



Drumbeat: October 28, 2009

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Topic: [Miscellaneous](#)

[Russian LNG Aims Face Big Challenges in Arctic Regions](#)

Russia, the world's biggest gas producer, has invited international energy majors to help it realize its ambitions to conquer one-fifth of the global market for liquified natural gas by 2020, but experts say it could be more than a decade before new production comes onstream.

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be much higher oil prices. We can't have it both ways. It will either be a really deep global recession and cheap gas or some sort of start at recovery and spiking oil prices. Discussions have already started as to what level of oil prices causes serious damage. In the past an inflation adjusted \$80 a barrel was a favored recession inducing number as this was the price that seemed to cause recessions back in the 1970s and 80s when Middle Eastern wars and embargos restricted supplies.

[Byron King: The REAL Flying Saucer Hoax](#)

In a macro sense, it means that the global energy industry is pulling what's left of the conventional oil out of the early-discovered fields and taking the gas too. **When it comes to Peak Oil, we're there, and in fact, we're past it.**

The future of conventional petroleum output is downhill, even with the future output from the deep-water offshore discoveries. **That deep-water oil will sure help, but it won't power the world of the future the way it powered the world of the past. We live in a different world now.**

[Grand Arctic promises](#)

The decisions are not in fact made by international bodies, since the body in question -- the UN Commission on the Limits of the Continental Shelf -- will not make recommendations concerning areas subject to overlapping claims. All the Commission

does is assess the scientific evidence advanced in support of uncontested claims, with any coastal country being entitled to sovereign rights over any "natural prolongation" of its continental shelf. Overlapping claims need to be resolved by negotiation, now, before the stakes are raised by more melting ice and peak oil. Unfortunately, the Canadian government has failed miserably on the diplomatic front, making false accusations of law-breaking against Russia with respect to a flag-plant at the North Pole (which is located on the "high seas") and bomber flights (which stayed well within international airspace). With President Barack Obama "pushing the reset button" on U.S.-Russian relations, it's time for Canada to get with the program. It's time for us to actively seek and support international cooperation across the circumpolar North.

[Kurd leader demands control of oil-rich Kirkuk](#)

BAGHDAD (AP) -- The president of Iraq's Kurdish region demanded Wednesday that oil-rich Kirkuk be incorporated into his autonomous area, as parliament prepared for a showdown on the contentious issue of which of the northern city's residents can vote in upcoming elections.

Massoud Barzani's comments ratcheted up the pressure on the eve of a vote on the electoral law that will lay the groundwork for January's key parliamentary ballot. Lawmakers are split over amendments on which voting list will be used in Kirkuk - one favoring Kurds or one favoring Arabs.

[Conoco to cut refinery rates due to margins](#)

NEW YORK (Reuters) - ConocoPhillips said on Wednesday it has no plans to shutter any refineries at this time but will slash refinery utilization rates this quarter due to weak profit margins.

Fourth-quarter refinery utilization rates are seen in the upper 70-percent range, down from about 90 percent in the third quarter, the oil major's top executives told analysts in a conference call to discuss quarterly earnings.

[ConocoPhillips to keep Lukoil slice](#)

ConocoPhillips' boss said today the company's announced \$10 billion restructuring plan doesn't include the sale of its 20% stake in Russian producer Lukoil.

"We will maintain our strategic relationship with Lukoil," ConocoPhillips head Jim Mulva said in an earnings conference call.

[Chesapeake will not drill for gas in NY watershed](#)

NEW YORK (Reuters) - Chesapeake Energy (CHK.N) has decided not to drill for natural gas in the New York watershed, following pressure from environmentalists who say drilling could contaminate water supplies to the New York City area.

The U.S. natural gas producer said on Wednesday that it will not develop its leases in shale gas plays in upstate New York ahead of hearings on state rules on the drilling Wednesday.

"[Chesapeake] has no intention of drilling natural gas wells within the New York City watershed," the company said in a statement.

[Why we don't do much about climate change](#)

A fascinating paper from the World Bank looks at the question of how people understand climate change and change their behaviour accordingly - or more often, don't.

Climate change, the paper argues, is an anthropogenic problem, so the solutions need to be anthropogenic too. Instead, current talk of solutions focuses almost exclusively on economics and on technical solutions - but rarely on individual behaviour. And individual decisions, such as travel, heating, and food purchases, result in about 40 per cent of OECD greenhouse gas emissions.

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[Gazprom eyes gas deals revamp](#)

Russian gas giant Gazprom hinted today that it could adjust its long-term deals with European customers to avoid imposing huge fines on them for reduced gas purchases.

The comments came as industry analysts claim Gazprom is having a tough dialogue with its customers in Europe under which they must buy a minimum amount of gas or pay fines, a clause known as take-or-pay under long-term contracts.

[EIA sees boost in US gas cache](#)

The head of the Energy Information Administration (EIA) told Congress today that the agency will report later this week that US proved natural gas reserves increased from 2007 to 2008 by 3%.

That is slower growth than the 13% increase in proved gas reserves seen the year before, the EIA's Richard Newell told the Senate Energy Committee at a hearing on natural gas.

[Iran, Venezuela to launch joint oil company: report](#)

TEHRAN (Xinhua) -- Iran and Venezuela will launch a joint oil company with its headquarters based in Spain, the semi-official Fars news agency reported on Wednesday.

"Iran and Venezuela are establishing an oil company named Beniroug which allows us to make investments and activities in other countries, including Cuba, Sudan, China and Bolivia," First Secretary for Energy Affairs of Venezuela's Tehran Embassy, Louis Mayta, was quoted as saying.

[Analysis: Pickup in U.S. Jackup Market Not Yet in the Numbers](#)

After hints at a pickup in domestic jackup demand were dropped on several offshore driller conference calls held last week, it is worth taking a closer look at drilling permit applications and drilling plan requests as these datapoints have historically had a high level of correlation to contracting activity in the U.S. Gulf of Mexico (GOM) jackup market.

[Conoco profit falls 71 percent, but tops Street](#)

HOUSTON, (Reuters) - ConocoPhillips reported a 71 percent decline in third-quarter profit on Wednesday as weak demand for fuel hurt its refining business and oil prices fell from a year earlier, but the results exceeded Wall Street estimates.

The global recession has taken a serious toll on demand for both natural gas and crude oil. And fuel inventories like diesel remain high, hurting refining margins.

[Clinton unveils energy aid](#)

ISLAMABAD - VISITING US Secretary of State Hillary Clinton used her visit to

Pakistan on Wednesday to unveil a US\$125 million (S\$175.1 million) programme to improve the country's inadequate electricity supply.

'The funding will be aimed at repairing generation facilities, improving the overall effectiveness of local utilities providers, replacing inefficient tube well pumps and promoting energy efficiency,' she told a news conference.

[The Philippines: Oil companies begin rationing](#)

EXPECTING a demand spike because of a government-imposed freeze on pump prices, Shell, Chevron and Total yesterday said they would start rationing fuel to their gas stations based on their average volume of sales.

At the same time, the company announced it would not sell gasoline to large volume buyers at its stations, unless they are regular customers.

[Pickens: OSU town hall will be among his last](#)

OKLAHOMA CITY — Billionaire energy magnate T. Boone Pickens says a town-hall meeting planned for his alma mater to promote his "Pickens Plan" for energy independence will be his next-to-last in a university setting.

The Oklahoma State University graduate has scheduled the meeting for Thursday at Gallagher-Iba Arena in Stillwater and says he's hopeful to fill the arena, which seats about 13,600.

[Midwest farmer speaks on rural crisis, financial collapse](#)

"A mega-farmer is a farmer who wants to be just like the big banks, big enough that he can't fail. But high-risk farming by mega-farmers is becoming a reality. Mega-farm operators are pushing family farmers off the land they have farmed for decades. Mega-farmers can do this because they farm in an unsustainable manner. They work on narrow margins of profit. The risk is so great that these mega-farmers know they can't do the right thing and make a profit, so they don't even put back the nutrients into the soil that the crop takes out."

"Therefore they are stealing from one of our greatest natural resources: the soil. The impact is felt severely. What's left is poorly maintained fields, agricultural runoff, and diminishing productivity at a time when the world's population continues to grow and we have to feed the people all over the world. Large-scale mega-farm operators are bypassing local agricultural suppliers and costing local communities billions of dollars in economic activity every year."

[Food, Fossil Fuels, and Climate Change](#)

There is a solution to these intersecting problems of climate change, food and energy security, and ocean health. Our current food system relies largely upon heavily mechanized farms, growing food in monocultures, using artificial fertilizers and pesticides synthesized from fossil fuels, transporting food long distances, and lacking effective means of recycling farm wastes. Collectively, these characteristics of industrial agriculture contribute to intensive greenhouse gas emissions, uncontrolled pollution, and inefficient fossil fuel consumption. In contrast, we can alleviate all of these symptoms of our food system by switching focus and support to small, local organic farms where the labor is largely provided by humans and animals, products are marketed to nearby communities, the plants and animals are raised in diverse polycultures that deter pests and prevent diseases, the animals feed the soil with their composted wastes, the soil feeds the plants, and the plants in turn feed the animals in a tight recycling of wastes and nutrients.

[Energy secretary: Science demands action on climate](#)

WASHINGTON -- Energy Secretary Steven Chu on Tuesday laid out the scientific risks of inaction on global warming and went straight to his main point — the climate and energy bill starting its way through the Senate could help drive what he called "energy opportunity."

[U.S. Must Lead Way in Clean Energy Technology, Agency Heads Say](#)

Backers of a sweeping energy and environmental bill are hoping to inject new momentum into a stalled effort to cap carbon emissions, with a major push timed around extensive hearings this week on Capitol Hill.

[Byron King: Peak Oil – The Risks](#)

A couple weeks ago, I attended the 2009 international conference of the Association for the Study of Peak Oil and Gas (ASPO), out in Denver. Here's the long and short of it. We're in trouble. With a capital "T," and that rhymes with "P," and that stands for Peak Oil. By every measure, the world's output of crude oil peaked between 2005 and 2007.

Yes, the worldwide total output of what we generically call "oil" has risen – slightly – in recent years. But that's because there are increasing volumes of natural gas liquids (NGLs) in the mix, plus unconventional oil like what the global marketplace obtains from Canada's oil sands. But the production of oil – actual oil – has peaked already. The future of conventional petroleum output is downhill, even with the future output from the deep-water offshore discoveries.

[Have We Reached Peak Oil?](#)

The Energy Information Administration [“EIA”] is the “statistical agency of the U.S. Department of Energy and as such is the Nation’s premier source of unbiased energy data, analysis and forecasting”[1]. As mentioned in its webpage, it aims to “provide policy-neutral data, forecasts, and analyses to promote sound policy making, efficient markets, and public understanding regarding energy and its interaction with the economy and the environment”.

In fact, should there be an imminent decline in global oil production, as feared by a growing number of energy experts, the EIA is the one responsible for warning the U.S. government about it.

[Oil in ‘Uptrend’ as Prices Remain Above \\$70: Technical Analysis](#)

(Bloomberg) -- Crude oil remains in an uptrend even if the market unwinds gains made this month and falls back toward \$70 a barrel, according to an analysis of price charts by National Australia Bank Ltd.

[BP’s Hayward Revives Explorer by Cutting Costs, Boosting Output](#)

(Bloomberg) -- More than two years after taking over at BP Plc, Chief Executive Officer Tony Hayward is turning around Europe’s second-biggest oil company and beating its own cost-savings target by \$1 billion.

[BP May Cut 600 Jobs in Germany, Westdeutsche Allgemeine Says](#)

(Bloomberg) -- BP Plc, Europe’s second-largest oil company, may cut 600 jobs in Germany, Westdeutsche Allgemeine Zeitung reported, citing the head of BP’s German unit.

[PetroChina’s Third-Quarter Profit Falls 24%, Misses Estimates](#)

(Bloomberg) -- PetroChina Co., the world’s second most valuable company, posted a 24 percent drop in third-quarter profit after oil prices fell from record levels a year earlier.

[The oilman who went back to nuts and bolts](#)

When Tony Hayward moved into the executive suite at BP’s London headquarters in May 2007, one of the first things he did was to order changes in the boardroom. This was not a shake-up in the traditional sense but a rearrangement of the pictures hanging

in the room overlooking St James's Square.

The abstract paintings favoured by his predecessor Lord Browne were quietly replaced with rather more prosaic photographs of BP oil rigs, refineries and tankers.

It was a simple touch but a sign of Mr Hayward's determination that BP should focus on the nuts and bolts. To judge by yesterday's third-quarter figures, that focus is now paying off handsomely.

[Sinopec Had Refining Loss in October on Crude Costs](#)

(Bloomberg) -- China Petroleum & Chemical Corp., Asia's biggest refiner, incurred processing losses this month because increases in domestic fuel prices haven't been proportionate to gains in crude costs, a company official said.

"The international crude oil price has risen by a relatively big margin recently but the government didn't raise fuel prices in line with the gains," Zhang Jianhua, a vice president at the company known as Sinopec, told reporters in Beijing today.

[Nexen profit plummets 86%](#)

Nexen Inc. says its profit in the third quarter fell to \$122-million, down 86 per cent from the same time last year.

The Calgary-based oil and gas company's profit amounted to 23 cents per share for the three months ended Sept. 30.

[Prudent overspending: Saudi state spending and signs of recovery](#)

Saudi Arabia has embarked on an ambitious public spending scheme but we believe it is manageable, should create few stresses on the fiscal situation of the kingdom and is unlikely to stoke inflation on its own. The country is pursuing prudent overspending, despite the obvious oxymoron. As private investments contract and private consumption falls, the state is compelled to boost spending until private investment and consumption pick up in 2010.

With Saudi Arabia's oil revenues continuing to surpass our initial forecasts and those of the government, state coffers are being replenished quickly enough to ease any budgetary stresses that might have occurred during a prolonged period of depressed oil prices.

[Bahrain and Aramco in talks to build pipeline](#)

MANAMA: Bahrain is now in talks with oil giant Saudi Aramco over plans to move ahead with constructing a new pipeline between the two countries.

[No requiem for this pipeline](#)

The *Post's* John Ivison and Carrie Tait reported yesterday that Ottawa, according to sources, had killed the Mackenzie Valley gas pipeline by withdrawing the promise of subsidies. If so, this is welcome news for Canadian taxpayers.

[Spill response 'world class', oil company says](#)

Operators attempting to stop the massive oil spill on the West Triton oil rig say the clean-up efforts so far have been "world class".

This is despite four failed attempts to plug the gap, more delays and criticism from Australia's peak oil and gas body.

[Obama's Power-Grid Grants May Revive Industry in 'Paralysis'](#)

(Bloomberg) -- Companies that make smart meters, thermostats and other elements of an electric transmission system gained in New York trading yesterday as the U.S. announced an \$8 billion upgrade to the nation's grid.

Echelon Corp. of San Jose, California, rose 4.5 percent, St. Louis-based ESCO Technologies Inc., gained 3.5 percent and Liberty Lake, Washington's Itron Inc. climbed 3.2 percent after President Barack Obama announced the U.S. was giving out \$3.4 billion.

[Giant Centrica deal gives hope to future funding of green energy](#)

Centrica today pulled off the world's biggest wind-power refinancing deal in a joint venture between private equity and banks that is set to become a model for the industry.

The £460-million package enabled the owner of British Gas to announce a £725-million investment in an offshore wind farm at Lincs, off the coast of Skegness and next to its existing wind plants, that it will start building next year.

[What the Solar Industry Wants in a Climate Change Bill](#)

ANAHEIM, Calif. -- The national mandate to use solar electricity combined with policies to support new electric grid transmission projects and a "green bank" to finance renewable energy projects are on the wish list of the solar industry for the climate change legislation, said Rhone Resch, executive director of the Solar Energy Industries Association.

[Halloween event with a difference](#)

A HALLOWEEN event with a difference has been planned for on Saturday (October 31) at the Fold Eco cafe, Bransford.

Transition Malvern Hills, which campaigns to raise awareness of the twin issues of peak oil and climate change, has arranged a Halloween Ceilidh with local band Loose Canons.

Organiser William Coleman said: "The point of the Transition movement is to get organised to make an orderly transition from dependence on fossil fuels, to a post oil economy.

[The Carbon Economy](#)

This November, *The Economist* will convene a diverse group of senior representatives from business, government, academia and international organizations to explore the global policies necessary to secure the world's energy future. Timed with the publication of a special report in *The Economist*, The Carbon Economy summit will examine how the political environment has changed since Kyoto and how committed regions and industries are to a sustainable carbon strategy.

The time is now - for government, business and civil society to decide how to combat climate change and secure our energy future. In December 2009 a new framework to replace the Kyoto Protocol will be discussed in Copenhagen. Although challenges remain, opportunities abound as new green markets are being created. Over a day and a half, speakers and participants at The Carbon Economy will exchange ideas on how governments and the business community will ultimately find innovative solutions to conquer global warming while sustaining economic growth.

[The Global Climate Movement Comes of Age](#)

Climate activists have been waiting two long decades to see what a global climate movement would look like. As of last Saturday, we know. And as movement mentor and 350.org co-founder Bill McKibben wrote in an email after watching photos of grassroots actions around the world projecting from the giant, iconic screens of Times Square, "it looked diverse and creative and beautiful."

Diverse? There were events on every continent and in all but 14 of the world's countries —from Americans at home to soldiers serving in Afghanistan; from England to Lebanon;

from dirt-poor Tanzania to fast-developing India to oil-rich Abu Dhabi. Creative? How about Malaysian scuba divers removing invasive starfish from a local reef. Or 350 synchronized swimmers diving into a public bath in Hungary? Or taking the Saturday college football spotlight and forming a giant 350 at midfield during halftime of the Syracuse game.

[Envoy: No China-US climate pact from Obama visit](#)

SHANGHAI – President Barack Obama's visit to China next month is not likely to yield a separate accord on countering global warming, though both countries are pushing for progress for upcoming global talks in Copenhagen, the top U.S. envoy on climate change said Wednesday.

"I don't think we're going to get an agreement per se," said Todd Stern, the U.S. special envoy for climate change. However, he said Obama will work with Chinese President Hu Jintao toward facilitating an agreement at the international meeting.

[Florida still developing coasts as sea level rises, study says](#)

As early as the 1980s, scientists warned that rising seas could submerge vast portions of Florida's coast.

How have local and state governments responded? Build, baby, build.

[Economics of climate change in forefront](#)

For a decade or more, the political battle over climate change has been fought largely over the validity of the science of global warming. But Tuesday, as the Environment and Public Works Committee opened its first hearing on a Senate climate change bill, those concerns took a rear seat to a different issue: the potential economic impact of climate change.



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