



DrumBeat: June 20, 2009

Posted by [Leanan](#) on June 20, 2009 - 10:14am

Topic: [Miscellaneous](#)

[Study Shows Expense of Finding Oil, Nat. Gas Soared in 2008](#)

The U.S. oil and gas industry's costs of finding resources rose 35 percent last year amid the wild rise and fall in commodity prices, an Ernst & Young study released Thursday showed.

The three-year average cost per barrel of oil equivalent, excluding acquisitions of proved reserves, was \$27.22. But in 2008 that spiked to \$51.96.

"This validates that finding oil and gas reserves is very, very expensive," said Marcela Donadio, oil and gas sector leader for the Americas. She noted that cost also demonstrates why some companies have delayed final investment decisions on costly expansions or new projects, such as those in Canada's oil sands or deep-water exploration.

[Letter from the Motor City](#)

The ruins of Detroit are no less spectacular, no less heartbreaking, than those of fallen ancient capitals. A beaux-arts railway station, its 18 stories vacant for the last two decades, crumbles under the tread of scavengers and vandals, its tracks pulled up, its windows punched out. A once-grand movie palace, on the site where Henry Ford built his first automobile, lives on as a derelict parking structure. Marvels of industrial architecture bleach in the sun, disappearing under urban prairies, green and garbage-strewn meadows that line the city's major avenues.

[Despite Relatively Low Demand, Oil Prices Spike](#)

The more people use oil, the more the price goes up. When supplies are limited, the price goes up even more. In the oil market, however, the law of supply and demand is just one of the factors affecting the price. For one thing, it is not just the users of oil who buy it; it's also people who play the market.

"This has much more to do with oil seen almost as an alternative investment," says Daniel Yergin, chairman of IHS Cambridge Energy Research Associates.

[Iran protesters defy warning, clash with police](#)

TEHRAN, Iran (AP) — Witnesses said police beat protesters and fired tear gas and water cannons at thousands who rallied in Tehran Saturday in open defiance of Iran's clerical government, sharply escalating the most serious internal conflict since the 1979 Islamic Revolution.

Eyewitnesses described fierce clashes after some 3,000 protesters, many wearing black, chanted "Death to the dictator!" and "Death to dictatorship!" near Revolution Square in downtown Tehran. Police fired tear gas, water cannons and guns but it was not clear if they were firing live ammunition.

['Piracy' as Yemen fuel crisis surfaces](#)

SANA'A (Saba) – Surging piracy off Somalia has paralyzed the movement of fuel tankers in Yemen, causing a grave fuel shortage across the republic.

Long queues of cars have been seen even in the capital amid insufficient diesel quantities at filling stations.

[Russia, Netherlands Discuss 'Serious' Energy Plans](#)

(Bloomberg) -- Russia and the Netherlands have "serious plans" to extend energy projects and "enhance" European fuel security as Royal Dutch Shell Plc seeks a role in the gas-rich Yamal region, President Dmitry Medvedev said.

[How IT can better manage energy in a time of dwindling resources](#)

The drivers of the next generation of information technology services are the teeming millions who will avail IT services to address their fundamental needs and improve their quality of life. We have the opportunity to transform the world by deconstructing conventional value chains and replacing them with sustainable IT services that have a lower environmental footprint than the conventional infrastructure. This transformation can be delivered by an IT ecosystem made up of billions of service-oriented client devices and thousands of data centers.

[Feds probe bird kill at Alberta base](#)

CALGARY -- Environment Canada has confirmed it is investigating an oil spill that killed 200 sparrows and ducks at Canadian Forces Base Suffield last September.

[Switch from oil to biomass won't happen overnight, says expert](#)

I think that biomass shouldn't only be seen as the raw material for energy supply, but more broadly as a renewable material. It can, for example, replace metals or other raw materials - not just oil or gas. The potential is fairly large, but is also limited. No one should think that we can just switch from an oil-based to a biomass-based economy right now.

The potential is particularly limited when we're dealing with fuel - also because there's one thing that cannot be questioned: that feeding the world has to have a higher priority than producing or using biomass for energy purposes.

[Wind Could Power Europe Many Times Over](#)

A new report from the European Environment Agency has concluded that wind power's potential in 2020 is as much as three times greater than Europe's expected electricity demand, rising to a factor of up to seven times demand by 2030.

[Learning to Live With Climate Change Will Not Be Enough](#)

A leading environmentalist explains why drastically reducing carbon dioxide emissions now will be easier, cheaper, and more ethical than dealing with runaway climate destabilization later.

[Peak flow rates, not peak oil?](#)

Neil McMahon at Bernstein Research says it's not peak oil, but peak well flow that is the problem. He does however touch on similar themes advanced by peak oilists; namely that remaining oil reserves are becoming more difficult, and expensive, to recover. He recounts the phenomenal flow rates of some of the most famous 'gushers' of bygone days, notably the Lucas I well at Spindletop, Texas.

Finds such as this were 'drilled to death' and flow rates fell, especially as pressure subsided. High flow rates had something of a renaissance thanks to the North Sea and other offshore discoveries of the 1980s and 1990s, and McMahon writes that these flow rates were critical for the expensive and difficult engineering required to develop the fields.

Today, however, he writes that the industry is not coming to terms with the lower flow rates that newer discoveries will provide.

[Jeroen van der Veer: The race is on to create a new world of energy](#)

We stand at the early dawn of a new energy future. It will be powered by alternative energy and cleaner fossil fuels. If governments adopt the right rules and incentives, by the middle of this century renewable sources will provide nearly 30 per cent of the world's energy. Society will be on the road toward sustainable mobility. The world's highways will rumble and whirl with vehicles powered by all manner of energy: petrol, diesel (yes, still there), electricity, biofuels, natural gas and hydrogen.

In the years ahead, conventional diesel and petrol cars will go increasingly far on every litre of fuel. Biofuels will account for up to 10 per cent of liquid transport fuel in the next few decades. Our Shell scenario-makers think that by 2020 up to 15 per cent of new cars worldwide could be hybrid electrics, such as Toyota's Prius, some of them capable of plugging in to recharge their batteries. After 2030, fuel cell vehicles powered by hydrogen will be a small but growing part of the fleet. By 2050, more than a billion extra vehicles are expected on the world's roads, more than double today's total.

[IDA study on Peak Oil debate](#)

The study's executive summary ends with these two sentences:

"We conclude from these reviews that the most alarmist of the peak-oil claims are likely false. Still, we see some convincing reasons to think that global oil production could peak within 20 years, with demand outstripping production indefinitely."

I wish that Fisher had related the 20-year time frame to the warning of the Hirsch Report (2005) that an intensive mitigation program will need to be in place at least 20 years before peaking if we are to avoid serious economic and social consequences.

[Mexico oil production down 7.9%](#)

Mexican oil production fell 7.9% during the first five months of this year to an average of 2.65 million barrels per day.

The low production during the first five months will make it more difficult for Pemex to meet this year's goal of 2.7 million bpd on average.

Pemex saw exports fall 15% on average to 1.24 million bpd from 1.46 million bpd during the first five months of last year.

[Russian oil export down 1.3% to 80.5 mln tons in Jan-Apr](#)

MOSCOW (RIA Novosti) - Russia exported 80.5 million metric tons of oil in January-April, down 1.3% against the first four months of 2008, the country's statistics service said on Friday.

Oil exports accounted for 31.2% of Russia's aggregate exports, and for 48.5% of the country's energy exports in the reporting period, a slight decline from January-April 2008 (35.5% and 51.2%, respectively).

[Risk rises on Iraq oil deals after industry revolt](#)

BAGHDAD/DUBAI (Reuters) - A revolt in Iraq's state-run oil sector and rising domestic pressure on its oil minister have added more risk to deals for the super giant fields that big oil firms plan to vie for later this month.

Winning bidders may find they are hamstrung by partnerships with unwilling and uncooperative Iraqi counterparts in both the Kurdish north and Arab south following criticism of the deals.

[Barnett Shale is top U.S. natural gas producer, Chesapeake CEO says](#)

Chesapeake Energy Chairman and CEO Aubrey McClendon said Friday that the Barnett Shale has surpassed the venerable San Juan Basin as the biggest natural gas producer in the United States.

He also said the Barnett, which has speckled North Texas with roughly 10,000 natural gas wells, "will be producing at least 50 years" and "probably" for a century.

[EU leaders warned about emerging 'major' gas crisis](#)

European Commission President José Manuel Barroso warned EU leaders at a summit today (19 June) that European nations must avoid sleepwalking into another gas crisis, which he said could hit Europe within weeks as tensions between Ukraine and Russia resurface.

[Oil Strikes Could Lead To UK Black-Outs](#)

A row over jobs at an oil refinery has turned into a bitter dispute that could threaten Britain's electricity supply.

[Saudi Aramco awaits more Yanbu refinery bids in July](#)

RIYADH (Reuters) - State oil giant Saudi Aramco will invite contractors to bid in July for seven packages of a 400,000 barrels per day (bpd) joint venture refinery with U.S. ConocoPhillips (COP.N), the Middle East Economic Digest weekly reported.

The two firms halted the bidding process for contracts to build the refinery in November due to uncertainties clouding financial markets and after a drop in input costs.

[Saudi May Inflation Speeds Up for First Time in 2009](#)

(Bloomberg) -- Inflation in Saudi Arabia, the Arab world's largest economy, sped up for the first time this year on higher global oil prices and housing shortages in the kingdom.

[Obama still concerned about oil speculation](#)

WASHINGTON (Reuters) - President Barack Obama remains concerned about speculation in the oil markets even though he has not proposed concrete steps to rein it in, White House spokesman Robert Gibbs said on Thursday.

[Are sky-high oil prices ahead?](#)

Veteran oil analyst Matt Simmons says we are. Simmons, founder of Simmons & Co., argues oil's price plunge from record-highs last year to below \$50 took many oil fields out of production. The low oil price forced many oil companies to delay projects, decrease the number of rigs deployed, consolidate operations/lay-off staff, and above all, to abandon expensive projects. That decreased production, plus aging oil fields and the credit crunch's impact on oil exploration, help set the stage for the current price rise. What's more the price rise will continue, Simmons argues, because producers will not be able to increase global oil supply fast enough to keep up with soon-to-be rising global oil demand. Simmons believes the average daily price of oil in 2010 will be \$200 per barrel (in 2005 dollars).

[Kuwait-China mega refinery eyes approval in six months](#)

BEIJING (KUNA) -- Kuwait and China are currently in the phase of reviewing candidate locations for a mega refinery and petrochemical complex project in south China's Guangdong Province, and gearing up for construction approval this year, a Kuwaiti diplomat said Saturday.

[Aging Oil Terminal Vital To Iraq's Economy](#)

The most important cog in Iraq's economy is a rusted hulk in the Persian Gulf, 30 miles off of Iraq's coast.

The bulk of Iraq's crude oil flows through the aging Al-Basrah Oil Terminal, where oil pumps run around the clock, 365 days a year filling giant oil tankers.

[Airlines renew call for rules on oil speculators](#)

CHICAGO (Reuters) - U.S. airlines, fed up with volatility in oil prices, are renewing pressure on the government to curb market speculation.

Oil prices, up 115 percent from a January low, directly influence jet fuel prices. Surging oil prices can be catastrophic for an industry that seems always on the brink of financial meltdown.

The stakes are especially high for airlines with the economy mired in a deep recession and travel demand off sharply.

[World's airlines in fight for survival](#)

Faced with thier biggest crisis in history, airlines from throughout the world gathered in Kuala Lumpur to take stock and swap survival strategies.

[Calling all kooks](#)

The mainstream media can't seem to portray anyone with concerns about the future in anything but a condescending, unflattering, off-the-deep-end light. Why is a desire for independence and self-sufficiency – some of the founding characteristics of this country – now considered to be offbeat, weird, or even un-American?

I find it ludicrous that some apartment-bound critic who would be hungry, thirsty, cold, in the dark and unable to use the toilet during a natural disaster has the gall to criticize someone for growing tomatoes in his backyard and stockpiling canned corn. Those of us who will be warm and well-fed during a disaster are called "nutjobs," "wackos," "dumb" and the ever-popular "right-wing extremists."

[How Now, Green Cow?](#)

Cows are getting much greener, thanks to not-so-green methods. How do we know what's best?

[Exxon's Brazen Greenwashing, on the Front Page of The New York Times](#)

Exxon's new ads tout the idea that car emissions are 95% lower now than in 1970. But not so fast, says one scientist.

[Tibet drought worst in 30 years: Chinese state media](#)

BELJING (AFP) – A drought in Tibet has intensified into the region's worst in three decades, leaving thousands of hectares parched and killing more than 13,000 head of cattle, China's state media said Saturday.

The report by Xinhua news agency follows a warning by China's top weather official last month that the Himalayan region faced a growing threat of drought and floods as global warming melts its glaciers.

[Cost blocks global clean air, study says](#)

WASHINGTON — Finding an economical way to capture carbon dioxide from existing coal-burning power plants is key to getting China to reduce its greenhouse-gas emissions as well as for U.S. efforts to combat global warming, says a study released Friday.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).