



Drumbeat: April 27, 2009

Posted by [Leanan](#) on April 27, 2009 - 9:56am

Topic: [Miscellaneous](#)

[China's oil demand fell by nearly 6% in Q1 of 2009](#)

China's oil demand fell by nearly six per cent year-on-year in the first quarter of 2009, Energy Intelligence (EI), the US-based energy advisory firm has said.

In a new update, EI said that Chinese net crude imports and domestic production averaged 7.39 million barrels per day. That is 5.6 per cent lower than the corresponding figure in 2009.

EI did not take into account stockpiles that the Chinese government has allegedly been building to make use of the low oil prices. The statistics exacerbates the widespread fear among analysts that oil demand, and therefore oil prices may seriously suffer this year because of low "actual demand".

[PetroChina Profit Slips 35%](#)

PetroChina Co., the largest listed Chinese oil firm by capacity, said Monday its net profit in the first quarter fell 35% from a year earlier on lower oil prices and weaker energy demand.

Net profit for the three months ended March 31 was 18.96 billion yuan (\$2.78 billion), down from 29.31 billion yuan in the year-earlier period. Revenue fell 30% to 181.58 billion yuan.

The International Energy Agency expects China's oil demand to contract by 0.8% this year, revising a forecast made earlier for growth of 0.6%.

[Mexico oil operations normal despite flu - Pemex](#)

MEXICO CITY (Reuters) - Mexico's state oil company Pemex said on Monday all of its operations were normal despite the outbreak of a swine flu epidemic in the country that has claimed at least 103 lives.

[The Need To Redefine OPEC Regulatory Policy](#)

The global economic crisis has struck the energy and oil markets hard. Oil prices have declined, and the intensity of the crisis in the oil market is such that even the recent decisions taken by OPEC to cut crude production rates, and in particular the organization's 19 December 2008 consensus to cut production significantly from the beginning of January 2009, have failed to contain the slide. Had it not been for interruptions in the supplies of Russian natural gas to Europe and the severe cold winter in that region, one could have expected even lower oil prices.

This economic crisis will not last for ever. However, the notion of guaranteed supplies of energy is a strategic and long-term issue, which has been pursued by the industrialized countries permanently ever since the 1970s. The experience of the past several years, before the emergence of the recent economic crisis, suggests that future energy crises will be serious and unavoidable. The upward trend of global prices of crude in recent years, before the current crisis, was a result of such factors as supply and demand imbalances and in particular a shortage of supply capacity .

[OPEC's Badri suggests visiting Russia for oil talks: source](#)

Moscow (Platts) - OPEC secretary-general Abdalla el-Badri may visit Moscow soon to discuss cooperation between the oil producers' group and Russia, currently the world's biggest oil producer, a source in the Russian government said Monday.

The talks would address possible mutual steps to support oil prices, the source said.

[Cook Inlet Wells Still Shut Down, Some May Not Restart](#)

Production remains suspended on offshore platforms in Cook Inlet due to continued volcanic activity at Mount Redoubt, on the Inlet's west side, and operating companies now think that it will be difficult to restore production in some of the shut-in wells.

"We anticipate we would have difficulty on a number of wells," when operations are resumed, Roxanne Sinz, spokeswoman for Chevron Corp., said in an April 21 e-mail. "Overall production will be less after the shut-in period as opposed to just before the loss of all oil production."

[Aramco priming Nuayyim pumps](#)

Saudi Arabia's 100,000 barrels per day Nuayyim oilfield should be ready to start production by the middle of June, according to reports.

The field is one of three Saudi schemes due for completion by the middle of this year to boost the country's oil production capacity to 12.5 million bpd. Nuayyim's oil will be Arab

Extra Light crude, which is prized by refiners for the ease with which it can be transformed into transport fuels.

[Energy sources key to solving auto crisis](#)

It was evident during the opening of the Society of Automotive Engineers conference in Detroit last week that questions about where to get energy for vehicles still vexes carmakers both foreign and domestic.

[Energy efficiency: Beat the bust by going green](#)

Spend money on energy efficiency during a recession? It's a much brighter idea than you think.

[Kunstler: The Joker](#)

Even if the Mexican swine flu turns out to be something of a false alarm, it will require billions of dollars in unexpected new outlays for prevention operations here in the USA - - reinforcing the false idea that the nation has bottomless resources (the same idea that has been driving the bail-out fiesta). My guess is that the fear emanating from the story will be a potent generator of paranoia in the meantime, leading to widespread closures of things, canceling of events, restrictions on travel (official or otherwise), and a sell off in the financial markets. And that's if the flu turns out not to amount to anything.

[Squeeze That Sponge](#)

Often stymied in their quest for new crude, Western oil companies are squeezing more out of the reserves they already have.

Despite the engineering advances of the past century, nearly two-thirds of crude still gets left in the ground. So oil companies are raising the ante, investing billions of dollars in cutting-edge technology to increase the amount of crude they can tap.

The potential rewards are huge: Raising the average recovery rate world-wide to 50% from 35% would boost the world's recoverable oil by about 1.2 trillion barrels -- equal to the whole of today's proven reserves, the International Energy Agency says.

[Crude futures plunge as flu scare rekindles economic worries](#)

(Platts) - Global crude futures started the week on a significantly lower note Monday, dragged down by concerns about the impact of the swine flu outbreak on the world

economic recovery and comments by Algerian oil minister Chakib Khelil that it may not be necessary for OPEC to further cut output, market sources said.

"The falls are driven by the outbreak of the [swine] flu, which is also driving equities lower," a crude trader said. He also pointed to signs that OPEC could refrain from further cutting its crude output target at its next meeting in late May.

[Cost of gas barely budges in last two weeks](#)

NEW YORK - The average price for a gallon of gasoline in the United States rose less than a penny in the past two weeks as the economic downturn help to keep a lid on retail prices, according to the Lundberg survey released on Sunday.

[Governments Must Cooperate for "Power-Down" as Oil Runs Out](#)

Oil production is expected to fall by around 3% per year, beyond the oil peak. To avert catastrophe, oil-producing nations must agree to reduce their production by 3% per year and oil-importing nations to reduce their imports by an exactly matching amount. Production will fall and must be planned to fall, while consumers take-up the slack in supply.

[Some stockpiling to prepare should times turn perilous](#)

Ammo. Canned goods. Vegetable seeds. Fortified water by the case.

They are reportedly flying off the shelves, these staples of the stockpile crowd.

"Survivalist" isn't the right term, not in a downturn that has got everyone nervous. "Preparedness" or "self-sufficiency" — that is what they are saying.

[What will we tell the next generation?](#)

LAST month, the chief scientific adviser to the British Government, Professor John Beddington, predicted a global catastrophe by 2030 on the simple premise that while global demand for food, water and energy is escalating, the supply of these three essentials is diminishing.

He predicted civil unrest and international conflict.

If this scenario was to come true, I can imagine a voice in the future asking us — particularly those of us who had the privilege and responsibility of a public voice — the following questions.

[Shell, BP Profits May Drop Most in Five Years on Oil](#)

(Bloomberg) -- Royal Dutch Shell Plc and BP Plc, Europe's largest oil companies, may post the biggest drop in quarterly earnings in at least five years after the recession dragged down crude prices.

[Iran can make more of its energy riches: U.S. envoy](#)

SOFIA (Reuters) - Iran could make more of its vast resources if relations with the west improve enough to allow more investment in its energy sector, the United States' new Special Envoy for Eurasian Energy, Richard Morningstar, said on Saturday.

The world's fourth-largest crude producer also sits on the world's second-largest gas reserves but U.S. sanctions imposed by the Bush administration have hindered gas export growth.

[The Impending Mother of All Oil Shocks](#)

The other day I had an interesting conversation with someone who decides how much a small but significant portion of the world's oil reserves gets pumped.

I asked a question, *"So long as the revenue from the oil that you pump is enough to meet the immediate needs of your country, why pump more?"*

My point was that as the prospect of running out of easy-to-extract oil starts to hit the collective consciousness, and as demand creeps up (as it will), oil will spike again, and again. So why not just wait?

[China Agrees to Buy LNG From Exxon's Papua New Guinea Venture](#)

(Bloomberg) -- China, the world's second-biggest energy user, has agreed to buy liquefied natural gas from Exxon Mobil Corp.'s \$11 billion venture in Papua New Guinea, said two people with knowledge of the transaction.

A state oil company signed an agreement to buy 2 million metric tons of LNG a year, about 32 percent of the project's proposed output, under a multiyear contract, said the two people, declining to be identified because the talks are confidential.

[Mystery of Kazakhstan's biggest private oil producer](#)

In the purchase by Kazakh national company KazMunaiGas (KMG) and China National Petroleum Corporation CNPC of 100 percent stock of the largest private oil producing company Mangistaumunaigas (MMG,) the most desired asset - the Pavlodar Petrochemical Plant (PPP or the Pavlodar refinery) - has remained untouched. KazMunaiGaz and CNPC Exploration and Development Company Ltd. (CNPC E&D) have signed an agreement to purchase 100 percent of Mangistaumunaigas common stock from Central Asia Petroleum Ltd (CAP,) KMG press service reported. However, the report is silent on the value of the future acquisition of Kazakhstan's largest private-owned oil producer (the recoverable oil reserves of its fields are over 180 million tones.)

[OPEC to Reduce Production If Needed, El-Badri Says](#)

(Bloomberg) -- OPEC, supplier of 40 percent of the world's oil, will reduce oil production if necessary to support prices, Secretary General Abdalla el-Badri said.

"I am sure if at the May meeting there is a need to cut, they will take that decision," el-Badri said today in an interview in Algiers. "In OPEC member countries, 35 projects have been delayed because of falling oil prices."

[3 Reports That Should Indicate Continued Firming of Oil Prices](#)

Seasonal demand is picking up steam. To confirm this I look to statistics from the Federal Highway Administration. February saw an increase in US motorists average daily driving, which is the first increase in 15 months, or approx the length of the current recession. Daily mileage during February rose 2.7% from a year earlier, not to mention that this year had one day less due to the leap year calendar.

Too early to tell? Yes, it is too early to tell if the trend will continue. What is important is that the direction of the tide has shifted and a temporary floor for gas prices has been put in. We will need to see March numbers to confirm that the trend is continuing. In the meantime, quantitative easing should put pressure on the greenback. Along with contango demand, this should provide price support.

[Is There Enough Natural Gas?](#)

The US alone has enough natural gas reserves to power home heating, industrial demand, 50% of its cars and trucks, and to replace 50% of the coal-fired plants with natural gas generation! This is, indeed, wonderful news. So, I stand by my recommendation that Energy Secretary Chu step down, or, be fired.

["Is Our Transportation System Sustainable?"](#)

Even though America only accounts for 5% of the world's population, it uses about

20,680,000 barrels of oil per day. Despite US peak oil production during the 1970's, consumption and net imports have always been on the rise, while the domestic production rate has been declining tremendously. The US imported about \$246 billion worth of oil in 2007, which is \$468,000 per minute. Most of the imported oil comes from OPEC, and 68% of all petroleum is consumed by transportation, 25% industries, 4% residential, 1% utilities, and 2% commercial.

[Kuwait to pursue production target of 4mbpd for 2020: Sheikh Ahmad](#)

(KUNA): Kuwait will proceed with planned oil investment and expansion projects with an eye to achieve its production target for 2020 at 4 million barrels per day (bpd), Kuwaiti Oil Minister Sheikh Ahmad Al-Abdullah Al-Ahmad Al-Sabah reaffirmed on Sunday. Addressing Asia's major oil producers and consumers at a one-day meeting here, Sheikh Ahmad said that Kuwait sticks to a plan to build a refinery in China with a capacity of 300,000 barrels per day (bpd) by teaming up with Asia's top oil refiner Sinopec Corp, as well as a 200,000-bpd refinery in Vietnam through joint venture with Japanese firms and Petrovietnam. "Kuwait recognized the growing long-term demand in the developing countries, especially in Asia, and consequently the necessity of expanding the upstream and downstream capacity," he said at the Third Asian Ministerial Energy Roundtable Meeting, co-hosted by Japan and Qatar.

[ExxonMobil tenders for five LNG carriers](#)

ExxonMobil has sent out tender documents to shipowners and yards for up to five LNG newbuildings to serve its Papua New Guinea (PNG)-based liquefaction project. Shipbuilding sources say they are reviewing a tender for vessels of between 150,000 cbm and 180,000 cbm. Four or five ships will be required, depending on the size selected.

[Supertanker Rates to Jump on Losing Single-Hull Ships](#)

(Bloomberg) -- The worst market for supertankers since the 1973 Arab oil embargo is setting the stage for prices to double by the fourth quarter as ship owners scrap aging vessels and delay orders for new ones.

Prices on the benchmark Saudi Arabia to Japan route will rise to at least \$32,000 a day in the fourth quarter, from \$16,007 now, Oslo-based Fearnley Consultants A/S estimates. That's more than the \$26,994 shown by freight derivatives, contracts used by investors to speculate on future rates.

[Brazil's Tupi Oil Field May Be Hurt by Rig Shortage](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, may be

hurt by a rig shortage as it begins development of the Tupi field, the largest discovery in the Americas since 1976, according to Jefferies & Co. Inc.

The company expects to almost double the numbers of rigs operating in deepwater offshore Brazil to 68 by 2012, from 38 today, according to Jefferies analyst Jud Bailey.

It's "questionable" whether six of these rigs can even be built because the contractors are "small marginal" players, Bailey said April 24 in an interview from Houston. Others rigs may be delivered as much as a year late, he said.

[General Synfuels to Test Oil Shale Technology in Wyoming and Colorado](#)

Company predicts breakthrough technology will drastically cut oil shale recovery costs and minimize environmental impacts.

[Province should start investing more in green, not nuclear energy](#)

Ontario is facing not one, but three major crises, all interrelated. The economy has slowed to a crawl. Global warming is threatening to undermine world stability and we appear to be reaching, or are past, peak oil production.

[Yemeni forces free oil tanker, arrest 11 pirates](#)

SAN'A, Yemen - A Yemeni security official said on Monday that coast guard forces had freed a hijacked Yemeni oil tanker and arrested 11 pirates.

[You've bought your last car](#)

Actually, you've probably bought the last of a lot of things, but I remember being struck when I first heard James Howard Kunstler say, "Most Americans have bought their last car." So I'm going to use the example of cars to demonstrate why that is and why we won't get off of fossil fuel in time.

[Dr. Mark Jaccard - Sunday, 26 April 2009 \(podcast\)](#)

Dr. Mark Jaccard, a professor at Simon Fraser University's School of Resource and Environmental Management and a former member of the Intergovernmental Panel on Climate Change, discusses the essay he contributed to the Thomas Homer-Dixon edited book *Carbon Shift: How the Twin Crises of Oil Depletion and Climate Change Will Define the Future* (Random House, 2009), as well as the current provincial election campaign especially the NDP's plan to axe the carbon tax, with Joseph Planta.

[Honda May Develop Plug-In Autos as Obama Alters U.S. Policy](#)

(Bloomberg) -- Honda Motor Co., the only company selling hydrogen-powered cars to U.S. drivers, may also develop plug-in models as U.S. policy shifts to favor battery-powered autos.

Honda, which began leasing hydrogen fuel cell FCX Clarity sedans in Los Angeles last year, still sees hydrogen as the best long-term alternative to gasoline as a fuel that can cut carbon exhaust tied to global warming, President Takeo Fukui said in an interview. Still, the company will respond to a push by the Obama administration for carmakers to sell plug-ins, he said.

[Qantas May Cut Business Class Seats as Demand Plunges](#)

(Bloomberg) -- Qantas Airways Ltd., the Australian carrier that says it invented business class 30 years ago, may remove some premium seats as companies force executives to fly coach or stay at home.

[Chrysler wins union concessions](#)

UAW says it reaches agreement on modifications in collective bargaining accord needed to keep automaker out of bankruptcy.

[GM to cut 21,000 U.S. jobs, confirms it is scrapping Pontiac brand by end of 2010](#)

DETROIT - General Motors said Monday it will cut 21,000 U.S. factory jobs by next year and phase out its storied Pontiac brand as part of a major restructuring effort needed to get more government aid.

The struggling automaker also says it will offer 225 shares of common stock for every \$1,000 in notes held by bondholders as part of debt-for-equity swap.

[Searching for Deeper Pockets](#)

Amid tight credit and tough market conditions, clean-technology companies without large backers are looking to better-capitalized suitors. This trend became apparent in the solar-power industry over the past few weeks.

[Tailwinds for the wind industry](#)

The president spent Earth Day at an Iowa factory that makes wind turbine towers and announced new regulations for offshore wind farms. Meanwhile, Interior Secretary Ken Salazar has been talking up the potential of offshore wind to generate as much as 20% of the eastern seaboard's electricity that is now provided by coal-fired power plants.

But such scenarios won't come to pass unless the administration seriously tackles the transmission grid problems that are keeping wind from becoming a nationwide source of green energy, according to panel of wind industry executives who spoke at Fortune Magazine's Brainstorm Green panel this week.

[Surf's Up](#)

Scotland is placing big bets on tidal and wave power. The outcome is still very much in doubt.

[Rallying to run Boulder's coal plant without the coal](#)

BOULDER, Colo. — Boulder is progressive, many say. Boulder is green. Boulder is striving to meet the Kyoto Protocol.

And Boulder has a coal plant within its city limits.

True, the Valmont power plant is owned by Xcel Energy, and true, the electricity feeds into the grid and doesn't necessarily power homes in Boulder. But still, the three tall smokestacks on the eastern side of town have, for a growing number of residents, become a symbol of the old energy economy where fossil fuels are king.

[Smart Meter, Dumb Idea?](#)

New devices promise to cut energy use by giving consumers more information. Critics say they aren't worth the cost.

[Going the Distance](#)

China wants to use melting snow on the Tibetan Plateau to power neon lights more than a thousand miles away in Shanghai. And to make that vision a reality, it is dusting off a 40-year-old technology for moving electricity -- ultra-high-voltage power lines.

[Moore's Law and the Law of More](#)

It is not an exaggeration to say that the team that President Obama appointed to

promote his green agenda is nothing short of outstanding — a great combination of scientists and policy makers committed to building an energy economy that is efficient, clean and secure. Now there is only one vacancy left for him to fill. And it's one that only he can fill: Green President. Is he ready to do that job with the passion and fight that will be required to transform America's energy future? Hope so. Not sure yet.

[Poll: Jobs over ecology](#)

For the first time in more than a decade, Americans surveyed by the Gallup Organization said they care more about stimulating the economy even if that means the environment suffers to some extent.

In a March 2009 telephone poll of 1,000 Americans, 51 percent said they believed America should put more of a priority on jobs and industry. For more than a decade, Gallup has been asking that question and the environment had always held the lead, until now.

[The Green House of the Future](#)

What will the energy-efficient house of the future look like?

It could have gardens on its walls or a pond stocked with fish for dinner. It might mimic a tree, turning sunlight into energy and carbon dioxide into oxygen. Or perhaps it will be more like a lizard, changing its color to suit the weather and healing itself when it gets damaged.

[A Full Agenda](#)

LamarMcKay, BP's new head of U.S. operations, talks about the Obama administration's policies, the future of biofuels and more.

[Food bowl on brink of \\$5bn catastrophe](#)

THE nation's key food bowl, the Murray Darling Basin, is on the verge of economic collapse as the value of production plunges by at least \$5 billion, experts say.

Drought and declining irrigation water have plunged inland Australia's heartland into crisis with the loss of at least one third of the basin's \$15 billion annual income. Worse is predicted for the coming financial year if the drought continues.

[Galapagos Penguins Need 'Condos' With Global Warming](#)

(Bloomberg) -- The Galapagos Islands, renowned for rare animals that inspired Charles Darwin's theory of evolution, may have to create special shelters to save species from global warming and rising sea levels.

Scientists who met there last week decided the indigenous penguin needs "condos" built in cooler, higher areas to nest more safely, Giuseppe Di Carlo, marine climate-change manager at Conservation International, said in an interview. Shadier bushes would protect plants and animals such as birds and tortoises that produce too many of the same sex in hotter weather.

[Report: Climate change bodes ill for SE Asia](#)

BANGKOK—Southeast Asia will be hit particularly hard by climate change, causing the region's agriculture-dependent economies to contract by as much as 6.7 percent annually by the end of the century, according to a study released Monday.

The Asian Development Bank study focused on Indonesia, the Philippines, Thailand and Vietnam. Those countries are especially vulnerable because they have large coastal populations facing rising sea levels and rely heavily on rice and other agriculture products which could suffer from water shortages as well as floods. Vietnam was found to be the most vulnerable.

[Irish temperatures to rise 1.8C by 2050](#)

A new report has predicted climate change will have significant impacts on Ireland within a matter of decades.

This will include far more intense rainfall and an increased number of droughts.

Research conducted at NUI Maynooth and published by the EPA projects winter rainfall will increase by 10%, while summer rainfall will drop by up to 17% by 2050.

[Washington forum draws worst greenhouse polluters](#)

WASHINGTON (Reuters) – Diplomats from the world's biggest greenhouse gas polluters including the United States, China and India are set to take part in a forum on Monday at the U.S. State Department aimed at getting a U.N. agreement to curb global warming.

The two-day meeting of so-called major economies is meant to jump-start climate talks in advance of a December deadline, when the international community meets in Copenhagen to find a follow-up agreement to the Kyoto Protocol, which limits climate-warming greenhouse emissions and expires in 2012.

[Obama's Democrats drag feet as US opens international climate talks](#)

Washington - The Obama administration will try its hand starting Monday at finding a consensus among 17 leading economies on climate change as the US State Department sponsors the "Major Economies Forum on Energy and Climate" in Washington. The week-long talks, which include India and China, are part of the process leading up to a major world meeting in Copenhagen at year's end that is to forge a follow-up to the Kyoto Protocol on global warming, which expires in 2012.

But US President Barack Obama's government goes into the meeting with a hand weakened by his own majority centre-left Democratic Party in Congress, where legislators are already debating whether to scale back a far-reaching proposal introduced last month that would boost incentives for renewable energy and for the first time force companies to pay for pollution that is blamed for global warming.

[Shaping the post-carbon economy](#)

The good news is that we can achieve what's needed, we can afford to do it, and we can do it all without curtailing growth. The latest version of the McKinsey global carbon abatement cost curve identifies opportunities to stabilise emissions by 2030 at 1990 levels, or 50% below the "business as usual" trend line.

Making these reductions would cost about €200-350 billion annually by 2030 – less than 1% of projected global GDP in 2030. The total up-front financing would be €530 billion by 2020 – less than the cost of the current US financial-sector bailout plan – and €810 billion by 2030, which is well within range of what financial markets can handle.

[Selling The Green Economy](#)

Few things are more appealing in politics than something for nothing. As Congress begins considering anti-global-warming legislation, environmentalists hold out precisely that tantalizing prospect: We can conquer global warming at virtually no cost.

[Utilities amp up lobbying over climate debate](#)

WASHINGTON — Fifty of the nation's largest electric utilities amped up spending on lobbyists by 30% late last year to influence the debate in Congress just underway on one of the biggest issues facing lawmakers: climate change.

From Duke Energy, with 4 million customers, to American Electric Power, which sells energy in 11 states, the companies spent a total \$51 million in the last six months of 2008, \$12 million more than the same period in 2007, a USA TODAY review of lobbying

reports shows.



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