ODAC Newsletter, Wednesday 07 November

Posted by Doug Low on November 10, 2007 - 12:30am in The Oil Drum: Europe
Topic: Miscellaneous

Topics include:

Oil / Petrol Prices, US EIA Forecasts; Peak Oil films - A Crude Awakening and Crude Impact; Economy; Natural Gas - GTL and Nord Stream; Peak Oil in the UK; Peak Oil in the Saudi Media; Oil Shales; Biofuels; IEA's World Energy Outlook 2007; North Sea Storm

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North Sea Storm

11/ Arctic storm disrupts some North sea fields (Reuters, Wed 07 Nov)

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1a/ $100 oil within touching distance (Arabian Business, Wed 07 Nov)

http://www.arabianbusiness.com/index.php?option=com_content&view=article...

Comment: Nymex Crude Future and WTI Cushing Spot have since fallen back to just above $96/barrel. Still, that is one piece of bad news away from $100/barrel (a severe storm over the North Sea for example?), and this is only the very beginning of the winter season. The price of oil reaching $98/barrel was widely reported, but the mainstream media still avoid oil depletion / Peak Oil like the plague. At least this article got one bit right: “Signs of thinning global oil stocks ahead of peak winter oil demand have added fuel to the rally”. In its oil prices item on the 10 o'clock News tonight, the BBC mentioned rising demand in China, the falling value of the US dollar and investors/speculation, but nothing about falling oil stocks / demand outstripping supply. What's going on at the BBC?

ITN news at 10:30 pm covered Peak Oil, promoted the new Peak Oil film “A Crude Awakening”, see item 2. In the interview with David Strahan, David was careful not to mention the words “Peak Oil”. Fatih Birol, chief economist at the IEA, was also interviewed, saying oil prices can go much higher, China and the industrial countries have to start using less oil.

> Oil prices surged deeper into record territory on Wednesday, touching $98 as the dollar plumbed new lows and traders fretted about a winter fuel crunch due to thinning oil stocks and a North Sea storm.
>
> Investors bracing for more fallout from the US subprime crisis and seeking shelter from the US dollar - which hit a new low - have driven oil nearly $30 higher since mid-August and lifted other commodities including gold, now at a 28-year high.
>
> ... Signs of thinning global oil stocks ahead of peak winter oil demand have added fuel to the rally, aiding a nearly 8% rise over the past two weeks alone, and prompting many analysts to say it's only a short matter of time before the oil hits $100.
>
> "We had the [North Sea] supply disruptions yesterday, the dollar is weaker, so we're moving higher," said Dariusz Kowalczyk, chief investment strategist at CFC Seymour. Weekly US inventory report due later on Wednesday is expected to show crude stocks in the world's biggest energy consumer had fallen 900,000 barrels last week due to disruptions to Mexican exports, a preliminary Reuters poll found.
>
> Although any bearish surprise there may trigger some profit-taking, Kowalczyk said $100 appeared inevitable.
>
> ... The US Energy Information Administration (EIA) flagged the risk to winter supply on Tuesday, saying stocks in industrialized nations would drop some 20 million barrels below the five-year average by the end of this year amid robust demand and continued

> caps on output from producer-group Opec.
>
> The EIA, the statistical wing of the Department of Energy, also sharply raised its forecast for US oil prices in 2008 to near $80 a barrel from its prior projection of $73.50...

1b/ Average petrol cost at £1 a litre (BBC News, Wed 07 Nov)

http://news.bbc.co.uk/1/hi/business/7082847.stm#petrol

Comment: The BBC is no longer able or willing to discuss global oil demand outstripping supply / Peak Oil. The best it can do, here, is mention speculators/investors, Iran, Turkey/Iraq.

> The average UK price of unleaded petrol has passed £1 per litre for the first time, a research group has said.
>
> A litre of unleaded petrol now costs 100.08p, according to the latest data from industry researchers Catalist.
>
> Petrol prices have risen sharply on the back of record global oil prices, which have increased as a result of supply concerns and the weak dollar.
>
> Duty on petrol and diesel was also increased by 2p a litre from the start of last month, further lifting prices.
>
> The average price of a litre of diesel is now 103.32p. Diesel broke through the £1 level two and a half weeks ago.
>
> Petrol retailers have warned for some time of escalating prices as wholesale crude prices soar and the impact of rising fuel duty makes itself felt.
>
> The weak dollar has driven up oil prices because some investors have been using the commodity as an alternative to holding dollars.
>
> On the other hand, it makes oil relatively cheaper for anybody outside the US, as crude is priced in dollars.
>
> Recent oil supply concerns have centred on a number of factors, including Iran's stand-off with the West over its nuclear ambitions, and a possible Turkish military action against Kurdish rebels across the border in Iraq.

1c/ Short-Term Energy Outlook – November (US Energy Information Administration, Tue 06 Nov)

http://www.eia.doe.gov/emeu/steo/pub/contents.html

Comment: The EIA Short-Term Energy Outlook is published monthly. November's data was released today (Tue 6th). The two graphs on oil stocks (OECD, USA) show falling stock levels:

Days of Supply of OECD Commercial Oil Stocks: http://www.eia.doe.gov/emeu/steo/pub/gifs/Fig11.gif
U.S. Crude Oil Stocks: http://www.eia.doe.gov/emeu/steo/pub/gifs/Fig13.gif

See also "STEO Supplement: Why Are Oil Prices So High?" http://www.eia.doe.gov/emeu/steo/pub/2007-oil-prices.html

And the supplement report: http://www.eia.doe.gov/emeu/steo/pub/special/2007-oil-prices.pdf

Figures 2 (OPEC Surplus Production Capacity Remains Low) And 3 (OECD Commercial Stocks: Record Highs to Near Normal Levels) sum up perfectly why oil prices are high just now, and could still have a long way to go.

> Highlights
>
> Global oil markets will likely remain stretched, as world oil demand has continued to grow much faster than oil supply outside of the Organization of the Petroleum Exporting Countries (OPEC), putting pressure on OPEC and inventories to bridge the gap. Additional fundamental factors contributing to price volatility include ongoing geopolitical risks, OECD inventory tightness, and worldwide refining bottlenecks. As a consequence, crude oil prices are expected to remain high and volatile.
>
> ... Total U.S. petroleum consumption is expected to increase by 0.5 percent in 2007 and 1.0 percent in 2008, despite the higher oil and petroleum product prices. Continued economic growth and colder average temperatures this winter than last winter combine to push demand higher...

1d/ As Oil Nears $100, Look Out Below (Business Week, Wed 07 Nov)

http://www.businessweek.com/bwdaily/dnflash/content/nov2007/db2007116_06...

Comment: Business Week following in the footsteps of a substantial number of commentators, particularly economists, who have for some time been saying that oil prices are high principally due to speculators and are due for a big drop. No discussion of the possibility of oil prices going up - why rising oil prices should stop at $100/barrel is not part of the discussion. The fundamental problems of a falling US dollar and in particular falling oil stocks, i.e. global oil demand outstripping supply, barely get a passing mention in the first paragraph.

> Oil prices are soaring. Having jumped 40% since August, crude prices hit another historic high on Nov. 6, rising to $96.70 a barrel. The factors sparking the $2.72 rally this time: bad weather in the North Sea that could force production cuts, the dollar's continued fall, more violence in the Middle East, and fears that U.S. crude supplies are low. The Energy Dept.'s Energy Information Administration will provide its weekly inventory report on Nov. 7.
>
> But is there a sharp fall just ahead? Analysts say that the oil market looks overheated, and a number of factors could puncture the price bubble. Most important, speculators have played a key role in driving up crude prices this year, and if the trend reverses they'll get out fast. Certainly, global demand remains strong for now. But a number of factors—technical indicators, an economic slowdown, lower demand—could prompt investors to exit en masse.
>
> "Oil prices are in uncharted territory," says Peter Fusaro, co-founder of the Energy Hedge Fund Center, which tracks commodities hedge funds. "My worry is that if the market tanks, everyone will want out at the same time. The market would collapse, and

> who knows what the bottom is." ...
>
> A Correction Is Inevitable
>
> Beutel says that regardless of the exit signal for investors, the oil market is due for a correction. "Historically speaking we see that every time there is a sustained vertical [price] rise, we see a 20% correction," says Beutel, adding that the serious threat of a recession could take 40% off oil prices. "It's a beautiful thing that people forget: The market moves more quickly on the downside than it does on the upside."
>
> It's also possible that ballooning oil prices will begin to fall when demand responds to price signals, as happened in the 1980s. "The uptick in crude hasn't caused the same drag on the economy as it did 28 years ago," says Ray Carbone, owner of the trading firm Paramount Options. "But once we're past all-time highs in oil prices, things could change."

1e/ What's behind the jump in oil prices? (Energy Bulletin, Wed 07 Nov)

http://www.energybulletin.net/36863.html

Comment: Selection of articles discussing the high oil prices.

2a/ A Crude Awakening and Crude Impact - Two Peak Oil Films (ODAC, Mon 05 Nov)

http://www.odac-info.org/bulletin/bulletin.htm

Comment: From the ODAC Bulletin Board, overviews of A Crude Awakening and Crude Impact. A Crude Awakening is released at some cinemas in the UK this Friday.

> A Crude Awakening (83mins) and Crude Impact (91mins) are both excellent Peak Oil films, and similar in style and content. They run thro a series of themes, listed below, interviewing various Peak Oil experts, some well known, a handful the same in both films, most not, breaking up the interviews with lots of excellent footage, and haunting music. Apart from these films, I have never heard of or seen Terry Lynn Karl (Professor of Political Science, Stanford University) before, but she is a very interesting speaker in both films, making the links between oil and wars, oil and poverty e.g. in A Crude Awakening: Darfur is an oil war; large, young population in Saudi Arabia with lack of jobs. Average income has dropped from $28,000 15 years ago to $6,000 per annum now. There has been a huge drop in the standard of living of the average Saudi. Prof Karl gives the impression that Saudi Arabia as a 'stable' state will not last much longer; two options for securing sufficient energy - militarise the taking of oil, or begin to prepare for the end of era of cheap oil, invest in alternative technologies. Both films discuss the history of oil and how we use it, geopolitics, and move on to Peak Oil and potential solutions. For the moment, if you want to buy a DVD to introduce your friends/ community to Peak Oil, you will have to settle for Crude Impact since A Crude Awakening is not yet available on DVD, but it is just about to start showing at cinemas in the UK (see details for buying/watching below).
>
> ...
>
> A Crude Awakening was recently reviewed on the Lloyd's List website - Waking up to the truths of oil’s past, present and future. http://lloydslist.com/ll/news/viewArticle.htm?articleId=1191760903152

Trailers
A Crude Awakening: The Oil Crash - trailer (YouTube, 2m 13s)
http://www.youtube.com/watch?v=Or-TyPACK-g
Crude Impact - trailer (YouTube, 2m 32s)
http://www.youtube.com/watch?v=EwyAA2Zt8CI

A Crude Awakening - The Oil Crash, Viewings throughout the UK, Nov-Dec 2007

The award-winning Peak Oil film A Crude Awakening will be shown at public cinemas throughout the UK during November / December 2007. The venues so far include: Soho (London), Lancaster, Oxford, Manchester, Glasgow, Sheffield, Birmingham, Bradford, Leicester, Dumfries, Edinburgh, Falmouth, Inverness, Cardiff. Further information - http://www.dogwoof.com/crudeawakening/screenings.html.

Crude Impact is available to buy as a DVD from the Crude Impact website - http://www.crudeimpact.com/page.asp?content_id=9638.

2b/ UK - A CRUDE AWAKENING: THE OIL CRASH TO BE RELEASED ON FRIDAY 9 NOVEMBER

“Slick, striking and sobering” **** Empire

“One of the most important films in years. An absolute must see” Attitude

“Powerful and compelling” Little White Lies

Produced and directed by award-winning European journalists and filmmakers Basil Gelpke and Ray McCormack, A CRUDE AWAKENING: THE OIL CRASH tells the story of how our civilization’s addiction to oil is putting it on a collision course with geology - everyday this worrying phenomenon is made apparent as oil prices continue to increase at an ever-increasing pace. The most important point is to make society aware of this issue, which has previously been shielded from us, and to realise there are very good reasons for investing and developing in new energy resources in addition to the environmental concerns.

The conclusion is stark yet logical – our industrial society, built on cheap and readily available oil, must be completely re-imagined and overhauled.

The film opens THIS FRIDAY at the Curzon Soho (99 Shaftesbury Avenue, London W1D 5DY) and the 6.30pm performance that evening will see co-director Ray McCormack participate in a Q&A session with journalist Rosie Boycott after the screening of the film. Tickets can be purchased in advance from 0871 7033 968 or at www.curzoncinemas.com.

Further information about the film can be found at www.dogwoof.com/crudeawakening - please check the ‘Screenings’ page regularly at http://www.dogwoof.com/crudeawakening/screenings.html to see when the film is playing near you.

We’re running out.

And we don’t have a plan.

3a/ Credit card users hurt by squeeze (The Times, Tue 06 Nov)

http://business.timesonline.co.uk/tol/business/money/borrowing/article28...

> Nearly half of all shoppers seeking new credit cards are being refused, as a money squeeze begins to hit ordinary borrowers.
>
> The number of applications refused by card providers has risen by 17 per cent to an estimated 3.27 million in the past six months, figures released yesterday showed, while those who are granted a card are being forced to pay higher interest rates and charges. There have been 125 separate fee and rate increases over the past two months.
>
> Young people aged between 25 and 34 are most likely to be refused a card, according to Moneyexpert.com, the price comparison website. But financial experts said that people already struggling with debt would be hardest hit by the clampdown...

3b/ Markets fear banks have $1 trillion in toxic debt (The Independent, Tue 06 Nov)

http://news.independent.co.uk/business/news/article3132507.ece

> A new phase in the credit crunch, one of "$1 trillion losses" seems to be dawning. The crisis at Citigroup and renewed doubts about some of the world's leading banks disquieted stock markets on both sides of the Atlantic yesterday, with the fractious mood set to continue.
>
> The FTSE 100 fell 69.2 to 6,461.4, with Alliance & Leicester (down 4 per cent) and Barclays (off 3 per cent, to a two-year low) singled out for punishment. In New York, Citigroup, down |4.9 per cent to multi-year lows, weighed on the Dow Jones index, which fell 51.7, or 0.4 per cent, to 13,543.4. Merrill Lynch, Goldman Sachs and Lehman Brothers also dropped on speculation they face more writedowns on top of the $40bn (£19bn) announced in the past four months.
>
> Bill Gross, the chief investment officer of Pacific Investment Management, said US mortgage delinquencies and defaults would rise in 2008. "There are $1 trillion worth of sub-primes, Alt-As [self-certified] and basically garbage loans," he said, adding that he expects some $250bn in defaults. "We've only begun to see the pain from rising mortgage payments," he added.
>
> ... Meanwhile, on the continent, newspaper reports named two German banks – WestLB and a small specialised bank for professional people – as possible next victims of the crisis.

3c/ Anatomy of a credit crisis (The Independent, Tue 06 Nov)

http://news.independent.co.uk/business/analysis_and_features/article3132...

Comment: Good overview of the Northern Rock fiasco, starting off with the financial crisis in the Far East 10 years ago. The Bank of England, and in particular its Governor Mervyn King, have had a lot of bad press over the last month or so, mainly due to the run on the Northern Rock bank, but this article gives the impression that while one or two mistakes may have been made by the BoE, they acted the best they could, and seem to have been given a raw deal by the other players. Various commentators and economists have been saying that the Rock is a fundamentally sound bank, I would suggest reading this article and make up your own mind: "Yet reliance on the booming credit markets meant Northern Rock's problem was not risky lending but reckless borrowing."

> ... But the UK mortgage market was highly competitive. How could the Rock, with its small market share and tiny branch network, compete with giants such as Halifax? In the late 1990s, Northern Rock began to tap the growing debt markets to gain cheap funding for its growth. As it began to expand rapidly, the collision of the once-sleepy former building society with the global capital markets was set in motion.
>
> Securitisation allowed the Rock to generate cash and unload risk by parcelling its home loans as bonds and selling them to willing investors. When Adam Applegarth took over as chief executive in 2001, the bank increased its growth rate in a grab for volume and market share.
>
> By this year, the Rock was tapping the markets for nearly three-quarters of its funding – more than any other UK bank.
>
> Since the bank's near implosion there have been plenty of voices saying they saw it coming. Yet reliance on the booming credit markets meant Northern Rock's problem was not risky lending but reckless borrowing.
>
> ... After the freeze on 9 August, it became clear Northern Rock was barely a bank at all. A senior source says: "Northern Rock was a gigantic SIV." Like a structured investment vehicle, Northern Rock issued cheap short-term debt to fund longer lending for higher yields. While SIVs invested in US sub-prime securities, Northern Rock sold mortgages.
>
> And, as with SIVs, when investors fled the markets the Rock struggled to refinance its debt as loans matured.
>
> The run on the Rock began more than a month before queues formed outside branches, when its wholesale depositors stopped lending. The Rock turned to the inter-bank market, but other banks were aware of its problems and had reined in lending. The Rock was doomed.
>
> ... The ECB's eye-catching liquidity injections in early August appeared at odds with Mr King's lack of intervention. But the ECB's net injection in August and September was zero. Instead it just changed the timing of reserves because it believed banks would need more money at the start of the month and less at the end.
>
> ... On 13 August, Northern Rock told the FSA it was in trouble and the regulator set about trying to find a buyer. Talks with Lloyds TSB gathered pace, but Lloyds was worried about funding strain as the credit crunch bit. It told the Bank of England it would need up to £30bn of loans for two years to do the deal. The tripartite authority refused the request on 10 September because EU rules meant the Bank could not give preferential treatment to a single bidder.
>
> ... With no rescue deal and £27bn of Northern Rock's debt to be refinanced by the end of 2007, the authorities had to find a way to stop the wholesale run before the company went bust...

3d/ Plunging markets fear a meltdown (The Telegraph, Tue 06 Nov) http://www.telegraph.co.uk/money/main.jhtml?xml=/money/2007/11/06/ccciti...

Comment: The latest from Ambrose Evans-Pritchard. Grim. New peak term - "peak pain".

> The peak pain for America's sub-prime debtors will hit next spring as interest rates jerk upwards with venomous effect on all those "teaser" loans taken out at the height of the property bubble in 2005 and 2006.
>
> A cascade of defaults will inevitably follow through next summer and beyond, hobbling any recovery in the global credit markets for months to come.
>
> The losses are already bad enough. A study by Barclays Capital found that 16pc of sub-prime mortgages taken out in January 2006 are in default, and 28pc are in arrears beyond 30 days. Struggling to catch up, the rating agencies downgraded a further $100bn of mortgage debt in October alone.
>
> This mortgage debt – mostly packaged into collateralised debt obligations (CDOs) and sold to banks, hedge funds, insurers, and pension funds across the world – is tracked by the ABX index. This shows that some of the AA tranches have lost 20pc of their value, while the "toxic" BBB tranches have lost almost four fifths.
>
> While it is hard to calculate the damage, it is clear that roughly $2,000bn (£1,000bn) of sub-prime debt and related 'Alt-A' debt is worth far less than book value.
>
> ... Deutsche Bank chairman Josef Ackermann warns that total sub-prime losses are likely to be $150bn to $250bn, triple the bank's estimate in July.
>
> ... The suspicion is that banks in Germany, Spain, and Britain are still trying to muddle through in the hope that the market for CDOs will recover enough to bail them out.
>
> Suki Mann, a strategist at Société Générale, said the credit markets feared an "Armageddon scenario" once again. "We're back to pre-September risk-aversion mode," he said.
>
> Hans-Redeker, currency chief at BNP Paribas, said the banks could not easily reveal their true losses. "Our view is that these losses are so substantial that it puts current business models at risk," he said.
>
> ... Eric Chaney, Morgan Stanley's euro-zone economist, said there was now a risk of a manufacturing recession in Europe. "Production has fallen off a cliff in Germany and has slowed in The Netherlands, France, and Belgium. Something has happened. We take the warning seriously," he said...

3e/ Why market turmoil will hit us all (The Telegraph, Tue 06 Nov)

http://www.mediaplayer.telegraph.co.uk/?item=113213A5-15DC-493C-8E7B-4BD...

Comment: Podcast. Ambrose Evans-Pritchard, the pessimist, and Tom Stevenson, the optimist. Ambrose thinks the big problems which will lead to higher inflation and higher interest rates are here already, Tom a year or two away. 'Peak pain' in the USA housing market, when teaser loans with low interest rates become high interest rates, will occur March/April 2008, and monthly interest payments could double/triple.

> Despite the huge losses announced by investment banks, and the departures of bosses at Merrill Lynch, Citigroup and UBS, many analysts fear there is still more bad news to come. Ambrose Evans-Pritchard and Tom Stevenson tell Robert Miller how they believe that the volatility created by the credit crunch has further to run.

4a/ GTL Progress Falters As Developers Weigh Success Of First Wave Projects (Middle East Economic Survey, Tue 06 Nov)

No link, newsletter.

Comment: It is difficult to see how GTL projects can take off when global natural gas supplies are so tight, and as long as we avoid economic meltdown, likely to get tighter. In its Natural Gas Market Review 2007, the IEA lists 14 GTL projects (Table 4, p43):

Status 2007 / No. of projects

Existing: 2
First Product: 1 (Oryx)
Under Construction: 2
Advanced Planning: 1 (Oryx expansion)
FID Postponed: 1 (FID = Final Investment Decision)
Cancelled: 1
Postponed: 3 (all in Qatar due to the North field moratorium. These could probably be better described as 'cancelled' since the moratorium now stretches to 2012.)
Speculative: 3 (Egypt, Russia, Iran)

Total no. of GTL projects operational or under construction = 5

> A year ago the gas-to-liquids (GTL) industry was in bullish mood, with the first two major full-scale commercial GTL plants under development in Qatar, and a number of other countries optimistic about GTL's potential for monetizing stranded gas. Since then the Oryx GTL plant suffered technical problems after start-up, cost estimates for Pearl GTL have risen sharply, and most other proposed developments have been put on the back burner. David Knott reports from London on what the future holds for GTL, while Melanie Lovatt reports from Doha on progress in the Oryx and Pearl GTL projects.

4b/ Sweden raises a new hurdle for German-Russian pipeline (International Herald Tribune, Tue 06 Nov)

http://www.iht.com/articles/2007/11/06/business/pipeline.php?WT.mc_id=ne...

Comment: Hurdles in the way of the proposed Nord Stream gas pipeline, transporting gas from Russia to Europe. The UK will be desperate for some of this gas, if it can get any, by the time it becomes available.

> Fresh opposition emerged to the German-Russian project to build a natural gas pipeline under the Baltic Sea, as Swedish officials said Tuesday they had requested alternate routes to avoid damage to the environment.
>
> The request, made last week in Oslo during a meeting of representatives of the other five countries affected by the pipeline - Denmark, Estonia, Finland, Germany and Russia

> - represented yet another blow to the Nord Stream consortium, which is already facing delays in obtaining construction permits for the project.
>
> It follows a resolution last week by the European Parliament, which urged EU governments and the European Commission not to approve any new, large investments in infrastructure until a complete assessment of the environmental impact had been carried out.
>
> ... But in Moscow, President Vladimir Putin, who along with the former German chancellor, Gerhard Schröder, has been at the helm of the project from the start, clinched a deal Tuesday with Gasunie, the Dutch energy infrastructure company. Gasunie becomes the fourth partner in Nord Stream, joining the German companies Wintershall and E.ON Ruhrgas, and Gazprom, the state-owned Russian energy monopoly.
>
> ... Despite the celebrations in Moscow, the consortium still has to obtain construction permits for the pipeline. In Sweden, where the government has taken a tough stance on environmental issues, officials there said Nord Stream had failed to present alternative routes.
>
> ... So far, none of the other countries affected by the pipeline have issued permits either; they are awaiting the final opinion from the UN Espoo Convention, which assesses the environmental impact of projects involving several countries.
>
> ... Nord Stream had hoped to obtain permits by the end of this year or next spring at the latest. But given the necessity for public hearings over the environment and objections by countries bordering the Baltic Sea, Jens Müller, a spokesman for Nord Stream, said Tuesday that "we hope to have all the permits by the spring of 2009."
>
> He insisted the company would still be able to complete the first phase of construction by 2010, when about 27.5 billion cubic meters of natural gas, or 971 million cubic feet, are expected to be sent. The second phase could be completed a year later, Müller said.
>
> According to Sergei Serdyukov, Nord Stream's technical director, construction of the offshore link would be delayed by six months, to July 2009.

5/ Monty Don on Peak Oil and Gardening (Transition Culture, Wed 31 Oct)

http://transitionculture.org/2007/10/31/monty-don-on-peak-oil-and-garden...

Comment: Rob Hopkins at Transition Culture / Transition Town Totnes continues to get the Peak Oil message across in a most admirable way. Monty Don, the presenter of BBC's 'Gardeners World', is one of many people who have been impressed by Rob's talks, and become a Peak Oil convert himself. Monty covers Peak Oil in the latest issue of Gardeners' World Magazine.

> [After a detailed introduction discussing how gardeners use oil products]
>
> ... There is a new book about to be published by Rob Hopkins, called "The Transition Handbook: from oil dependency to local resilience". It's a brilliant exposure of how struggling to find alternative ways to keep on doing exactly what we've been doing for the past 50 years is absurd. He believes that this crisis is an opportunity to make the world a better place, with a higher quality of life for everyone.
>
> The first point he makes is that we are reaching the peak of world oil production right

now. Oil won't dry up, but the cost of producing it will rise inexorably as it becomes harder and harder to get at. Biomass, hydro, solar and wind power are useful but can't possibly replace our current consumption of oil. It would take 67 new nuclear power stations to do that. No, replacing oil is the wrong way to go about it. It's like trying to lose weight by eating low-cal versions of your existing diet without altering your lifestyle. We must all consume less of everything now. Instead of using up diminishing resources, we must become resourceful.

This is easily said, but means some radical changes. Hopkins advocates developing oil-resilience – creating a lifestyle that can cope as well as possible with as little oil as possible. The less oil you need to garden with, the more resilient you are...

6/ Peak Oil in the Mainstream Business Press (The Oil Drum: Europe / 'Energy', Mon 05 Nov)

http://europe.theoildrum.com/node/3202#more

Comment: The Press and Journal (the main daily newspaper in Aberdeen, Scotland) publishes a monthly supplement called 'Energy'. It covers Peak Oil and related issues from time to time, but this month, November, has excelled. Euan Mearns at The Oil Drum: Europe discusses the main articles. See also the article:

CHAVEZ - BANE OF WASHINGTON, BLESSING FOR VENEZUELA http://www.thisisnorthscotland.co.uk/displayNode.jsp?nodeId=149235&comma...

where Brian Wilson, former UK Energy Minister, gives a very sympathetic review of Chavez, and discusses the ties between Scotland and Venezuela.

Energy website: http://www.energy.gb.com/index.asp?pkpage=1

Aberdeen, often promoted as the oil capital of Europe, has a local newspaper called the Press and Journal that serves the city and Northern Scotland. Once a month, they publish a business supplement called "Energy" that is edited by Jeremy Cresswell.

The impression I have had for a number of years (rightly or wrongly) is that "Energy" has favoured a fairly upbeat and optimistic editorial line on our energy future – though the editor assures me they have tried to carry a balanced perspective. In the November issue published yesterday, three prominent stories caught my eye:

All peaked out and no place else to go but do-o-o-wn

Will the wheels drop off the biofuels wagon?

Simmons spells it out – but when will the ostriches get their heads out of the sand?

Regular readers of The Oil Drum will be familiar with these stories. The point here is that these are published in the mainstream business press. There are excerpts below the fold plus links to the original articles on line. This is good Oil Drum fare, and the article on biofuels, in particular is worth reading...

7/ Telling the Whole Truth About Oil (Arab News [The Middle East's Leading English Language Daily], Tue 06 Nov)

http://www.arabnews.com/?page=7&section=0&article=103243&d=6&m=11&y=2007

Comment: This article does not contain anything new, but unusual too see a Saudi media outlet discussing Peak Oil.

> If a diplomat is "an honest man sent abroad to lie for the good of his country" (Sir Henry Wotton, 1612), then oil industry executives used to be the business world's equivalent of diplomats. The big international companies were chronically optimistic about the extent of their reserves, and state-controlled oil companies were even more prone to exaggeration. But now we have the spectacle of oil companies telling the truth about oil supplies — or at least more of the truth than usual. The occasion was last week's Oil and Money conference in London, and the most spectacular truth-teller was Christophe de Margerie, CEO of the French oil company Total, one of the international "big five." Last year his predecessor, Thierry Desmarest, caused a flutter in the industry by predicting that world oil output would peak around 2020. This year, de Margerie said that "100 million barrels (per day)...is now in my view an optimistic case."
>
> ... It is still deeply unpopular in the oil industry to talk about peak oil, but essentially what de Margerie was saying, albeit in a cautious and coded way, is that it is here or nearly here.
>
> ... The recent surge in the oil price, which may see it reach $100 a barrel in the near future, is largely a mirage caused by the collapse in the value of the US dollar. (The price of oil is generally quoted in US dollars, but cost of a barrel of oil in euros or yen has risen far less dramatically this year.) But the longer-term trend, which saw the price rise fivefold between 1999 and 2005, was driven by the tightening supply situation as demand raced ahead while production did not.
>
> It will get a lot worse if de Margerie is right, and he almost certainly is.

8/ Oil shale prospects (Energy Resources Yahoo Group, Tue 06 Nov)

http://tech.groups.yahoo.com/group/energyresources/message/105930

Comment: Interesting post on the Energy Resources Yahoo Group from Roger Arnold, on the viability of the western US oil shale resource.

> ... One of the posts I tried to reply to was Sheila's query regarding the size and viability of the western US oil shale resource. The resource is, indeed, huge, but the situation as to its viability is complex. At a recent conference, I spoke to an engineer from Shell who is working on their pilot project for in-situ retorting and recovery of shale oil. The bottom line: one kilowatt-hour of electrical energy translates to the (eventual) recovery of shale oil having three kilowatt-hours of thermal energy.
>
> That result can be looked at in several ways. The viability of the operation becomes extremely sensitive to the method used for power eneration. On the one hand, conventional power plants using coal or oil to fire steam boilers are only about 33% efficient. So if recovered oil is used to generate power for the operation in that type of plant, it's totally and absolutely non-viable. All of the recovered shale oil would have to be burned to generate the power consumed in continuing operation. It becomes just a very expensive system for producing waste heat.
>
> ... If the power input is limited to what can be produced by local wind and solar

resources, then the oil production will never achieve very high volume. Not in terms of present levels of global demand. OTOH [on the other hand], it does give western Colorado and eastern Utah a seemingly secure energy future. Probably secure enough to thoroughly ruin the region with an influx of population. In fact, I saw it starting to happen. Sigh!

9/ COMMENT: Biofuels can match oil production (Financial Times, Wed 07 Nov)

http://search.ft.com/nonFtArticle?id=071107000012&ct=0

Comment: The FTs contribution to the Peak Oil debate – biofuels will solve the problems? No mention of any of the current problems with producing biofuels.

"including the demise of the price-setting power of the Organisation of the Petroleum Exporting Countries" Does anyone believe OPEC still has price-setting powers?

Peering into the future seldom produces a clear picture. But this is not the case with bioenergy. Its long-term impacts on the global economy appear to be pretty clear, making many long-term predictions quite compelling, including the demise of the price-setting power of the Organisation of the Petroleum Exporting Countries and the end of agricultural protectionism.

First, technology is bound to deliver a biofuel that will be competitive with fossil energy at something like current prices.

... Second, the world is full of underutilised land that can grow the biomass that the new technology will require.

... Third, even if only partially used, this large potential biofuels supply will cap the price of oil because its supply is much more elastic than the supply of oil.

... Fourth, the price of agricultural land will be influenced by its potential use for bio-energy.

... Fifth, the increase in the price of agricultural land and of food will relieve governments from the current political pressure to protect the agricultural sector.

... Sixth, the countries that have the largest endowment of under-utilised lands are in the developing world, especially Africa and Latin America.

... Bio-energy will make those infrastructure investments socially profitable, creating a possible stepping stone into other industries.

Some policy action in industrialised countries will be required to make this world possible. Biofuels policy needs to stop being seen through the prism of agricultural support policy - which justifies a 54 cents a gallon US tariff on Brazilian ethanol - and instead become the purview of energy and environmental policies. Standards will have to be developed to allow the energy and automotive industries to co-ordinate technologies. To make this scenario appealing, the impact of the expansion of the agricultural frontier on the environment and biodiversity, and the distributive effects of the rise in food prices will have to be addressed.

But these problems seem solvable given the expected political benefits in terms of lower net carbon emissions, more energy security, more efficient agricultural policies and greater opportunities for sustainable development.

10a/ Chinese, Indian Growth to Spur Oil `Crunch,' IEA Says (Bloomberg, Wed 07 Nov)

http://www.bloomberg.com/apps/news?pid=20601087&sid=aP3OXSofGuFY&refer=home

> Chinese and Indian crude oil imports will almost quadruple by 2030, creating a supply ``crunch'' as soon as 2015, the International Energy Agency said.
>
> China will replace the U.S. as the world's largest energy user early next decade and its oil demand will more than double to 16.5 million barrels a day by 2030, led by a sevenfold increase in Chinese car ownership, the IEA said. China and India together account for almost half of a projected 55 percent increase in world energy demand, the IEA said in its World Energy Outlook.
>
> Oil investments of $5.3 trillion will be needed as new sources pace slowing output from old wells, the IEA said. If investments aren't made, this year's 61 percent surge in crude prices to more than $98 a barrel may be the start.
>
> ``From 2012, oil supply will be tight, this is not good news for anybody who wants to see an ease in prices,'' IEA Chief Economist Fatih Birol told reporters in London. ``The message to our governments is to slow down the demand increases and to producers to invest more if we want to avoid a supply crunch.''...

10b/ Oil Prices: It Gets Worse (Time, Wed 07 Nov)

http://www.time.com/time/business/article/0,8599,1681362,00.html

> Oil prices hit a record high of $97 a barrel on Tuesday, but the next generation of consumers could look back on that price with envy. The dire predictions of a key report on international oil supplies released Wednesday suggest that oil prices could move irreversibly over the $100-a-barrel threshold in the not too distant future, as the global economy faces a serious energy shortage.
>
> This gloomy assessment comes from the International Energy Agency, the Paris-based organization representing the 26 rich, gas-guzzling member nations of the Organization for Economic Cooperation and Development (OECD). The agency is not known for alarmist warnings, and its World Energy Outlook is typically viewed by policy wonks as a solid indicator of global energy supplies. In a marked change from its traditionally bland, measured tones, the IEA's 2007 report says governments need to make urgent, bold decisions on energy policy, or risk massive environmental and energy-supply crises within two decades — crises and shortages that could spark serious global conflicts.
>
> "I am sorry to say this, but we are headed toward really bad days," IEA chief economist Fatih Birol told TIME this week. "Lots of targets have been set but very little has been done. There is a lot of talk and no action."
>
> ... "Most of the oil companies are going to be in an identity crisis, and need to redefine their business strategies," Birol says. The soul-searching may have already begun, as oil executives begin sounding the alarm about the supply crunch that lies ahead. Last week, Christophe de Margerie, CEO of the French oil giant Total, told the Financial Times that

> even the target of 100 million barrels a day is an optimistic one for an industry that currently produces 85 million — far short of the 116 million barrels a day the IEA projects will be needed by 2030 to fuel the global economy.
>
> ... "If you want to lower prices you have to slow down oil demand growth in China and India, use cars more efficiently, use biofuels, and also convince producing countries to pump more oil," says Birol. But he is uncertain any of that will happen. "I don't see the political will." Then again, nothing fuels political will like a soaring price at the gas pump.

10c/ World Energy Outlook 2007 - China and India Insights (IEA, Wed 07 Nov)

http://www.iea.org/w/bookshop/add.aspx?id=319

Comment: Links to the IEA online bookshop, World Energy Outlook 2007. Contains the Press Release, Table of Contents and the Executive Summary (http://www.iea.org/Textbase/npsum/WEO2007SUM.pdf).

> World leaders have pledged to act to change the energy future. Some new policies are in place. But the trends in energy demand, imports, coal use and greenhouse gas emissions to 2030 in this year's World Energy Outlook are even worse than projected in WEO 2006.
>
> China and India are the emerging giants of the world economy. Their unprecedented pace of economic development will require ever more energy, but it will transform living standards for billions. There can be no question of asking them selectively to curb growth so as to solve problems which are global.
>
> So how is the transition to be achieved to a more secure, lower-carbon energy system?
>
> WEO 2007 provides the answers. With extensive statistics, projections in three scenarios, analysis and advice, it shows China, India and the rest of the world why we need to co-operate to change the energy future and how to do it.

11/ Arctic storm disrupts some North sea fields (Reuters, Wed 07 Nov)

http://investing.reuters.co.uk/news/articleinvesting.aspx?type=allBreaki...

Comment: Seems like the North Sea is now going to have its equivalent to the Gulf of Mexico hurricane season, in terms of potential effects on the oil industry: "It forecasts the storm's biggest waves could reach 20 metres... The rest of the personnel will be relocated to other platforms which were built to withstand harsher weather"

> Helicopters are evacuating hundreds of offshore workers from Norwegian North Sea fields run by BP (BP.L: Quote, Profile , Research) and ConocoPhillips (COP.N: Quote, Profile , Research) on Wednesday, due to an Arctic storm which poses a risk to aging oil and gas platforms.
>
> BP plans to shut its 80,000 barrels per day Valhall oilfield from Thursday night, while ConocoPhillips said it may be forced to shut down five of 16 oil platforms at the Ekofisk oil and gas field complex, seen producing some 236,000 barrels per day.

The Norwegian shelf's biggest operator, StatoilHydro (STL.OL: Quote, Profile , Research), said it has no plans to shut production, and Norway's Petroleum Safety Authority (PSA) said it did not expect the storm, due in the area on Thursday, to affect other fields.

"Platforms are being de-manned safely according to plan," said PSA spokeswoman Inger Anda.

Some Ekofisk and Valhall platforms have sunk closer to sea level because the sea floor they stand on has effectively deepened due to reservoir depletion over decades of production. This makes them risky during stormy weather.

"At fields where subsidence is a problem this is standard procedure when waves are this high -- and 14-15 metres (46-49 feet) swells are expected," Anda said.

"They are in a tight situation at Ekofisk and need these precautions because (at some platforms) subsidence has reached 6-7 metres over many years," she said.

The Norwegian Meteorological Institute said that a low pressure system now southwest of Iceland would likely develop into a gale force or storm over the next 24 hours.

It forecasts the storm's biggest waves could reach 20 metres and strongest winds, due to arrive in the oil-rich region on Thursday afternoon, could reach 80-100 kilometres per hour.

... ConocoPhillips has so far declined to comment on implications for production from Ekofisk -- on stream since 1971 -- where some 600 out of 1,400 offshore employees are expected to be sent back to land.

The rest of the personnel will be relocated to other platforms which were built to withstand harsher weather...