



DrumBeat: May 14, 2009

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[Saudi must rein in soaring power consumption](#)

Top oil exporter Saudi Arabia needs to rein in fast-growing power demand that threatens to eat into future exports, Saudi Oil Minister Ali al-Naimi said in remarks published late on Wednesday.

An economic boom fuelled by record oil revenues this decade and subsidised domestic prices have led to a rapid rise in electricity consumption in the kingdom.

Gas supplies were insufficient to meet all demand for power, so Saudi Arabia burns oil products and some crude to meet demand.

"If this trend in power consumption in the kingdom continues it will impact the size of exports and will affect the kingdom's income, which necessitates the implementation of a national programme to rationalise power consumption," Naimi said in remarks published by the official Saudi Press Agency.

[John Michael Greer: The end of the Information Age](#)

Very few people realize just how extravagant the intake of resources to maintain the information economy actually is. The energy cost to run a home computer is modest enough that it's easy to forget, for example, that the two big server farms that keep Yahoo's family of web services online use more electricity between them than all the televisions on Earth put together. Multiply that out by the tens of thousands of server farms that keep today's online economy going, and the hundreds of other energy-intensive activities that go into the internet, and it may start to become clear how much energy goes into putting these words onto the screen where you're reading them.

It's not an accident that the internet came into existence during the last hurrah of the age of cheap energy, the quarter century between 1980 and 2005 when the price of energy dropped to the lowest levels in human history. Only in a period where energy was quite literally too cheap to bother conserving could so energy-intensive an information network be constructed. The problem here, of course, is that the conditions that made the cheap abundant energy of that quarter century have already come to an end, and the economics of the internet take on a very different shape as energy becomes scarce and expensive again.

[Thriving Norway Provides an Economics Lesson](#)

Norway is a relatively small country with a largely homogeneous population of 4.6 million and the advantages of being a major oil exporter. It counted \$68 billion in oil revenue last year as prices soared to record levels. Even though prices have sharply declined, the government is not particularly worried. That is because Norway avoided the usual trap that plagues many energy-rich countries.

Instead of spending its riches lavishly, it passed legislation ensuring that oil revenue went straight into its sovereign wealth fund, state money that is used to make investments around the world. Now its sovereign wealth fund is close to being the largest in the world, despite losing 23 percent last year because of investments that declined.

[Project Update: Ras Tanura](#)

The existing Ras Tanura refinery, situated on the East Coast of Saudi Arabia is considered to be one of the largest refineries globally. With a 550 000 bpd output capacity, it currently produces around 40% of Saudi Arabia's local demand for fuel, primarily gasoline, kerosene, diesel and fuel oil. In an effort to help satisfy future local demand for refined products within the power, industrial and energy sectors and to supply feedstock to the nearby planned Ras Tanura Integrated Petrochemical project by a Saudi Aramco/Dow Chemical JV, Saudi Aramco is planning to expand the refinery by 400 000 bpd.

With an estimated investment cost of US\$8bn and the utilisation of crude oil feedstock as an alternative to natural gas feedstock for petrochemical production as a result of Dow Chemical's Deep Catalytic Converter (DCC) technology, the facility will look to process a mixture of Arabian Heavy, Arabian Medium and Arabian Light crude oil.

[Sandstorm temporarily halts Kuwait's oil exports](#)

Kuwait's national oil company says it has temporarily halted oil exports because of a sandstorm that has struck the small Gulf state.

Mohammed al-Ajmi, a spokesman for the Kuwait National Petroleum Co., said Thursday the measure is routine and will not affect Kuwait's commitments to its international clients.

[Suffolk home rule message eyes seceding from state](#)

Suffolk legislators approved a home rule message Tuesday calling for a study and referendum on the merits of Long Island seceding from a "tyrannical" New York State government, though they are unlikely to be taking up muskets for an armed revolt.

The dormant Long Island secession movement awakened by presiding officer William Lindsay (D-Holbrook), who, angered by the regional payroll tax imposed by state lawmakers to fund the Metropolitan Transportation Authority bailout, called for a vote on the matter to register his anger about the new tax.

[The Value of Wind – why more renewable energy means lower electricity bills](#)

There is a perception that increasing the deployment of renewable generation in the UK will increase the price of electricity for British consumers. However, the reality is the reverse: adding significant amounts of wind capacity to a country's generation portfolio leads to lower overall generation costs, and to lower bills, while increasing energy security.

[First steps to a smaller footprint](#)

Catherine T. Lawson, director of the college's master's degree program in urban and regional planning, and Mary Ellen Mallia, director of environmental sustainability, will lead the 18-month study of commuting habits at the university. Dozens of students also will participate in conducting surveys and examining data about where drivers live and where they need to travel.

When it comes to reducing pollution and energy consumption, "transportation always has this problem of moving people out of their cars," Lawson said.

But on UAlbany's sprawling uptown campus, with its winding access roads and look-alike buildings, and in a college situation where schedules vary widely, there are some special challenges in making transit and ride-sharing practical, she said.

[Bill McKibben \(audio\)](#)

Al Gore said it was the work of environmentalist Bill McKibben that first alerted him to the dangers of global warming. McKibben is in Australia talking about the rapidly evolving politics of climate change and why the world should be aiming to reduce the atmospheric concentration of carbon dioxide to 350 parts per million.

[Geoengineering the Climate: Bad for You and Our Energy Future](#)

Proposals to reduce global warming through giant engineering projects or so-called geoengineering abound. Almost all are in the idea stage. But even if they were ready to

deploy today, they would be dangerous for the planet, counterproductive for our energy future and unfair to the public.

[Economic Crisis Could Deepen Latin America's Energy Woes](#)

LA JOLLA, Calif. -(Dow Jones)- The current economic crisis may exacerbate the slow growth of Latin America's crude oil and natural gas output, which has lagged as the region has struggled to exploit its abundant energy resources.

Venezuela and Mexico missed out on the massive investment boom that flowed into the global oil patch following this decade's ramp-up in energy prices due to regulatory roadblocks and fiscal regime uncertainty. Now that oil prices are hovering around \$60 a barrel, well below their summer 2008 record of more than \$ 145, both international oil companies and the state-run giants that control most of Latin America's reserves are seeing their revenues plummet.

Latin America's struggle underscores how shifting regulatory and political sands can dampen a region's potential to produce energy despite the presence of massive oil and gas reserves. These untapped deposits could be key to quenching the world's thirst for energy once the recession is over and economic growth resumes - and could fulfill international oil companies' quest for reserves with which to replace their declining production.

[ConocoPhillips CEO Sees Positives with Crude at \\$70/Barrel](#)

ConocoPhillips CEO James Mulva said Wednesday that rising oil prices are an encouraging sign the economy is improving and could help spur new investment by the oil and gas industry after a global recession put a chill on activity in recent months.

But prices may need to go higher still before ConocoPhillips boosts its spending again in the Oil Patch.

[Mexico delays Chicontepepec bids](#)

Mexican energy giant Pemex has delayed a 170-well tender for the Chicontepepec oil project, saying technical reasons have forced it to push the bid back.

Baker Hughes submitted the lowest bid earlier this year on a contract for the drilling and 170 wells on the Chicontepepec paleocanyon, in a region overlapping both Veracruz and Puebla states.

[Africa needs investors to beat energy crisis](#)

The world's poorest continent needs \$21 billion annually to overcome its power problems despite sitting on large energy resources, the African Union (AU) infrastructure head said on Thursday.

Power shortages are common in many African nations, costing economies billions of dollars, shutting down industries and dampening investment, even though resources of solar, hydro, oil, gas, coal and geothermal power are abundant.

"Power means factories. It means farms. It means everything," the AU infrastructure and energy commissioner, Elham Ibrahim, told Reuters in an interview.

Only 30 percent of Africans have access to electricity compared with an average of 40 percent in other emerging markets, Ibrahim said.

[Only deregulation will end fuel crisis, govt insists](#)

AS the ongoing fuel crisis takes its toll on Nigerians and the economy, the Federal Government yesterday maintained that only the deregulation of the petroleum industry would restore sanity to the sector.

Ministers, who spoke on the matter yesterday after the Federal Executive Council (FEC), declared the journey to stable fuel supply with the enactment of the energy reform bills now before the National Assembly.

[Nigeria - Fuel scarcity: Expert calls for mass deployment of modular refineries](#)

The Managing Director, Peace Gate Oil & Gas, Mr. Ayo Adedoyin has said that the only way out of the recurrent fuel crisis in Nigeria is to improve local capacity through mass deployment of cheaper modular refineries across the country.

[Fuji Oil to boost asphalt-cracking unit capacity](#)

The move, which is aimed at lowering crude oil purchase cost, is expected to have a positive impact on refining margins as the company expects the differential of Saudi Arabia's Arab Light and Arab Heavy grades to widen to \$4 a barrel on average in the business year ending next March from \$1.70 now.

[Analyst says China's uranium demand could tighten supply](#)

Salida Capital analysts in Toronto believe that a possible 35% increase in the number of nuclear power plants operating worldwide this decade could create a supply shortage in the supply of uranium yellowcake--especially if China decides to stockpile the metal to avert domestic shortages.

[New Zealand's Tax Exemption Encourages Oil and Gas Exploration](#)

New Zealand Energy and Resources Minister Gerry Brownlee and Revenue Minister Peter Dunne have announced positive measures to enhance the development of New Zealand's natural resources.

Budget 2009 will make provision for a five-year continuation of an exemption for offshore oil and gas exploration.

[Solar project approved despite doubts](#)

A last ditch effort by progressive supervisors to reconsider an expensive solar power project fell one vote short yesterday when progressive Sup. Eric Mar maintained his unqualified support for the deal and refused to send it back to committee for more research and discussion.

At issue is a five-megawatt solar array atop Sunset Reservoir, which the San Francisco Public Utilities Commission recommended awarding to Recurrent Energy, despite the fact that the 25-year deal obligates the city to pay \$235 per megawatt-hour throughout the life of the project (even though prices are expected to drop as new technologies come online) and setting the city's buyout price at \$33 million or more.

[Europe's Overseas Push into Biofuels](#)

Massive tracts of land in Africa, Russia and Ukraine are being bought up or leased by richer countries to ensure access to food and for production of biofuels—a development that could result in unrest as locals begin to lose access over their territory.

An area roughly the same size as the amount of farmland in Germany is in play and at a cost of tens of billions of euros.

This phenomenon, a product of the twin food and fuel crises of last year, is threatening local communities whose traditional use of such lands is being undermined by the food and energy security needs of others.

[Big oil calls on contractors to cut costs now](#)

MILFORD HAVEN, Wales (Reuters) - Energy service contractors must cut their charges to oil and gas companies to ensure both parts of the industry thrive after the current crisis, the chief executives of two of the world's largest oil companies said on Tuesday.

Energy service companies must drop their charges to reflect tighter margins since oil and gas prices slumped in late 2008, ExxonMobil (XOM.N) Chief Executive Rex Tillerson and the CEO of France's Total told a press conference in Britain.

The French oil major might even have to put off projects if contractors do not cooperate.

[Cheap freight, OPEC boost Asia use of W.Africa oil](#)

LONDON (Reuters) - Low freight rates and production cuts by Middle Eastern OPEC oil exporters have led to a big rise in sales of West African crude oil to Asia over the last two months, a Reuters survey showed.

Forty-five supertankers were sailing east from West African ports this month carrying around 43 million barrels, or about 1.38 million barrels per day (bpd), of crude oil to refineries in India, China and elsewhere in east Asia, the survey of a dozen oil trading firms showed.

[Ukraine's president approves Caspian oil route bypassing Russia](#)

KIEV (RIA Novosti) - Ukrainian President Viktor Yushchenko has signed a decree approving a project to transit Caspian oil to Europe bypassing Russia, the presidential website said on Thursday.

[Pipelineistan goes Af-Pak](#)

As United States President Barack Obama heads into his second 100 days in office, let's head for the big picture ourselves, the ultimate global plot line, the tumultuous rush towards a new, polycentric world order. In its first 100 days, the Obama presidency introduced us to a brand new acronym, OCO - for Overseas Contingency Operations - formerly known as GWOT (as in "global war on terror").

Use either name, or anything else you want, and what you're really talking about is what's happening on the immense energy battlefield that extends from Iran to the Pacific Ocean. It's there that the liquid war for the control of Eurasia takes place.

Yep, it all comes down to black gold and "blue gold" (natural gas), hydrocarbon wealth beyond compare, and so it's time to trek back to that ever-flowing wonderland - Pipelineistan. It's time to dust off the acronyms, especially the SCO or Shanghai Cooperative Organization, the Asian response to NATO, and learn a few new ones like IPI and TAPI. Above all, it's time to check out the most recent moves on the giant chessboard of Eurasia, where Washington wants to be a crucial, if not dominant, player.

Baghdad finally allows exports from new Kurdish fields, but until it improves contract terms for foreign companies, its energy crisis will continue.

[Jordan, Shell to sign oil shale extraction deal](#)

AMMAN, Jordan - The official Petra news agency says Jordan and Royal Dutch Shell PLC will sign a deal Sunday to explore for oil in the country's extensive oil shale deposits.

[Saudi sees oil's rise unrelated to demand](#)

DUBAIM - Top oil exporter Saudi Arabia sees factors other than demand behind oil's rise this week to \$60 a barrel, Saudi-owned newspaper al-Hayat reported on Thursday.

"The Saudis said that the recent rise in oil prices does not reflect the reality of demand," al-Hayat said, citing French sources after French Economy Minister Christine Lagarde met Saudi King Abdullah and his Oil Minister Ali al-Naimi on Sunday.

[Oil Drawdown Takes Traders by Surprise](#)

Some market observers see speculative demand from hedge funds and institutional accounts as an underlayment for crude oil's recent rally.

In fact, speculative interest in crude oil has been *waning* since late January, according to data compiled by the U.S. Commodity Futures Trading Commission.

[The public deserves the full picture on climate change](#)

Like many of the important issues facing society, climate change involves a complex intersection of science, culture and politics, and a huge array of consequences impinging on a wide range of vulnerabilities. Yet on all sides, people are bombarded with simplistic slogans, misleading headlines and soundbites shorn of the caveats that make them valid.

The media is the main conduit for people to learn more, but the disconnect between the need for education and the journalistic mission to provide news means that climate stories are often missing the context needed to understand the bigger picture.

[Oil demand 'deeply depressed', says IEA](#)

PARIS (AFP) – Talk of economic recovery is not reviving appetite for oil, the International Energy Agency said on Thursday, forecasting a record drop in demand this year despite a recent surge in the oil price.

"As far as oil is concerned, the latest available data indicate that the 'demand green shoots', if any, continue to be buried under the thick ice of the current economic winter," it said in its monthly oil market report.

"We do expect a tapering off in the demand contraction, but we are still left with a very big drop in demand," said the report's editor, David Fyfe.

"In our view, recovery really doesn't start to take root until 2010," he told Dow Jones Newswires.

[Oil Falls for a Second Day After IEA Cuts 2009 Demand Forecast](#)

(Bloomberg) -- Oil fell for a second day after the International Energy Agency cut its 2009 forecast for world oil demand, projecting consumption will drop the most since 1981.

The IEA, the Paris-based adviser to 28 nations, reduced its demand estimate to 83.2 million barrels a day this year, down 3 percent from 2008. That's 230,000 barrels a day lower than it forecast last month. OPEC also cut its 2009 oil use outlook yesterday and said it increased supplies last month.

[Peak oil an imminent threat, warns expert](#)

Kjell Aleklett, professor of Physics at Uppsala University and president of ASPO, the Association for the Study of Peak Oil and Gas, has warned that the global financial crisis and resultant drop in oil demand does not mean that we can go on with 'business and usual' and the imminent threat of peak oil must be addressed now.

..."The basis for globalisation is global transport and Australia's future is dependent upon this," professor Aleklett said. "The future that the aviation industry project is 'business and usual' with growth of 5% per year. What happens when 'business and usual' is not an option?"

[Saudi Arabia's gas reserves put at 267 tcf](#)

(MENAFN - Arab News) Saudi Arabia's gas reserves stood at 267 trillion cubic feet in 2008, Minister of Petroleum and Mineral Resources Ali Al-Naimi said in remarks reported yesterday.

The figure Al-Naimi gave according to a report carried by the official Saudi Press

Agency was four billion cubic feet higher than an estimate Saudi Aramco data showed earlier yesterday.

[Relation between Gold, Crude oil & Dollar](#)

Using analytic techniques based on Hubbert's work, oil and gas experts now project that world oil production will peak sometime in the latter half of this decade. We are now depleting global reserves at an annual rate of 6 percent, while demand is growing at an annual rate of 2 percent (and that growth rate is expected to triple over the next 20 years). This means we must increase world reserves by 8 percent per annum simply to maintain the status quo, and we are nowhere near achieving that goal. In fact, we are so far from it that, according to Dr. Colin Campbell, one of the world's leading geologists, the world consumes four barrels of oil for every one it discovers."

[Nigerian rebels hijack oil ship, hold 15 sailors](#)

LAGOS, Nigeria – Nigerian rebels said they hijacked an oil industry ship and were holding 15 foreign sailors hostage Thursday and demanded that all oil workers leave the southern Niger Delta by Saturday.

Fighters from the Movement for the Emancipation of the Niger Delta said in a statement they hijacked the ship late Wednesday, then destroyed five gunboats in attacks on two military bases Thursday morning, a day after clashing with security forces.

[New threat for Iraqi military: Drop in oil prices](#)

BAGHDAD – Lower oil prices are threatening Iraq's efforts to build a military capable of defending the country, raising the possibility that the Iraqis will need substantial U.S. help for years after the Americans leave by 2012.

The budget crunch not only affects ground forces that bear the brunt of the fight against Sunni and Shiite extremists – it also slows development of an air force capable of defending the skies and a navy able to protect vital oil exporting facilities in the Persian Gulf from terror attacks.

[Hawai`i: Drivers may have to pay more gas tax](#)

O'ahu motorists would pay 3 cents more a gallon at the gasoline pump under a plan approved 3-2 by the City Council Budget Committee yesterday.

Council Budget Chairman Nestor Garcia said raising the fuel tax is one way to help resolve a \$50 million budget shortfall.

[US Producer Prices Climb More Than Expected](#)

WASHINGTON (Dow Jones)--U.S. producer prices climbed in April more than expected because of a jump in food costs, but core wholesale inflation rose only mildly as the recession robs companies of pricing power.

The producer price index for finished goods increased a seasonally adjusted 0.3%, the Labor Department said Thursday. The PPI fell 1.2% in March.

Economists surveyed by Dow Jones Newswires expected prices would increase 0.1% in April.

The core PPI, which excludes food and energy costs, inched 0.1% higher last month from March. Economists expected a 0.1% increase.

[Obama's Energy Triangulation](#)

With the possible exception of health care reform, no major issue presents more political opportunities and potential pitfalls for President Barack Obama than energy. A misstep over energy policy could cause serious economic, social and political consequences that could continue over the next decade.

To succeed in revising American energy policy, the president will need to try to triangulate three different priorities: energy security, environmental protection and the need for economic growth. Right now, the administration would like to think it could have all three, but these concerns often collide more than they align.

[Author: Much of the public just doesn't "get" science](#)

Just how science-deficient are we, and isn't there an iPhone app for that?

Chris Mooney, author of the forthcoming "Unscientific America — How Scientific Illiteracy Threatens our Future," will tell you in a panel discussion this evening at Pacific Science Center. I conjured his disembodied voice through the magic telephone for an inquisition.

[Renewable Energy Penalties to Be Cut by Waxman, Lawmaker Says](#)

(Bloomberg) -- Representative Henry Waxman, the architect of climate-change legislation, agreed to cut by half penalties utilities would pay for failing to meet requirements for production of renewable electricity, according to a lawmaker who

sought the more lenient standard.

The fine for failing to achieve the renewable mandate would be 2.5 cents for each kilowatt-hour that a utility falls short of meeting the standard, down from 5 cents, said Representative G. K. Butterfield, a North Carolina Democrat. The requirement to produce power from renewable sources, such as wind and solar, was dropped in negotiations to as little as 12 percent of electricity by 2025 from Waxman's original 25 percent proposal.

[Nations demand oceans be included in climate talks](#)

MANADO, Indonesia (AFP) – Ministers and officials from more than 70 nations called Thursday for oceans to be included on the agenda of global climate change talks aimed at finding a successor to the Kyoto Protocol.

Delegates at the World Ocean Conference in Indonesia urged joint action to reverse the impact of climate change on the oceans and for the issue to be included in crucial climate talks in Copenhagen in December.

[House Panel Nears Agreement on Energy and Climate Bill](#)

WASHINGTON — With a series of compromises on the stickiest issues behind them, the House Energy and Commerce Committee is poised to approve far-reaching legislation on energy and global warming by the end of next week. Where it goes from there remains highly uncertain.

[Global Warming May Exceed Infections as Health Threat](#)

(Bloomberg) -- Global warming is the biggest public health threat of the 21st century, eclipsing infectious diseases, water shortages and poverty, a team of medical and climate-change researchers concluded.

The phenomenon will be felt first in the developing world, further burdening a population already in crisis from food shortages, said the report from University College London that was published today in The Lancet journal. The changing climate will also cause real and lasting damage to the Western world, affecting generations to come, said Anthony Costello, a pediatrician at University College London.

“Climate change is a health issue affecting billions of people, not just an environmental issue about polar bears and deforestation,” Costello said during a news conference. “We are setting up a world for our children and grandchildren that may be extremely frightening and turbulent.”



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