



DrumBeat: June 8, 2009

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Topic: [Miscellaneous](#)

[The CEO Poll: On black gold](#)

Peak-oil theory has steadily been gaining traction over the years. A survey conducted recently by COMPAS Inc. found a majority of Canadian CEOs polled subscribe to peak-oil theory — the idea that the planet is running out of easily accessible and economical oil — but believe it is difficult to predict when peak production will occur.

More than 60% of the 117 CEOs agreed with the theory. Only 18% said new technologies and new discoveries will always allow for production increases. Another 16% not only espoused the peak-oil view but said we will be unable to satisfy demand in the near future.

“Finding easy-to-get-to oil is a thing of the past,” wrote one CEO. “Demand in the developing countries will increase as wealth builds. They will not have the money for new technologies. That will fall to the developed countries.”

[Willem Schulte says we have enough oil, for now](#)

Willem Schulte: The world is not running out of oil, not at the moment.

That is Dr. Willem Schulte, Chief Scientist for Reservoir Engineering for Shell. He says that while there is a lot of oil and natural gas remaining, its getting harder to recover.

Willem Schulte: For the medium term, we have enough hydrocarbons to supply to the world. In the past, we have produced one trillion barrels of liquid oil. There are still two trillion barrels, or twice as much, to be gained from those same reservoirs. We probably can add three to four trillion barrels of oil from unconventional, more complicated methodologies to recover oil, which we considered unrecoverable so far.

[Oil Traders Storing Crude on Seven Tankers Off U.K.](#)

(Bloomberg) -- Oil companies are storing crude on at least seven supertankers off the coast of the U.K., enough to supply the country for more than a week, even as higher prices reduce the incentive to put more oil into storage.

Seven Very Large Crude Carriers, containing as much as 14 million barrels of North Sea crude, are anchored off Britain, according to AISLive tracking data and the median estimate of six oil traders surveyed by Bloomberg. The U.K. consumed about 1.6 million barrels of oil a day in 2008, according to government data.

[Total battles to extend life of North Sea field](#)

ELGIN FRANKLIN RIG, NORTH SEA (Reuters) - Extreme technical conditions and declining production -- Total's Elgin Franklin platform in the North Sea shows the challenges of oil that is becoming scarcer and harder to reach.

[Enesco nixes Venezuela contract](#)

US Offshore drilling contractor Enesco International has ended its contract for a jack-up drilling rig with Petrosucre, after the unit of Venezuelan state oil company PDVSA had failed to pay past dues.

[Iran's China oil outfit battles to boost exports](#)

BEIJING (Reuters) - National Iranian Oil Company (NIOC) has set up its first Beijing office to push for crude sales in China, but the world's No.4 crude exporter will have a tough job boosting volumes sharply in the absence of a refinery.

Now China's second biggest crude supplier, Iran sold China nearly half a million barrels each day in the first four months of this year, but posted only a tepid 3-percent year-on-year rise, far below the 26-percent rally in exports from top supplier Saudi Arabia, official data shows.

But if Iran can leverage its huge domestic resources -- like the \$4.7 billion South Pars gas project that China's state-run CNPC has signed up to -- it may have a fair chance of boosting exports to the world's No.2 consumer.

[Ukraine Says \\$3 Billion Needed for Gas to Ensure Europe Transit](#)

(Bloomberg) -- Ukraine needs about \$3 billion this year to pay Russian natural gas exporter OAO Gazprom for imports of the fuel to ensure that a January halt of flows to Europe isn't repeated.

NAK Naftogaz Ukrainy will have to buy about 16 billion cubic meters of gas to pump into underground storage, Valentyn Zemlyanskyi, a Kiev-based spokesman, said by telephone today.

[Iraq's Energy Development Dependent on Politics](#)

Iraq is regarded as second only to Saudi Arabia in terms of its oil and natural gas reserves, but 80 percent of its fields lay undeveloped and those that are developed suffer from weakened infrastructure. At a recent conference in Houston, energy industry representatives and participants from Iraq focused on what needs to be done to develop the country's badly needed resources.

[Iran opens largest Mideast gas injection project](#)

TEHRAN (Xinhua) -- The largest gas injection project in Mideast was inaugurated on Monday in Iran's southwestern province of Khuzestan, the official IRNA news agency reported.

[West and Russia spar, China wins](#)

The Khabarovsk summit followed a series of energy conferences that EU convened recently in pursuit of its search of diversifying energy supplies by creating a "Southern Corridor" from the Caspian and Central Asia to Europe that bypasses Russia. Moscow sees the venture as essentially geopolitical and detects Washington's hand in it.

[Europe's pipeline politics](#)

On the shores of the Baltic Sea, among the sea birds and sand dunes, a quiet energy revolution is taking place.

If all goes to plan, the island of Ruegen, off the coast of Northern Germany, will host the terminal for the massive new Nord Stream gas pipeline connecting Russia with the heart of Western Europe.

[Ontario Teachers' files lawsuit in Oklahoma](#)

The Ontario Teachers' Pension Plan has filed a lawsuit in Oklahoma against Chesapeake Energy, accusing the chief executive and directors of breaching their fiduciary duties to shareholders "by approving excessive expenses."

[Peak Coal: What Do Tighter Coal Supplies Mean for 'Clean Coal'?](#)

If U.S. coal supplies are tighter than thought, that could have big implications for the great black hope of U.S. energy policy: so-called clean coal, or coal-fired plants that capture and store their emissions of greenhouse gases. That's because capturing coal's

emissions requires a lot of energy.

[‘Smart grid’ – buzz of the power industry](#)

Thomas Alva Edison, meet the Internet.

More than a century after Edison invented a reliable light bulb, the nation's electricity distribution system, an aging spider web of power lines, is poised to move into the digital age.

[Who Killed the Hydrogen-Powered Car?](#)

Unfeasibility, expense were enough to do it in.

[American flight will test fuel-saving tricks](#)

DALLAS - American Airlines will test fuel-saving technology and tactics on a Paris-to-Miami flight this week that the carrier and federal officials hope will help make the case for a new navigation system.

The plane on Thursday's flight will take a direct route guided by global-positioning technology instead of staying within the usual jetliner highways.

[Large mammal migrations are disappearing](#)

Africa is home to spectacular migration events. Large mammals ranging from Grant's gazelles to blue wildebeests pound their hooves across vast tracts of land as the seasons change.

New research suggests, however, that migrations across the continent might be going extinct.

[Oil: The rise and fall . . . and rise](#)

Where the crude will come from to satisfy these new wants is a puzzle. Most of the cheap and easy oil has been extracted. For much of this decade, when demand already was pushing the supply envelope, drillers ventured into fields and waters that required high expense and high technology to yield their riches. Now, many of those projects have shut down.

At the same time, OPEC has taken oil off the market, and some analysts believe

worldwide drilling has dwindled more than 30% from a year ago. On the face of it, that seems out of whack with the modest scale of the current oversupply, and could worsen a squeeze in the years ahead.

Even a glut doesn't change the nature of a finite resource -- just how fast it's depleted. One reason oil companies journeyed to second-tier sources is that formerly prolific fields are drying up. The most spectacular example: Mexico's relatively young Cantarell field. Only a few years ago, it provided more than 2 million barrels a day, but 2009 estimates have tumbled into the 600,000 range.

[Understanding peak oil - Why we need the national academy of sciences to study peak oil \(petition\)](#)

A growing number of international geologists and analysts warn of a looming catastrophe with the onset of the decline in the global supply of oil. Likewise, reports by several federal agencies, including the US Army Corps of Engineers, point to the need for immediate action, because the foreseeable impacts on our infrastructure and economy are without precedent.

Please sign our petition, calling on President Obama and Congress to direct an immediate scientific investigation by the National Academy of Sciences (NAS).

['Stagflation Scenario' Stalks U.S. as Commodity Prices Jump](#)

(Bloomberg) -- As if General Motors Corp. didn't have enough to worry about, a 60 percent jump in gasoline prices this year may cause inflation to soar as it did in 2008 and throw another roadblock in the way of recovery.

[Rising costs for oil and gas sector ends](#)

BP and Shell have both said it, and now Cambridge Energy Research Associates is saying it, too: the runup in equipment and services in the oil and gas sector in recent years is over.

[Gazprom receives Ukraine gas payment for May](#)

MOSCOW (AFP) — Russian energy giant Gazprom said on Monday it had received Ukraine's May gas payment in full, after warnings that a missed payment by Kiev could lead to a new gas crisis.

[Gas Discovery Changes Israel's Energy Picture](#)

A huge natural gas discovery 50 miles off the Israeli coast at Haifa could potentially meet Israel's energy needs for 20 years once it eventually comes online. In January 2009, a consortium led by U.S. energy exploration company Noble Energy announced the discovery of three massive gas fields, with one of the group's partners calling the find "one of the biggest in the world" that represented a "historic landmark in the economic dependence of Israel."

[Conoco Shuts North Sea Oil Output After Platform Is Damaged](#)

(Bloomberg) -- ConocoPhillips shut 23,000 barrels a day of North Sea Ekofisk oil production after a platform was damaged by a drifting vessel.

[Iran aims to export gas -- minister](#)

TEHRAN (KUNA) -- Oil Minister Gholam-Hossein Nozari said here on Monday that Iran will be transform from being a country that imports gas to a country that produces it.

During the inauguration ceremony that was held at Aghajari oilfield in the southwestern province of Khuzestan, Nozari affirmed that his country is willing to increase the productivity of gas through establishing seven new refineries.

[Oman plans to slash oil export reliance](#)

Oman plans to drastically reduce its reliance on oil exports and double its income from industrial activities in the coming decade as the Gulf Arab region strives to diversify away from crude export revenues.

The non-Opec oil exporter aims to reduce the contribution of the oil sector to its gross domestic product to 9% by 2020 from 41.5% in 2007, according to an official planning document from the Ministry of National Economy.

[Pirates try, fail to hijack Libyan tanker](#)

TRIPOLI - Pirates in the Gulf of Aden fired on a Libyan oil tanker bound for China early on Sunday but failed to hijack the ship which sped on into safer waters, a Libyan newspaper reported.

The Aisha was carrying 144,464 tonnes of Nile crude from Bashir port in Sudan and was in a shipping lane subject to international monitoring, independent daily Oea said, citing a Libyan shipping official.

[Nigeria: Oil Companies Oppose Review of Contracts](#)

Federal Government's decision to review existing oil exploration and production contracts in line with the reforms in the oil and gas sector has pitched it against the international oil companies (IOCs) operating in Nigeria.

[Brazil mulls over pre-salt taxes](#)

Brazilian officials drafting a reform of the oil sector will propose that President Luiz Inacio Lula da Silva create a federal tax on companies developing offshore oil reserves deep under the ocean floor, a local newspaper reported today.

[Algeria says to raise gas exports by 30 Bcm/yr within five years](#)

Algiers (Platts) - Algeria will boost gas exports by 30 billion cubic meters/year within the next five years to 85 Bcm/year when the Galsi and Medgaz pipelines to Spain and Italy are operational, oil minister Chakib Khelil said Sunday after signing two gas-related contracts worth \$1.56 billion with foreign contractors.

[The Geopolitics of Global Energy: International Competition, Rivalry and Conflict](#)

An International Workshop on 28-29 May 2009, Birkbeck College, University of London

(The papers given at the workshop can be downloaded in Word format.)

[Canada must contain The cost of borrowing money](#)

Italian Economic Development Minister Claudio Scajola called for an alliance between the private sector and governments to spur investment. "When the crisis is over, the risk of insufficient energy supply exists, and as a result high and unstable prices."

From these statements, it appears that some governments finally recognize a precarious situation in oil pricing and supply when they see one. There's a book that just went on my must read list, "Why your world is about to become a lot smaller - Oil and the end of globalization." Jeff Rubin, formerly CIBC's chief economist, foresees future recessions caused by oil price spikes in triple digits.

[Kunstler: Lagging Recognition](#)

Through the tangle of green shoots and sprouting mustard seeds, a certain nervous view persists that the arc of events is taking us to places unimaginable. The collapse of

General Motors and Chrysler signifies more than the collapse of US car manufacturing. It spells the end of the motoring era in America per se and the puerile fantasy of personal liberation that allowed it to become such a curse to us.

[Life behind the plow after Starbucks](#)

Brace yourself for record-high gas prices. We're already paying almost a buck a litre as we reel through the worst recession since the Great Depression.

So just how fast and how high will prices soar when the recession ends and economic engines start firing again in China, India, North America and Europe?

[There are two types of scientists...](#)

Assigning any group to one of just two categories is usually little more than an exercise in stereotyping. What do you do with someone like Francis Collins, for example? On the one hand, he's a brilliant genome sequencer, on the other he confuses (as Bob Park aptly writes) a "hormone rush" with "an encounter with God." But every now and then, plotting attitudes on an x-y grid and dividing the Bell curve into left and right halves is useful way of looking at a problem. NASA climatologist Gavin Schmidt essentially does this in an interview with Salon's Peter Dizikes, and in doing so helps make clear why geniuses the likes of Freeman Dyson get climate science so very wrong.

[Green energy overtakes fossil fuel investment, says UN](#)

Green energy overtook fossil fuels in attracting investment for power generation for the first time last year, according to figures released today by the United Nations.

Wind, solar and other clean technologies attracted \$140bn (£85bn) compared with \$110bn for gas and coal for electrical power generation, with more than a third of the green cash destined for Britain and the rest of Europe.

[World's First Floating Wind Turbine](#)

The world's first water-based, electricity-generating wind turbine is set to be installed off the coast of Norway this coming weekend.

[U.S. Foresees a Thinner Cushion of Coal](#)

Every year, federal employee George Warholic calculates America's vast coal reserves the same way his predecessors have for decades: He looks up the prior year's coal-

reserve estimate, subtracts the year's nationwide production and arrives at a new official tally.

Coal provides nearly one-quarter of the total energy consumed in the U.S., and by Mr. Warhol's estimate, the country has enough in the ground to last about 240 years. A belief in this nearly boundless supply has led officials to dub the U.S. the "Saudi Arabia of Coal."

But the estimate, recent findings show, may be wildly overconfident.

[91.86.90 \(video\)](#)

91•86•90. What do these numbers mean? Why do they affect you? Why should you care? Steven F. Crower, an energy investment banker from Denver, CO, finds a creative way to present the underlying data of the world's petroleum supplies and why we should pay attention to it...

[Oil retreats below \\$68 as rally stalls](#)

Oil prices dropped below \$68 Monday as a rally that has roughly doubled the price of crude in four months lost some steam in the face of economic reality.

[Shell CEO warns next oil spike 'may already be in the making'](#)

Kuala Lumpur (Platts) - Oil and gas players are slashing spending on new projects amid the current recession, but as energy demand climbs over the long term, "the next [oil] price spike may already be in the making," the chief executive of Royal Dutch Shell, Jeroen van der Veer, warned Monday.

The steep slide in oil prices from their historic peak of July 2008 was "only a dent in a graph that goes up all the time," van der Veer said in an address to the 14th Asia Oil and Gas Conference in Kuala Lumpur.

[Gazprom May Borrow \\$10.5 Billion From Russian Banks](#)

(Bloomberg) -- OAO Gazprom, Russia's gas export monopoly, will seek approval from its shareholders to raise up to \$10.5 billion in dollar, euro and ruble loans from state banks, it said in a statement on its Web site.

[Venezuela state oil company earnings up in 2008](#)

CARACAS (AFP) – Venezuela's state oil company reported Sunday that it reaped a 50 percent increase in earnings in 2008 over the previous year due mainly to high oil prices.

In its annual report, Petroleos de Venezuela (PDVSA) said it earned 9.4 billion dollars in 2008. At 126.3 billion dollars, sales of crude oil were up 31.3 percent over the previous year, the company said.

[China Companies Eyeing \\$12 Billion Oil Deals, Morning Post Says](#)

(Bloomberg) -- China Petroleum & Chemical Corp. and other Chinese companies are considering overseas acquisitions of oil and gas assets worth as much as \$12 billion, the South China Morning Post said, citing unidentified industry sources.

[Gazprom CEO predicts oil reaching \\$85 per barrel by end of 2009](#)

ST. PETERSBURG/MOSCOW (RIA Novosti) - Oil prices should reach \$85 per barrel by the end of 2009, the head of Russian energy giant Gazprom said on Friday.

[Iraq, Kuwait Dispute Flares Up as Oil Income Falls](#)

(Bloomberg) -- Iraq, holder of the third-largest oil reserves in the world, wants to halt about \$25 billion in war- reparation payments to Kuwait as lower oil prices reduce its budget revenue and raise tension between the two neighbors.

[High oil prices and the end of globalization really? Or a missed opportunity for Mexico and Venezuela](#)

It is a particularly thankless job to be an oil forecaster, as there are numerous unknowns: from the demand side, China has a very large impact but the accuracy of their information is anybody's guess. From countries with better access to information, such as the United States , there is also large room for error, as most economists can testify from their failure to predict the severity of the current economic recession. From the supply side, accessing the right information is already a challenge. For example, one would expect that OPEC, created by the largest oil producing countries for the sole purpose of defending producers' interests (i.e. prices), would have the best information available on their own members' production. That does not seem to be the case as the Government of Venezuela is trying to convince everybody that Venezuelan production is higher than what OPEC has reported. Of course, the biggest unknown is oil reserves. These are even more difficult to forecast since politicians and company executives have a vested interest in inflating them.

[Japan's Itochu takes up fuel storage in Mid East](#)

"They have been looking around for tanks for quite sometime now, but the situation here in the UAE is tough...land storage is tight," a Middle East based trading source said.

"I'm not surprised they jumped at the opportunity to take up those tanks which Morgan Stanley gave up."

U.S bank Morgan Stanley (MS.N), which had previously held the tanks, did not renew its contract after it expired at the end of April, sources said.

[Nigeria Tackles Oil And Gas Reform](#)

With 184 trillion cubic feet of proven natural gas reserves, 36 billion barrels of proven oil reserves and significant deepwater production growth from finds such as Total's Akpo field, Nigeria remains one of the world's most promising energy markets. Although most attention focuses on the challenges posed by militant groups in the Niger Delta, the success or failure of the country's regulatory reform process could have an even greater impact on future energy production.

[Cuba could become U.S. oil supplier at embargo's end](#)

Cuba has launched a bold policy of oil development that could turn the country into an important supplier of fuel in the Caribbean — and the United States, should the embargo be lifted in the future.

But world economic turmoil might sidetrack Venezuela's commitment to underwrite the multimillion-dollar projects in Cuban refineries and ports.

[Obama seeks global uranium fuel bank](#)

WASHINGTON - As part of a new strategy to stop Iran from obtaining nuclear weapons, President Obama plans to seek the creation of the first-ever international supply of uranium that would allow nations to obtain fuel for civilian nuclear reactors but limit the capacity to make bombs, according to senior administration officials.

[Coal's Pipedream?](#)

President Obama should be applauded for taking climate change seriously, recognizing that the phenomenon can be traced to the burning of fossil fuels and intensifying the search for viable solutions. In one of its centerpiece initiatives, however, the administration may be digging a very expensive dry hole.

[Green Promise Seen in Switch to LED Lighting](#)

LEDs are more than twice as efficient as compact fluorescent bulbs, currently the standard for greener lighting. Unlike compact fluorescents, LEDs turn on quickly and are compatible with dimmer switches. And while fluorescent bulbs contain mercury, which requires special disposal, LED bulbs contain no toxic elements, and last so long that disposal is not much of an issue.

“It is fit-and-forget-lighting that is essentially there for as long as you live,” said Colin Humphreys, a researcher at Cambridge University who works on gallium nitride LED lights, which now adorn structures in Britain.

[Wisconsin: State's wind-power opportunities blowing away](#)

Eight times as much wind power is being generated today as there was a little more than a year ago. But electricity from the wind still accounts for only about 5% of the state's power supply.

[Pertamina to cut biodiesel content in gasoil on subsidy issues](#)

Jakarta (Platts) - Indonesia's Pertamina plans to reduce the biodiesel content in its biodiesel-blended gasoil to between 1% and 5% from the current 10% if it does not receive government subsidies on the biofuel for 2009, a senior company official said late last week.

[Water Fights, Dying Forests, Roving Homeless Are Earth's Future](#)

(Bloomberg) -- In one photo, flood-plagued Bangladeshis crowd onto a speck of road surrounded by rising water. Another image gives an aerial view of Florida's Delray Beach, where luxury high-rise buildings cluster on a thin strip of eroding sand.

Gary Braasch, an award-winning environmental photojournalist, captured those shots and their embedded warning of global catastrophe. His book “Earth Under Fire: How Global Warming Is Changing the World” combines field experience, scientific reporting and stunning pictures of what's already happening as the planet warms. An updated version of the 2007 edition has been issued by the University of California Press.

[Texas: State climatologist talks global warming - “We're going into territory we haven't seen in millions of years”](#)

Nielsen-Gammon said that by midcentury, temperatures will increase by 1 to 3 degrees

Celsius, possibly more. Precipitation will become more variable, resulting in more droughts and more floods. Hurricanes will grow fiercer, and Texas' water resources will be depleted about 10 percent.

Globally, there will be "large expanses of the Earth which supported life that no longer do so," he said.

[China and U.S. Seek a Truce on Greenhouse Gases](#)

WASHINGTON — For months the United States and China, by far the world's two biggest emitters of greenhouse gases, have been warily circling each other in hopes of breaking a long impasse on global warming policy.

They are, as President Obama's chief climate negotiator puts it, "the two gorillas in the room," and if they do not reach some sort of truce, there is no chance of forging a meaningful international treaty in Copenhagen later this year to restrict emissions.

[Climate change groundhog day](#)

The same nonsense, the same confusions - all seem to be endlessly repeated. But what needs more explaining?

[Canada "bullying" developing countries over Kyoto: Environmentalists](#)

OTTAWA — Environmentalists say government documents show Canada's role in international climate change negotiations includes "bullying" developing countries, backpedalling on commitments and attempting to exploit divisions in Europe.

[Indian farmers to insure themselves against climate change crop failure](#)

For more than half a million farmers in rural India the age old fear of crops failing due to bad weather could soon be banished, thanks to an innovative insurance scheme that UN negotiators gathering in Bonn this week are considering as a central component of climate change adaptation measures in Africa, Asia and Latin America.

Following a successful trial last month, MicroEnsure, a company specialising in providing insurance to poor communities, plans to launch a scheme next year for up to 600,000 farmers in India's Kolhapur province allowing them to insure against their rice crops failing due to drought or heavy rains during the plants' flowering period.

[A U.S./EU Dogfight Over Greener Air Travel](#)

American airlines are balking at new EU emission rules, but with British Airways and others on board, they may be fighting a battle they can't win.

[Airlines reject new tax to fight global warming](#)

The airline industry has rejected calls for a compulsory tax on international flights to help the world's poorest countries fight global warming.

The chief executive of the International Air Transport Association, Giovanni Bisignani, said carriers were "absolutely against" another levy in a year that the industry is expected to lose \$9bn.

[Train can be worse for climate than plane](#)

True or false: taking the commuter train across Boston results in lower greenhouse gas emissions than travelling the same distance in a jumbo jet. Perhaps surprisingly, the answer is false.

A new study compares the "full life-cycle" emissions generated by 11 different modes of transportation in the US. Unlike previous studies on transport emissions, this one looks beyond what is emitted by different types of car, train, bus or plane while their engines are running and includes emissions from building and maintaining the vehicles and their infrastructure, as well as generating the fuel to run them.



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