



Drumbeat: May 9, 2009

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Topic: [Miscellaneous](#)

[US-Canadian shale could neutralize Russian energy threat to Europeans](#)

Rising shale gas production in the United States and Canada as well as potential natural gas supplies from Iraq could be pivotal in curbing Russia's ability to organize an "energy weapon" against European consumers, according to a new study released today by Rice University's Baker Institute for Public Policy.

The study, "Russia and the Caspian States and the Global Energy Balance," examines Russia's evolving energy relations with its Caspian neighbors, the Organization of Petroleum Exporting Countries and the West and considers potential scenarios for Russian and Caspian oil and natural gas strategies.

"Maintaining favorable tax conditions to support investment in onshore shale gas resources in the United States can play an important role of containing Russia's leverage over an increasingly global natural gas market," said Kenneth Medlock, a Baker Institute researcher and lead author of the study. "In addition to North American resources, our scenario analysis shows that there are several supply sources that can serve as viable alternatives to heavy future global reliance on Russian natural gas."

[Oil industry eager to take case to public](#)

Facing unwelcome changes to U.S. energy policy, some oil and gas industry leaders are calling for stepped-up efforts to defend the business publicly and dispel what they view as myths about the potential of renewables to meet the nation's energy needs.

"In my 30 years in the industry, I don't think there has been a greater call for engagement," said Gary Luquette, president of Chevron Corp.'s North American exploration and production business. At last week's Offshore Technology Conference in Houston, he stressed the need for greater communication on energy issues with the American public and even with industry critics.

"There's no reason for us to be fighting off our back foot," he said.

[Chavez's Oil Seizures May Cause 'Substantial' Output Decline](#)

(Bloomberg) -- Venezuelan President Hugo Chavez's seizure of assets at 60 oilfield service companies threatens to reduce the OPEC-member country's output.

"Petroleos de Venezuela doesn't have the management and strategic capacity to operate these companies properly," said Jorge Pinon, a fellow at the Center for Hemispheric Policy at the University of Miami, referring to the state-owned oil company. "You'll see a substantial drop in oil production."

[Venezuela oil takeovers may leave 22,000 jobless: unions](#)

CARACAS (AFP) - Venezuelan unions estimated Saturday that nearly 22,000 oil contractors stand to lose their jobs after President Hugo Chavez's government seized the assets of 60 local and foreign-owned oil firms.

[Oil rally may draw rush of consumer hedging](#)

NEW YORK (Reuters) - A nearly 70 percent run up in oil prices since February may trigger a round of hedging by big energy consumer industries, like airlines, seeking to protect themselves from a further hike in costs.

Already experts say there have been signs more companies are wading into the market to take out protective positions against increased costs -- a trend that could accelerate oil's rally if it gains momentum.

[Iranian Official Expects OPEC to Hold or Cut Output](#)

TEHRAN -- Iran's OPEC governor said the Organization of Petroleum Exporting Countries will either cut production at its May 28 meeting to reduce record-high crude-oil stock levels, or decide to maintain current output on expectations of an improved economic situation and a rise in demand.

"There are two options. If OPEC decides to bring the stock levels back to the five-year average, then production has to be decreased. Another option is to maintain the current [production] level...and see how economic improvement will influence demand," Mohammad Ali Khatibi told Dow Jones Newswires by phone Friday.

[Saudi on target to meet 12mbpd output expansion](#)

Saudi Arabia is pushing ahead with a major oil capacity expansion programme despite slackening global demand and its target of 12 million barrels per day will be achieved within weeks, according to the Gulf country's oil operator.

The state-owned Saudi Aramco, the world's largest oil exporter, said that production level would be reached once the world's largest single upstream development project at Khurais oilfield is completed.

[Saudi Aramco plans gas plant at Moneefa oilfield](#)

State hydrocarbon giant Saudi Aramco will build a gas plant at its Moneefa oilfield to process 1 billion cubic feet per day (cfd) of gas, an Aramco executive said on Saturday.

The plant will process gas from Aramco's newly discovered offshore gas fields Arabiyah and Hasbah, the executive said adding that it is a "sizeable reserve discovery."

[Exxon begins drilling at Point Thomson](#)

ANCHORAGE, Alaska — Exxon Mobil says it has begun drilling at Alaska's Point Thomson oil and gas field.

Patrick McGinn, a company spokesman, says drilling operations were launched Friday.

In February, Exxon returned eight of its Point Thomson leases that were part of 13 added to the field in 2002. Exxon had promised to drill wells and begin producing oil within four years, but no drilling occurred.

The state has been fighting with the Irving, Texas-based oil giant and other lease holders over the lack of progress there.

[Kenya: Tight purse strings choke small oil firms](#)

Small oil marketing companies are unable to import crude and refined oil products into the local market because of limited financial facilities.

According to Petroleum Development Consultants (PDC), many firms don't have the capacity to participate in the open tender system (OTS) as banks have set stringent lending terms after the collapse of Triton Petroleum.

[Report examines limits of national power grid simulations](#)

ARGONNE, Ill. (May 4, 2009) — America's power grid today resembles the country's canal system of the 19th Century. A marvel of engineering for its time, the canal system eventually could not keep pace with the growing demands of transcontinental transportation.

More than 150 years later, America's infrastructure is again changing in ways that its designers never anticipated. Distributed and intermittent electricity generation, such as wind power, is rapidly expanding, new smart meters are giving consumers more control over their energy usage, and plug-in hybrid electric vehicles may someday radically increase the overall demand for electricity. The evolution of America's energy needs has forced scientists and engineers to re-examine the operations, efficiency and security of the national power grid. The creation of a more secure and efficient national power grid requires significant innovations in the way we transmit electricity and monitor its use.

[UK "green" job market swelling amid recession](#)

LONDON (Reuters) - Britain's "green" job market is thriving despite tough economic times and mounting redundancies in other sectors, environmental recruiters said on Friday.

[Chevron: Athabasca Oil Sands Expansion to Start Up in 2011](#)

A 100,000-barrel-a-day expansion at Royal Dutch Shell PLC's (RDSA) Athabasca Oil Sands Project is expected to be completed and start up in 2011, slightly behind schedule, a top executive of partner Chevron Corp. (CVX) said Thursday.

"It's going to start more likely next year, which is little behind the original schedule," Gary Luquette, Chevron's president North America Exploration and Production, told Dow Jones Newswires in an interview.

[Gasoline prices jump past \\$2](#)

The average price of gasoline in the U.S. jumped 2.8 cents overnight to \$2.169 for regular Friday, an enormous leap by recent standards.

[Analyst Says Oil Outlook Cloudy](#)

The economy is probably rebounding better than most realize, says Houston energy analyst Dan Pickering, but if oil demand continues to drop, the damage to the energy business will be significant.

"We could be at \$70 oil much faster than we predict," Pickering told a crowd Thursday on the final day of the 2009 Offshore Technology Conference at Reliant Park. "But I think we'll be at \$30 if demand is down again in 2010."

[Saudi SABIC, Sipchem tap synergies during crisis](#)

RIYADH (Reuters) - Two of Saudi Arabia's biggest petrochemical firms said on Saturday they have agreed to cooperate on the execution of projects to create synergies after the global economic slowdown hit their profitability.

Under a memorandum of understanding, Saudi Basic Industries Corp 2010.SE (SABIC) will crack ethane feedstock to provide Saudi International Petrochemical Co 2310.SE (Sipchem) with ethylene olefin and in exchange Sipchem will provide SABIC with carbon monoxide, the two firms said in a statement.

[Pemex marks three discoveries this year](#)

Mexican state-owned Pemex E&P subsidiary PEP recorded three discovery wells during the first quarter of the year, all of which are producing super light crude.

Pemex drilled the Bricol-1 and Cupache-1 wells at its Cinco Presidentes project in the southern marine basin, according to Pemex's quarterly investors report.

[Mexico sees oil bidding in December](#)

MEXICO CITY (Reuters) - Work on new contracts that let private oil companies explore for oil in Mexico is on schedule and bids for the first deals should be received by December, a senior executive of state oil company Pemex said on Friday.

Mexican law bans private participation in the oil industry but Pemex is keen to bring in international oil companies to help boost falling oil production, which has dipped to its lowest level since 1995.

[49 people hurt in Boston when trolleys collide](#)

BOSTON (AP) — A trolley rear-ended another trolley that was stopped between two underground stations in downtown Boston on Friday night, injuring about 50 people, and one of the conductors told police he was texting at the time of the crash, officials said.

...The 24-year-old operator of the moving trolley, who was the most seriously injured, admitted to police that he was sending text messages from his cellphone when the accident occurred, Massachusetts Bay Transportation Authority general manager Dan Grabauskas said.

[Saudi slashes spending on five year energy plan](#)

Saudi Arabia's five year energy plan has been revised and spending cuts introduced as a result of a fall in oil prices, it emerged on Saturday.

According to Middle East Economic Survey (MEES) the kingdom has put several of its energy projects on hold, including the offshore Hasbah natural-gas field and a gas-to-liquids facility at Shaybah.

The report failed to say where it had gained the information on the delays but added that state-run Saudi Aramco was planning to also slash spending on the so-called Maintain Potential programme.

[Major find in age of shrinking resources](#)

Oil firm's 'transformational' discovery in northern Iraq a shot of hope to those who gamble on volatile region

CALGARY — The discovery of a major new oil resource in Kurdistan is lifting the prospects for a cluster of small energy explorers who have looked to the northern Iraqi region as the last great bastion of easy oil.

[Lower production setback for European oil firms](#)

Spanish oil company Repsol, Austrian rival OMV and Romania's Petrom reported big drops in profit yesterday due to lower oil prices and falling production but refining margins rose.

[Kuwait resumes oil exports after day of bad weather](#)

Kuwait said on Friday it had resumed all oil exports after they were halted on Thursday due to high wind and bad weather conditions, a spokesman for state refiner Kuwait National Petroleum Co (KNPC) said.

[Iraq Oil Ministry denies deal to export Kurd oil](#)

BAGHDAD (Reuters) - The Iraqi Oil Ministry has not granted permission for oil to be exported from fields in the largely autonomous Kurdish region, a ministry official said on Friday, contradicting statements from Kurdish officials.

[Pdvsas insolvency affects cash flow of mixed companies](#)

The current insolvent status of state-run oil holding Petróleos de Venezuela (Pdvsas) due

to falling oil prices and declining income has prevented it from paying its debts to contractors and providers. Payment in arrears also reaches mixed companies –former operators- as they have not been paid for oil sales.

[Chávez Seizes Assets of Oil Contractors](#)

The move by Mr. Chávez on Friday also raises concern about Venezuela's ability to increase its declining oil production at a time of low oil prices. The national oil company, *Petróleos de Venezuela*, hired the contractors to help it produce oil by operating drilling rigs, using technology to extract oil from aging wells or moving personnel or equipment on boats.

Venezuela, which relies on oil for about 93 percent of its export earnings, has not paid some of the oil contractors since late last year, according to filings by companies like *Williams Companies*, based in Tulsa, Okla., which said last month that it did not expect to receive \$241 million it was owed here. *Petróleos de Venezuela* had been seeking a reduction of about 40 percent in its overall debt to the companies, which is estimated by industry analysts to be about \$10 billion.

[Pdvsas debt increases by 146 percent in 2008](#)

The revenues of the state-run oil company *Petróleos de Venezuela* (Pdvsas) increased by 39 percent in 2008. However, despite increased funds, the conglomerate's debt rose dramatically and Pdvsas allocated less money to social plans.

[2050: An energy odyssey](#)

Ottawa's low-carbon energy projections leave Canada producing more energy from coal, oil sands, nuclear and forests. This is green?

[Canada's reckless carbon habit](#) (review of *Carbon Shift*)

Here's the situation, and it's a dangerous one. In the past 150 years, the human tribe willingly became eager slaves to oil and got teenage-drunk on the fumes. But carbon is now the insidious master of our house and garden. Man-made volcanoes of CO₂ have wrecked the climate thermostat, dried up water supplies, killed forests, shrunk glaciers and made farmers as insecure as artists. And that's just the beginning of the oil hangover. Can Canada remain strong and free without ice, journalist Ed Struzik asks in his mind-boggling exposé (*The Big Thaw*) of the Arctic meltdown.

[The wheels on the bus go round and round..in Sauk County](#)

"I think the perception has been that Sauk County is just too rural for this," said Ashley Nedeau-Owen, Sauk County's mobility manager.

But he has high hopes for The Bus, which will run five days a week with two county-owned buses that have maximum capacities of 10 and 14 passengers. The plan is to expand the program into one that will hit more areas of Sauk County with more buses.

...Buses will pull over and pickup anyone that flags them down along a route, as long as it's an appropriate place to stop. And those who live within one mile of a stop can call ahead of time — preferably at least a day in advance — to request that a driver pick them up.

[Chevron bids to make college solar](#)

JOSHUA TREE — The Chevron corporation is proposing to install solar panels, a wind turbine and other alternative-energy equipment at Copper Mountain College, promising to save the Joshua Tree campus more than 950,000 kilowatts and \$450,000 every year.

College trustees will hold a public hearing and are expected to vote on the proposal Thursday.

Besides saving money, college officials hope the installations will lead to a new degree program in energy management.

[Do 'fatties' cause global warming?](#)

I'm 5 feet 9 and 160 pounds. So I'm not fat. But I eat a lot: My metabolism would require me to make food intake a full-time job if I aimed to gain weight.

I'm not unique that way. And like almost anyone else, the more active I am the more I consume. By massaging the appropriate numbers I could produce an equally eye-catching, and worthless, argument that skinniness and/or fitness cause climate change.

"Fatties" aren't the only ones who live in oversized homes or indulge in excessive consumption of all kinds of products. They're not to blame for car-dependent suburbs, energy-wasting building standards, lax emission regulations for cars and industries, or the many other reasons we burn too much coal, oil and gas.

They didn't create the global food production system based on insecticides, pesticides and machinery — all consuming huge amounts of fossil fuels.

[NEPAL: Experts call for climate change adaptation plans](#)

KATHMANDU (IRIN) - Nepal is one of a number of South Asian countries directly affected by global warming, especially in mountainous regions which have seen rapid glacier melt: Local experts warn that climate change adaptation plans urgently need to be put in place.

[Wanted: A New Home for My Country](#)

One recent evening at the presidential palace in Malé, the capital of the Maldives, around 100 people showed up to watch a movie. Rows of overstuffed chairs in a gaudy combination of stripes and paisleys faced a projection screen hanging on the front wall of what seemed like a grand ballroom. At the back of the hall, journalists erected camera and microphone rigs: Mohamed Nasheed, the Maldives' 41-year-old president, was expected to make a major announcement after the film. And ever since Nasheed declared on the eve of his inauguration last November that, because of global warming, he would try to find a new homeland for Maldivians somewhere else in the world, on higher ground, local reporters didn't miss the chance to see their unpredictable ("erratic" and "crazy" were other adjectives I heard used) president.

[No credit where it's due](#)

Three smart, combative books on climate change are already slightly out of date.



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