grey whale. Its numbers have dwindled to 130 or so, leaving it “critically endangered” in the eyes of the International Union for the Conservation of Nature, the body that dispenses such labels. Fishing-nets, speeding ships, pollution and coastal development threaten the few that remain. Most recently, drilling for oil and gas in their main summer feeding grounds, near Sakhalin island off Russia’s Pacific coast, has brought fresh risks for the luckless creatures. Yet the rush to develop Sakhalin’s offshore fields may yet be the saviour of the species.

### ['Alternative energy is an answer to dwindling natural gas supplies'](#)

The UAE should immediately and seriously put other forms of energy in its mix because there is not enough gas to feed the country's growing demand for power.

According to Khalid Al Awadi, a Dubai-based independent energy expert, the global financial crisis has very little impact on the electricity demand load and the increase in demand will continue to grow.

To address this, the emirate would have to secure more gas – a task, which is unlikely to bear fruit given the gas shortage throughout the Middle East (except Qatar and Iran).

### [The unbearable lightness of information](#)

We mistake the lightness of electrons and the vaporous nature of the information that rides on them for the lightness of the entire economy behind them. Every person who works in the so-called information sector of the economy must be housed, clothed, schooled, provided transportation, provisioned with household goods, given opportunities for entertainment and recreation, supplied with a wide array of public services, and...well, you get the idea. And, much of the manufacturing economy which previously provided employment in the United States and other industrialized nations has simply shifted to China and other low-cost locales. As it turns out, one of the main tasks of the information economy is to direct and manage the resulting global logistical system, a system that continues to bear down with its ever increasing weight on the landscape and the environment.

### [The dam infrastructure problem](#)

A new report says over 1,800 dams pose significant risk to human life. Fixing them will cost billions, but can we afford this in addition to roads, bridges and other projects?

### [Communities print own currencies to keep cash flowing](#)

A small but growing number of cash-strapped communities are printing their own money.

Borrowing from a Depression-era idea, they are aiming to help consumers make ends meet and support struggling local businesses.

### [Oil As Money and the Decline of Energy Earnings](#)

The Oil Drum posted a must read essay yesterday by Chris Cook, formerly of the International Petroleum Exchange. Cook suggests that the only real money is in fact energy. And, that the world should eventually migrate to a monetary system based on that reality.

Whether one agrees, disagrees, or simply needs more time to digest such an idea, let's contemplate the 10 Year chart of the Dow Jones Industrial Average in terms of the price of Oil.

### [S.Africa to unveil energy crisis plan after vote](#)

JOHANNESBURG (Reuters) - South Africa's ANC party, expected to win elections this month, is promising a new energy strategy to tackle power shortages and cut greenhouse gases that account for more than two-fifths of the continent's emissions.

A key pillar of this plan is the likely split of the minerals and energy cabinet portfolio, to remove red tape that critics say is bogging down the ministry's performance.

### [Backlash over SeaDragon snub](#)

Singaporean rig builder Sembcorp Marine is primed to complete a semi-submersible drilling unit for UK-based Sea Dragon causing a political backlash in the European country after work was pulled from a UK facility.

### [Pakistan and Iran closer to sign electricity deal](#)

Pakistan and Iran are reportedly closer to an agreement over the much delayed electricity deal, envisaging export of 1000 MW electricity to Islamabad via Balochistan.

### [Russian oil pipeline to reach China within weeks: Putin](#)

MOSCOW -- The Russian state oil pipeline Transneft will finish the laying of the East Siberia-Pacific Ocean (ESPO) oil pipeline to the Chinese border within weeks, said Russian Prime Minister Vladimir Putin Monday when presenting to the State Duma, lower house of parliament, a government report.

### [Gunmen in Nigeria kill officer, kidnap worker](#)

PORT HARCOURT, Nigeria -- Police say gunmen killed a policeman as they kidnapped a foreign oil worker in restive southern Nigeria.

### [Bentley's Biofuel Bargain](#)

Leaving no doubt that the green car movement is reaching into the furthest recesses of the automobile industry, Bentley Motors — the British-based ultra-luxury brand — has adopted a pro-biofuels policy. The carmaker, owned by Volkswagen, produces some of the world's most expensive automobiles, but that doesn't exempt the company from moving in an eco-friendly direction.

### [Cab fleet wary of 2015 hybrid law](#)

Boston's requirement for taxis to go green is rigid: All 1,825 licensed taxis must be powered by hybrid engines by 2015. But the city approach to its own fleet of 3,300 cars, buses, and trucks is more relaxed, with no timetable in place.

### [BP, Total Tell Suppliers to Cut Costs Up to 40% Amid \\$50 Oil](#)

(Bloomberg) -- BP Plc, Total SA and Royal Dutch Shell Plc are asking oilfield service companies to cut project costs by up to 40 percent as the industry battles its worst slump since the mid-1970s.

Executives at contractors including Technip SA, CGGVeritas and Saipem SpA said Europe's biggest oil companies are pressing for discounts. In response, they say they reduced the number of drilling rigs in operation by more than 25 percent and next will take oilfield vessels out of service, threatening jobs.

### [Dallas-Fort Worth's 'modern survivalists' are ready for layoffs - or war](#)

Jack Spirko owns a media company, is married to a nurse and has a son in college. He has two dogs and lives in a nice house with a pool in a diversified neighborhood in Arlington.

Spirko, 36, considers himself an average guy with a normal life.

But for the past few years, Spirko has been stockpiling food, water, gas, guns and ammunition. He also has a load of red wine, Starbucks coffee and deodorant stashed away.

### [Michael T Klare: Signs emerge of global crime wave](#)

In all catastrophes, there are always winners among the host of losers and victims. Bad times, like good ones, generate profits for someone. In the case of the present global economic meltdown, with our world at the brink and up to 50 million people potentially losing their jobs by the end of this year, one winner is likely to be criminal activity and crime syndicates.

From Mexico to Africa, Russia to China, the pool of the desperate and the bribable is expanding exponentially, pointing to a sharp upturn in global crime. As illicit profits rise, so will violence in the turf wars among competing crime syndicates and in the desperate efforts by panicked governments to put a clamp on criminal activity.

### [Theory of oil-shock recession](#)

Other economic models do not come up with such a powerful role for oil. But, given the central importance of events such as the steep fall in vehicle sales, the general slowdown in consumer spending and the plunge in consumer sentiment in the first half of 2008 - all of which are strongly influenced by petrol prices - it does not seem implausible to think that the cost of oil was a critical factor in the downturn.

### [Qatar Seeks to Save 30% on Costs by Delaying Al-Shaheen Refinery](#)

(Bloomberg) -- Qatar seeks to save 30 percent on construction costs by delaying work on its new Al-Shaheen refinery, which was expected to be tendered this year, Oil Minister Abdullah bin Hamad Al-Attiyah said.

### [Another milestone in clean energy sector](#)

DOHA: The opening of the Qatargas 2 project today represents yet another technological milestone that will make clean-burning natural gas available to significantly more people across the globe. Designed to produce 7.8 million tonnes per year (MTA), the Qatargas 2 Trains are about 50 percent larger than any global liquefaction facility currently operating.

### [Venezuela to Get \\$1.5 Billion in Japan Financing, Chavez Says](#)

(Bloomberg) -- Venezuela will sign agreements with Japanese companies to secure \$1.5 billion in financing for a refining project and investment in the South American country's Junin 11 oil block, President Hugo Chavez said.



### [Major bottlenecks in Iraq's oil refinery sector](#)

Six years have passed since the occupation of Iraq and its oil industry still has not recovered to the level of the pre-invasion years. Billions have been sunk into the industry without an apparent result to be compared with the difficult years of the embargo that preceded the occupation.

### [Cuba Would Welcome U.S. Oil Companies If Embargo Ends](#)

(Bloomberg) -- Cuba would welcome U.S. companies' help developing its oil industry should the 47-year trade embargo on the communist island come to an end, said Manuel Marrero Faz, senior oil adviser at the Ministry of Basic Industries.

"We are open," said Marrero Faz, noting that Chinese, Russian and Angolan companies are in talks to explore areas about 100 miles off the U.S. coast. "We're very close to each other. We're neighbors. Why not do business?"

### [China's CNPC eyeing Petro-Canada assets: report](#)

HONG KONG (Reuters) - Top Chinese oil firm China National Petroleum Corp (CNPC) is eyeing \$5 billion of assets in Syria and Libya held by Petro-Canada, a newspaper reported on Monday.

### [Japan's first Sakhalin II LNG arrives from Russia](#)

SODEGAURA, Japan (Reuters) - Japan's first imported liquefied natural gas from Russia's Sakhalin II export project arrived at the Sodegaura terminal on Tokyo Bay on Monday, marking the start of Russia's entry into the world's LNG markets in Asia and North America.

### [Aramco, Conoco to seek Yanbu refinery bids soon](#)

DUBAI (Reuters) - State oil giant Saudi Aramco and U.S. major ConocoPhillips plan to seek bids in mid-2009 to build their joint venture refinery in Saudi Arabia, sources familiar with the project said on Monday.

The two firms halted the bidding process in November due to uncertainty in financial markets and as the prices of raw materials plummeted.

### [Bad economy holds highway deaths to 1960s levels](#)

WASHINGTON (AP) — Less money in the pockets of Americans means fewer highway deaths. As the economy slid deeper into recession and gas prices reached \$4 a gallon last year, the number of people killed in auto accidents hit its lowest level in five decades.

### [The End of the Affair](#)

A key to any comeback by Detroit is reconnecting with car fanatics. Want vs. need.

### [Australia May Boost Uranium, LNG Sales to Korea, Minister Says](#)

(Bloomberg) -- Australia has scope to increase exports of uranium and liquefied natural gas to South Korea and gain from demand for cleaner energy, Resources and Energy Minister Martin Ferguson said.

Australia would be “delighted” to increase uranium supplies to South Korea, which, as a signatory of the Nuclear Non-Proliferation Treaty, meets its requirements for exports, Ferguson said today in Seoul, according to speech notes e-mailed to Bloomberg News. Expanded LNG supply could come from either the North West Shelf region, the Northern Territory or eastern Australia’s coal-seam gas-based industry, he said.

### [Upside to recession: Gas consumption still falling](#)

SACRAMENTO -- An economic meltdown might not be the preferred way to scale back California's dependence on foreign oil, but it seems to be doing the trick.

Gas consumption in California continues to fall, even with prices far lower than the record highs set last summer, new figures from the California State Board of Equalization show. Some economists credit the poor economy for the trend.

Unemployed people don't drive to work. Car sales are down. And suburban growth is sputtering. All of which promotes lower fuel use.

### [China's coal-to-liquids projects buffeted by changing policy, economics](#)

Coal accounts for more than 70 percent of the energy mix in China, which has abundant coal reserves but poor oil and natural gas resources.

Over the past five decades, China has tapped several large oilfields, such as Daqing and Shengli. But discoveries and production can't keep up with demand. With rapid economic growth, China became a net oil importer in 1992 and has increased oil imports every year since.



### [Rich China, poor China conundrum as clout grows](#)

WASHINGTON (Reuters) – Success in winning China's help with global tasks like reviving the world economy or fighting climate change can depend on which China you're talking to: the established economic powerhouse or the developing country.

China the new power holds \$2 trillion in foreign reserves, including about \$1 trillion in U.S. debt, and increasingly lectures rich nations on economic management. Developing China has tens of millions of rural poor among its 1.3 billion people and falls in the same World Bank per capita income rankings as Cameroon and Guatemala.

### [Saudis tapping reserves to boost economy](#)

RIYADH (AFP) – OPEC powerhouse Saudi Arabia is pumping money from its huge 400-billion-dollar stockpile of reserves into the economy to keep up growth, economists and bankers in Riyadh said.

A decline in net reserves over the last three months suggests that the world's biggest oil exporter is using the money to keep up liquidity in the Saudi banks and possibly as well to shore up government investment spending, they said.

### [Homelessness up as families on the edge lose hold](#)

Cities and counties are reporting a sharp increase in homeless families as the economic crisis leads to job loss and makes housing unaffordable.

In Seattle, 40% more people are living on suburban streets. In Miami, calls from people with eviction notices have quadrupled.

### [Students set sights on post-petroleum future](#)

The goal of the club is simple: free the internal-combustion engine from its dependence on petroleum-based fuel by developing an energy-efficient method to break water, which covers 70 percent of the Earth's surface, into its component parts, hydrogen and oxygen.

### [Slowdown's gift to Beijing: cleaner air](#)

The global economic slowdown is helping to accomplish what some in China's leadership have striven to do for years: rein in the insatiable demand for coal-powered energy that

has fed the country's breakneck growth but turned it into one of the world's most polluted nations.

### [EU Backs New Fuel Law Forcing Oil Industry to Reduce Emissions](#)

(Bloomberg) -- The European Union approved stricter clean-air rules for oil companies such as Total SA and BP Plc to supplement new emission curbs on cars and a campaign to boost the use of biofuels.

The EU decided to force the petroleum industry to reduce by 6 percent, over the fuel lifecycle, emissions of gases blamed for global warming by the end of 2020 compared with 2010. The bloc also allowed a greater amount of environmentally friendly ethanol to be used in gasoline and tightened limits on fuel pollutants such as sulfur.

### [Microsoft: Digital Downloads Save Carbon and Costs](#)

Downloading software can save nearly 90 percent of the carbon emissions associated with physical DVD distribution, the software maker claims.

### [Climate Change Ponzi Scheme](#)

SEBASTOPOL, CALIF.--A Ponzi scheme is a simple fraud. Each generation of investors is paid out by the next generation of investors. Eventually this system collapses, because the new generation of investors can't cover the transaction of the previous generation. That sounds very much to me like the climate change situation we have right now.

Every generation so far has expected the next generation to absorb its carbon investment into the atmosphere. Speaking not just as a scientist but as a new father, I'd wager that the next generation--my son's generation--faces a Madoff-like moment when the system collapses, the environment collapses, and very likely we'll have a whole load of civil unrest and other nasty consequences.



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