



Drumbeat: April 10, 2009

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Topic: [Miscellaneous](#)

[How Italy's ENI Vastly Boosted Oil Output](#)

Just outside Pointe Noire, a steamy industrial port in the Republic of the Congo, a road lined with brightly painted open-air bars and fish restaurants gives way to a vast bulldozed clearing. There, workers are laying the foundation for a gas-fired power plant in the sandy red African soil. The builder: Italian oil giant ENI.

While oil companies typically shy away from power plants, which offer lower returns than the extraction of oil and gas, ENI Chief Paolo Scaroni has used these much needed projects to forge ties with the countries where ENI operates. "The fact is, the oil is theirs," says Scaroni, 62. "If you are looked at as a partner, you are allowed to exploit their oil; if not, you are pushed aside."

[Hurricane forecasts make oil sector hopeful](#)

HOUSTON (Reuters) - Forecasts for a relatively quiet U.S. hurricane season have given the country's storm-weary oil sector hope for reprieve from winds and waves that sank platforms and flooded refineries in recent summers.

Colorado State University's widely watched weather team downgraded its outlook this week for the number of named storms during this June 1-November 30 hurricane season, pointing to cooler seas and the possibility of a weak El Nino.

Other forecasters are also calling for a quieter hurricane season than last year's, which produced 16 named storms including a handful that knocked out U.S. offshore oil and gas production and damaged refineries on shore.

[Energy-spending cutbacks spark price-spike talk](#)

NEW YORK (MarketWatch) -- ConocoPhillips Chief Executive Jim Mulva didn't mince words with Wall Street analysts when, in the face of a slowing economy and lower oil prices, he outlined the oil major's nearly \$2 billion cut in capital spending for 2009 and other belt-tightening measures.

[Nigeria oil unrest 'kills 1,000'](#)

Violence in Nigeria's oil region left 1,000 people dead and cost \$24bn (£16bn) last year, a report says, according to an official and activist.

[Reports: Russia to buy Israeli spy drones](#)

MOSCOW — Russia is buying pilotless spy aircraft from Israel in hopes of improving its own unmanned drones after a poor performance in the war against Georgia last August, Russian news agencies quoted a top military official as saying Friday.

[Island DIY: Kauai residents don't wait for state to repair road](#)

(CNN) -- Their livelihood was being threatened, and they were tired of waiting for government help, so business owners and residents on Hawaii's Kauai island pulled together and completed a \$4 million repair job to a state park -- for free.

[Wind-powered craft aims to smash ice speed record](#)

Greenbird is a carbon fibre composite craft -- described by the makers on their Web site as "part airplane, part sailboat and part Formula One car" -- that uses solid sails to harness the power of the wind.

It weighs 600 kg and is able to travel up to four or five times greater than the speed of the wind -- at which point the downward force of the wings increases the craft's weight to nearly a ton. The only metal in the structure is in the wing bearings and the wheel.

[Enjoy the cheap petrol, while it lasts](#): *With demand on the rise, existing wells drying up and a dearth of big discoveries, the oil price is only headed in one direction.*

Under the glare of TV cameras, OPEC promised to lift oil production and bring prices down. Yet the price continued its march upward and production rose only marginally.

The key point that appears to have been missed was that in the decade from 1998, demand grew about 16 million barrels a day while supply struggled to keep pace, particularly during the later years.

Now that the oil price has collapsed from \$US147 to the \$US40-\$US50 region and it's off the front pages, it is yesterday's story. But is it really an old story. Have we been told the true state of play?

[Energy prospects brightest when the news is bleakest](#)

The short version of the energy investment thesis is "buy it." The long version is "buy lots of it."

The world burns about 85 million barrels of oil a day. We spill almost as much ink breathlessly debating the price of it and where it's going. But the story is pretty simple: Depletion is relentless, "high-grading" is at a fever pitch, investment is bare bones and demand is only going up over time. Prices will follow faithfully, until we run out, by which time we'll either be dragging our knuckles on the ground again or we'll have found another way to fuel modern life and SUVs.

[The Return of \\$150 Oil?](#)

Believe it or not, there may be one compelling reason why we'd rather not crawl out too quickly from the economic crevasse into which we've fallen. Remember less than a year ago when crude was flirting with \$150 a barrel? A sudden solution to our mounting economic difficulties in the face of declining oil production just might slingshot prices higher than we'd like to have them.

[Saudi to deepen May oil supply cuts to 2 Asia buyers](#)

TOKYO (Reuters) - Saudi Arabia will unexpectedly cut oil supplies to some major Asian refiners next month, suggesting the world's top exporter may be more concerned than some of its OPEC peers about swelling crude inventories.

[Mexico, U.S. Energy Ministers Meet on Cross-Border Oil Fields](#)

Mexican Secretary of Energy Georgina Kessel Martinez and her U.S. counterpart Steven Chu met on cross-border oil fields and renewable energy, said a statement of the Mexican government.

[Russia-Turkmen gas conflict looms: report](#)

A blast on the main gas pipeline between Turkmenistan and Russia reflects rising tensions between the two countries and could signal a Ukraine-style "gas war," a Russian newspaper said.

[Rosneft repays \\$577 mln state bank loan early](#)

MOSCOW (Reuters) - Russia's largest oil company, state-owned Rosneft (ROSN.MM),

has repaid a \$577 million loan from state bank VEB more than six months before it was due, the company said on Friday.

VEB has lent out \$11 billion of government funds to Russian companies needing to refinance foreign loans but no longer able to secure funding abroad due to the global credit crunch.

[Project Boost for Economy; \\$60MM Revamp for Maui Field](#)

A \$60 million upgrade of Taranaki's Maui gasfield is expected to extend the life of the offshore development beyond 2020.

[Role seen for integrations as NOCs grow more dominant](#)

National oil companies will become increasingly dominant, but will need to work with investor-owned integrated firms, panelists said Apr. 7 during the US Energy Information Administration's 2009 annual conference.

"Even though [NOCs'] resource bases continue to grow, they have different priorities. We don't expect integrated oil companies to go away, but we do see them supplying the talent necessary to produce from increasingly difficult formations," said David Knapp, senior editor of global oil markets with Energy Intelligence Group.

[Indian Consortium Keen on Orinoco Block in Venezuela](#)

Four Indian energy firms are considering a joint bid to acquire a minority stake in one of the Orinoco blocks that Venezuela is offering to foreign investors, said an executive from Oil & Natural Gas Corp., which is leading the Indian consortium.

[Why Cuba's Dreams of Major Oil Discoveries Might Come True](#)

HAVANA—There is a place tantalizingly close to American shores that—but for reasons of politics and foreign policy—could emerge as a welcome new source of oil for U.S. consumers. That surprising potential entrant onto the world energy stage is Cuba. The island nation, says Jorge Piñon, a leading expert on Cuba's energy at the University of Miami, "can certainly become a major producer of oil."

[Redoubt's Shenanigans Cut into Cook Inlet's Oil Production](#)

The shutdown of production from 10 oil platforms in Cook Inlet due to volcanic eruptions possibly could last for months and the economic harm could reach millions of

dollars, state officials said Wednesday. The length and cost of the disruption is hard to predict because no one knows when the Redoubt Volcano will settle down, the officials said at a press conference Wednesday.

[Mexico permits company to explore oil with seismic technique](#)

MEXICO CITY (Xinhua) -- Mexico Energy Ministry has permitted state-owned oil company Petroleos Mexicanos (Pemex) to pilot oil exploration with seismic technique.

[Alaska Oil Regulators Deny Exxon Petition](#)

The state of Alaska has denied a petition from Exxon Mobil seeking permission from regulators to form a new oil and gas unit at Point Thomson.

Exxon this week asked the Alaska Oil and Gas Conservation Commission to unite the leases of different companies within the Point Thomson oil and gas field so it could be developed, the Anchorage (Alaska) Daily News reported Wednesday.

Denying the request, commissioners said granting a new unit to Exxon would "clearly and directly collide" with the Alaska Department of Natural Resources' decision to dismantle the unit.

[Total Prepares to Start Drilling in Sudan Despite Regional Conflict](#)

French oil major Total S.A. wants to start drilling in southern Sudan as it seeks to boost output from Africa's sixth-largest producer despite international pressure on the country's government.

"We are just preparing ourselves to resume," Yves-Louis Darricarrere, Total's President of Exploration and Production, told Zawya Dow Jones at the sidelines of an energy conference this week.

[The SUV is dead – long live the SUV](#)

That gas-guzzling, pollutant-spewing darling of suburban and rural America is a passé relic of a bygone era, according to the book editors, fashion photographers, literary critics, Broadway choreographers and other practitioners of the bedrock industries that built this country.

They'd better stay away from the New York auto show this week because there they will see car manufacturers showing off their latest off-road contenders, and the majority of the new models unveiled at the show's press preview earlier this week were SUVs or crossovers. Why? Because while these vehicles may have been declared dead in

Manhattan, the residents of the Fly-Over states have kept buying them (to the extent that anyone is buying anything more than food and water these days).

[Small cars pose a big risk for automakers](#)

"I heard it the other day — I don't know if it's true — that Americans' memory is about 60 days," said Tim Mahoney, senior vice president of Subaru of America. "You can see the fuel-economy situation from last summer. I heard (a dealer) the other day talking about how they couldn't sell Civics and Corolla and Priuses fast enough. All of a sudden, 60 days later, we're back on SUVs and trucks."

[No Small Wonder: The Tatas Launch the Nano](#)

On March 23, the day Tata Motors launched the Nano -- its long-awaited small car priced at US\$2,000 -- the company's web site crashed. It had received more than 40 million hits in a short span of time and was unable to cope with the traffic. Visitors had come to the site to learn more about what is probably the world's most economical car and to join the queue to buy it.

[The End of the Roads: *We have as much road capacity today as we will ever need*](#)

Ultimately, sustainability means coming to terms with natural biophysical limits. So we have to get past this idea of planning around extrapolation of past trends. That the future may be different than the past is the first thing that we need to come to terms with. This is where the idea of peak roads comes in: If we can say to ourselves, "We have as much road capacity today as we will ever need," then we can start to ask what that means in terms of how we should actually start designing our cities. This shouldn't be thought of as a default "anti-roads" statement. But our numerical models show that we simply may not have enough fuel (and biofuel, and electric cars) to use more road capacity than what we have today.

[Energy plan to focus on rural Cambodia](#)

THE Ministry of Industry, Mines and Energy, the World Bank and United Kingdom's Department for International Development (DFID) are working on a major initiative to boost rural renewable energy programs and electrify rural areas, officials said this week.

The government hopes the project will help address chronic power shortages that increase the cost of doing business in Cambodia and make the country reliant on imported fossil fuels. The program is funded by international grants to supply rural areas with solar panels, biodigesters, mini-hydroplants and biogas generators.

[Chamber of Mines worried about rising incidence of acid mine drainage](#)

The Chamber of Mines says that acid mine drainage is a growing problem in the mining industry that it requires "significant attention".

At the recent Water for Growth and Development Summit, Chamber of Mines spokesperson Nikisi Lesufi said that although the mining industry had made significant steps towards reducing the contamination of the country's water sources by mines, the needed guidance in resolving this problem.

[Health risks of shipping pollution have been 'underestimated'](#)

Britain and other European governments have been accused of underestimating the health risks from shipping pollution following research which shows that one giant container ship can emit almost the same amount of cancer and asthma-causing chemicals as 50m cars.

[Exports Fall, and It's Felt on the Farm](#)

"The profit just isn't there," said Kim Anderson, a grain economist at Oklahoma State University, who noted that farmers were suffering from high fertilizer prices as well.

"The 2008 wheat crop was almost a once-in-a-lifetime crop, where you had above-average yields and above-average prices," he added. "And then you come into the 2009 crop with almost the exact opposite."

The Agriculture Department projects that American wheat and cotton plantings will be reduced by 7 percent this year compared with those in 2008, while corn plantings will be down 1 percent. Corn farmers have a cushion because of rising federal mandates for the use of corn ethanol in gasoline. Pork, cattle and poultry production are also expected to decline, in large part because of declining exports.

[Will New Food Safety Bills Really Outlaw Backyard Gardening and End Farmers' Markets?](#)

There's been a lot of hype about a few new food bills. And while most of it is conspiracy theory there are some reasons to be alarmed.

[Is this the answer to energy crisis?](#)

A WESTCOUNTRY mechanic-turned inventor has successfully tested a wave energy device that could power homes across the world.

Dartmouth-based engineer Alvin Smith says investors in the Middle East have expressed "enormous interest" in his Searaser device, a pump-based system which stores energy from the sea in nearby reservoirs.

[Duckweed: A biofuel and waste treatment](#)

RALEIGH, N.C. (UPI) -- U.S. scientists say duckweed -- a tiny aquatic plant -- can help clean up animal waste at industrial hog farms and may help solve the global energy crisis.

[World is awash with oil as demand sinks: IEA](#)

PARIS (AFP) – The world is awash with oil despite a price rally but the glut is hampering investment in fields which will be needed when demand pulls out of a "relentless" plunge the International Energy Agency (IEA) said on Friday.

The IEA cut its estimate for world demand growth this year because it no longer believed economic activity might pick up in the second half.

"For the fourth time since last October, we have slashed the economic assumptions that underpin our oil demand forecasts," the IEA said, noting also an unexpectedly sharp fall of demand in China.

[IEA Cuts Oil Demand Forecast to Lowest in Five Years](#)

(Bloomberg) -- The International Energy Agency expects global oil demand to decline by 2.4 million barrels a day this year, about the same amount that Iraq produces, as the economic slump reduces consumption to the lowest since 2004.

The adviser to 28 nations cut its 2009 forecast for an eighth consecutive month, slashing last month's estimate by 1 million barrels a day, or 1.2 percent, to 83.4 million barrels a day. The IEA also said oil supply from outside the Organization of Petroleum Exporting Countries will drop this year.

"The pace of contraction is close to early 1980s levels, with a growing consensus that economic and oil demand recovery will be deferred to 2010," the Paris-based adviser said in a monthly report today.

[Highways Beckon U.S. Travelers as Gas Prices, Room Rates Fall](#)

(Bloomberg) -- Americans coping with the recession may be more likely to hit the road in the family car for holiday weekend getaways to take advantage of lower gas prices

and hotel room rates.

[Russia blamed for pipeline blast](#)

Turkmenistan has accused Russia of causing an explosion on a gas pipeline by giving less than a day's notice before abruptly cutting its imports.

It said the sharp change in pressure caused a pipeline to rupture, and was a gross violation of gas purchase rules.

[US Congress Considers Bill to Cut Oil Imports](#)

The United States government is forging ahead with concrete steps to wean the country of heavy dependence on foreign oil by releasing a draft of new clean energy legislation put together by Congress. If the legislation is passed into law, major suppliers of oil to the country such as Nigeria and Saudi Arabia will be affected. Nigeria exports almost half of its total crude oil production to the US, which is Nigeria's biggest customer.

[Biggest auction of oil and gas blocks in India](#)

NEW DELHI (AFP) – India has announced the launch of its biggest-ever auction of oil and gas areas, brushing aside worries about a drop in spending by firms on energy exploration due to the global financial crisis.

The government expects to attract three billion dollars in commitments for exploration, a senior government official said late Thursday.

[Don't Fear Inflation: The U.S. is printing dollars like mad, but deflation remains a bigger threat](#)

Though we are in the grips of disinflation at best, many are worried about the inflationary ramifications of the Fed's monetizing the economic challenges. It reminds me of the recent oil trade, where the markets were in a frenzy based off of the scarcity of oil (peak oil theory) and ultimately running out in 20 years. What the market lost sight of was that demand was dropping at a rate not seen in over two decades. Long-term dynamics were dominating the market, while the immediate information was one of significant supply coming on. What occurred was a significant drop in the price of oil.

Now consider the inflation argument. The Fed's helicopter approach is indeed inflationary. However, it will not occur for some time, at least in the form of labor inflation, which is the most significant.

[Asahan Aluminum Smelter Plans to Run at Full-Capacity This Year](#)

(Bloomberg) -- PT Indonesia Asahan Aluminum, the only smelter in the country, plans to operate at full capacity this year as low electricity costs help the producer make a profit even after a drop in metal prices.

[Tokyo Electric Reactor Restart Deferred by Governor](#)

(Bloomberg) -- The restart of a Tokyo Electric Power Co. nuclear plant, the world's biggest, has been put on hold after a prefectural governor deferred his decision on whether the station, shut by an earthquake in 2007, is now safe.

[NYRI pulls plug](#)

The shelving Friday of a controversy-charged attempt to build a high-voltage power line from Marcy to Orange County sparked hails of triumph from federal, state and county elected officials who opposed it.

The reactions were tempered by some officials with calls to guard against any further such proposals, and to create a statewide energy policy that they say would eliminate the need for such projects.

[Down to the Wires: Local resistance to transmission lines is keeping customers from getting the green power they need.](#)

INCREASED GENERATION of renewable sources of energy is a key component of the energy and climate change bills circulating on Capitol Hill. The United States can't possibly hope to reduce its addiction to greenhouse-gas-emitting fossil fuels without harnessing the power of the wind, the sun and water. But many of the areas of the country where those resources are most abundant aren't near the areas with the greatest demand for electricity. The power grid, which should be able to distribute surplus energy from one place to another, is already straining to keep up with rising demand. And efforts to increase its capacity invariably meet stiff resistance. Case in point: the fights over power transmission lines in Northern Virginia.

[China: Wind power capacity likely to rise 64% this year](#)

Installed capacity in China's wind power sector will grow 64 percent this year to 20 million kilowatts, organizers of the 3rd China (Shanghai) International Wind Energy Exhibition and Symposium 2009 forecast Friday.

[Saudi Arabia holds the key to CPO price](#)

BANGI: Crude palm oil (CPO) will likely trade at the RM2,400 per tonne level by the end of the year if the world's top crude oil producer Saudi Arabia can support prices at US\$55 per barrel, a top industry expert said.

However, CPO price could also fall to the critical level of RM1,500 per tonne if Saudi Arabia failed to stop crude oil prices from falling to US\$35 per barrel, said James Fry, a London-based international oils and fats expert and the managing director of LMC International Ltd.

[A Solar-Powered Solution to Florida Sprawl](#)

To anyone familiar with southern Florida's planning-nightmare sprawl of golf courses, strip malls and cookie-cutter subdivisions named after the plants and animals they replaced, Kitson's vision for his solar-powered, smart-growth, live-where-you-work city of 45,000 people east of Fort Myers is breathtakingly different. That's why the press conference held today to reveal his development plans for the historic Babcock Ranch property will feature representatives from the Audubon Society, the World Wildlife Fund and the Sierra Club.

['Farmer Bill' has seen it all at multi-generational McCoy Lake farm](#)

Farming has gone from being noble and healthy to being a necessity, Thomson says.

"The public doesn't realize how things have changed drastically in the world: drought, famine and peak oil production," he said.

"We've got to start producing our own food locally because pretty soon it won't be coming from elsewhere."

[Sustainability a growing movement at colleges, universities across Canada](#)

TORONTO — Sustainability is quickly seeping into every crevice of campus life at some colleges and universities in Canada and each year they're churning out reams of green graduates schooled in the ways of environmental building.

But true sustainability in construction, engineering and energy isn't going to come about by just dedicating one program to it, say staff, faculty and students - it's about a way of thinking.

[Air Pollution Exposure May Slow Fetal Growth](#)

Researchers looked at data on nearly 336,000 births in New Jersey between 1999 and 2003 and at daily air pollution readings from across the state. Readings from monitoring sites within six miles of the mothers' homes were used to calculate average levels of air pollution during their pregnancies.

The study found that the risk of a small birth-weight baby increased significantly with each increase in particulate matter of 4 micrograms per cubic meter during the first and third trimesters of pregnancy. Each 10 parts per billion increase in nitrogen oxide exposure was also associated with a large increase in the risk of a small birth-weight baby.

[EPA objects to 3 more surface coal mining permits](#)

CHARLESTON, W.Va. – The U.S. Environmental Protection Agency is objecting to three more Appalachian surface mining permits, saying the operations would cause unacceptable damage.

The agency recently asked the Army Corps of Engineers to revoke a permit for a Virginia mine that was issued under a streamlined process and require the operator to obtain an individual permit, which would include stricter environmental standards. The EPA also wants more environmental safeguards before the corps issues permits for two West Virginia surface mines, including one owned by Richmond, Va.-based Massey Energy Co., the nation's fourth-largest coal company.

[Global Climate Talks Must Address Agriculture](#)

WASHINGTON, Apr 9 (OneWorld.net) - "If fundamental climate change mitigation and adaptation goals are to be met, international climate negotiations must include agriculture," appeals an international food policy think tank.

"We are at the point where the negotiations are going to put in place new mechanisms for the next five to 15 years and it's critical that agriculture be included this time around," said Gerald Nelson, senior research fellow at the International Food Policy Research Institute (IFPRI).

[Ohio corn affected by global warming](#)

ZANESVILLE - Corn likes it cool.

That's the message a group of concerned officials and representatives with Environment Ohio were delivering at a press conference Thursday morning at Paul's Farm Market on Ohio 60.

"Global warming is raising temperatures in Ohio and across the nation," said Katy

Kiefer, a field organizer with Environment Ohio. "Hotter fields will mean lower yields for corn, and eventually, the rest of agriculture."

[Solar-powered cooker nabs climate prize](#)

OSLO (Reuters) – A \$6 cardboard box that uses solar power to cook food, sterilize water and could help 3 billion poor people cut greenhouse gases, has won a \$75,000 prize for ideas to fight global warming.

The "Kyoto Box," named after the United Nations' Kyoto Protocol that seeks to cut emissions of greenhouse gases, is aimed at billions of people who use firewood to cook.

Costing 5 euros (\$6.60) to make, it can also make it easier to boil polluted water.

"We're saving lives and saving trees," the Kyoto Box's developer Jon Boehmer, a Norwegian based in Kenya, said in a statement.



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