



Drumbeat: October 29, 2009

Posted by [Leanan](#) on October 29, 2009 - 9:09am

Topic: [Miscellaneous](#)

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The decision by the world's biggest oil exporter could encourage other producers to abandon the benchmark and threatens the dominance of the world's most heavily traded oil futures contract. It is the main contract traded on Nymex.

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The surge in oil inventories in Cushing, Oklahoma, where WTI is delivered into America's pipeline system, depressed the value of the WTI against other global benchmarks, throwing the global oil market into disarray.

Related: [Saudi Aramco to Use Sour Oil Index as U.S. Benchmark, Drop WTI](#)

grab in Nigeria

LONDON (Reuters) - Royal Dutch Shell Plc will fight any possible efforts by the Nigerian government to hand control of its Nigerian fields to Chinese oil companies, the Anglo-Dutch oil major's chief financial officer said on Thursday.

"One thing you probably will have seen, and can be sure of, is that both ourselves and the industry will defend our interests," Simon Henry told analysts on a conference call when asked about recent Chinese approaches to Abuja.

[Phil Flynn: Coming off the Benchmark](#)

The combination of two rare occurrences helped send the energy complex falling. The dollar actually got stronger and gasoline supplies increased! Yes, that can actually happen! I know, I was amazed myself.

Well it does seem amazing as in recent weeks the dollar has been getting hammered and refiners looked like they had refined their last gallon of gas. I am exaggerating of course but that has been the market mood. But with an unexpected 3.6% drop in new home sales and a 1.7 million barrel increase in gasoline supply, it made some people question some of the things they had believed in. But now the question is whether the NYMEX West Texas Intermediate is a contract the world can believe in.

[Shell, Exxon Profits Tumble as Recession Saps Oil, Gas Demand](#)

(Bloomberg) -- Royal Dutch Shell Plc and Exxon Mobil Corp., the world's biggest oil companies, posted their lowest third-quarter profits in six years after the recession eroded energy demand, pulling down fuel prices.

Net income at Shell declined 62 percent to \$3.25 billion from \$8.45 billion a year earlier, The Hague-based company said today in a statement. Exxon Mobil, based in Irving, Texas, said its profit dropped 68 percent to \$4.73 billion. Exxon Mobil's per-share profit was 98 cents, 4 cents below the average of 15 analyst estimates compiled by Bloomberg.

[Exxon invests \\$19bn in new energy supplies](#)

ExxonMobil, the world's biggest publicly listed oil company, said on Thursday it had invested \$19bn through the first three quarters to develop new energy supplies, while competitors were shedding staff and announcing cost cutting efforts.

"Despite ongoing global economic weakness and reduced demand for products, we continued our robust investment program and delivered strong results," said Rex Tillerson, Exxon's chief executive. "Our commitment to a disciplined and long-term, focused investment strategy sets ExxonMobil apart from its competitors."

[Report: ND is now 4th biggest oil-producing state](#)

BISMARCK, N.D. — North Dakota has surpassed Louisiana as the fourth-largest oil-producing state in the nation, the U.S. Energy Department says.

The agency's Energy Information Administration said North Dakota produced 6.38 million barrels of crude in May, edging Louisiana, which had 6.34 million barrels for the month. Oklahoma was ranked fifth, at 5.7 million barrels for that month, according to the most recent figures. Oil production data typically lags at least two months.

[Pay less to stay warm this winter](#)

(Money Magazine) -- This year you can score a rare recession-induced break on your energy bill: The combination of a weak economy and a production boom has dropped the cost of heating with natural gas to a six-year low and is keeping a lid on other heat sources as well. But you can still save more. These questions will help you figure out the most cost-effective ways to keep out the cold.

[Transportation Officials Face Shortage](#)

Mike Patterson, director of finance for the Transportation Department, says the state has lost \$391 million in federal highway funds since 2002 because Congress did not appropriate as much money as it authorized.

Patterson also says fuel taxes collected by the state and federal governments for roads and bridges are not raising enough money.

[Island 'at risk without airport'](#)

People on the remote island of St Helena have warned that unless Britain builds them an airport soon, their economy will collapse.

Without it, children are becoming "economic orphans" as parents are forced to take jobs on other islands and the sick are travelling hundreds of miles by ship for specialist care, often without a nurse.

[Pakistan: Electricity generation shrinks by 50%](#)

LAHORE: Thin water flow in Mangla and Tarbela dams is causing 50 percent decline in hydal electricity generation, whereas the unavailability of furnace oil has forced closure of thermal power houses. As a result, 8 to 15 hour electricity outages persist.

[Pakistan: Industry seeks uninterrupted gas supply](#)

Business leaders urged the government to ensure supply of all inputs including gas and electricity with a view to keeping the wheels of industry moving while voicing grave concern over abrupt suspension of gas supplies to the industry in Sindh and Punjab in upcoming months.

Representatives of industry maintain that suspension of gas supply would reduce exports and 2.4 million workers would be rendered unemployed. Gas shortage would hit the industry's business worth \$1.5bn per month.

[Uranium deal eases West's fears over Iran's nuclear stance](#)

TEHRAN: Iran's President has appeared to lend support to an International Atomic Energy Agency proposal to ship the bulk of his country's enriched uranium abroad.

Mahmoud Ahmadinejad cast it as a victory for Iranian steadfastness as the world awaits Tehran's formal response to the deal.

[Paladin Falls After Reducing Uranium Output Forecast](#)

(Bloomberg) -- Paladin Energy Ltd., the Australian uranium producer with mines in Namibia and Malawi, fell the most in seven weeks in Sydney trading after it reduced its full-year production forecast by as much as 15 percent.

[Biofuels are Just One of the Alternatives of Renewable Energy](#)

Production of biofuels (ethanol) from corn is not the ultimate goal for biofuel development. Production of ethanol from a cheaper, more sustainable raw material, such as cellulosic materials, will gradually replace the corn-ethanol technology, therefore reducing the concern on food shortage.

[Can we afford free wind?](#)

It was obvious that the pro-wind lobby, paid with your tax money from RENEW Wisconsin, had the minds of legislators on their side long before the hearing.

Several people that live near wind turbines gave first-hand testimony — to empty chairs of the committee — of the negative effects and problems they have. Some broke down in tears as they spoke of negative health effects on their families and their farm animals and that abandoning their homes was the only solution in the near future.

Because of financial situations, most are stuck living in a PSC-regulated hell with nowhere to turn and no one to listen.

[Some Tough Thoughts on Climate Policy](#)

Two readers with different backgrounds who both accept that humans could disrupt the climate shared strong feelings of discouragement after the Obama administration's "evidence-based revival meeting," as Cathy Zoi, the head of the Energy Department office on efficiency and renewable energy, described Wednesday's White House forum on energy and climate.

[Greenest Place in the U.S.? It's Not Where You Think](#)

Green rankings in the U.S. don't tell the full story about the places where the human footprint is lightest. If you really want the best environmental model, you need to look at the nation's biggest — and greenest — metropolis: New York City.

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[Iran May Evade U.S. Sanctions as U.A.E. Delivers Fuel](#)

(Bloomberg) -- A U.S. effort to pressure Iran into nuclear concessions by curbing gasoline imports may have little impact because the United Arab Emirates and other countries are willing to keep shipping fuel to the Islamic Republic.

About \$2.8 billion worth of gasoline passes through the U.A.E. to Iran each year, amounting to 75 percent of Iran's refined fuel imports. Sanctions passed yesterday by the House Foreign Affairs Committee will have limited effect unless international curbs follow, said Cliff Kupchan, a senior analyst at Eurasia Group, a New York political-risk consulting firm.

[Shell to comply with Iran gasoline sanctions](#)

Royal Dutch Shell Plc said it will comply with international rulings on gasoline supplies to Iran as part of United Nations sanctions against the country over its nuclear program.

"We always comply with all existing legislation in countries or from other countries,"

Shell Chief Financial Officer Simon Henry said today on a conference call with reporters. He declined to comment further.

[Cnooc Third-Quarter Sales Fall on Oil Price, Typhoon](#)

(Bloomberg) -- Cnooc Ltd., China's biggest offshore oil and gas producer, said third-quarter sales dropped 23 percent after crude prices fell from a record and a typhoon forced the company to cut output at some fields.

[Sinopec Profit More Than Doubles on Higher China Fuel Prices](#)

(Bloomberg) -- China Petroleum & Chemical Corp., Asia's biggest refiner, said third-quarter profit more than doubled after the government eased curbs on fuel prices and a recovery in the nation's economy boosted demand.

[Energy group BG says third-quarter profits slide](#)

LONDON (AFP) – Energy producer BG Group said Wednesday that net profit tumbled 43.5 percent in the third quarter due to weaker natural gas prices and lower-than-expected output.

Net profit sank to 484 million pounds in the three months to September, compared with 857 million pounds a year earlier.

[Energy giant Shell reports 62% profit slump](#)

LONDON — British energy giant Royal Dutch Shell revealed a 62-percent net profit slump in the third quarter on Thursday, blaming weak oil prices and warning that the outlook is cloaked in uncertainty.

Quarterly profit amounted to 3.25 billion dollars (2.21 billion euros), compared with 8.45 billion dollars in the same period of 2008 -- when oil had struck record peaks above 147 dollars per barrel.

[India's ONGC Q2 profit rises 6%](#)

MUMBAI (AFP) – India's biggest oil producer ONGC reported Thursday a six percent increase in quarterly profit as its subsidy burden fell sharply thanks to a fall in global energy prices.

[Pemex Posts Third-Quarter Loss on Fewer Refined Product Imports](#)

(Bloomberg) -- Petroleos Mexicanos, the largest oil producer in Latin America, said its third-quarter loss narrowed as it imported fewer refined products.

Pemex, as the Mexico City-based company is known, said today in a statement to the Mexican Stock Exchange that its loss narrowed to 3.7 billion pesos (\$277 million) from a loss of 14.4 billion pesos in the year-earlier period. Sales fell 21 percent to 293.4 billion pesos.

[Iraq to initial oil deal with Italian-led consortium](#)

BAGHDAD (AFP) – Iraq is to initial this weekend a draft agreement with a consortium led by Italian energy giant ENI to exploit the Zubair oilfield in southern Iraq, the oil ministry said on Thursday.

"The oil ministry will sign the preliminary agreement with ENI in Baghdad on Sunday," spokesman Assem Jihad told AFP, adding that the deal would then be submitted to the cabinet for final approval ahead of a formal signing.

[AEI Tests Investor Appetite for Enron Model in \\$800 Million IPO](#)

(Bloomberg) -- AEI's initial public offering is testing whether Enron Corp.'s failed gambit to supply energy to billions in the developing world will finally pay off.

[China, U.S. try to take sting out of trade disputes](#)

HANGZHOU, China (Reuters) – China and the United States agreed to tackle a series of trade irritants from pork to wind power and reiterated pledges against protectionism at high-level talks that ended on Thursday.

But in a sign that the global financial crisis has fueled a risk of more, not fewer, trade barriers, Chinese Commerce Minister Chen Deming confirmed that Beijing would conduct a preliminary dumping investigation of U.S. auto imports.

[Felon involved in clandestine videos](#)

QUITO, Ecuador -- One of two men who made clandestine video recordings allegedly showing government bias and kickback-soliciting in a \$27 billion oil contamination lawsuit is a convicted felon with a history of legal troubles, The Associated Press has learned.

An AP investigation also has found no evidence that Wayne Douglas Hansen worked in his professed field of environmental remediation.

[Former CEO sentenced 3 years for Alaska bribery](#)

ANCHORAGE, Alaska (Reuters) – The businessman at the center of Alaska's wide-ranging political corruption investigation, once a pillar of the Alaska oil industry and state Republican party, was sentenced on Wednesday to serve three years in prison and to pay a \$750,000 fine.

[Fla. offshore drilling being debated on Internet](#)

TALLAHASSEE, Fla. – Citizens across the state got a chance Wednesday to question a panel of supporters and opponents of a proposal to open Florida waters to oil and natural gas exploration.

Queries could be submitted by e-mail for responses during an interactive Internet forum. Two emerging legislative leaders, both offshore drilling supporters, also took part.

[Byron King: Peak Oil – The Rewards](#)

We should expect a global oil shock by 2012...at the latest. But an oil shock doesn't have to be completely shocking. Why not beat the rush and get ready for the shock now. You might even make a few dollars in the process.

Our story begins with "Peak Oil" – the belief that conventional production of crude has already peaked, and has already slipped into an irreversible decline. As "Peak Oil" moves from mere theory to indisputable fact, the global economy will face wrenching changes. But the vigilant investor will gain an opportunity to profit along the way.

[Richard Heinberg, Renowned Author and Senior Fellow at Post Carbon Institute, will Speak on VoiceAmerica's ZOOM'D Leadership about Life after Peak Oil](#)

Richard Heinberg, perhaps best known as a leading educator on Peak Oil (the point at which we reach maximum global oil production), joins host John Schmidt on VoiceAmerica's ZOOM'D Leadership on Monday, November 2 at 11 AM Pacific Time/ 2 PM Eastern Time to explore the tenuousness of our current way of living, describe how we are trapped by both high and low oil prices, and provide a vision for a truly sustainable future.

[John Michael Greer: Why Markets Fail](#)

It's a safe bet that any public comment on the politics of peak oil, unless it sticks closely to one of a very few widely accepted opinions, will provide a good demonstration of the laws of thermodynamics by turning plenty of energy into waste heat. Last week's Archdruid Report post was no exception. Between those who thought I was too hard on Cuba, those who thought I was too soft on Cuba, those who insisted America is already a fascist dictatorship, those who thought America would be better off as a fascist dictatorship, and a variety of less classifiable rants, I was well and truly denounced. My favorite for the week was a bit of online splutter that, having exhausted its author's apparently limited vocabulary of profanity, wound up with the nastiest term he knew: "...you *American!*"

Those of my readers with a taste for wry humor may well have found all this as entertaining as I did. Still, this week's essay will leave such amusements behind, and return to the theme I've been developing in recent posts, the reinvention of economics that will be necessary in an age of hard ecological limits and deindustrial decline. Vegetarians and animal rights activists take note: a certain number of sacred cows will have to be slaughtered and dissected in the course of that inquiry, and the process is unlikely to be either painless or clean.

[The Victory of the Commons](#)

The biggest roadblock standing in the way of many people's recognition of the importance of the commons came tumbling down when Indiana University professor Elinor Ostrom won the Nobel Prize for Economics.

Over many decades, Ostrom has documented how various communities manage common resources — grazing lands, forests, irrigation waters, fisheries — equitably and sustainably over the long term. The Nobel Committee's recognition of her work effectively debunks popular theories about the Tragedy of the Commons, which hold that private property is the only effective method to prevent finite resources from being ruined or depleted.

[Peak Oil Is A Serious Business Contingency Planning Issue](#)

Many decision makers in business and government continue to erroneously believe that peak oil is a "theory" that will not substantially affect them or their organizations, at least not any time in the near future. Accordingly, they continue to drag their feet when it comes to adjusting to the new reality of declining petroleum supplies. This behavior is not only dangerous, it is likely to make the process of adjusting to the peak oil situation much more painful, expensive, and difficult than it needs to be.

[Food will never be so cheap again](#)

Biofuel refineries in the US have set fresh records for grain use every month since May. Almost a third of the US corn harvest will be diverted into ethanol for motors this year, or 12pc of the global crop.

[Xcel Energy to add more solar power in Colorado](#)

DENVER – Xcel Energy Inc. has added more than 257 megawatts of solar power to its plan for meeting Colorado's renewable energy standard by 2020.

[Fisker to convert a GM plant in Delaware to build plug-in hybrid cars](#)

Out with the old, in with the new. California electric-car startup Fisker Automotive will announce plans tomorrow to turn an old General Motors plant in Wilmington (Del.) into a hybrid electric-car plant, says a source with knowledge of the announcement. Fisker plans to use the 52-year-old factory to build its \$48,000 Project Nina plug-in hybrid starting in 2012.

[Plug-ins rev up, but are consumers ready?](#)

Many auto industry experts and environmentalists see plug-ins and a similar technology known as the Extended-Range Electric Vehicle (the Chevrolet Volt is the best-known example) as a practical compromise between conventional hybrids and pure battery-electric vehicles. The latter are plagued by high costs and limited range. Typically after 100 to 150 miles, the vehicles must be parked for an extended recharge that makes long-distance driving impractical.

[Wind Turbines Don't Kill Birds; Coal Plants Do](#)

A very detailed and complex study (pdf) Increasing Wind Energy's Contribution to the US Electricity Supply weighing the costs and benefits of increasing wind power to 20% by 2030 included some very interesting projections on bird extinction numbers expected from climate change.

[Greenpeace dumps 18 tonnes of coal at Swedish govt offices](#)

STOCKHOLM (AFP) – Environmental activists from Greenpeace dumped 18 tonnes of German coal outside Sweden's government offices Wednesday to protest against the Swedish state's coal plant ownership abroad.

[EU urged to raise bar on climate financing](#)

BRUSSELS (AFP) – European Union leaders were on Wednesday told they have to find 15 billion euros a year to help developing countries fight global warming if this week's summit is to be deemed successful.

Leaders from the EU's 27 member countries are split into three camps going into a summit starting Thursday at which they will try to agree a common line to take into United Nations negotiations in Copenhagen starting on December 7.

[U.S. Is Confident of Progress in Climate Negotiations](#)

(Bloomberg) -- The Obama administration is confident it will help forge progress at climate-treaty talks this year in Copenhagen, said Carol Browner, a White House adviser on energy and the environment.

“We feel very, very confident that we can work with the rest of the world to take significant steps forward in Copenhagen,” Browner said in an interview.

[Climate Change Caused Radical North Sea Shift](#)

Fueled by previously unappreciated links between climate and ecology, the North Sea has undergone a radical ecological shift in the last half-century, say scientists.

The very shape of the food web has changed, from plankton on up to the cod and flatfish that once dominated the icy waters, supporting rich commercial fisheries. They've been largely replaced by jellyfish and crabs.

The full scope of the change has gone relatively unnoticed, and could foreshadow changes in waters around the world.

[Turmoil from climate change poses security risks](#)

WASHINGTON — An island in the Indian Ocean, vital to the U.S. military, disappears as the sea level rises. Rivers critical to India and Pakistan shrink, increasing military tensions in South Asia. Drought, famine and disease forces population shifts and political turmoil in the Middle East.

U.S. defense and intelligence agencies, viewing these and other potential impacts of global warming, have concluded if they materialize it would become ever more likely global alliances will shift, the need to respond to massive relief efforts will increase and American forces will become entangled in more regional military conflicts.

It is a bleak picture of national security that backers of a climate bill in Congress hope

will draw in reluctant Republicans who have denounced the bill as an energy tax and jobs killer because it would shift the country away from fossil fuels by limiting carbon dioxide emissions from power plants and industrial facilities.



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