



Drumbeat: November 27, 2009

Posted by [Leanan](#) on November 27, 2009 - 9:07am

Topic: [Miscellaneous](#)

[U.S. Crude Oil Production Poised for Biggest Jump Since 1970](#)

United States crude oil production for 2009 is on target to have its biggest one-year jump since 1970, according to a Platts analysis of industry data.

With U.S. oil production averaging 5.268 million barrels per day (b/d) through October, the gain in U.S. output will be the most since the country produced 9.637-million b/d in 1970, which turned out to be the peak year of U.S. crude output, according to Platts' analysis of data published by the U.S. Energy Information Administration (EIA). If that 5.268 million b/d figure holds through December, this year would show a 6.4% boost from the 4.95 million b/d average of 2008 and rank as the best U.S. oil production year since 2004, when output averaged 5.419 million b/d.

For comparison, in the 40 years since U.S. oil production peaked annual output has jumped only eight times. Seven of those increases were minimal; only in 1978 was there a jump of significant magnitude, an increase of 5.6%, to 8.7 million b/d.

inty. An operator can book incremental proved reserves from planned enhanced recovery projects (gas injection, acid fracturing) based on a pilot project. Coal seam gas, bitumen, oil shale and other unconventional resources can be booked as Proved Reserves. Estimated reservoir properties in the aggregate is a departure from the old rules. The new SEC definition does not require that an analogous reservoir has to be in the immediate area or in pressure communication. Seismic analysis and reservoir models are sufficient to book Proved Reserves.

Hold on to your shorts, it gets worse.

[Unsustainable 2010](#)

The latest video from Sustainable Earth. Includes new reports from government, the military, intelligence agencies and major NGO's. It ends on a positive note; the reality of consequence will finally free humanity from short-term thinking.

[Investing in Hard Assets](#)

One must grasp the implications of peak oil, the long decline of fossil fuels, the slow

process of substituting renewables, and the long-term effects of quantitative easing to see that buying rail during a depression is very, very smart.

History will show that even at \$100 a share, Buffett got those assets on the cheap. It was a typically shrewd move, in part because there so few opportunities to invest in real assets that are not directly (and negatively) correlated with oil prices and credit growth.

[Save money, look good: why you should manage energy](#)

As more companies think hard about a shifting future and the uncertainties related to peak oil, climate change and carbon taxation, they, too, are noticing that energy is an undermanaged area of their operations. The era of managing energy has arrived.

If your organization has significant property to manage (heating, lights, building systems) or uses energy as a production input, you should have an energy manager.

[Getting technology implemented](#)

The oil industry has been fast to adopt new technology when it sees an obvious benefit, he said. It is the "second largest user of computers in the world after the entertainment industry."

If a technology could be developed which would enable 40 to 60 per cent oil recovery, that should be adopted quickly as well. "The argument for peak oil would be pretty moot," he said.

[Iran nuclear crisis: are new sanctions on the way?](#)

The latest criticism of Iran by the International Atomic Energy Agency (IAEA) is another sign that new sanctions could be on the way.

The IAEA resolution, censuring Iran's secret construction of another uranium enrichment plant, was supported by Russia and China.

This does not mean they will join in a new round of international measures against Iran. But it does mean that Iran cannot count on them for diplomatic support.

[Old fridge? Here comes 'Cash for Appliances'](#)

On the heels of its ballyhooed "Cash for Clunkers" program for cars, the federal government is expected to finalize details in the coming weeks of another tax-supported shopping extravaganza, known as "Cash for Appliances."

Supported by \$300 million from the economic stimulus, the program will offer rebates to consumers who buy energy-efficient refrigerators, dishwashers, air conditioners and other appliances to replace their older models.

[Economy keeps Americans home for holiday](#)

CHICAGO - There's still family, turkey and football, but one Thanksgiving tradition is taking a hit this year. Millions of Americans are spending the holiday at home, saying the poor economy has made it unaffordable to hit the road or board a plane.

"It's too expensive," said Benita Hall, 24, a nurse's aide who can't afford to travel from Cincinnati to Atlanta to see her mother and siblings. "It's depressing because you want to be with your family for the holidays."

Nearly 38 million people are expected to take trips this year, slightly more than last year but 20 million fewer than in 2005 when the economy was better, according to AAA auto club. Air travel is expected to drop 6.7 percent this holiday compared with last year, AAA said.

[Australian town 'under siege' by thirsty camels](#)

ALICE SPRINGS, Australia - Australian authorities plan to corral about 6,000 wild camels with helicopters and gun them down after they overran a small Outback town in search of water, trampling fences, smashing tanks and contaminating supplies.

The Northern Territory government announced its plan Wednesday for Docker River, a town of 350 residents where thirsty camels have been arriving daily for weeks because of drought conditions in the region.

[Obama's Climate Goals vs. the Senate's](#)

The White House said on Wednesday that the United States was aiming to reduce greenhouse gas emissions "in the range of" 17 percent below 2005 levels by 2020 and 83 percent by 2050.

The House of Representatives is on board: those specific emissions targets were set in a bill it passed last summer. But the Senate is another story. The legislation is stalled there, and members from rural, manufacturing and coal states — including a number of Democrats — are raising objections to the terms of the emissions caps, and are seeking changes, including exemptions and subsidies for energy producers and agriculture.

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[China Calls U.S. Tariffs on Oil Well Pipes 'Discriminatory'](#)

China says the U.S. Commerce Department's decision to levy an average of about 13.7 percent anti-subsidy tariffs on its oil well pipes is "discriminatory."

The tariffs, designed to counter China's unfair government subsidies, were announced Tuesday, the state-run Xinhua news agency reported. They will range from 10.36 percent to 15.78 percent, affecting more than \$2.5 billion worth of Chinese exports.

"China is strongly opposed to the U.S. move of continuing with its discriminatory measures and arbitrarily raising the anti-subsidy duty rates," said Yao Jian, a spokesman for the Chinese Ministry of Commerce.

[Storms shut Mexico oil ports](#)

Mexico closed the Dos Bocas and Coatzacoalcos oil export terminals today because of bad weather.

[Russia Approves Energy Strategy Until 2030](#)

The Russian government approved on Thursday an energy strategy until 2030, which foresees an increase in energy output and a declining reliance on natural resources.

Prime Minister Vladimir Putin has ordered the Energy Ministry, the Economic Development Ministry, the Natural Resources Ministry and state-run nuclear power corporation Rosatom to secure the fulfillment of the new strategy and make annual reports to the government.

[Kenya: Refinery Stand-Off Poses Supply Shortage Risk in Petroleum Market](#)

According to oil marketers, the Kenyan refinery is holding some 300,000 tonnes of crude belonging to marketers.

But the KPRL's general manager Mr John Mruttu said the refiner held 139,000 tonnes of crude by Monday this week but the bulk of the consignment was yet to be bought by marketers from the financiers.

[Petrobras Starts Up Major Gas Pipeline from 2nd Largest Reserve](#)

The Urucu-Coari-Manaus gas pipeline was inaugurated on Thursday, November 26, during a ceremony attended by president Luiz Inácio Lula da Silva. The event was held at the Isaac Sabbá Refinery (Reman), the first unit to receive the gas coming from Urucu.

[French boost for South Africa carbon capture](#)

A French development agency has extended a R1.568 million loan to the Central Energy Fund's carbon capture and storage efforts, it says.

[India: Nuclear science study is new thrust area](#)

New Delhi: The opening up of India's nuclear energy sector, following the accord with the US, is prompting a shift to the subject by universities in anticipation of an upsurge in demand for scientists who specialize in the discipline.

Delhi University had started a masters-level course last year in nuclear science and engineering, and this year Guru Jambheshwar University, Hisar, has started its radio ecology centre. Both of these will offer specialized instruction in managing nuclear waste, the effects of radiation biology, and radiation research and safety.

[Monbiot: Grim reaper's role in climate change denial](#)

These people aren't sceptics; they're suckers.

Such beliefs seem to be strongly influenced by age. The Pew report found that people over 65 are much more likely than the rest of the population to deny that there is solid evidence that the planet is warming, that it's caused by humans, or that it's a serious problem. This chimes with my own experience. Almost all my fiercest arguments over

climate change, both in print and in person, have been with people in their 60s or 70s. Why might this be?

There are some obvious answers: they won't be around to see the results; they were brought up in a period of technological optimism; they feel entitled, having worked all their lives, to fly or cruise to wherever they wish. But there might also be a less intuitive reason, which shines a light into a fascinating corner of human psychology.

[The Fundamentals of Oil Shocks](#)

James Hamilton: According to the National Bureau of Economic Research, the recession actually started back in December 2007, even though the really dramatic financial developments—like the failure of Lehman—came in September of 2008. So we were in a recession for three-quarters of a year before the really serious financial problems ever started. And if you look just at GDP growth, U.S. GDP was actually growing in real terms over those first three quarters. That's unusual, to look at a period where GDP was growing and call it a recession. If we hadn't had the severe downturn in the fourth quarter of '08, the NBER might never have said we were in a recession at all.

So given all that, the question becomes: What were the sectors that really were in trouble? One of the very important ones was the U.S. automobile sector, which was subtracting about 0.5 percent GDP growth at an annual rate for those first nine months. There's no question that, for that sector at least, what was going on with oil prices was very important. Sales of U.S.-manufactured SUVs plunged at the same time that sales of imported, more fuel efficient cars were going up. That combination was unquestionably influenced to a great degree by what was happening in oil prices, and U.S. manufacturers were hit particularly hard.

Also, it was really starting to pinch consumers' incomes and their spending power as we got into '08, which was one factor causing a slowdown in consumption spending. In my opinion, these developments were really what tipped the scale. And if you say the recession started in December '07, I think it's hard to conclude that what happened to oil prices was irrelevant in making that judgment.

[Iraq plans 180 wells for 2010](#)

The state-run Iraq Drilling Company plans to drill 180 oil wells in 2010, and will be able to drill more than 250 new wells every year from 2011 onwards, the head of the company said.

Thirty of the new wells planned for 2010 will be in northern oilfields and 150 in the south, adding roughly 360,000 barrels of oil per day to Iraq's output capacity, Iraqi Drilling Company director Idrees al-Yassiri told Reuters in an interview.

The number of new wells next year will exceed the total number drilled in the six and a half years since the US invasion, he said.

[Frontline Posts First Loss in 7 Years as Demand Drops](#)

(Bloomberg) -- Frontline Ltd., the world's largest operator of supertankers, posted its first quarterly loss in seven years on slumping demand and said it plans to eliminate single-hull carriers from its fleet by the end of next year.

[Shell, PetroChina To Develop Shale Gas In Sichuan](#)

SHANGHAI -(Dow Jones)- China has begun its first joint development project in shale gas, in a bid to tap into an unconventional source of cleaner-burning fuel to meet the nation's rising demand.

Energy major Royal Dutch Shell PLC and China's top listed gas producer PetroChina Co. (PTR) have signed an agreement to jointly develop shale gas resources in southwestern China's Sichuan province, China National Petroleum Corp. said Friday.

[Angola mulling Norway-style oil fund - report](#)

OSLO, Nov 27 (Reuters) - Angola is considering setting up a Norwegian-style sovereign wealth fund to manage its oil revenues, Norwegian daily Aftenposten reported on Friday.

Angola has said it plans to have the new sovereign wealth fund ready to invest its oil money abroad this year but has yet to announce a date for its launch.

[IAEA governors approve first nuclear fuel bank plan](#)

VIENNA (Reuters) - International Atomic Energy Agency governors on Friday approved a Russian plan for a multilateral uranium fuel bank, seen as a way to stem the spread of nuclear arms.

Backed by the United States, the plan would allow uranium producer Russia to set up an IAEA-supervised bank to provide low-enriched uranium to countries for their civilian nuclear programmes if they can show a perfect non-proliferation record.

[Bulgaria Rethinks Pro-Russian Energy Policy](#)

Long one of Russia's most reliable energy customers, Bulgaria is now reconsidering its dependence in favor of diversifying suppliers and investors.

[Cez, Macquarie set for defeat on German energy market](#)

FRANKFURT (Reuters) - Foreign utilities and investors such as CEZ or Macquarie face another setback in the lucrative German power market, this time beaten by an eastern German city.

Foreign competitors have had trouble expanding in Europe's largest power market after initial successes several years ago by utilities like Sweden's Vattenfall and France's EDF

[Gazprom set for rare victory in European expansion](#)

FRANKFURT (Reuters) - Russia's Gazprom, the world's largest gas company, is set for a rare victory in the quest to expand its foothold in western Europe.

Shareholders in eastern German gas supplier VNG, which has been importing Russian gas for more than 40 years, are set to agree to GDF Suez selling its 5 percent VNG stake to Gazprom and have indicated they would allow the Russian company to buy more shares.

[Australia: Energy efficiency a cheap way to slash emissions](#)

CUTTING energy waste may be the only thing we can all agree on at the fag end of a divisive debate about the best way of tackling climate change in Australia.

As it happens, that is the most productive area we could possibly focus on, environmentally and economically. One proposal that could emerge out of the carbon pollution reduction scheme (CPRS) before Parliament is the creation of a prime ministerial task group to develop a broad-based market mechanism to promote energy efficiency next year.

[Peak oil panic? Dubai or not Dubai?](#)

Could the mushrooming Dubai debt crisis be a preview of what peak oil will produce among the oil-selling nations?

Dubai – meaning the few powerful men in control–launched itself on a campaign to become the combo Las Vegas, Miami and Wall Street of the Mideast. That meant huge construction projects and rampant purchasing of key properties across the globe. A large portion of the action in Dubai is run by sovereign firms, belonging primarily to the Dubai government and its leaders. However, they've borrowed up to \$60-billion from all over the globe. Stock markets today tanked when the story broke: no interest payments for six months from one arm of Dubai World.

...Why would tiny Dubai start grasping and reaching for a different future? Because they know their oil is running out and they don't wish to go back to living like nomads or sailing little wooden boats around the Persian Gulf. Of course, now it appears their investment plans looked better in theory than in practice.

[Oil Drops to Six-Week Low as Dubai Debt Delay Rattles Investors](#)

(Bloomberg) -- Crude oil tumbled to a six-week low as Dubai's attempt to reschedule its debt prompted investors to sell commodities.

Oil dipped below \$73 in New York as the dollar jumped, dulling the appeal of crude as a currency hedge, and equities fell. Dubai World, the government investment company burdened by \$59 billion of liabilities, sought to delay repayments, raising concern worsening defaults may hold back the global recovery.

"It's the Dubai surprise," said Thina Saltvedt, a commodities analyst at Nordea Bank AB in Oslo. "It's the flight to safety on all the uncertainty over the turmoil in Dubai. Until we get more information we'll probably see a sell-off in risky assets."

[IEA Chief Presents Sobering View of Our Energy Future](#)

Monday night at the Council on Foreign Relations in New York, Fatih Birol, Chief Economist at the International Energy Agency (IEA) presented the highlights of the recently released 2009 World Energy Outlook, which was recently completed. Yours truly was in attendance, and got the scoop just for you dear readers.

Mr. Birol knows his stuff- he worked for OPEC for six years, has written lots of articles about energy and energy policy, has won lots of awards for his work and is steeped every day in the numbers and analysis of global energy consumption and production. He's known for being pretty plainspoken. So when he has something to say, we should listen.

And what he has to say isn't pretty.

[Allianz fund sees opportunities in energy squeeze](#)

LONDON (Reuters) - The world faces a potential energy supply squeeze as economic growth rebounds, offering huge investment opportunities in the oil and gas industry and in other energy companies, a fund manager said on Thursday.

Christopher Wheaton, who runs two energy industry-focused funds for Allianz Global Investors, the asset management arm of insurance giant Allianz, told Reuters the growth in demand for energy, particularly oil, and supply constraints would make many energy companies increasingly profitable.

[Interior: Oil and gas lease plans include Alaska](#)

WASHINGTON — Interior Secretary Ken Salazar says the government has scheduled 38 oil and natural gas lease sales for public lands next year, including one in Alaska's National Petroleum Reserve.

The proposed Alaska sale would be the first in two years in the Alaska reserve, where environmentalists are seeking permanent protection from oil and gas drilling.

[Spain's Repsol to invest \\$1.5 million in Bolivian gas](#)

LA PAZ (AFP) – Spanish oil company Repsol YPF will invest 1.5 million dollars over the next five years to boost natural gas production in Bolivia, the company announced Thursday.

[Gazprom Said to Seek Japanese Pipes for Almost 20% of Gas Link](#)

(Bloomberg) -- OAO Gazprom is seeking to reach a \$3 billion agreement with Japan to supply almost one-fifth of steel pipes for a gas link in Russia's Far East, partially replacing domestic producers, a person familiar with the plans said.

The Russian gas exporter may decide by the end of this year on borrowing as much as \$3 billion from Japan Bank for International Cooperation for pipe imports, the person said, declining to be identified because the talks are private. Energy Minister Sergei Shmatko said in September Russia was in talks with Japan on a loan of \$2 billion to \$3 billion for the project.

[Russia Suspends Oil Duties for East Siberian Exports](#)

(Bloomberg) -- Russia will suspend duties on crude oil exports from 13 fields in East Siberia next month in an effort to boost production for Asian markets.

The fields include OAO Rosneft's Vankor, OAO Surgutneftegaz's Talakan and TNK-BP's Verkhnechonsk, the government said today on its Web site. Moscow-based Rosneft plans to raise output from Vankor to more than 500,000 barrels a day from 180,000 barrels at present.

[Nissan hatches plan to boost battery cars](#)

President Barack Obama has set an ambitious goal of putting at least 1 million battery-powered cars on the road by the middle of the coming decade.

Many in the auto industry have charitably called that target ambitious. Others are less polite. But while it may be a difficult goal, Nissan CEO Carlos Ghosn is among those who believe the public may get charged up by the switch to electric power.

[India electric car pioneer plans biggest plug-in plant](#)

NEW DELHI (AFP) – Chetan Maini, the engineer who pioneered India's first electric car, had his eureka moment two decades ago when he drove a vehicle fuelled by solar power across the blazing Australian outback.

Now Maini, the man behind Reva Electric Car Co., is building in southern India what he says will be the world's biggest factory making battery-powered city commuter cars.

[Melbourne 2030 will be "transport chaos": Professor](#)

The state government will need to rethink its policy on meeting urban demand as the city reaches five million people, urban management expert, Professor Nicholas Low, warns.

Speaking ahead of a University of Melbourne public forum on the implications of "Melbourne @ 5 million" on Thursday December 3, Professor Low said "more" people does not necessarily mean "better".

"Melbourne at five million is nearing the population of the core of London, Paris or New York. Imagine London without its Underground, Paris without its Metro, New York without its Subway: it'd be transport chaos. Right now that looks like Melbourne's future by 2030."

["Unsustainable" cities need radical rethink](#)

"Cities provide living space for more than half of the world's population, and this rate is set to rise. They produce half of the economic output but also half of the pollution," Schmitt told swissinfo.ch.

"This leads us to the conclusion that cities are no longer sustainable no matter where they are. We know the more they expand the more quality falls. There is a limit of size."

The Future Cities Laboratory will draw on an array of global talent to coordinate research in three main areas: sustainable building technology using new materials and architectural methods, finding sustainable supplies of water, energy and transport and the interaction of populations and addressing planning solutions to urban-rural conflicts.

[Clean energy, better homes cut pollution, save lives](#)

HONG KONG (Reuters) – Better home insulation and ventilation and using electricity instead of fossil fuels could reduce indoor pollution and save thousands of lives, especially in low-income countries like India, a study has found.

[Home & Garden: Extending the Gardening Season](#)

There are more reasons than ever to make that effort. The later into the fall that I eat my own greens, the more I dread relying on salad greens shipped in bags from California that seem more tasteless with every passing winter, and the price grows increasingly prohibitive. As energy investment banker Matthew Simmons said in his recent keynote address at the Island Institute's Sustainable Island Living Conference, "We should end global food and rely on local food. In my opinion, it is the energy content that will end global food." Elaborating, Simmons said that the cost to obtain increasingly scarce fuel in the future will preclude international or transnational transport of food via truck.

[Brazil: 'Gringos' must pay to stop Amazon razing](#)

MANAUS, Brazil – Brazil's president said Thursday that "gringos" should pay Amazon nations to prevent deforestation, insisting rich Western nations have caused much more past environmental destruction than the loggers and farmers who cut and burn trees in the world's largest tropical rain forest.

President Luiz Inacio Lula da Silva made the comments just before an Amazon summit in which delegates signed a declaration calling for financial help from the industrial world to halt the deforestation that causes global warming.

"I don't want any gringo asking us to let an Amazon resident die of hunger under a tree," Silva said. "We want to preserve, but they will have to pay the price for this preservation because we never destroyed our forest like they mowed theirs down a century ago."

[Canada PM to attend Copenhagen climate meeting](#)

TORONTO — Canada's prime minister is reversing his position and will attend a United Nations climate change conference in Copenhagen next month, Stephen Harper's spokesman said.

Dimitri Soudas announced Thursday that Harper decided to attend one day after U.S. President Barack Obama and Chinese Premier Wen Jiabao announced their attendance at the U.N. talks. Soudas said Harper's decision was based on the fact that now "a critical mass of world leaders will be attending."

[World leaders spur on climate debate](#)

PORT OF SPAIN — World leaders sought on Friday to spur on the global-warming debate ahead of a Copenhagen climate conference that has been fired up by pledges from China and the United States to cut emissions.

[Australia carbon cuts hit by opposition revolt](#)

SYDNEY (AFP) — Australia's bid to pledge carbon cuts ahead of next month's global climate talks was in serious doubt Friday as an opposition revolt over the legislation threatened to trigger snap polls.

[New climate targets may not change daily life much](#)

WASHINGTON — Americans' day-to-day lives won't change noticeably if President Barack Obama achieves his newly announced goal of slashing carbon dioxide pollution by one-sixth in the next decade, experts say.

Except for rising energy bills. And how much they'll go up depends on who's doing the calculating.

[Munich Re presses for progress on climate](#)

BERLIN—Next month's Copenhagen summit needs to make significant progress toward a new climate-change deal, a leading reinsurer said Thursday, arguing that global warming already is costing billions of dollars per year.

"Our statistics clearly show that the loss burden from weather-related natural catastrophes is increasing," said Torsten Jeworrek, a board member at Munich Re AG.

[In Greenland, warming fuels dream of hidden wealth](#)

Global warming is melting the fringes of the frozen world where Greenland's Inuits have hunted seal, whale and polar bear for generations. It's thawing the permafrost on which their homes are built. It's disrupting Arctic wildlife and fish stocks, and making hunting trips more dangerous by thinning the ice that supports their dog sleds.

But all is not doom and gloom. The retreating ice could uncover potential oil and mineral resources which, if successfully tapped, could dramatically change the fortunes of this semiautonomous Danish territory of 57,000 people.

The U.S. Geological Survey estimates there are more than 18 billion barrels of oil and gas beneath the Arctic waters between Greenland and Canada, and 31 billion barrels off Greenland's east coast.



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