



DrumBeat: May 19, 2008

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[Bush to Arab Nations: You're Running Out of Oil](#)

PRESIDENT George Bush yesterday told leaders of the oil-rich states of the Middle East that they must face up to a future without their precious hydrocarbons.

In a stark warning, he said their supplies were running out and urged them to reform and diversify their economies. The outgoing United States president told the World Economic Forum, meeting in the Egyptian resort of Sharm el-Sheikh, that it was time to "prepare for the economic changes ahead".

[UPDATE-Norway airport strike felt by oil industry](#)

OSLO, May 19 (Reuters) - A ground workers' strike which has shut six Norwegian airports, and may close a further six on Tuesday, is affecting the North Sea oil and gas industry by hindering flights by helicopters to offshore platforms.

[Oil prices steady; gas breaks \\$4 in 2 markets](#)

The Saudi production increase was seen as minuscule, and no one expected the suspension of shipments to America's Strategic Petroleum Reserve to have much impact on supplies. Goldman Sachs, one of the most influential investment banks, underscored that sentiment Friday when it hiked its oil price forecast for the second-half of the year to \$141 a barrel, up from \$107 previously. Analysts at the bank argue that the oil market is undergoing a "structural repricing" that will continue to play out for some time to come.

[OIL GIANT SPLITS IN TWO](#)

EnCana to focus on gas, new entity on oilsands

The move could spark a new trend in the oilpatch, kicking off a round of breakups among companies that also have units that could be carved out. That would be a new theme for the sector, which has evolved through consolidation into an oligopoly of a handful of very large players that are so unwieldy they are seen as too big to swallow even by the world's largest oil companies.

[Animated map brings global climate crisis to life](#)

LONDON (Reuters) - A new animated map of the earth from space illustrates the potential impact of climate change over the next century and can be viewed on your computer.

[Russia's oil exports down 3.3% to 448 mln bbls in Jan-March](#)

MOSCOW, May 19 (RIA Novosti) - Russia's crude exports declined 3.3% year-on-year in the first quarter to 61.1 million metric tons (448 million barrels), the country's top statistics body said on Monday.

[Oil Rises on Speculation Saudi Supply Increase Won't Cut Prices](#)

Unions shut down six airports, including Bergen and Kristiansund, the two biggest bases for helicopter transport to and from oil platforms on the Norwegian continental shelf. The strike may extend tomorrow to Stavanger's Sola airport amid a labor dispute with Avinor AS, which operates 46 airports.

ConocoPhillips said it may have to cut output from the Ekofisk field if a strike spreads to Stavanger. Ekofisk pumps about 400,000 barrels of oil a day.

[Kashagan field oil production delayed](#)

Kazakhstan's Minister of Energy and Mineral Resources Sauat Mynbaev said foreign participants in the Agip KCO consortium have proposed postponing the beginning of commercial production for another couple of years in Kazakhstan's Kashagan oil field. According to the minister, they talked about re-scheduling the "big Kashagan oil" from 2011 to 2012 or 2013. "The foreign participants of the consortium want to postpone. They have different scenarios - 2012 or 2013," Mynbaev said. Such a position of the

consortium shareholders puts an end to the plans of Kazakhstan to become one of the world's 10 largest producers of "black gold," or rather, it puts them off for another two years resulting in a total setback of seven to eight years, considering the original date of the first oil plan had been 2005.

[When cars compete with people for food](#)

Crude oil prices hit \$120 a barrel this month, translating into gas pump prices above \$4 a gallon in parts of the United States. As a result, the rallying cry of energy self-sufficiency is gaining strength, reinforcing the U.S. policy of promoting renewable fuels, particularly corn-based ethanol, to reduce dependence on imported oil.

But a different rallying cry - food self-sufficiency - is becoming louder in many developing countries where rice, wheat and other staples are in such short supply that food riots have erupted. China, India, Argentina and several other countries have raised export restrictions on key crops to ensure food supplies for their consumers. That move has further increased world prices.

[Diesel Prices Soar Ahead of Olympics](#)

The rise of diesel, and more broadly, the category of fuel known as middle distillates, is driven by stockpiling in China ahead of the Olympic Games in August and the prospect of even more fuel needed to aid the rebuilding effort in Sichuan province after last week's destructive earthquake.

Prices are also supported by abnormally low inventories in Europe. And for the first time, the U.S. is playing a key role in supplying the global market because its diesel now is more palatable to the rest of the world.

[Not Enough Oil Is Lament of BP, Exxon on Spending \(Update1\)](#)

``The international oil companies cannot dictate the tempo any more," said Fadel Gheit, an analyst at Oppenheimer & Co. in New York. ``They can try projects that didn't work two years ago, but it's not a question of money. They don't have access to resources."

[Peak Oil and Politicians](#)

I asked Lisa Wright why Bartlett's office thinks the peak oil issue has gotten so little traction in the media and with politicians. Wright blamed a human psychological condition known as

cognitive dissonance, "the phenomenon that you only hear what you're interested in hearing."

"Hard truths are hard to talk about as well as hard to absorb," she said. "It's much easier to believe people who say that if we just have more American production then we wouldn't have to worry about foreign imports, without explaining that we're already pumping our minute portion of world reserves three or four times faster than the rest of the world. But we can't drill our way to self-sufficiency because you can't pump what's not there."

[The same new ideas](#)

As these examples suggest, the reappearance of the same new ideas over and over again has a troubling side. Many of those ideas have been tried repeatedly in the past, and have worked very, very poorly. Despite their appeal, there's no good reason to think that they'll work any better in their latest incarnations. Thus it may be worth looking into the immense failure of cultural memory that stands in the way of tracing the histories of our own ideas.

[Briefing: Oil \(CNN\)](#)

But according to Professor Kjell Aleklett of Association for the Study of Peak Oil&Gas (ASPO International) peak oil is going to happen a lot sooner.

"We have a decline in production at today's oil fields of roughly 4 percent a year. At current production levels [82mb/d] that means we are going to lose 30 million barrels a day over the next ten years," Aleklett told CNN.

[Texas Sinkhole Puts Spotlight On Oil, Gas Drilling](#)

A stadium-size sinkhole that formed in south Texas's oil country this month is renewing questions about the effects of billions of barrels of saltwater injected into the ground each year as a byproduct of oil and gas drilling.



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