



Drumbeat: March 30, 2010

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Topic: [Miscellaneous](#)

[Chavez Cash Crunch Looms on Drop in Output, Morgan Stanley Says](#)

(Bloomberg) -- Venezuela's government may face a cash crunch as early as this year as oil production slumps amid stable prices, Morgan Stanley said today in a report.

The country, which depends on oil for 94 percent of export revenue, has seen oil output plunge to 2.2 million barrels a day from 3.7 million in 1997, according to Morgan Stanley. Investor bets that oil prices will stay close to \$90 a barrel through 2015 increase the possibility that Venezuela won't be able to depend on surging prices to back spending and maintain imports.

The government is tapping its savings even as prices for oil, its biggest export, hold above \$80 a barrel, Morgan Stanley analysts Giuliana Pardelli and Daniel Volberg wrote in the report. International reserves fell to a nine-month low March 26 after the central bank transferred \$4.5 billion to President Hugo Chavez's off-budget development fund.

"Venezuela may be hard pressed to avoid its day of reckoning," the Morgan Stanley analysts said.

a maximum and begin to decline (the "peak oil theory"); instead, we believe that world oil production will reach a maximum, stay there for a few years, and then decline. That decline could commence as soon as next year.

[World energy briefing hears of peak oil by 2020](#)

The world's energy ministers are currently discussing a forecast of global oil supplies "peaking between 2020-2025."

The International Energy Forum is the world's largest gathering of Energy Ministers, who collectively represent "more than 90 per cent of global oil and gas supply and demand." It is meeting March 29 -31 at the Mexican resort of Cancun.

["We Have Solutions in Hand: an interview with Dr. Michael Webber"](#)

CS: You often repeat the maxim, “we use energy for water, and we use water for energy,” in presentations and articles, could you explain this concept further to us?

MW: The way it works out is – it is a way that is surprising to people – is we use a lot of water to spin turbines at hydrological power plants behind dams, we use water to cool power plants that use heat to make electricity, for example nuclear power plants, coal, natural gas etc., and we use water to grow energy crops like corn-based ethanol, so it turns out that water is a very important part of the energy system.

Without the water we do not have the energy, and the same is true the other direction, where we use energy for water. For example we use a lot of energy and electricity to heat, treat, and move water. So that means we use energy for water and water for energy, and without one or the other, we do not have the opposite and vice versa.

[Mexico's Pemex wrestles with oil decline](#)

The tongues of fire soaring into the sky high above the platforms dotting the horizon across Mexico's Cantarell oil field give away the problems plaguing Pemex, the country's national oil company

The flames, the product of burning unwanted gas, are a visible sign that Cantarell, once the world's third biggest oil field, is ageing and its oil production is declining.

The severity of Cantarell's decline, which began its dramatic acceleration in 2007, caught Pemex off guard. In the past two years the company has raced to catch up, installing equipment such as compressors and turbines, to more than triple its capacity to re-inject the gas into the rocks 2km beneath the surface of the Gulf of Mexico's azure sea.

But still, all around the Panuco drilling rig, Pemex continues to resort to environmentally unfriendly gas flaring.

[Steve LeVine: Gazprom trifecta of woes a potential boon to Europe, the Caspian Sea](#)

Gazprom, the largest natural gas company in the world, is experiencing a moment of truth. And so, by extension, is Russia, which has relied on the behemoth for a large part of its tax revenue, and as a spearpoint of its foreign policy. The main ramifications are a shakeup in security presumptions in Europe and on the Caspian Sea, both of which until recently have seemed to be under Gazprom's thumb.

The reasons are these: Gazprom's main market – Europe – is under threat from cheap competition from the Middle East; one of its expected future markets – the United States – is sated by new indigenous gas supplies; and the reliability of its key underpinning – political backing from Russia's leadership – now seems a bit less full-throated.

[China Oilfield Profit Climbs 1.1% as Cnooc Expands](#)

(Bloomberg) -- China Oilfield Services Ltd., a unit of the nation's largest offshore oil producer, posted a 1.1 percent increase in profit as its biggest customer Cnooc Ltd. continued to expand amid the global financial crisis.

[Gazprom rakes in profits](#)

Russian gas giant Gazprom more than trebled its 2009 net profit, which is reported to Russian Accounting Standards (RAS).

[Glider Death Could Spark a Dynastic Struggle in Abu Dhabi](#)

The body of Sheikh Ahmad bin Zayed al-Nahyan, the managing director of one of the world's largest sovereign wealth funds, was retrieved on Tuesday, fished out from a picturesque lake some 20 miles southeast of the Moroccan capital, Rabat, that his glider crashed into five days before. The 41-year-old was the half-brother of Sheikh Khalifa bin Zayed al-Nahyan, the president of the United Arab Emirates and ruler of Abu Dhabi, the most influential — and with some 8% of the world's proven oil reserves — the wealthiest of the seven states that comprise the UAE.

The sudden passing of Sheikh Ahmad, who was ranked number 27 on Forbes list of the "Most Powerful People" last year, is likely to precipitate a power struggle between several of his 17 surviving brothers as they maneuver to replace him. (The late Sheikh Zayed al Nahyan, former UAE president and the country's founding father, had 19 sons from several different wives. Another of his sons, Sheikh Nasser, was killed in a helicopter crash in June 2008.)

[Drought may force power station to halt operation](#)

TIANE, Guangxi - The worsening drought in southwest China could force the Longtan hydropower station, the country's second largest in operation, to halt power generation in another month, a company official said Tuesday.

The water level in the upper reservoir had been falling by 20 cm per day, said Chen Deqing, deputy chief of the hydropower station.

[The Big Melt](#)

Glaciers in the high heart of Asia feed its greatest rivers, lifelines for two billion people. Now the ice and snow are diminishing.

[GM unveils 40 mpg compact](#)

The automaker's new Chevrolet Cruze ECO will get very high gas --mileage without relying on any hybrid technology.

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The government is tapping its savings even as prices for oil, its biggest export, hold above \$80 a barrel, Morgan Stanley analysts Giuliana Pardelli and Daniel Volberg wrote in the report. International reserves fell to a nine-month low March 26 after the central bank transferred \$4.5 billion to President Hugo Chavez's off-budget development fund.

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[Gulf states face crippling shortage of resources, report claims](#)

The regional economic slowdown has temporarily reduced the risk of power cuts and water shortages, but the Gulf Cooperation Council (GCC) states need to move fast to improve the management of power, water and food resources in order to forge a more sustainable growth path, according to a new study that assesses the long-term resource strategy of the region.

The report reveals that inefficient energy and water consumption has significant economic costs, while the possibility of future food price spikes poses an inflation risk to an import-dependent region.

[Sinopec Starts Up \\$9.2B Natural Gas Project](#)

China Petroleum & Chemical Corp., or Sinopec, has started operating its \$9.2 billion Sichuan-East China natural gas transmission project, parent company Sinopec Group said in its inhouse newsletter Tuesday.

The project, which has a designed annual capacity of 12 billion cubic meters, will feed

China's energy-thirsty eastern areas with natural gas from Sinopec's largest gas field, Puguang, and will increase the company's overall natural gas output this year sharply by about 50%.

[Time to declare independence in energy business](#)

On a recent visit to Calgary, the oil capital of Canada, I happened to glance at a wall plaque in the lobby of an office tower. It said 41 oil companies had their headquarters in that single building. In the whole of the Middle East, by contrast, there are not that many, and those that do exist are nearly all state-owned.

[Alaska: Gas storage bill gets nod from House](#)

The bill addresses a major and increasingly popular concern -- a looming shortage of Cook Inlet gas, long the primary fuel for heating homes and businesses and for generating electricity for the state's main population center including Anchorage.

[Electricity shortfall reaches 5200MW: Traders express dismay over hike in power tariff](#)

ISLAMABAD: Countrymen and the business community have rejected the increase of Rs 1.02 in electricity tariff by NEPRA on Saturday, They urged the government to revise the new tariff by NEPRA otherwise it would be impossible for them to pay electricity utility bills.

[Cap 'not answer to population growth'](#)

Mr Salt said an immigration intake of 180,000 each year is Australia's "get out of jail free card to fund our retirement of the baby boomers".

Federal Treasurer Wayne Swan said the current spike in migrant numbers is caused by a skills shortage, a resources boom and a huge increase in temporary migrants, particularly students.

Mr Swan said a population cap would compound, not solve, the growth challenges Australia faced.

[Push to Eat Local Food Is Hampered by Shortage](#)

EAST MONTPELIER, Vt. — Erica Zimmerman and her husband spent months pasture-raising pigs on their farm here, but when the time came to take them to slaughter, an overbooked facility canceled their appointment.

With the herd in prime condition, and the couple lacking food and space to keep them, they frantically called slaughterhouses throughout the state. After several days they found an opening, but their experience highlights a growing problem for small farmers here and across the nation: too few slaughterhouses to meet the growing demand for locally raised meat.

In what could be a major setback for America's local-food movement, championed by so-called locavores, independent farmers around the country say they are forced to make slaughter appointments before animals are born and to drive hundreds of miles to facilities, adding to their costs and causing stress to livestock.

[Saudi Arabia's Al-Naimi Awaits Recovery Before Boosting Output](#)

(Bloomberg) -- Saudi Arabian oil Minister Ali Al- Naimi said the nation could boost output by as much as 4.5 million barrels-a day once demand recovers from recession.

The world's largest oil producer is "waiting" for usage to rise after increasing capacity to 12 million barrels a day, Al-Naimi told reporters today in Cancun, Mexico, where he's attending an oil conference. Prices in the \$70-a-barrel to \$80- a-barrel range are "as close to perfect as possible," he said.

[Crude Oil Trades Little Changed Before Report on U.S. Supplies](#)

(Bloomberg) -- Oil traded little changed before a U.S. government report forecast to show that crude inventories increased while gasoline stockpiles fell.

The Energy Department report tomorrow may show that U.S. inventories of gasoline dropped 2 million barrels last week, and that crude supplies rose 2.5 million barrels, according to a Bloomberg survey. Employers in the world's biggest energy consumer probably added jobs this month for the second time in more than two years, according to economists surveyed before an April 2 report.

[Government set to unveil offshore drilling plan](#)

WASHINGTON (Reuters) – The Obama administration is expected to announce by Wednesday its updated plan for oil and natural gas drilling in U.S. waters, including whether to allow exploration for the first time along the U.S. East Coast.

The plan could pave the way for a significant new domestic source of energy, helping to reduce U.S. dependence on oil imports and boost supplies of natural gas used to displace coal in power plants as the country works to reduce emissions of climate-changing greenhouse gases.

[Mexico's Kessel Expects Supreme Court to Back Pemex Contracts](#)

(Bloomberg) -- Petroleos Mexicanos, Latin America's largest crude producer, is likely to win a Supreme Court ruling allowing it to offer performance-based contracts to oil companies, Mexican Energy Minister Georgina Kessel said.

"I don't have any doubts that Pemex regulations will be ratified by the Supreme Court," she said yesterday in an interview in Cancun, Mexico. Recent changes to Mexico's energy industry were made within the constitution, said Kessel, also chairwoman of Pemex, as the state-owned company is known.

[OPEC, IEA, IEF to Unveil Measure to Combat Oil-Price Volatility](#)

(Bloomberg) -- OPEC, the International Energy Agency and the International Energy Forum will announce a "joint action plan" this week to combat oil-market volatility, IEA Executive Director Nobuo Tanaka said.

The plan will tackle "volatility of the price and other issues like the outlook of the energy market," he told reporters yesterday before the biennial IEF ministerial meeting that starts today in Cancun, Mexico. "We'll have closer dialogue with our organizations and we'll see what we can do."

[HSBC, Standard Chartered Want Libya Units, Libya Says](#)

(Bloomberg) -- HSBC Holdings Plc and Standard Chartered Plc are among the international banks that have applied to set up units in Libya, the North African country's central bank governor said today.

The central bank in February said it planned to grant two licenses for foreign institutions to set up units in Libya as the holder of Africa's largest crude oil reserves moves to cut back the government's role in the economy.

[China invited to join IEA as oil demand shifts](#)

The head of the International Energy Agency, the developed world's energy watchdog, has called for China to join the agency and warned that the institution risked losing relevance as energy demand shifted eastward away from its current members.

Nobuo Tanaka, executive director of the IEA, told the Financial Times: "Our relevance is under question because half of the energy consumption already is in non-Organisation of Economic Cooperation and Development countries. And for oil it is soon coming that the majority of consumption is happening in non-OECD countries."

[Forecourt closures at all time low](#)

The latest Retail Marketing Survey, conducted by the Energy Institute (EI), shows that, after a slight rise in 2008, the number of forecourts in the UK has fallen from 9,283 to a new low of 9,013 in 2009. This is compared to 1967's all-time high of 39,958 forecourts.

The number of fuelling points at forecourts is growing but these statistics show a steady drop in fuel sales despite a continued rise in the number of registered vehicles on the road.

[Qatar commits major gas shipments to China, India](#)

Qatar has committed substantial amount of its natural gas for China and India, the country's energy minister said on Monday.

Petroleum and Mineral Resources Minister Abdulla bin Hamad al-Attiyah said his country had already signed shipment contract of 12 tons of liquefied natural gas to China and signed shipment contract of seven tons of liquefied natural gas to India.

[Abu Dhabi, Conoco May Decide on Shah Sour Gas Plan Next Quarter](#)

(Bloomberg) -- Abu Dhabi National Oil Co., the state-owned crude producer, and ConocoPhillips are set to award work contracts for a sour-gas project this month and may decide to go ahead with the venture in the second quarter.

The Shah gas development is set to come on stream in the second or third quarter of 2014, Saif Ahmed Al-Ghafli, chief executive officer of the joint project, told reporters today.

[Total Loses Bid to Overturn Fine Over Erika Oil Spill](#)

(Bloomberg) -- Total SA, Europe's largest oil refiner, lost a bid to overturn a 375,000-euro (\$505,000) criminal fine over a 1999 oil tanker accident that spilled fuel along the French coast.

The Paris appeals court said today that the company should have done more to vet the ship's sea-worthiness. Prosecutors said the company failed to enforce its own internal standards on the vessel, which it hired from another company.

[European energy agency could form super-regulator](#)

Brussels is pressing ahead with plans to establish an energy agency which is seen as a prototype European regulator. The body could eventually restrict national policymaking but could also give important impetus to North Sea wind power and developing a European "supergrid".

[Russia, IAEA Agree To Establish World's First Nuclear Fuel Bank](#)

WASHINGTON -- Russia has signed a deal with the UN's nuclear watchdog, the International Atomic Energy Agency (IAEA), to set up the world's first nuclear fuel bank of low-enriched uranium for countries that need fuel for civilian purposes, including nuclear power plants.

[Uranium May Have 'Hyper' Price Run, Uranium Energy Corp Says](#)

(Bloomberg) -- Uranium prices may start to rise at the end of the year as demand from utilities improve, Uranium Energy Corp., an explorer for the nuclear fuel, said.

Prices may jump to \$100 a pound from about \$40 a pound now, Amir Adnani, president and chief executive officer of the U.S.- based company, said today in an interview in Hong Kong, without giving a timeframe for the target price. Prices may average about \$75 a pound in the next 5 to 10 years, he said.

[Nissan Undercuts Mitsubishi Rival With \\$40,600 Electric Car](#)

(Bloomberg) -- Nissan Motor Co., aiming to be the world's biggest seller of electric vehicles, will sell its battery-powered Leaf car from 3.76 million yen (\$40,600) in Japan before government subsidies, less than Mitsubishi Motors Corp.'s 4.6 million yen all-electric i-MiEV.

[Texas Weighs Efficiency, Solar Mandates](#)

Texas regulators may soon ramp up mandates requiring tougher energy-efficiency standards and development of renewable energy sources other than wind power.

[Researchers conclude 100 per cent renewable electricity supply is feasible](#)

Europe could generate all the electricity it needs from renewable sources by the middle of the century, according to a major new report from PricewaterhouseCoopers (PwC) that rejects concerns about the intermittent nature of renewable energy sources.

[Innocent civilians: becoming an endangered species in America's resource wars](#)

The age of the global resource wars has arrived with the U.S. in the leading role; wars are being conducted in foreign lands to advance an agenda designed to guarantee a supply of natural resources which the U.S. and our NATO partners desperately need into the future. But, as these wars are being waged, we need to ask this question: will we as a nation, a government, and a people continue to pursue this agenda when we know full well that it will result in hundreds and thousands of innocent civilians losing their right to exist?

[9 Things We'll See Down the Back Side of Peak Oil](#)

In 2007, my *9 Things That'll Happen When We Run Out of Oil* list swept across the Internet and I had enough reader responses to keep me busy for two weeks.

Not only did readers respond, but I was surprised by how many doom and gloomers there were. Today, I wanted to bring a more light-hearted approach to peak oil. I'm rather curious as to whether or not your sentiment has changed... After all, crude has been trading over \$80 per barrel for more than a week. With the geopolitical scene in an uproar today, it's difficult to see the bears winning the day.

[Raymond J. Learsy: Methane Oozing in Alaska, Cows Jumping Over Mars, Dinosaurs in Arabia; Peak Oil Pranksters Don't Read This!](#)

The oil industry and its complicit profession of English speaking geologists, many on oil industry staff, have been working for several generations to make us believe unquestioningly that oil and gas are of biological origin. It is a cornerstone of the Peak Oil Dogma that has indoctrinated us into the belief that oil is consummately and imminently finite permitting the oil industry and its allies to drive all over us setting prices beyond the wildest dreams of Croesus. You see If oil supply is running out quickly as we are taught (as it has according to oil industry and geological gospel ever since that first well in Pennsylvania in the 1850's) a lesson that the oil industry wants us to learn each and every day is that we will have to pay, pay, pay.

Well just suppose we have been purposely misled. That the Peak Oil Pranksters and their geologist sidekicks have been the purveyors of one of the great con jobs in history. That oil and gas is not the biological phenomenon that has been drummed into us. Rather that oil and gas are a geological phenomenon, inherent to the geological construct of the earth and all that means to its expanse and availability.

[Japan should raise food self-sufficiency to 50% in FY 2020: panel](#)

TOKYO — An advisory panel on Monday presented the agricultural minister with a

basic farm policy plan calling for raising Japan's self-sufficiency in food to 50% on a calorie basis in fiscal 2020. The plan warns that there are concerns about medium- and long-term food security due to the growing global population.

[A beginner's guide to permaculture gardening](#)

Permaculture is a design system which sprang up during the 1970s oil crisis, a reaction to food insecurity and the desire for self-reliance. Combining attitude and practical application, it encompasses anything from recycling, reusing and regenerating, to simply observing.

[E.P.A. Delays Plants' Pollution Permits](#)

WASHINGTON - The Environmental Protection Agency said Monday that it would not require power plants or other industrial sites to obtain federal pollution permits for emitting greenhouse gases before next January.

The statement formally affirms an agency announcement last month that it would phase in the regulation of climate-altering gases over several years, starting with the largest sources.

["Below" 2C opens new rift in U.N. climate battle](#)

OSLO (Reuters) - A goal to limit global warming to "below" 2 degrees Celsius (3.6 Fahrenheit) is opening a new rift for 2010 talks on a U.N. climate treaty as developing nations say it means the rich must deepen cuts in greenhouse gas emissions.

An alliance of 101 developing nations and island states says the temperature target, endorsed by major emitters since the Copenhagen summit in December, is tougher than a previous goal by industrialized nations of 2 degrees as a maximum rise.

[How my YouTube channel is converting climate change sceptics](#)

My channel, Potholer54, now has over 27,000 subscribers. The videos have been mirrored by others all over the internet, and several university lecturers have asked if they can use it in their environmental science classes. Most importantly, former sceptics tell me the videos have changed their minds about the reality of climate change.

That success, however, comes at a price. It means looking at the science – not scary and unrealistic images of submerged cities. It means accepting the fact that Al Gore is not always right, and he should not be defended when he's wrong. It means acknowledging that while sceptics like Christopher Monckton and Martin Durkin fabricate a lot of their facts, many environmental activists tend to exaggerate theirs.

[Among Weathercasters, Doubt on Warming](#)

The debate over global warming has created predictable adversaries, pitting environmentalists against industry and coal-state Democrats against coastal liberals.

But it has also created tensions between two groups that might be expected to agree on the issue: climate scientists and meteorologists, especially those who serve as television weather forecasters.

[Did Climate Influence Angkor's Collapse? Evidence Suggests Changing Environment Can Bring Down a Civilization](#)

ScienceDaily — Decades of drought, interspersed with intense monsoon rains, may have helped bring about the fall of Cambodia's ancient Khmer civilization at Angkor nearly 600 years ago, according to an analysis of tree rings, archeological remains and other evidence. The study, published in the journal *Proceedings of the National Academy of Sciences*, may also shed light on what drives -- and disrupts -- the rainy season across much of Asia, which waters crops for nearly half the world's population.

[Koch Industries funds climate change deniers: Greenpeace](#)

WASHINGTON (AFP) – Koch Industries, a huge privately-owned US company dominated by oil and chemical interests, is plowing millions of dollars into campaigns to discredit climate science and clean energy policies, a report alleged Tuesday.

Between 2005 and 2008, the Kansas-based conglomerate that "most Americans have never heard of" spent nearly 25 million dollars to fund "organizations of the 'climate denial machine,'" environmental protection group Greenpeace said in the report.

[Sierra Club chief explains climate change strategy](#)

Reporting from Washington - As an environmentalist, Michael Brune made a name for himself by spearheading an unrelenting and ultimately successful campaign to pressure Home Depot into phasing out sales of lumber from endangered rain forests.

Now, Brune is taking the reins of the Sierra Club at a time when much of the movement has turned away from confrontational tactics in favor of compromise, especially on the push for sweeping new federal legislation on climate change.

[EU's Cap-and-Trade Emissions Fall 10%, Survey Shows](#)

(Bloomberg) -- Carbon dioxide output from about 11,000 factories and power stations in the European Union's emissions-trading program fell 10 percent last year, according to the average estimate of eight analysts surveyed by Bloomberg.

Emissions in the program probably fell to 1.903 billion metric tons of carbon dioxide from 2.118 billion tons in 2008, according to the survey.

[Carbon Trading and the Great Recession](#)

The current recession brought with it a slow down in industrial production, and that has translated into far fewer greenhouse gas emissions in 2009 than in previous years.

The scale of that reduction should become clear on Thursday at about midday Central European Summer Time, when the European Commission in Brussels is expected to issue preliminary figures for the amount emissions from factories and power plants covered by its Emissions Trading System.

[Billionaire oilman T Boone Pickens makes his move on water](#)

T Boone Pickens has been wrong before. The billionaire oil man discusses those times openly in his book, *The First Billion is the Hardest*. But mostly being wrong for Pickens is really a matter of timing - not substance.

And that is why it is interesting to note, in a recent interview, how keen he has become about wind – and now, water.

[Kenneth Mulder, Nate Hagens & Brendan Fisher: Burning Water: A Comparative Analysis of the Energy Return on Water Invested](#)

While various energy-producing technologies have been analyzed to assess the amount of energy returned per unit of energy invested, this type of comprehensive and comparative approach has rarely been applied to other potentially limiting inputs such as water, land, and time. We assess the connection between water and energy production and conduct a comparative analysis for estimating the energy return on water invested (EROWI) for several renewable and non-renewable energy technologies using various Life Cycle Analyses. Our results suggest that the most water-efficient, fossil-based technologies have an EROWI one to two orders of magnitude greater than the most water-efficient biomass technologies, implying that the development of biomass energy technologies in scale sufficient to be a significant source of energy may produce or exacerbate water shortages around the globe and be limited by the availability of fresh water.



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