



The European cold is continuing

Posted by [Heading Out](#) on January 25, 2006 - 1:18am

Topic: [Supply/Production](#)

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Grin! Given the nature of much of the discussion here, dare I mention that I was up in Indianapolis at an event that has a relation to NASCAR vehicles (duck!) Thought not!

More seriously as I traveled, I noted that the [USA Today](#) is reporting that the bad weather in Central Europe is continuing. As a result for the sixth day Gazprom was [unable](#) to meet its international market commitments. And, with sabotage to the pipelines, supplies to Georgia and Armenia remain cut-off. The Turkmenistan President is [in Moscow](#) possibly to talk about Gazprom taking over Turkmen gas. The BBC reports that:

some experts doubt that Turkmenistan has the gas, or the pumping capacity, to cope with what is expected to be a 30% increase in demand for its gas from Ukraine.

In fact some think that Turkmen gas may be at peak levels.

For the short term Gazprom is sending some gas to Georgia via [Azerbaijan](#) but if the cold weather persists, as is anticipated, it may get more complicated. Iran, for example, is also willing to supply [Georgia](#). This may be needed since the Russian supply is providing only 35% of that which is needed.

And it is against this picture that OPEC have decided not to restrict oil in the near future, and Saudi again promises to [increase supply](#). However, that decision might also be related to the SA agreement with China that has just been [announced](#).

In which light one might note that the White House may end up betting on [ethanol](#).

Venture capitalist Vinod Khosla, a co-founder of Sun Microsystems, became the latest in Washington to advocate that biofuels may hold the answer to cutting US oil imports.

"What you hear from me may seem implausible," he said before arguing that ethanol could replace oil imports in three to five years if the federal government mandated that most cars be made fuel-flexible -- able to run on gasoline or a combination of gasoline and ethanol -- and provided automakers with financial aid to retool their manufacturing operations. In addition, he said, the government should remove a tax on ethanol imports; require E85 fuel (85% ethanol, 15% gasoline) in at least 30% of gas stations; and help finance the first five large ethanol refineries. The thrust of his proposal is embodied in a bill sponsored in November by a bipartisan group of 10 senators.

To promote greater use of ethanol, the Energy Policy Act that Congress enacted last summer required production of 7.5-bil gallons of ethanol by 2012. It also authorized the Energy Department to provide financial assistance to the first large-scale ethanol plant.



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