



Drumbeat: April 14, 2009

Posted by [Leanan](#) on April 14, 2009 - 9:42am

Topic: [Miscellaneous](#)

[Energy Executive On the End of Oil: 'We Have to Save, Save, Save'](#)

The world could run out of oil in 20 years. This grim scenario is not the prediction of environmentalists, but of Michel Mallet, the general manager of French energy giant Total's German operations. In an interview, Mallet calls for radical reduction of gas consumption and a tax on aviation fuel.

SPIEGEL ONLINE: Is it even possible to increase oil production anymore?

Mallet: About 87 million barrels a day are produced worldwide. In the past, it was believed that this number could be increased to 130 million. I consider that an illusion. Realistically, the capacity is less than 105 million barrels.

SPIEGEL ONLINE: It sounds like the peak oil theory, which isn't very popular among your competitors. It holds that maximum production will be reached soon.

Mallet: The old oil fields are dying. In the future, we will have to invest more and more just to maintain existing production.

SPIEGEL ONLINE: Is the age of oil coming to an end?

Mallet: No, not really. There is plenty of oil, geologically speaking. The question is just how much can be produced a year.

[Crude oil falls to \\$49 a barrel](#)

COLUMBUS, Ohio – Oil prices slid below \$50 a barrel Tuesday, as stock markets lost ground on signs the economic recovery may not be as close as some thought.

[Oil Refining Margins Are 44% Lower Than Last Year, BP Data Show](#)

(Bloomberg) -- Profits from turning a barrel of crude into oil products are 44 percent below the second quarter last year amid waning demand for fuel, according to BP Plc data.

BP's Global Indicator Margin, a broad measure of refining profitability, averaged \$4.60 a barrel so far this quarter up to April 8, compared with \$8.25 in the year-ago period, and \$6.20 in the first quarter of this year, Europe's second-biggest oil company said on its Web site today.

[Argentina Investigating 'Unusual' Merrill Lynch Stock Trades](#)

(Bloomberg) -- Argentina's securities regulator is investigating a Merrill Lynch & Co. brokerage for "unusual" sales of Transportadora de Gas del Norte SA shares less than two weeks before the pipeline operator defaulted on its debt.

[Gazprom boss courts Libya](#)

A high-ranking delegation from Russian gas giant Gazprom arrived today in Libya to discuss cooperation in the oil and gas sector.

Gazprom chief Alexei Miller led the delegation to visit with Libya's state-run National Oil Corporation Chairman Shukri Mohamed Ghanem as part of an effort to expand the gas giant's market base, the company said in a news release.

[BP, Oil Stocks May Need 'Mega Mergers' to Advance: Chart of Day](#)

(Bloomberg) -- "Only mergers between peers" may lift shares of the world's largest oil companies any time soon, according to Fadel Gheit, Oppenheimer & Co.'s managing director of oil and gas research.

[Pemex to Build New Refinery in Hidalgo State, El Universal Says](#)

(Bloomberg) -- Petroleos Mexicanos, Mexico's state-owned oil producer, plans to build its new refinery in Tula, in the state of Hidalgo, El Universal reported.

[Retail sales tumble unexpectedly in March](#)

WASHINGTON - Retail sales fell unexpectedly in March, delivering a setback to hopes that the economy's steep slide could be bottoming out.

The Commerce Department said Tuesday that retail sales dipped 1.1 percent in March. It was the biggest decline in three months and a much weaker showing than the 0.3 percent increase that analysts expected.

A big drop in auto sales led the overall slump in demand. Sales also plunged at clothing

stores, appliance outlets and furniture stores.

Meanwhile, the Labor Department reported that wholesale prices plunged 1.2 percent in March as the cost of gasoline, other energy products and food fell sharply.

Gas prices fell 13.1 percent, the steepest drop since December, while food costs dipped 0.7 percent. Excluding volatile food and energy prices, the Producer Price Index was unchanged, below analysts' forecasts of a 0.1 percent rise.

[Recovery in GDP seen delayed to October :EIA](#)

WASHINGTON (Reuters) - The U.S. economy is expected to take an additional three months before it starts to recover this October, the federal Energy Information Administration said on Tuesday in its revised forecast.

U.S. real gross domestic product is expected to continue declining until the third quarter, when monthly GDP is forecast to start increasing in October, the EIA said. That is three months longer than agency said in its March forecast, when it estimated GDP would begin increasing in July.

There will also be a longer lag in an improvement in the employment picture.

[Oil vessel fire delays Apache offshore production](#)

NEW YORK (Reuters) - Initial oil production from Apache Corp's (APA.N) Van Gogh field off Western Australia will be delayed due to a fire that damaged a production vessel in Singapore, the exploration company said on Tuesday.

A revised schedule for commencing production will be developed after the extent of the damage to the vessel is determined, it said. Acquisition and installation of new equipment is expected to take several months, it said.

[A Nice Place to Stand and Wait for a Bus That Might Stop Coming](#)

Two bus shelters on Cortelyou Road in Brooklyn — one at Ocean Parkway, the other at East Fifth Street — were replaced this week with shiny new steel-and-glass structures that can keep passengers on the B23 bus line dry on rainy days and unmussed on windy ones.

But the B23 is one of six bus lines in Brooklyn that the Metropolitan Transportation Authority says it will eliminate unless it gets a financial lifeline from the State Legislature.

[Stimulus puts rail, transit plans on good route](#)

As Brooks wrote, there is a real danger that the Obama infrastructure plan "will retard innovation and entrench the past." The existing power grid, roads and bridges, school buildings and sewage and water treatment facilities need refurbishment. If refurbished, where is the change?

Yet, the \$787 billion Economic Recovery and Reinvestment Act or stimulus package has more promise than I expected when it comes to fostering change.

[The great electric car race](#)

High oil prices, green regs, and better batteries are behind the mad dash to create the ultimate electric automobile. So far, Asian manufacturers are leaving U.S. rivals in the dust.

[UK: Are eco-towns a good idea? Join the big debate](#)

As the Government announced it would consider plans for eco-towns put forward by local authorities, forty-five councils have already come forward with plans for new homes and jobs to respond to serious housing pressures in their areas, and some authorities are also looking at plans for 'new settlements'. Ministers are now considering such plans within the Growth Points scheme, insisting on proposals for zero- or low carbon developments which make the best use of brownfield land.

[OPEC Cuts Thwarted as Brazil, Russia Grab U.S. Market](#)

(Bloomberg) -- As OPEC nations make their biggest oil production cuts on record, Brazil, Russia and the U.S. are pumping more, threatening to send crude back below \$50 a barrel as demand slows.

U.S. imports from the Organization of Petroleum Exporting Countries fell 818,000 barrels a day, or 14 percent, to 5.02 million in January from a year earlier, according to the latest monthly report from the Energy Department. At the same time, imports from Brazil more than doubled to 397,000 and Russia's increased almost 10-fold to 157,000, a trend that continued in February and March, according to data from each country.

[Interview with Matt Simmons, Part 2](#)

Question: What are the big differences between the demand drops post-1978 and today?

Simmons: They're as comparable as the Crimean War and the Vietnam War. I recently heard Leo Drollas and Ed Morse presentations in which they lamented that "we should have learned from 1979 that high oil prices kill demand: they always have, they always will." I have told people over the last few months that today has no earthly resemblance to what happened in 1979. When oil prices were still rising in 1979, the world was seriously rolling out the only new form of energy in the 20th Century—atomic energy.

[Aramco delays Ras Tanura refinery expansion-sources](#)

DUBAI (Reuters) - State oil giant Saudi Aramco has delayed plans to expand capacity by 400,000 barrels per day at its Ras Tanura refinery, industry sources said on Monday.

The \$8-billion project is one of five planned in the kingdom to boost domestic refinery capacity by up to 1.7 million barrels per day from 2.096 million bpd. Aramco has already delayed two of those projects as it looks to drive down costs.

[FACTBOX-Saudi Arabia's oil refining capacity](#)

(Reuters) - The world's largest oil exporter Saudi Arabia has put on hold plans to expand capacity at its refinery in Ras Tanura.

Late last year the kingdom put contracts for two new export refineries under review as it looked to take advantage of the global economic slowdown to cut costs.

[FACTBOX-Global oil, gas projects delayed in 2009](#)

Following is a list of oil and gas projects and oil refinery expansion plans that have been delayed so far in 2009.

The global financial crisis, falling oil demand and a slide in prices have prompted many in the industry to scale back spending and delay projects.

[Tensions in Saudi Shi'ite town over secession call](#)

Hundreds of Shi'ites have staged protests in recent weeks as police searched in vain for firebrand preacher Nimr al-Nimr, who breached a taboo to suggest in a sermon that Shi'ites could one day seek their own separate state.

The threat, which diplomats say is unprecedented since the 1979 Iranian revolution provoked anti-Saudi protests, followed clashes between the Sunni religious police and

Shi'ite pilgrims near the tomb of Prophet Mohammad in the city of Medina, in the western region of the vast desert state.

[Cameroon cuts growth forecast, power problems loom](#)

YAOUNDE (Reuters) - Cameroon has cut its 2009 growth forecast for the second time this month as commodity exporters watch unsold goods pile up and the government grapples with an energy crisis, officials say.

[Floating rigs not completely immune to economic crisis](#)

HOUSTON, TEXAS: The floating rig market is expected to weather the current global financial storm and emerge relatively strong compared to the over-supplied jackup market. However, no segment of the offshore industry is completely insulated from the current world financial crisis and the drop in oil prices.

Some softening in floating rig day rates and backlog is evident, although the long-term nature of most existing contracts will prevent the floating rig market from going into free-fall if oil prices stabilize this year.

[ExxonMobil Wrangles to Recover Revoked Alaskan Leases](#)

Having lost some of its rights to hunt for hydrocarbons on Alaska's North Slope, Exxon Mobil Corp. is forging ahead to regain control over several leases within the gas-rich region.

[Get Smart: Exxon Outfits CEO With 'Secure' Phone](#)

"If you're a high-profile person, you're going to be a target. Especially for big oil companies, when so many countries want to know what they are thinking, what their strategy is, it makes sense," says James Andrew Lewis, senior fellow for technology and public policy at the Center for Strategic and International Studies and author of the recent blueprint for securing cyberspace.

Michael Klare, author of "Rising Powers, Shrinking Planet: The New Geopolitics of Energy," says electronic surveillance could touch executives anywhere from Moscow to their home office in suburban Dallas. "It might not only be state competitors that would be using this technology, it could be corporate competitors that would want to listen in on conversations," he says.

[Salazar, Offshore Oil Foes Find Little Room for Compromise](#)

The Obama administration is winning little new support for a compromise proposal to explore for oil and gas in federal waters without drilling.

[Marathon Oil's Margins on Refining, Marketing Turn Positive](#)

(Bloomberg) -- Marathon Oil Corp., the largest refiner in the U.S. Midwest, said first-quarter profit margins on making and marketing fuels derived from crude strengthened as petroleum costs tumbled.

The average margin was about 8 cents a gallon in the latest quarter, compared with a negative 0.26 cent a year earlier, Houston-based Marathon said today in a statement on PR Newswire.

[Shale Oil: The Bubble Wrap Energy Solution](#)

How could America extract over 2 trillion barrels of domestic oil without releasing dangerous carbon emissions in the process? That's what scientists at the Lawrence Livermore National Laboratory and American Shale Oil are trying to figure out.

[Producers Test Ways to Draw Hydrates from Alaska's North Slope](#)

For several years scientists have pondered whether vast stores of methane -- the main component of natural gas -- locked in hydrates on the North Slope and elsewhere in the Arctic could ever be produced.

Now the U.S. Department of Energy is working with two Alaska oil and gas producers and a regional municipal government in an effort to find out.

Test wells planned in 2010 and 2011 could point the way toward a way of economically extracting methane from hydrates.

[Urgency of Climate Change, New Research Emerges at MIT Forum](#)

A sense of urgency pervaded Monday's clean energy forum, which was sponsored by the MIT Energy Initiative and featured a who's who of energy and climate change policy. The forum was moderated by Rep. Edward Markey (D-Mass.), who is co-authoring legislation designed to tackle technologically and politically difficult global warming and clean energy issues.

[First drive: Chevy Volt test](#)

A few laps behind the wheel of an early version of GM's electric car shows the strengths - and possible weaknesses - of the technology.

[Crash tests show gasoline savings can risk safety](#)

Buyers choosing the smallest cars for low price and high gas mileage could be endangering themselves and their passengers, says a major auto-safety researcher.

In new crash tests, the Insurance Institute for Highway Safety rammed three automakers' smallest cars into their midsize models. Although the small cars had passed other IIHS tests, they flunked in collisions with larger but still-fuel-efficient sedans. "The safety trade-offs are clear," IIHS President Adrian Lund says. "There are healthier ways to save gas."

..."We're hearing people say, 'Everything gets a 'good' rating now, so I might as well buy a small car,' " Lund says. "A lot of people are forgetting that the laws of physics still hold" and even a little bit bigger still is safer.

[Get Real: Energy will be increasingly expensive](#)

It would be a soothing scenario to wake up one day and know that our country is now powered by vast wind and solar farms, putting out ample clean, renewable energy to run our homes, cars and businesses. Unfortunately, that scenario will remain just a distant dream for now, although I hope it will one day be a reality for my children. In the meantime, we need to get real, as the fundamentals point to higher energy prices and more scarcity in the decade ahead. As with all crises, it will be a time of change, hardship and opportunity.

Those who believe the current weakness in global energy demand is the wave of the future may indeed be right, as long as the "future" applies to 2009. Those with a longer term horizon should prepare for a different reality.

[Monbiot: We spend millions on smallpox, but nothing on this far greater threat](#)

Our leaders' approach to risk is unbalanced: huge resources to guard against an extinct disease, and nothing on oil running out.

[Why Aren't Oil Companies Drilling?](#)

With gas prices soaring to \$4 or more a gallon, the call for off-shore oil drilling in places previously off-limits hit a fever pitch, reports CBS News chief investigative reporter Armen Keteyian.

But despite making record profits, today, oil companies are drilling on less than one-third of the acreage in this country that they have the rights to.

[Good time to invest in energy: Kuwait](#)

KUWAIT: Now is a good time to invest in energy projects due to a decline in the cost of construction and raw materials, a member of Kuwait's Supreme Petroleum Council (SPC) told state news agency KUNA.

A recent decline in oil demand was temporary and there are indications that both demand and prices will rise again in the long run, KUNA yesterday quoted Khaled Boodai as saying.

[Andy Rooney: Conserve Our Resources](#)

The real question is: are we going run out of the things we need before we find substitutes for them? You know we're going to run out of oil and we're cutting trees down faster than we're growing them, too

It may be wrong to suggest impending doom, but if doom isn't impending, it's out there somewhere. If we don't find replacements for all the good stuff on earth that we're using up too many of too fast, doom is what we're facing.

[Sprawling from Grace](#)

Sprawling from Grace lacks the depth of expertise among its interviewees that some of the other peak oil docs provide. For example, whereas *A Crude Awakening* (2006) features numerous scientists and energy experts, *Sprawling from Grace* goes light on the scientists and energy experts in favor of interviews with politicians, urban planners, and social critics.

[Turkmen leader: Russia must pay for pipeline blast](#)

ASHGABAT, Turkmenistan (AP) — Turkmenistan's president blamed Russia's state gas monopoly for a pipeline blast that shut off the Central Asian country's exports, escalating the war of words that may help EU efforts to ease its energy dependence on Russia.

Gurbanguli Berdimukhamedov accused Russia's Gazprom of "technological errors" that triggered Wednesday's blast, and demanded it pay for the repairs and compensate Turkmenistan for damages.

[Investing in energy](#)

Oil and gas extraction in the North Sea is at a particularly vulnerable stage.

As a mature field, it passed peak oil at the turn of the century; with the older, bigger and easier oil fields running dry, major companies have been moving out. The host of small independent companies exploring the new, smaller fields, where reserves are usually more technically difficult to access, have been dealt a double blow by the falling price of oil and the difficulty of raising finance as a result of the credit crunch.

[Feds oppose gas terminal in Long Island Sound](#)

GARDEN CITY, N.Y. – The U.S. Commerce Department on Monday announced its opposition to a proposed massive floating liquefied natural gas terminal in Long Island Sound.

Environmentalists hailed the decision as a victory over "the corporate Goliaths of our time." Politicians in New York and Connecticut have campaigned for several years to stop what would have been the world's first floating liquefied natural gas terminal.

[Browner: US needs to be world energy leader again](#)

CAMBRIDGE, Mass. – A top adviser to President Barack Obama is urging Congress to pass an energy bill to spur the development of renewable energy while curbing the emissions that contribute to global warming.

Carol Browner, director of the White House Office of Energy and Climate Change, says the country needs comprehensive legislation to help re-establish itself as the world's leader in clean energy production and slowing climate change.

[Iran gives Shell/Repsol deadline on LNG project](#)

TEHRAN (Reuters) - Iran has given Royal Dutch Shell and Repsol until May 20 to clarify their involvement in a major gas project in the Gulf, a senior oil official was quoted as saying on Monday.

"If subsequent to the expiry of the deadline these companies do not make clear their involvement in the Persian LNG project, talks will begin directly with Chinese (companies)," Seifollah Jashnsaz, managing director of the National Iranian Oil Company (NIOC), told the ISNA news agency.

[Gazprom: The Russian Invasion](#)

Why would Gazprom be so anxious to move into a market that is currently so well supplied? Russia, and by extension state-owned Gazprom, holds 20% of the global natural gas reserves. The top five countries it exports to are Germany, Italy, Turkey, Great Britain and France - all of which it supplies via pipelines. The U.S., for its part, consumes more than 20% of the world's natural gas, though it does produce a large majority of that domestically. But here's the key: By gaining entrance to the U.S. market - no matter how small and temporarily unprofitable the on-ramp - Gazprom diversifies its buyers.

[Russia Gazprom estimates reserves up 11 pct in 2008](#)

MOSCOW (Reuters) - Russia gas export monopoly Gazprom estimates its end-2008 reserves at 217.3 billion barrels of oil equivalent, the company said in a memo to its Eurobond issue, a copy of which was seen by Reuters on Tuesday.

That is broadly in line with analyst estimates, and represents an increase of 11 percent from 2007, when Gazprom's reserves were 196.4 billion.

[Shell starts repairs on Nigerian oil pipeline](#)

LONDON (Reuters) - The fire that shut down flowstations feeding into Royal Dutch Shell's Trans-Niger oil pipeline was extinguished on Monday and repair work will start on Tuesday, a company spokesman said.

"We do not have a timescale for restart of production or the amount of oil that is shut-in, we are investigating the situation today but the cause of the fire is not yet known," a Shell spokesman in The Hague said.

Shell said it thought the grade affected was Nigeria's benchmark grade Bonny Light BFO-BON but this could not be confirmed.

[Angola eyes onshore oil search despite cash crisis](#)

LUANDA (Reuters) - Angola state-owned oil company Sonangol is mulling a return to onshore oil exploration despite the global financial crisis, the head of exploration for Sonangol, Severino Cardoso, said on Tuesday.

[Caracas lines up three-way Orinoco pact](#)

China National Petroleum Corporation (CNPC), Venezuela's state-run producer PDVSA

and French giant Total are in advanced talks on a complex three-way multi-billion dollar oil production and refining venture in the Orinoco play, sources close to the negotiations said today.

Senior officials from PDVSA, CNPC and Total are to meet in Caracas next month to discuss a 20-year pact to send 200,000 barrels per day of Venezuelan oil to China, possibly starting in 2013, with volumes rising after that, a Dow Jones report said.

[Lukoil to Drill in Africa as It Urges Russia to Offer Licenses](#)

(Bloomberg) -- OAO Lukoil, the Russian oil company with the most overseas assets, plans to drill three deepwater exploration wells in Africa in the next year as it urges the Russian state to offer more licenses domestically.

[Shell in talks with Chinese on Iraq venture](#)

BEIJING - Royal Dutch Shell PLC is talking to possible Chinese partners about a joint bid to develop oil fields in Iraq, CEO Jeroen van der Veer said on Tuesday.

"We are in the process of forming partnerships for certain bids, and Chinese companies are a part of that," van der Veer said at a news conference.

[PG&E makes deal for space solar power](#)

California's biggest energy utility announced a deal Monday to purchase 200 megawatts of electricity from a startup company that plans to beam the power down to Earth from outer space, beginning in 2016.

[Texas is wind king, but Iowa breezes past Calif.](#)

SIOUX FALLS, S.D. – Texas continues to blow away the competition, but Iowa can now generate more wind power than California, according to a new industry report to be released Monday.

The Lone Star state's 7,118 megawatts dwarfs Iowa's 2,791 megawatts and California's 2,517 megawatts, but wind power has grown into a key part of the energy infrastructure in Minnesota and Iowa, where each state generates more than 7 percent of their electricity from turbines, the American Wind Energy Association study said.

[UK: Environment Agency questions green credentials of biomass](#)

The Environment Agency has backed combined heat and power as the best way to reduce CO2 emissions in a new report, published today.

In their report, 'Biomass – carbon sink or carbon sinner?', the Agency says using energy crops or waste materials as fuel for generating electricity and heat could help reduce greenhouse gas emissions if the fuel comes from sustainable sources and is used 'efficiently'.

[Global Palm Oil Demand Fueling Deforestation](#)

Indonesia is now the leading supplier for a global market that demands more of the tree's versatile oil for cooking, cosmetics, and biofuel. But palm oil's appeal comes with significant costs. Oil palm plantations often replace tropical forests, killing endangered species, uprooting local communities, and contributing to the release of climate-warming gases. Due mostly to oil palm production, Indonesia emits more greenhouse gases than any country besides China and the United States.

[Organic pioneer fears his farm is being jeopardised by neighbour's GM crops](#)

GM crop advocate Jonathan Harrington claims to have grown genetically modified maize on his Powys farm and says he – and 30 other farmers – will do the same this year in defiance of Welsh Assembly Government policy.

[Dems Divided On Climate Bills: Cap-And-Trade Or Carbon Tax](#)

Schisms are developing among Democrats over how to curb greenhouse gas emissions. Fans of a cap-and-trade system are unsure how to structure it, while carbon tax supporters are gaining steam.

Democrats have long sought to cut carbon emissions in hopes of reducing global warming. But, like a dog that chases a car, now that they have firm control of government, they aren't sure what to do next.

[China orders governments to go green: state media](#)

BEIJING (AFP) – Local governments in China have been ordered to buy more energy efficient products as part of the national drive to curb pollution and combat global warming, state press reported.

[Alleged power station protesters released on bail](#)

LONDON (AFP) – More than 100 people arrested for allegedly planning to target a power station in a protest about climate change have been released on bail, police said on Tuesday.

Scores of officers swooped on the group at a school in Sneinton, Nottingham, on Monday night saying the suspected protesters posed a "serious threat" to the safe running of a nearby power station.

[Dairy industry sees less-gassy future for cows](#)

WAUSAU, Wis. – The U.S. dairy industry wants to engineer the "cow of the future" to pass less gas, a project aimed at cutting the industry's greenhouse gas emissions by 25 percent by 2020.

[Climate change to cost Japan dearly if unchecked](#)

HONG KONG (MarketWatch) -- Half of Japan's sand beaches could be wiped out by rising sea levels, and extensive flooding could inflict damages of 8.7 trillion yen (\$87.4 billion) annually by the end of the century if little action is taken to counteract global warming, a Japanese government study warned Tuesday.

[Australia: Energy industry warns of blackout](#)

CONSUMERS face possible blackouts and power stations could go broke unless the Rudd Government offers an extra \$6billion worth of free permits under its planned emissions trading scheme, the energy sector has warned.

If the extra assistance is not forthcoming, the sector, responsible for about 70 per cent of Australia's carbon emissions, will ask the Government for a Rudd Bank-style financing facility to help raise the capital.

[Scientists fear worst on global warming](#)

Today's Guardian poll of attendees at a climate conference last month in Copenhagen exposes the gulf between political rhetoric and scientific thinking. Of more than 250 experts surveyed, more than half said the 2C target could still be achieved but only 18 thought that it would be. By the end of the century, most thought average temperatures would rise by some 4C.



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