



## Drumbeat: November 22, 2009

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### [Financial Sense Newshour interviews Matthew Simmons](#)

Part 1: Matthew R. Simmons Chairman Simmons & Company International  
Topic: The Future of Energy

Kenneth J. Gerbino Chairman Titan Oil Recovery Inc  
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Glenn Labhart Chair, Energy Oversight Committee Global Association of Risk Professionals (GARP)  
Topic: Energy Risk Professional: Understanding the Energy Markets

ica's already fractured relationship with much of the continent.

The new US push is part of an effort to counter the loss of influence it has suffered recently at the hands of a new generation of Latin American leaders no longer willing to accept Washington's political and economic tutelage. President Rafael Correa, for instance, has refused to prolong the US armed presence in Ecuador, and US forces have to quit their base at the port of Manta by the end of next month.

### [Crude market in balance, says Iran Opec chief](#)

Iran's Opec Governor said the crude market is in balance and oil supply and demand are close to each other, Jam-e Jam newspaper reported yesterday.

"There is no need in the market since supply and demand are close to one another and the market is in balance," Mohammad Ali Khatibi told the paper. Opec's reference crude oil basket price fell to \$76.77 a barrel on Thursday, from Wednesday's \$77.87, Opec said on Friday.

### [Oil and SWF: Cushion for Arab economies](#)

Experts believe the Gulf was able to ride out the worst of the financial storm thanks to vast budget and trade surpluses accrued during the good years.

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## [The dawn of the Third Industrial Revolution](#)

"The most hated man in science" said that it may be too late to save civilization.

Civilization is on the cusp of the Third Industrial Revolution and "our Second Industrial Revolution is on life support," according to Jeremy Rifkin, president and founder of the Foundation on Economic Trends said.

We are in emergency mode. Our dependence on non-renewable resources for energy is breaking the economic system we rely on, he said.

## [Iraq hopes output hike will fuel prosperity](#)

Iraq hopes a petrodollar gush it will uncork by tripling oil output will drag it out of chaos into prosperity, but there is just as much chance the new wealth will fuel fresh conflict.

Home to the world's third-largest oil reserves, Iraq also plans to leap to third place among oil producers – spurring hope among war-weary Iraqis of a windfall to drive development and job creation after decades of economic decline.

But rampant corruption, political inertia and ethnic feuding over oil-producing regions like Kirkuk mean that years of sectarian bloodshed could just as easily be followed by years of fighting for control of oil, experts and Western officials say.

## [Keeping Our Sights Set on a Recovery](#)

Even though crude prices managed to break \$80 per barrel by Wednesday, investors quickly began taking profits. By Friday, oil prices had fallen by 3.5%. In the API's Monthly Statistical Report, U.S. oil production averaged 5.36 million barrels per day. The last time U.S. crude production was that high was June 2005.

Unfortunately, our country's production troubles are far from solved. In fact, the truth is that U.S. oil production peaked in 1970. Ever since then, we've been sliding down the backside of peak oil.

### [Reliance Makes Cash Offer for Bankrupt LyondellBasell](#)

(Bloomberg) -- Reliance Industries Ltd., owner of the world's largest oil-refining complex, made a cash offer to buy a controlling stake in closely held LyondellBasell Industries AF, the bankrupt chemicals and fuels maker.

### [Heritage Oil to Sell Uganda Fields to Italy's Eni. Times Says](#)

(Bloomberg) -- Heritage Oil Plc will sell its fields in Uganda to Eni SpA of Italy for more than \$1.5 billion, the London-based Sunday Times said, without saying where it got the information from.

### [Tim DeChristopher's wild legal ride](#)

He disrupted an oil and gas lease auction last year by posing as a buyer. Now a judge has rejected his last-ditch defense strategy.

### [Smart power grid: Singapore to introduce intelligent energy management system](#)

The Singapore government continues to execute on its long-term energy strategy. With the advent of Peak Oil, the era of cheap energy and certainly cheap electricity is over. The next best things to do, then, are to look into renewable/alternative energy sources, energy conservation, and certainly, energy management systems, such as grid tie solar systems, and intelligent electrical power distribution systems such as this "Intelligent Energy System".

### [U.S. airline industry once again goes under scrutiny](#)

For the third time in 16 years the federal government is forming a blue-ribbon panel to try to save the USA's troubled airline industry, which has racked up \$58.5 billion in losses and shed 158,000 jobs this decade.

...But a \$20 billion price tag for fixing the industry's biggest problems and a failure to implement most of the suggestions from two previous commissions have many analysts and former government officials questioning whether anything will come from this latest effort.

### [Opec wants compensation if climate deal cuts oil use](#)

The chief of the Opec oil cartel said that oil-producing countries should be compensated for lost revenues if UN climate talks in Copenhagen next month reach a deal that cuts the use of oil.

In an interview with *The Times*, Abdullah Salem al-Badri, of Libya, who is due to speak in Copenhagen, said that richer oil-consuming countries such as Britain and the US should acknowledge that historically they have created most carbon dioxide emissions and should not be allowed to block poorer countries from raising living standards for their own people.

### [Tax those carbon gluttons](#)

The fun starts with the government giving you maybe \$2,000 as a carbon dividend. You like it so far? Thought so. And the government gets the money by imposing a tax on everything that emits carbon dioxide into the air. The total amount raised by the carbon tax is the same amount that's being distributed as a dividend. So it's a wash. The government is no better off at the end of the day.

But you're better off — if you've been frugal with energy, living in a snug house with solar hot water and wood heat, travelling on public transport, eating local food. You lose a bit of your dividend in taxes on gasoline and electricity and what-not — but you get to keep a good chunk of your carbon dividend. Let's say you pay \$400 more in taxes. That money just reduces your windfall dividend. The carbon tax still leaves you \$1,600 ahead. How does that sound, sonny?

### [Investors must ask about shale gas cost](#)

Mr Berman contends that shale gas wells' production declines at a dramatically faster rate than the companies' estimates. Reasonable people can dispute the accuracy of his projected decline curves. I have found Mr Berman open to debate and willing to consider contrary evidence.

Whether he or his critics are closer to the truth about shale gas decline rates, it does seem clear to me that Wall Street has underestimated the real cost of shale gas, and overestimated how fast its production can be expanded.

This matters. By now, close to half of the gas rigs in the US, and most of the development money for the fuel, is going to shale plays.

If the companies and investors are wrong, there may be tens of billions of dollars of over-investment, that might be more productively spent on conventional onshore gas, or on drilling US offshore prospects. This is not just an investors' bet, but a core national energy policy.

### [Sinopec bid to take part in Iraq oil deals rebuffed](#)

BAGHDAD (Reuters) - China's Sinopec Corp sought to pay participation fees to bid for oilfields on offer in Iraq's second bidding round but was rebuffed, an official with the Iraqi Oil Ministry said on Sunday.

"Sinopec asked to pay the participation fee to get the data package but we refused due to the deals they have with the Kurdish Regional Government," said Sabah Abdul Kadhim, head of the legal and commercial section of the Petroleum Contracts and Licensing Directorate.

### [Valero's Major Announcement a Telling Economic Indicator](#)

Valero Energy has just announced it is shutting down its Delaware City Refinery. This is a major news announcement because refiners should be seen as a canary in the coalmine for end-user demand and Valero is one company in the oil patch which has been loath to cut workers to improve the bottom line. This announcement is an indicator that, despite a technical recovery, the economy still has major obstacles to overcome.

### [Chavez says Venezuela in recession, by US yardstick](#)

CARACAS (Reuters) - Oil-exporting Venezuela is in recession, its socialist President Hugo Chavez said on Saturday, adding that the capitalist system of measuring economic growth was established in the United States.

### [China vs. U.S.: economic power vs. military might: which will prevail?](#)

The U.S. and China, with their huge economies, are totally dependent upon a steady, guaranteed supply of petroleum into the future. While supplies of oil have been very plentiful for many decades, that situation is beginning to rapidly change. Our very painful experience with \$147 per barrel of oil in 2008 may have dissipated for now but experts predict that, in the not too distant future, the world will experience huge escalations in prices as supply will not be able to keep up with demand.

### [Iraq's Oct. oil exports drop due to attacks](#)

BAGHDAD (AP) - An Iraqi official says insurgent attacks caused a 4 percent drop in the country's oil exports in October compared to the previous month, but that revenues were up due to higher prices.

Oil Ministry spokesman Assem Jihad says exports averaged 1.877 million barrels a day

in October, grossing \$4.187 billion with an average price of \$71.94 a barrel.

### [FACTBOX - How countries have coped with the oil "curse"](#)

Iraq is poised to strike deals with international oil companies that could vault it into third place in the table of oil producing nations.

Emerging from years of sectarian slaughter and war triggered by the 2003 U.S. invasion, it desperately needs the billions of dollars in development and reconstruction funds that a large increase in oil exports will bring. [ID:GEE5ALO43]

But oil riches often cause more economic damage than benefit, a phenomenon known as the oil or resource "curse."

Following are descriptions of how other countries have dealt with their oil wealth.

### [Bright Future for Petrobras and Brazil, Part 2](#)

Petrobras may be exporting close to 3 million barrels a day by 2020. My readers won't be surprised to know that I also think the price of oil in 2020 will be much higher than it is today. In conclusion: the recent changes in Brazil's economic, energy, and banking policies mean it is safe to invest in Brazil and safe to invest in Petrobras. Anyone who agrees with me that the future of planet Earth is one in which worldwide oil supply will not keep pace with worldwide oil demand would probably also agree that Petrobras should be a core energy holding.

### [20 Fastest-Growing Asian Energy Companies - Platt's](#)

Platts, the highly respected energy consulting company, released its Platts Top 250 Global Energy Company Rankings for 2009 this week. One of the sub-sectors of this ranking is the Fastest Growing Energy Companies in Asia.

### [Seismic rumbles in the forests](#)

The sheer size and number of Marcellus Shale drill sites and their truck traffic are altering Pennsylvania land use.

### [BP, the killer they like to forgive](#)

This week UK magazine the New Statesman announced its ranking of '20 green heroes and villains.' Among the "panel of environmental experts" judging the awards was John



Browne, the UK peer whose reputation was earned at the helm of global petrochemicals giant BP.

Lord Browne may be especially well qualified to assess environmental villainy. In 2007, environmental crimes committed under his leadership at BP attracted the “largest criminal fine ever for air violations” handed down by the US Environmental Protection Agency (EPA). The firm is still on probation for the incidents EPA said had “terrible consequences for people and the environment”.

### [Radiation leak at Three Mile Island](#)

THREE MILE ISLAND - (WPVI) -- We are learning more this morning about a reported radiation leak at Three Mile Island.

The Nuclear Regulatory Commission says later today it is sending two radiation specialists to the plant near Harrisburg.

### [Historic Peak Oil Motion Defeated In Australian Senate](#)

In Australia the Australian Greens recently attempted to introduce what, to the best of my knowledge (please let me know otherwise ASAP), may be the first ever Peak Oil motion introduced into a national assembly. Unfortunately, in the Federal Parliament of pro-coal, fossil fuel-obsessed, climate criminal Australia (the world’s worst per capita greenhouse gas polluter), the motion was defeated 31 to 6 on 20 November 2009 with the five Australian Greens Senators supporting the motion and one supposed South Australian independent Senator Nick Xenophon as the sixth supporting vote.

### [What a deeper river would mean to commerce](#)

Plans by the Army Corps of Engineers to deepen the navigation channel from 40 feet to 45 feet to accommodate bigger commercial ships have generated heated opposition from environmental groups and state officials in New Jersey and Delaware.

So, what difference would those five extra feet make to the steamship companies that sail the river, and to the businesses that use ships to move goods into and out of local ports?

### [Berkshire Well Positioned for Buffett's Prediction on Electric Cars](#)

Twenty years is a short period of time for a radical shift to an all-electric vehicle fleet. Battery technology will need to improve significantly to make it cost effective without government subsidies. Electric vehicles will also need to have a range comparable to

gasoline vehicles along with the ability to either quickly recharge the battery or swap it for a new one. BYD's e6 has shown that a 250 mile range is already possible and a 50% recharge can be done in just ten minutes. Better Place has developed technology to exchange fully charged batteries in an automated process.

### [Electric carmaker Tesla preparing IPO: sources](#)

SAN FRANCISCO (Reuters) - U.S. electric sports car maker Tesla Motors plans to go public soon, two sources familiar with the matter said, amid growing interest in green technology and battery-powered vehicles.

### [China harnesses mountain wind power](#)

DALI, China (AFP) – In the mountains above the southwestern Chinese town of Dali, dozens of new wind turbines dot the landscape -- a symbol of the country's sky-high ambitions for clean, green energy.

At an altitude of 3,000 metres (9,800 feet), Dali Zhemoshan is the highest wind farm in China, where renewable energy has become a priority for a government keen to reduce its carbon emissions and which has taken full advantage of the global trade in carbon credits.

### [A climate change dust-up](#)

One side sees hacked e-mail as a sign of a 'Warmist Conspiracy.' The other says it's being taken out of context. Analysts don't expect it to have much effect on the Senate greenhouse gas bill.

### [Rising sea levels threaten Caribbean region](#)

According to a recently updated World Bank study on climate change in Latin America, Alfonso and his neighbors have reason to be concerned. Not only are the effects of global warming more evident in Latin American coastal cities, the report says, but the phenomenon could worsen in coming decades because sea levels will rise highest near the equator.

...According to some scenarios that the authors of the World Bank study say are not that far-fetched, Cartagena and the rest of the Caribbean coastal zone could see sea levels rising as much as 2 feet, possibly more, by the end of the century. Even at the lower end of projections, parts of this city would be knee-deep in sea water.





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