



Drumbeat: October 13, 2010

Posted by [Leanan](#) on October 13, 2010 - 8:54am

Topic: [Miscellaneous](#)

[New Warnings About the Challenges of Oil Depletion](#)

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[EIA ups US gas production guess](#)

The US Energy Information Administration slightly raised its estimate for domestic natural gas output this year, but forecast still lower production next year as weak prices slow drilling.

US production of natural gas is expected to rise 2.2% to 61.29 billion cubic feet per day this year, driven by a continued increase in drilling despite tanking prices, the EIA said in its October Short-Term Energy Outlook.

[European bid to freeze deepwater drilling collapses](#)

A bid to freeze deepwater drilling in Europe in the wake of the Gulf of Mexico disaster has collapsed under pressure from the multi-billion North Sea oil industry.

[Petrobras Stock Rating Cut by Credit Suisse After World's Largest Offering](#)

Petroleo Brasileiro SA's stock rating was cut by Credit Suisse Group AG, the third downgrade by an analyst this month following the company's \$70 billion share sale.

[EU Says It Won't Apply 'Retroactivity' When Restricting Carbon Offsets](#)

The European Union's planned proposal to impose extra quality restrictions on the use of United Nations emissions offsets linked to hydrofluorocarbons after 2012 won't be retroactive, a senior EU official said.

[New Warnings About the Challenges of Oil Depletion](#)

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[China, Oil and the \(New\) Great Game](#)

Future historians may well agree that the twenty-first century Silk Road first opened for business on December 14, 2009. That was the day a crucial stretch of pipeline officially went into operation linking the fabulously energy-rich state of Turkmenistan (via Kazakhstan and Uzbekistan) to Xinjiang Province in China's far west. Hyperbole did not deter the spectacularly named Gurbanguly Berdymukhamedov, Turkmenistan's president, from bragging, "This project has not only commercial or economic value. It is also political. China, through its wise and farsighted policy, has become one of the key guarantors of global security."

[Saudi has no plans to extend capacity for now](#)

There are no projects in hand to extend Saudi Arabian oil capacity, which stands at 12 million barrels per day (bpd), Saudi-owned al-Hayat newspaper reported on

Wednesday, citing an unnamed high level source.

The capacity figure places the kingdom level with Iraq's ambition to reach 12 million bpd output capacity this decade.

[Oil prices have stabilised – for the moment](#)

The return to spare capacity in Opec has reduced the spectre of “peak oil”, at least in the short term and so too have developments in non-Opec supplies. In 2010 we expect these supplies to increase year-on-year by 1.3m b/d and in 2011 to rise by 0.6m b/d. However next year's increase consists largely of natural gas liquids, condensates and biofuels. In contrast, conventional crude production is forecast to remain flat.

Spare capacity is not confined to oil supply. There is also clear evidence of enduring surpluses in both the tanker and refining industries, the consequence of a significant new-build programme – triggered by the booming returns in the middle of the decade – coming to market just as the recession destroyed demand.

[OPEC to Agree to Keep Quotas Unchanged at Meeting Tomorrow, Delegate Says](#)

OPEC will agree to keep production quotas unchanged when it meets tomorrow in Vienna because the oil market is well-balanced for the next few months, a delegate said today.

While demand is slowly increasing, commercial stockpiles remain high for the moment and OPEC should raise supply again when it becomes clear that demand is overtaking supply, said the Persian Gulf oil official, who spoke on condition of anonymity.

[Iraqi oil output plans overambitious - executives](#)

LONDON - Problems with security, political instability and poor infrastructure mean plans by Iraq to expand its crude oil production dramatically over the next few years are overambitious, oil executives told an industry conference.

Iraq is sitting on some of the biggest proven oil reservoirs in the world, which Iraqi officials said last week were as high as 143 billion barrels, giving it the world's fourth-largest reserves after Saudi Arabia, Venezuela and Iran.

But it will take many years for the country to turn those vast resources into extra oil production.

[Thar coal seen as only solution to power crisis](#)

KARACHI: Renowned scientist and member of the Planning Commission Dr Samar Mubarakmand has asked the government to declare coal a matter of national security and of national importance to encourage companies to invest in this sector.

[While the President Flies, the People Queue for Fuel](#)

LILONGWE - A public spat has developed between the Malawian government and organisations in the small south-eastern African country over foreign exchange being "wasted" on foreign trips undertaken by President Bingu wa Mutharika. The consequence has been repeated fuel shortages, organisations say.

[Kazakhstan Seeks \\$100B in O&G Investments](#)

Kazakhstan is seeking up to \$100 billion in investment in its oil and gas exploration and production sector over the next decade as the nation seeks to more than double crude exports and sustain rapid economic growth, Prime Minister Karim Massimov said on Wednesday.

"We are currently exporting 1.31 million barrels (of crude oil) a day and we aim to take it to 3 million barrels a day," by 2020, Massimov told Dow Jones Newswires in an interview in Singapore.

[Natural-gas fueled power plant planned at Kalama](#)

KALAMA, Wash. (AP) -- Energy Northwest dropped plans last year to build a power plant at Kalama that would have been fueled by converting coal and oil refining byproducts into a gas.

[After peak oil, peak steel?](#)

You've heard of peak oil, but you may soon start hearing about "peak steel".

Or you will if you listen to Eiji Hayashida, chief executive of JFE Steel of Japan. The head of the world's fifth biggest steelmaker told the FT that from around 2015 world steel output will reach a plateau for at least 5-10 years, driven both by resource constraints and a weakening in demand.

[Nigeria: Former president's aide indicted](#)

ABUJA, Nigeria—A personal aide to former Nigerian President Olusegun Obasanjo faces

a six-count indictment accusing him of money laundering in a case involving massive bribes paid by a former Halliburton Co. subsidiary.

[Deepwater drilling: risks and consequences](#)

What if, as in Hungary's red sludge disaster, oil executives faced possible prosecution for spills that result in loss of life?

[Canada Oil Sands: Trying for a Better Environmental Image](#)

Since President Obama entered office the subject of Canada's oil sands and its environmental impact has been a thorn in the side of U.S.-Canada relations. First it was the president-elect criticizing the "dirty" oil sands during the election campaign. Then criticisms came from Capitol Hill politicians over the carbon footprint of the oil sands during discussions over building a new pipeline to haul more oil sands bitumen to U.S. refineries along the Gulf Coast. In recent weeks, the debate has been re-energized as some of the leading anti-oil Congressional leaders ventured to Canada. While in Canada, these American politicians agreed to meet with various parties involved in the oil sands development debate. From media reports and comments by people in attendance at these meetings, little progress was made by the supporters of the oil sands in swaying the views of these U.S. politicians, although two U.S. Senators have sponsored a bill to make Canadian oil sands production exempt from any import restrictions.

[Nissan Leaf news: BP agrees to put fast electric-charging units at its gas stations](#)

Electric car drivers will be able to go to gas stations to top off their batteries, thanks to a deal announced today between ECOTality and oil giant BP.

BP Products North America Inc. has agreed to take part in a pilot project that will put fast-charging stations at 45 BP and ARCO locations, with the chargers coming online as early as March. Specific locations for the chargers have not been determined, but BP is expected to install them in Nashville, Knoxville and Chattanooga, as well as other cities that are part of "The EV Project." The Blink electric vehicle DC Fast Chargers are capable of giving a full charge in 30 minutes, ECOTality said.

[Kurt Cobb: *Prelude*, my peak oil novel, coming soon](#)

I wrote *Prelude* in hopes of reaching a much wider audience than is typically possible through blogs, articles and nonfiction books. I believe I've produced not only an engaging tale, but also a tool for activists to use to spread the word about the challenges of peak oil.

[New Zealand: Parliamentary Report Warns Of New Oil Shock Looming](#)

Decades of economic turmoil and recessions face the world as oil supplies run low and energy prices surge, says a parliamentary researcher.

Parliamentary Library economics and industry research analyst Clint Smith has set out in his paper, *The Next Oil Shock*, evidence that the New Zealand economy -- and those of other developed and developing nations -- will be exposed to supply crunches and price spikes.

Though known oil reserves will last another 25 to 32 years, low-cost reserves are being rapidly exhausted, and an oil "supply crunch" could start in 2012 or shortly afterward as demand rises and supplies fail to keep pace.

"World oil production capacity will not grow or fall for the next five years, while demand will continue to rise," said Mr Smith.

Summary [here](#). Full report is [here](#) [PDF].

[New report 'demands a rethink on oil'](#)

Conservation organisation WWF-New Zealand is calling on the government to rethink its hands-off approach to future oil prices as a new report published today by the New Zealand Parliament warns of impending price shocks.

[Crude Oil Rises as IEA Increases Demand Forecasts, China's Imports Climb](#)

Oil climbed for the first day in three in New York after the International Energy Agency raised its global demand forecasts and China reported crude imports reached a record.

The IEA increased its forecasts for worldwide crude use by 300,000 barrels a day this year and next. Futures rose as much as 1.1 percent after Chinese customs data showed the world's largest energy consumer imported a record 23.3 million metric tons of crude in September.

[Heating costs cool, giving homeowners some relief](#)

NEW YORK — Most U.S. homeowners should get some relief on their heating bills this winter.

The price of natural gas, the fuel that supplies 70 percent of the nation's heat, is relatively low for the second year in a row, and falling. Also, forecasters predict a warmer winter across much of the country — especially in the Southeast, which suffered through a historically cold winter last year.

[IEA cuts 2011 oil demand growth estimate, ups 2010](#)

(Reuters) - Global oil demand growth is expected to accelerate for the rest of this year but is revised lower for 2011 and could slow if the world economy disappoints, the International Energy Agency (IEA) said on Wednesday.

Global oil demand next year will still be higher at 88.16 million barrels per day (bpd) compared with 86.94 million bpd this year, but the rate of growth will slow.

[Gasoline Supply Drops to Lowest Level Since June in Survey](#)

U.S. gasoline supplies probably declined last week to the lowest level since June as refiners performed seasonal maintenance and imports fell.

Stockpiles dropped 1.5 million barrels, or 0.7 percent, in the week ended Oct. 8 from 219.9 million in the prior seven-day period, based on the median of 18 analyst estimates before an Energy Department report tomorrow. Oil inventories increased in the survey and distillates slipped.

[Chinese crude imports hit high](#)

The world's second largest oil consumer China imported a record amount of crude in September as refineries produced more fuel to meet growing domestic demand.

The 35% year-on-year increase in monthly imports contributed to gains that took US crude above \$82 today. China is the world's fastest growing oil market and Beijing's rising fuel needs to meet robust economic expansion are driving global demand growth.

[OPEC to Maintain Output Quotas, Urge Compliance, Kuwait's Al Sabah Says](#)

Kuwait will recommend that the Organization of Petroleum Exporting Countries maintains oil production quotas, the country's Oil Minister, Sheikh Ahmad al- Abdullah al-Sabah, said in an interview today.

"We will maintain, and we'll be asking for more compliance," which is currently about 54 percent, Sheikh Ahmad said at the airport before leaving Kuwait to attend an OPEC meeting in Vienna.

[Algerian LNG output falls](#)

Algeria's liquefied natural gas (LNG) output has fallen to about half of the country's installed capacity after sweeping leadership changes at the state petroleum company Sonatrach brought on by a government corruption investigation. Such low LNG production levels are highly unusual at a time when European utilities would normally be building up their gas inventories in preparation for the northern hemisphere's winter heating season.

[Ukraine challenges \\$1.7 bln gas deal with Russia](#)

(Reuters) - Ukraine's State Prosecutor has filed a lawsuit to cancel a January 2009 gas deal under which Ukraine's Naftogaz paid \$1.7 billion to Russia's Gazprom, the prosecutor's office said on Wednesday.

[Gazprom ups spending plans](#)

Russia's state-owned energy giant, Gazprom, plans to increase its investment programme significantly in 2011, Deputy Economy Minister Stanislav Voskresensky said today.

[Total Starts Halting All Its French Refineries as Workers Extend Strikes](#)

Total SA, Europe's biggest refiner, started to halt operations at all its French plants because of strike action, increasing the likelihood of fuel shortages.

The industrial action is "incompatible with the normal functioning of the refineries," Total spokesman Michael Crochet-Vourey said by telephone. The Paris-company has five active plants in France, able to process 945,000 barrels of crude oil a day.

"Total workers have not only decided to extend the strike but to toughen the action by stopping all the refining installations," the CGT union, the largest in the industry, said in a statement. "Since yesterday not one drop of fuel is leaving Total sites."

[France taps into emergency stock](#)

France has tapped emergency oil reserves, the International Energy Agency (IEA) said today, as the country copes with a near halt in oil refining due to strikes at refineries and its top oil port.

[EU Moves to Toughen Rules for Offshore Oil Drillers](#)

The European Union took a step toward tightening rules on oil exploration with an action plan prompted by BP Plc's spill in the Gulf of Mexico.

The European Commission, the EU's regulatory arm, said it would propose stricter standards for offshore oil drillers and broader liability rules. The aim would be to ensure that oil-rig operators demonstrate their technical capacity to deal with accidents and to widen EU environmental-liability legislation covering coastal areas to include all marine waters.

[Norway energy giant won't return to Gulf until spring](#)

Statoil ASA, Norway's biggest oil and gas producer, won't resume drilling operations in the Gulf of Mexico until "early spring" at the earliest, after the U.S. authorities lifted a ban yesterday.

[Lifting of Deep-Water Drilling Ban Fails to Win Praise for Obama](#)

The Obama administration's decision yesterday to lift its ban on deep-water drilling ahead of schedule satisfied neither energy companies nor critics of offshore oil and natural-gas exploration.

[Resuming drilling is a risk worth taking](#)

Given the financial damage to the battered Gulf economy and the nation's need for domestic oil, resuming drilling operations in the highly productive Gulf is a calculated risk worth taking. Sure, it would be wonderful if solar and wind and other green energy sources made new drilling unnecessary, as environmental groups desire. But the nation isn't there. As long as the best place to find oil is offshore, drilling should resume and expand, with strong new safeguards in place.

[Risks remain unacceptable](#)

Nearly six months after the BP disaster, the Gulf Coast is still reeling, but Big Oil's influence on Congress and our energy policy continues to rampage ahead, out of control. The BP disaster was a wake-up call, but our leaders keep hitting the snooze button, most recently by ending the moratorium on new deep-water drilling.

[Shell gives MIT \\$25m for gas, oil research](#)

Royal Dutch Shell PLC will give the Massachusetts Institute of Technology \$25 million to research new, efficient technologies to help find and deliver oil and natural gas, officials are expected to announce today.

[U.N. nuclear agency faces dilemma over Syria](#)

(Reuters) - The U.N. nuclear agency says Syria is stonewalling its investigation into suspected atomic activity, but it may hold back from escalating the dispute to avoid opening a new front at a time of rising tension with Iran.

[Finding their inner square at the annual peak oil meeting](#)

Seen as the fringe and "out there" wing of the energy world, the Association for the Study of Peak Oil & Gas-USA shows signs of finding its inner nerd as it sets its sights on making a bigger policy footprint.

[The Great Transition: Beyond Carbon](#)

If there is one thing that defines the 21st century, it is the end of oil. But not just oil. Over the coming decades, we face the prospect of terminal depletion of the world's major mineral energy reserves, with major ramifications for the future of industrial civilization.

A survey of about a hundred of the world's most respected petroleum geologists by the Association for the Study of Peak Oil found that the vast majority expected world oil production to peak between 2010 and 2020, and that "the 'peak' is more likely to look like a bump on a long ridge than the classic bell-shaped curve."

[2011 Tesla Roadster 2.5 S Review](#)

Green cars are not supposed to be like this. They're for hairshirt wearing, bike path populating hippies who are obsessed with how few miles their produce has traveled and whether their child's Kindergarten is LEED Certified Gold for eco-friendliness.

[Chevy Volt tiff: Price is only real flaw](#)

Oh, puhleeeze.

Knock off the carping, sniping and snarking about the Chevy Volt (see earlier post here that includes GM's full-throated defense). The attacks from Volt rivals and from writers seem so silly, so irrelevant.

They are about on par with criticizing a diesel railroad locomotive because its diesel engines turn a generator that runs the electric motors that turn the wheels that drive the train. Who cares? Works fine.

[U.S. Said to Allow Rise in Ethanol Content in Gasoline Blends Up to 15%](#)

The Obama administration will grant a request from ethanol producers to permit higher concentrations of the corn-based fuel additive in gasoline for vehicles made in 2007 and later, according to a person familiar with the decision.

[China's wind power capacity to grow five-fold by 2020](#)

BEIJING (AFP) – China's wind power capacity will increase more than five-fold over the next decade from 2009, a report forecast on Wednesday, as the country steps up its drive to develop clean energy.

Total installed wind power capacity will reach at least 150 gigawatts by 2020 compared with 25.8 gigawatts at the end of 2009, according to the China Wind Power Outlook 2010 report.

[Jeff Rubin: Factories pay price for using green power, twice](#)

Just because the Waxman-Markey bill is roadkill on the U.S. Senate floor doesn't mean the U.S. doesn't already pay a heavy price for its carbon emissions. If you doubt that, try getting your local power utility to build a new coal-fired generating station. Between 2006 and 2009, applications for 83 new coal plants were either turned down or withdrawn in the U.S.

[Murray plan jeopardises world food needs](#)

THE Australian Lot Feeders' Association (ALFA) has joined the chorus of opposition to the recommendations by the Murray Darling Basin Authority (MDBA) to significantly reduce agricultural water availability in the basin.

ALFA President Jim Cudmore, stated "that the proposal to reduce agricultural water availability by between 27-37pc will not only cause irreparable harm to affected rural and regional communities but will impede the ability of Australia to feed the world".

[Poverty forces Roma people to scavenge toxic e-waste](#)

Persecuted Roma communities in France are being forced to scavenge for dangerous e-waste, potentially threatening health and questioning the country's recycling policies.

[A Climate Proposal Beyond Cap and Trade](#)

The death of cap and trade doesn't have to mean the death of climate policy. The alternative revolves around much more, and much better organized, financing for clean energy research. It's an idea with a growing list of supporters, a list that even includes conservatives — most of whom opposed cap and trade.

[EPA: Hope for progress with China despite friction](#)

SHANGHAI – China and the U.S. are working together on cutting greenhouse gas emissions despite the deadlock over a broader global agreement on fighting climate change, the head of the U.S. Environmental Protection Agency said Wednesday.

"My hope is that we will see continued progress on the issues. They are vitally important," EPA Administrator Lisa P. Jackson, said in Shanghai after attending U.N. climate talks in northern China's Tianjin last week.

[C.D.C. Girds for Climate Change](#)

The Centers for Disease Control and Prevention have announced their first-ever direct grants to states and cities to study the potential effects of climate change in the United States.

Some \$5.25 million will be split among eight states and two cities seeking to evaluate and mitigate health impacts from everything from hotter summers to an anticipated increase in waterborne illness resulting from flooding as glaciers melt and raise sea levels, the centers said.



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