The Oil Drum: Europe
DISCUSSIONS ABOUT ENERGY AND OUR FUTURE

ODAC Newsletter, Thursday 01 November

Posted by Doug Low on November 2, 2007 - 3:08am in The Oil Drum: Europe
Topic: Miscellaneous

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1a/ Soaring oil climbs past $96 mark (BBC News, Thu 01 Nov)

http://news.bbc.co.uk/1/hi/business/7072476.stm

Comment: The price of oil jumped by over $5/barrel earlier today past $96/barrel (it has since dropped to nearer $93/barrel). What is most bizarre is the almost total lack of interest society has in the current high, and increasing, price of oil. Last year, when oil prices were rising April-Aug., the BBC News website mentioned Peak Oil in several articles, even published one or two Peak Oil articles which until last week or so were available with every oil price article (under the 'Analysis' section), but have now been removed. The BBC News website no longer mentions Peak Oil.

This article is a good example of the not-very-credible excuses for high oil prices – the weakness of the dollar, Turkey/Iraq, Mexico, Nigeria: but no mention of the long-term (5-6 months) drawdown in OECD oil stocks as a result of demand outstripping supplies; the fact that oil prices have been increasing for 7-8 years, not the last couple of months; or the many problems associated with increasing oil supplies – shortage of workers, aging oil and gas infrastructure, domination by national oil companies instead of western/ international oil companies, and Peak Oil. And we have the cheek to blame OPEC for not producing enough oil: "Oil producers' body Opec continues to be criticised for not doing enough to restrain prices ... ", turning a blind eye to the fact that the one thing we can control is our own consumption but refuse to do so.

This week at the Oil and Money conference, Sadad al-Huseini, the former head of exploration and production at Saudi Aramco, was interviewed by David Strahan, see Oil has peaked, prices to soar - Sadad al-Huseini. It is possible, but unlikely, that Sadad al-Huseini gave warning that a) global oil production has probably peaked already, b) Saudi oil production will not rise much above 12 Mb/d, ever, without at least a nod from the Saudi regime. If the Saudi regime wanted to send out a warning about global and Saudi oil supplies, this is likely to be the way they would do it – anything more direct would likely cause 'problems'. The big advantage Sadad al-Huseini has over most of the rest of us is that he knows the score with Saudi oil reserves and potential future oil production, whereas we are making best guesses. If he says he thinks Peak is here already, we ought at the very least to assume he knows what he is talking about, and if he is wrong it will not be by much. In the meantime, society is behaving as though it were comatose. Such behaviour will not have a happy outcome.

> Oil prices have continued their unremitting climb, passing the $96 a barrel mark after figures showed a surprise fall in US crude reserves. US light crude rose as high as $96.24 in Asian trading on Thursday morning before falling back to $96.05.
>
> Traders were concerned by a second weekly fall in US crude stockpiles ahead of the intensive winter period.
>
> At the current rate of increase, prices are set to top $100 a barrel during the next week.
>
> Adjusted for inflation, prices are still below the $101 high reached in November 1980.

> ... The US government's figures showed that domestic crude stocks fell by 3.9 million barrels last week, worrying analysts who had forecast an increase of 100,000 barrels.
>
> The US is the world's biggest energy consumer and the state of its inventories is a key concern for market watchers.
>
> ... An array of factors has been driving oil prices higher.
>
> Oil prices have risen as the sliding greenback makes oil, which is priced in dollars, cheaper to buy outside the US.
>
> The dollar hit its weakest levels against the pound since 1981 on Wednesday.
>
> At the same time, oil investors have been casting a nervous eye on Turkey's threats to carry out a major military incursion into northern Iraq to attack Kurdish rebels.
>
> In past months, there have also been concerns about the stop-start violence in Nigeria's main oil producing region, the international community's unresolved nuclear dispute with Iran and heating supplies for the US winter.
>
> Mexico was forced to halt one-fifth of oil production at the start of the week by a tropical storm hitting its Caribbean coast, sparking further supply fears, but it has now resumed full production.
>
> Oil producers' body Opec continues to be criticised for not doing enough to restrain prices despite agreeing to lift daily output by 500,000 barrels, an increase which came into effect on Thursday...

1b/ Oil Traders Raise Bets on $125 Crude as Options Jump (Bloomberg, Thu 01 Nov)

http://www.bloomberg.com/apps/news?pid=20601207&sid=aunTjVe_xS_s&refer=e...

> Oil traders are increasing bets that crude will reach $125 a barrel this year because of record world demand and threats to supplies from the Middle East and Nigeria.
>
> Traders held 2,526 call options contracts, each granting the right to buy 1,000 barrels of December oil at $125 in New York, as of Oct. 29. Four months ago, only one contract was outstanding. Bets on $100 oil are also surging: options on December oil at that price totaled 49,744 contracts as of Oct. 30, up from 30,055 on Jan. 2...

1c/ Gasoline in Europe Rises to Two-Year High on U.K. Refinery Fire (Bloomberg, Thu 01 Nov)

http://www.bloomberg.com/apps/news?pid=20601072&sid=aRl5XZQWk4ic&refer=e...

Comment: Late spring / early summer this year, UK average petrol prices rose to almost £1.00 / litre, then dropped again. The current high oil prices have not taken UK petrol prices to the high levels of spring. Why not? UK (and European) petrol is so highly taxed that high oil price hikes translate into small petrol rises. The big hike in petrol prices in spring were due to a shortage of naphtha, one of the components of petrol – there was a shortage of naphtha in SE Asia where they were prepared to pay more than Europeans, so prices went up in Europe. Bloomberg report that a fire at a UK refinery has sent the price of naphtha to record highs. Presumably petrol prices will follow suit.

Gasoline prices in northwestern Europe advanced to the highest in more than two years following a fire at a U.K. refinery yesterday. Naphtha rose to a record.

Spot gasoline for immediate loading in Amsterdam-Rotterdam- Antwerp jumped $45 to $842 a metric ton at 12:26 p.m. in London, the highest since September, 2005, according to data compiled by Bloomberg. The contract reached a record $850 a ton on Sept. 1, 2005, after Hurricanes Katrina and Rita caused supply disruptions from refineries along the U.S. Gulf Coast.

Petroplus Holdings AG had a fire in a naphtha plant at its 172,000 barrel-a-day Coryton refinery in southeast England, forcing the company to shut down several units as a precaution. The Zug, Switzerland-based company said it is working to ensure normal production resumes as soon as possible.

Naphtha for immediate delivery rose $9 to a record $799 a ton, Bloomberg data showed. The contract surpassed its previous record of $791 a ton achieved on Oct. 29.

Naphtha, processed from crude oil, is used in gasoline and petrochemical production...

1d/ Giving thanks for $100 oil (Market Watch, Thu 01 Nov)

http://www.marketwatch.com/news/story/giving-thanks-100-oil/story.aspx?g...

Comment: A commentary from Market Watch declaring Peak Oil is here, and how you can make money out of it.

There is no doubt about it, peak oil is here.

If you haven't felt it yet just wait a few months.

Old man winter is about to knock on may of our doors and so will the heating oil and natural gas bills, likely to be 30% to 40% higher than last year.

With an economy already reeling from high agriculture prices, a subprime housing problem and mounting debt, the specter of high gasoline and heating costs is likely to break the bank for many Americans.

The fact of the matter is that many more Americans are living paycheck to paycheck, even people who have never had to before.

Inflation is rearing it's head at every turn and meanwhile the Fed seems to be oblivious.

... For myself those are solar and electric and sugar and bio-fuel.

As alternative energy investors we want to look for companies that are established but not yet on the full radar screen.

In the solar space we want to find companies that already have the technology, and materials (vital), also the company that's most desirable would already have power contracts with major companies. Evergreen Solar fits that bill.

And while surging energy prices might make oil stocks look appealing, why not buy sugar which is much cheaper and possibly will get a big boost if ethanol and sugar tariffs

> are lifted or reduced? With oil approaching $100 a barrel, the political incentives could certainly make that possible.
>
> The good news is that with oil reaching above $90 and well on the way above $100 we will see more and more money and investment pour into these alternative energy companies and ideas. The trick is picking the right one.

2/ Energy questions that will need to be answered (Liverpool Daily Post, Mon 29 Oct)

http://www.liverpooldailypost.co.uk/views/liverpool-columnists/columns/2...

Comment: Unusual to see a well-written Peak Oil article in the British media that is not in The Guardian or The Independent. It does happen, occasionally. The journalist, Peter Elson, reviews the Peak Oil report released last week from the Energy Watch Group. Peter deserves a journalistic medal for not mentioning the 'optimistic' viewpoint.

> THE other week, I joked about the new nature reserve of Wallasea Island being preserved in perpetuity until oil and natural gas is found beneath it. I now discover from a new report that the future lack of fuels could cause consequen- ces far more dire than this.
>
> This survey by German-based Energy Watch Group grimly warns that extreme fossil fuel shortages will lead to wars and social breakdown.
>
> Oil production, it claims, peaked last year, which was much earlier than previously expected. From now on, fossil fuel production will drop by around 7% annually. This appears to be not a case of crying wolf, as the markets are now setting record prices for oil every day over the last week and hit more than $90 (£44) a barrel.
>
> Britain's oil production has peaked already – some eight years ago – and has already dropped by about a half since 1999 to 1.6m barrels a day So what are we doing?
>
> ... Certainly, if oil prices continue to rise, we can't escape the consequence of inevitable worldwide change which will impact upon every aspect of our lives. Our world, which has become so heavily based on plastics derived from oil, will disappear.
>
> Major petroleum products include petrol, aviation fuels, kerosene, diesel, lubricating oils, bitumen, plastics, synthetic rubber, packaging, fabrics, dyes, adhesives and paint.
>
> When I started my career, I used a metal typewriter, now I'm writing this column on a plastic keyboard and screen. Worse than the impact on typing, our lights will go out and our means of cooking will cease.
>
> One of the few groups addressing the problems of "peak oil", the Oil Depletion Impact Group, is based at the University of Liverpool.
>
> Environmentalist Jeremy Leggett, who wrote a book about oil depletion called Half Gone, says that the Brit- ish government and our energy industry is in "institutionalised denial".
>
> It's chilling (and will get chillier) and we can't say we weren't warned, but both answers and action seem as elusive as ever.

3a/ World oil output struggling, say Arab experts (Reuters, Tue 30 Oct)

http://uk.reuters.com/article/oilRpt/idUKL3080747520071030

Comment: Reuters reporting on the Oil and Money conference.

> Leading figures from the Middle East oil industry added their voices on Tuesday to those warning that the world is struggling to sustain rising oil production.
>
> "There is a real problem -- that supply may not be possible to increase beyond a certain level, say around 100 million barrels," Libya's National Oil Corporation chairman Shokri Ghanem said at an industry conference.
>
> "The reason is, in some countries production is going down and we are not discovering any more of those huge oil wells that we used to discover in the Sixties or the Fifties."
>
> Sadad al-Husseini was a key architect of Saudi Arabian energy production policy for more than a decade whilst a top official at state oil firm Saudi Aramco. He was even more pessimistic, saying world oil production had already plateaued.
>
> "We are already three years into level production," Husseini also told the annual Oil & Money conference, a gathering of top executives.
>
> The views are far more conservative than those of the International Energy Agency, adviser to consumer countries, that supply will rise to 116 million bpd by 2030 to meet demand, from about 86 million bpd now.
>
> Production is in decline in some regions, such as the North Sea, increasing the burden on other producers such as the 12 members of the Organization of the Petroleum Exporting Countries.
>
> A five-year rally in oil prices, which hit a record high above $93 a barrel on Monday, is leading to growing interest in peak oil -- the view that supply has reached, or will soon reach a high point and then fall.
>
> "So many people are talking about the peak oil theory," Ghanem said. "It is not the figure itself but the principle that the world cannot continue being able to produce oil infinitely."
>
> Peak oil theory has its detractors, who say technology can help extend the life of the world's reserves.
>
> The price surge has also coincided with rising scepticism about the size of the world's oil reserves.
>
> OPEC sits on about 75 percent of the world's total proven oil reserves of 1.208 trillion barrels, according to figures compiled by BP in its Statistical Review of World Energy.
>
> Husseini said at the conference that reserves estimates are too high and oil prices can only remain on a rising trend.
>
> Proven oil "reserves" are overstated by 300 billion barrels of speculative "resources", mainly in OPEC countries, he said. By 2030, production of oil and natural gas liquids could fall to about 75 million bpd.
>
> "As long as demand continues to grow, oil prices can only go up," said Husseini.

3b/ Finfacts Ireland Summary of the Oil and Money conference (Finfacts, Wed 31 Oct)

http://www.finfacts.com/irelandbusinessnews/publish/article_1011642.shtml

Comment: Very brief overview of a few of the speakers.

> Oil industry experts predict supply crunch in coming years; Underinvestment, skill shortages and difficult-to-access reserves, likely to keep oil above $100 a barrel for sustained period
>
> As the price of a barrel of crude oil heads for the $100 threshold, and will soon exceed the real dollar all-time record value reached in 1980,* the annual Oil & Money Conference was told in London on Monday, that shortages of skilled labour and long-term under-investment mean oil supplies are unlikely to meet the expected growth in demand over the coming years.
>
> Nobuo Tanaka, the Executive Director of the International Energy Agency (IEA), the energy adviser to 26 industrialised countries, including Ireland told the conference: “Despite five years of high oil prices, market tightness will actually increase from 2009. New capacity additions will not keep up with declines at current fields and the projected increase in demand.” ...

3c/ Total chief warns on oil output (Financial Times, Wed 31 Oct)

http://www.ft.com/cms/s/0/b0d83bfa-87df-11dc-9464-0000779fd2ac.html

Comment: Christophe de Margerie, CEO of Total, has told us before that global oil production is unlikely to reach 100 Mb/d, see Total chief says world will find oil target tough (The Times, 08 Sep 2006). What makes this article much more interesting is that de Margerie is blatantly challenging his colleagues in Big Oil who still deny Peak Oil is a problem: << Mr de Margerie, however, said while forecasts could always change, “100m barrels [per day] ... is now in my view an optimistic case”. He added: “It is not my view: it is the industry view, or the view of those who like to speak clearly, honestly, and not... just try to please people.” >>

> The world’s capacity to produce oil will fall well short of official forecasts, the chief executive of Total warned on Wednesday
>
> In an unusually stark prediction for the head of one of the world’s biggest oil companies, Christophe de Margerie, CEO of the French group, said it would be difficult to reach even 100m barrels a day.
>
> ... Mr de Margerie, however, said while forecasts could always change, “100m barrels [per day] . . . is now in my view an optimistic case”.
>
> He added: “It is not my view: it is the industry view, or the view of those who like to speak clearly, honestly, and not . . . just try to please people.”
>
> ... Mr de Margerie said the problem was not with the amount of oil in the ground. “Reserves have never been so big,” he said, partly because advances in technology had made more sources of oil accessible.

Instead, the constraints were the industry's ability to produce the oil quickly enough and oil-rich countries' willingness or ability to develop their reserves.

"We have been, all of us, too optimistic about the geology. Not in terms of reserves, but in terms of how to develop those reserves: how much time it takes, how much realistically do you need."

He said the industry had also "misunderstood" that resource-rich countries would want to preserve some of their best oil fields for the future, while offering smaller and more difficult fields to foreign investors.

In many countries, including Iraq, Nigeria and Venezuela, political and security problems were holding back supplies, he added, and there was great uncertainty over the outlook.

... Few oil company leaders have spoken out about the limits to oil output in such uncompromising terms as Mr de Margerie, even though most have been struggling to increase production. Total is one of the fastest-growing of the "big five" international oil companies in terms of volume growth, but it was recently forced to trim back its projections of extra output.

Last year Thierry Desmarest, Mr de Margerie's predecessor, created a stir when he predicted that world oil production would peak around 2020.

Rex Tillerson, chairman of ExxonMobil, the world's biggest oil company, told the FT earlier this year that he believed oil production from sources outside the Organisation of the Petroleum Exporting Countries could have "a little more growth", but would soon level off.

4/ Oil and Money conference interviews: Sadad al-Huseini and Fatih Birol (lastoilshock.com, this week)

Comment: The annual 'Oil and Money' conference was on earlier this week. David Strahan, author of The Last Oil Shock, new who to interview and what to ask. See below. The presentations, those that have been posted on the OAM website, are freely available, but you have to log in – they require your name and e-mail address so they can invite you to next year's event. It was in last year's presentations that H.E. Shokri Ghanem, Minister Of Oil, Libya, made Peak Oil the centre piece of his opening speech on day 2, Fereidun Fesharaki, Chairman & CEO, FACTS Global Energy Group, warned us it is unlikely that Iran will ever be a major natural gas exporter, Jonathan Stern discussed gas exports from Russia, and other speakers included Matt Simmons, Robert Hirsch, and Vladimir Milov President, Institute of Energy Policy, Moscow (interesting talk on Russian oil and gas production). Oil and Money 2007 presentations.

Items 4a, b and c available at:

http://www.davidstrahan.com/blog/

4a/ Oil has peaked, prices to soar - Sadad al-Huseini (lastoilshock.com, Mon 29 Oct)

Comment: Podcast and article.

Sadad al-Huseini says that global production has reached its maximum sustainable plateau and that output will start to fall within 15 years, by which time the world's oil resources will be "very severely depleted".

> In an exclusive interview with lastoilshock.com, the former head of exploration and production at Saudi Aramco, said that oil production had reached a structural ceiling determined by geology rather than geopolitics, and that the technical floor for the oil price will rise by $12 annually for the next 4 to 5 years as new fields become increasingly costly to exploit.
>
> ... Al-Huseini said that Saudi Arabia's plans to raise production capacity to 12 million barrels per day by 2012 represented "an achievable number", as the country had announced oil investments of $55 billion between 2003 and 2011. But he cautioned that since some of the new production will come from entirely new fields "how the reservoirs will respond will be determined as they start producing".
>
> However, al-Huseini disparaged Western expectations that the Kingdom would produce significantly more than 12 mb/d. It was unfair, he said, to expect Saudi to "pull everybody's chestnuts out of the fire".

4b/ Oil reserves over-inflated by 300bn barrels – al-Huseini (lastoilshock.com, Tue 30 Oct)

Article: The world's proved reserves have been have been falsely puffed up by the inclusion of 300 billion barrels of speculative resources, according to the former head of exploration and production at Saudi Aramco, and this explains the industry's inability to raise output despite soaring prices.

... He also noted that 400 billion barrels of reserve replacement has been reported over the last decade, and asked why this had not been translated into new capacity. The answer, he suggested, was that a quarter of the world's claimed proved reserves are no such thing: not production-ready oil, but speculative sources. "Reserves are confused and in fact inflated. Many of the so called reserves are in fact resources. They're not delineated, they're not acessible, they're not available for production". By his estimate 300 billion of the world's 1200 barrels of proved reserves should be recategorized as speculative resources.

... However he did go on to question the production potential of some Gulf states, pointing out that 75% of Iranian production comes from mature fields that are more than 50% depleted...

4c/ IEA reviews reliance on USGS resource estimates (lastoilshock.com, Wed 31 Oct)

Comment: Podcast (11m 52s) and article.

> IEA chief economist Fatih Birol has told lastoilshock.com that the agency will review its use of resource estimates from the United States Geological Survey, in a move that seems certain to prompt a major downward revision of its long term oil production forecast.
>
> ... As I report in The Last Oil Shock, a major weakness of the long term IEA oil supply model is that it relies in part upon resource estimates from the USGS World Petroleum Assessment, published in 2000, which are now demonstrably over-optimistic. For the USGS numbers to come good the world would need to discover 22 billion barrels of oil per year between 1995 and 2025. But as the USGS has now acknowledged, so far the world has only discovered 9bn bbls per year - a massive 60% less than forecast.
>
> ... Speaking at the Oil & Money conference in London, Mr Birol listed a number of major uncertainties affecting the oil production outlook, including doubts about the true rate of decline in the existing oil production base. It was critical to understand this issue better,

he said, because for every $4 invested upstream, only $1 is needed to meet demand growth, while $3 goes to making good production declines. As a result the IEA would conduct a major review of decline rates to be published in its World Energy Outlook 2008.

n an interview with lastoilshock.com Mr Birol went on to reveal that the IEA would also review the oil resource base afresh, and would be “addressing the limitations and uncertainties” of the USGS data. The Agency would also incorporate other sources of information to assess the “implications of different type[s] of data on our long term thinking”...

5a/ Surge in 100% mortgages means thousands risk negative equity (The Guardian, Wed 31 Oct)

http://business.guardian.co.uk/story/0,,2202031,00.html

Comment: So many warnings of a big fall in UK house prices coming next year, and banks are still handing out 100%+ mortgages?

Thousands of first-time buyers could find themselves in negative equity following a big increase in the number of 100% mortgages available, according to new research issued yesterday.

An estimated 33,000 first-time buyers borrowed the full value of their property, or in some cases more than it was worth, between January 2006 and August 2007, said the mortgage website mform.co.uk. Such deals are allowing people to get on to the housing ladder without having to raise a deposit.

But earlier this week, the body representing mortgage lenders warned that the housing market was about to stall, and some commentators believe this has already begun. A report from the website Hometrack, published on Monday, claimed house prices fell by 0.1% during October - the first fall for two years. There has also been a warning that home repossessions could rise by 50% next year.

Homebuyers who have recently taken out 100%-plus loans are particularly vulnerable to price falls, as they have no equity to cushion them if there is a drop in the value of their home. In some cases, even a small fall in house prices would leave them owing more on their mortgage than their home is worth.

Rising property prices have meant that people need to borrow even more money to get the property they want, and lenders have responded by dramatically increasing the number of 100% mortgages available, according to mform.co.uk

"In April this year, our research showed there were 92 different 100% mortgages to choose from, but by October 1, this had increased to 160," said Francis Ghiloni, the site's marketing and business development director. "If house prices fall, as some commentators predict, those homeowners with these mortgages are likely to encounter negative equity."

The high-street bank Abbey recently began trialling the "100% Plus Mortgage", which, in addition to allowing people to borrow the full value of their property, enables them to borrow up to a further £25,000, secured on their home. Abbey suggested the money might be used for "renovating your home, buying a new car or consolidating all your debts".

5b/ Rock's wholesale run (BBC News [Robert Peston], Thu 01 Nov)

http://www.bbc.co.uk/blogs/thereporters/robertpeston/

> Figures published just now by the Bank of England indicate that Northern Rock has to date borrowed around £23bn from it.
>
> That is in effect a loan from all of us, since the Treasury is indemnifying the Bank of England for the entirety of the credit extended to the Rock.
>
> What that means is that each of us as a British taxpayer is in effect lending £730 to the battered mortgage-provider.
>
> It is a colossal sum.
>
> ... What does it mean?
>
> Well, first of all the money provided by the Bank is not cheap - so paying the interest on it is making a big dent in the Rock's profits.
>
> But the more worrying implication of the sheer magnitude of the wholesale run is that none of the three putative bidders for the Rock can possibly buy it without a cast-iron guarantee that the Government-backed loans will stay in place.
>
> To be clear, the extent of public sector support goes beyond those direct loans. The Treasury has also indemnified a further £20bn odd of deposits.
>
> So we are talking about total public-sector exposure to the Rock of £40bn - equivalent to around 3 per cent of our entire economy. And that exposure could become much bigger, as other loans to the Rock fall due for repayment...

5c/ Credit crunch 'may cause price fall' (The Telegraph, Thu 01 Nov)

http://www.telegraph.co.uk/money/main.jhtml?xml=/money/2007/11/01/cnhous...

Comment: A very short article from The Telegraph, but: << Mr Bean raised the possibility that share and house prices could "fall significantly".>> Possibility?

> The Bank of England's chief economist has warned that the credit crunch is likely to hit Britain's economic growth, and may cause house prices to drop.
>
> In a speech last night in the City, Charlie Bean said the recent turmoil in financial markets was likely to have "led to a softening in the outlook for growth". He said asset prices were often affected by situations like this, adding: "Though house prices have broadly held up, some of the indicators point to a weaker outlook."
>
> Mr Bean raised the possibility that share and house prices could "fall significantly". However, he appeared to play down speculation that the Bank will cut rates next week, saying it was still concerned about inflation...

5d/ House price gloom as the wealthy turn away (The Times, Mon 29 Oct)

http://business.timesonline.co.uk/tol/business/money/property_and_mortga...

> House prices fell for the first time in two years this month, sending a shudder through millions of homeowners already hit by rising mortgage repayments and more expensive borrowing.
>
> The outlook for homeowners is likely to worsen with news that the wealthy are losing confidence in bricks and mortar as an investment. There has been a big drop in City bonuses being used to buy prime property in Central London and in the popular second-homes areas, triggering fears of price falls in the South West, East Anglia and the Cotswolds.
>
> Today’s figures will increase the anxiety of millions who have banked on ever-rising prices to fund their old age and pay off mortgages. To add to their misery came a new warning from America, that Britain would not escape the fallout from the US as the property market there went through its worst recession in 16 years. Robert Shiller, Professor of Economics at Yale University, who forecast the end of the dot.com bubble in March 2000, told The Times that the slowdown would start in London...

6a/ Rising fear of energy crisis this winter (The Guardian, Wed 31 Oct)

http://business.guardian.co.uk/story/0,,2202228,00.html

> Britain faces the prospect of power shortages and soaring prices this winter after the National Grid warned of a shortfall in electricity-generating capacity yesterday. The alert coincides with a surge in gas prices, which are now 40% higher than in continental Europe, and the confirmation that a vital import plant in South Wales will not be operational this winter.
>
> And it emerged last night that the energy minister, Malcolm Wicks, met power providers and users last week to discuss mounting concerns that the UK was heading into another winter of soaring prices and power shortages, similar to the one that forced some manufacturers to shut down capacity 24 months ago...

6b/ EDF given green light to build gas-fired power plant (The Guardian, Wed 31 Oct)

http://business.guardian.co.uk/story/0,,2202034,00.html

Comment: The UK is in all likelihood headed for critical shortages of natural gas over the next few years.

> EDF Energy has been given the go-ahead to build a 1,300 megawatt gas-fired power station at West Burton, Nottinghamshire. The new plant, which will cost up to £600m, will have the capacity to supply as many as 1.5m homes.
>
> The company said the new plant would be part of its commitment to meet, in the short term, the projected "power crunch" caused by a shortfall in generation, which could begin in 2016 unless there is investment in new capacity.

> ... The company is seeking permission to build another new gas-fired plant, at Sutton Bridge, Lincolnshire, which would be similar in size to the one given the green light by the government yesterday...

6c/ ‘Climate Change + Peak Oil = Cutting Carbon + Resilience Building’ or ‘Why Malcolm Wicks Really Hasn’t Got This Peak Oil Thing...’ (Transition Culture, Mon 29 Oct)

http://transitionculture.org/2007/10/29/climate-change-peak-oil-cutting-...

Comment: Rob Hopkins reports that Malcolm Wicks is UK energy minister again, as reported by *The Times* last week - *Business big shot: Malcolm Wicks*. Having read the relevant chapter about Mr Wicks in David Strahan’s *The Last Oil Shock*, those concerned about Peak Oil may well be feeling nauseas about his (Wicks) reappointment.

> I had just about got over the sense of outrage and indignation caused by reading John Vidal’s piece, Labour’s plan to abandon renewable energy targets, which revealed Gordon Brown’s administration as truly nailing their colours to the economic growth mast rather than the responding to the climate change one by withdrawing his support for the European target of 20% of energy from renewable sources by 2020. Just about. Then, the next day in a follow-up article, was a quote attributed to energy minister Malcolm Wicks, which read“at the end of the day, renewables is a means to an end. The end is bringing down carbon emissions”.
>
> Malcolm Wicks was the UK’s energy minister, then he wasn’t, and now he is again. He was the subject of a coruscating chapter in David Strahan’s Last Oil Shock, which tore into Wicks’s obfuscation on the peak oil issue. This one sentence offers a clear indication that Wicks still really hasn’t got it. It also shows the dangers of designing responses to climate change that do not address the peak oil question. Installing renewable energy capacity is about so much more than just cutting carbon emissions, or at least it should be...

7/ Big questions, big answers (Canadian Business, Wed 31 Oct)

http://www.canadianbusiness.com/columnists/jeff_sanford/article.jsp?cont...

Comment: Canadian business taking Peak Oil on board?

> This past weekend a distinguished group of experts in governance and energy gathered in Waterloo, Ont., for the annual conference of the Centre for International Governance Innovation. The CIGI event took place in the gorgeously restored Seagram's distillery, a Governor General's Award-winning building in this southern Ontario university town. The lovely surroundings, however, belied the seriousness of the discussions within.
>
> This year the centre dedicated its conference to discussing energy, which, as an issue, is rapidly moving up the list of priorities for decision-makers everywhere. The western world's installed energy infrastructure is struggling to keep up with burgeoning global demand, and it's not clear how we are going come up with the new generation. As one delegate put it, foreign policy is increasingly being conducted on the basis of energy needs, and talk at the conference was of the need for a "war-time" or a Manhattan-Project-like approach to restructuring the energy infrastructure of our western

> societies.
>
> The conference's first session saw a brief discussion of peak oil, the idea that we're closing in on a peak in terms of liquid fossil fuels that can be produced on a ready basis. The idea we may be near peak was considered a subject for "kooks" not so long ago, but it's being taken more seriously today, says Thomas Homer-Dixon, one of the panel's participants.
>
> [The article then goes on to discuss some of the Peak Oil issues that we are all familiar with]

8a/ Twin Peaks -- Will 'Peak Gas' Soon Join 'Peak Oil?' (Energy Intelligence [Energy Intelligence Briefing], Wed 31 Oct)

No link, from newsletter.

Comment: Interesting, very interesting. Energy Intelligence raising the issue of Peak Gas. The very fact that they even mention the words ‘Peak Gas’ should be raising alarm bells, as in ‘situation critical’ alarm bells. Response from government - Better get our economists on the job (ODAC interpretation of UK government response if there were one).

> Is "peak gas" about to follow "peak oil" onto the energy market stage? Although not exactly issuing the alert, Qatari Energy Minister and Deputy Prime Minister Abdullah bin Hamad al-Attiyah kicked off this week's Oil & Money Conference by intimating that the projects now in operation and development in the key Mideast Gulf nation would be all that its natural gas supplies would support.

8b/ Global Oil Production to Plateau in 2012 (Energy Intelligence [International Oil Daily], Wed 31 Oct)

No link, from newsletter.

Comment: More info from the Oil and Money conference.

> Global oil production will hit a plateau around 2012, market-watchers agree, but while some see output picking up later with nonconventional oil and biofuels playing a larger role, others expect worldwide oil production to peak in five years -- although it could stay there for 15 years before declining.

8c/ Peak Gas Could Be Coming Sooner Than You Think (Energy Intelligence [World Gas Intelligence], Wed 31 Oct)

No link, from newsletter.

Comment: Same item as 9a but different EI publication. Not clear why E.Intel. should be reporting on Julian Darley’s High Noon for Natural Gas now?

> If global oil production is peaking, can natural gas be far behind? Geology, logistics, production history and economics suggest that gas output could plateau sometime

between 2010 and 2025, writes British environmentalist Julian Darley in High Noon for Natural Gas: The New Energy Crisis. It's a position not lacking in statistical support and industrial logic -- despite the radical contrast it presents to conventional industry projections for continued high growth in global gas production.