



The Bullroarer - Wednesday 26 March 2008

Posted by [Big Gav](#) on March 26, 2008 - 8:42am in [The Oil Drum: Australia/New Zealand](#)

Topic: [Miscellaneous](#)

SMH - [The Oil Price Is No Big Deal For Toll Roads](#)

When a barrel of oil was changing hands for around \$US50 back in 2005, Goldman Sachs came out with a report which predicted oil would get to \$US100. The report was mocked as if it came from some kind of crackpot peak oil theorist. Now traders are explaining in daily market reports how weak demand has been the reason the oil price slipped under \$US100 and peak oil theory is mainstream, though preferably ignored. And now Goldman, no doubt emboldened by its heroic call on oil from the days when \$US50 seemed outrageous, has sallied forth with a "super-spike high-end" price of \$US200 a barrel by 2010 should there be supply disruptions. That doesn't mean it's right but it is a fair call that oil is on an inexorable trajectory ... higher.

For the toll-road operators, though, the oil price assumptions are "externalities" which are not public information but are contained in the "independent expert" traffic opinions from consultants used in their models. You would think it were in the public interest for this information to be provided to taxpayers as they would be picking up the bill were the oil price to run too high and dramatically affect road patronage. Apparently not.

SMH - [Shower Without Glory](#)

As climate change - and our need to limit it - catches up with us, perhaps we need to examine more critically some of our daily habits. So let me ask you a personal question: how often do you take a shower? If your answer is daily, you wouldn't hesitate to tell me. If your answer is twice a day, you may be quite proud of the fact. If your answer is two or three times a week, you'd probably prefer me to mind my own business.

But consider this: when you remember how much energy and water we use for our showering, the day may not be far distant when that order is reversed. When the person who showers only a few times a week is pleased to tell you so, while the person still showering twice a day doesn't like to admit it. Does that prospect appal you? Do you shudder at the thought of conditions deteriorating to the point where we're all walking around dirty? If so, I have news, courtesy of an eye-opening book I've been reading by the British sociologist Elizabeth Shove, *Comfort, Cleanliness and Convenience*.

The Australian - [Garnaut warns on petrol exclusion plan](#)

EXCLUDING petrol from an Australian emissions trading scheme would only raise the overall cost of moving to a low-emissions economy, the Government's chief climate change adviser said.

The Australian - [Woodside to refit ageing oil vessel](#)

WOODSIDE is investigating leasing and converting a big floating storage and offloading vessel (FSO) to replace the Cossack Pioneer, which produces around 73,000 barrels of oil a day from North West Shelf fields. The move is expected to save millions of dollars in lost production and in refurbishment costs, since the existing vessel will have to be taken out of service next year for about 10 months for refurbishment. The Cossack Pioneer was commissioned in 1995 and the overhaul is expected to cost more than \$855 million.

The Australian - [BHP not sure on Neptune anomalies](#)

BHP Billiton says it may be days before it is clear about the effect of "anomalies" that forced the evacuation of its Neptune platform in the Gulf of Mexico. ... Neptune, a tension leg platform, is a flagship investment for BHP as it is its first stand-alone facility in the Gulf of Mexico. It is designed to produce 50,000 barrels of oil and 50 million cubic feet of gas daily from a reservoir estimated to contain between 100 million and 150 million barrels of oil equivalent.

The Australian - [Neptune launch slips on safety problem](#)

The Australian - [AGL sells Chile gas outlet](#)

AGL Energy has sold its Chilean gas distribution business, GasValpo, for \$US90 million (\$98.4 million), which represents a small book loss. ... GasValpo was always outside AGL Energy's core business, once AGL Energy decided to concentrate on its Australian retail energy operations. Since February, AGL Energy has announced it has acquired the rights for a third wind farm for its Hallet development in South Australia and confirmed it is considering options for disposing its PNG oil and gas assets once the front-end engineering and design decision for the ExxonMobil-led PNG LNG project is confirmed.

SMH - [Extreme makeover for Quay, Darling Harbour and beyond](#)

TEARING down the Cahill Expressway, moving Circular Quay railway station, remaking Darling Harbour and building a huge convention centre over the tracks at Central are part of the City of Sydney's grand vision for 2030, to be made public today. The city would be greener as well as sleeker, with much of the city sourcing its power from local, gas-fired power plants. George Street would be transformed from a car and bus gridlock into a pedestrian-friendly, light rail thoroughfare. The long-derided Monorail, Cahill Expressway and Western Distributor would be pulled down and parking space in the city would be cut to deter people from driving into the city centre.

The Australian - [Day of truth closer on hot rocks](#)

At the weekend, long-term geothermal energy hopeful Geodynamics conducted flow tests on its Habanero wells near Innamincka in South Australia. The company is not scheduled to report on the results until later this week, but the Cooper Basin project is now well advanced after years of technical difficulties. Geodynamics managing director Gerry Grove-White takes a realistic view, conscious of the disappointments flowing from past hype. "It has been a long wait but we are making real progress," he said before last weekend's flow test program. Having established a robust hydraulic link between the Habanero-1 and Habanero-3 wells, the tests are designed to assess whether there is a pressure drop between them.

ABC - [Innamincka going green with geothermal power](#)

Residents in the remote town of Innamincka in South Australia's far north-east could be going clean and green, if plans to build a geothermal power station go ahead. Geothermal company, Geodynamics, is currently testing for hot rocks in the Cooper Basin and is looking to build a power station near Innamincka by the end of the year.

SMH - [Opportunity knocks in fertiliser boom](#)

PHOSPHATE may not be as glamorous as diamonds and gold, but the fertiliser ingredient has attracted the attention of the Melbourne mining identity "Diamond Joe" Gutnick and high-profile backers such as the tennis legend Ken Rosewall. ... The price for phosphate rock has risen from \$US50 a tonne at the start of last year to \$US350 to \$US400 a tonne last week due to supply shortages and increasing global demand for fertilisers. ... Legend is not the only company trying to take advantage of high export prices for phosphate rock.

Perth explorer Minemakers is looking to produce two to three million tonnes a year from its Wonarah project in the Northern Territory starting in 2010. Rio Tinto previously assessed the project and concluded it would need a phosphate price of nearly \$US100 a tonne to be viable. Both projects would be unlikely to proceed based on the long-term phosphate rock price of \$US65 a tonne used by Goldman Sachs JBWere in its valuation of Incitec Pivot in November.

The Incitec Pivot managing director, Julian Segal, recently told the ABC's Inside Business that he expected the global fertiliser market would remain strong in the long term. He said there was so much demand from the Chinese market that he had received a number of approaches about expanding Incitec's ability to export fertiliser or raw materials.

SMH - [Garnaut warns of electric shock](#)

Australian governments face some inconvenient truths about electricity and petrol under an emissions trading scheme (ETS), the Federal Government's chief economic adviser on climate change says. In a speech and slide show not unlike an Al Gore climate change presentation, economist Ross Garnaut today repeated key points of his ETS proposal to 1000 business leaders in Sydney. Rising electricity and fuel prices under the ETS were key points in the climate change discussion paper he released last week on behalf of Australian governments

The Australian - [Millions 'at risk' from warmer world](#)

RISING seas and water shortages will displace about 125 million people living along the coasts of India and Bangladesh by the turn of the century, according to Greenpeace. In a study on rapidly warming South Asia, the global environment group said climate change would also trigger erratic monsoons and break down agricultural systems in the vast and densely populated Gangetic delta. India, whose economy has grown by 8-9 per cent annually in recent years, is one of the world's top polluters and contributes around 4 per cent of global greenhouse gas emissions as its consumption of fossil fuels grows.

The Australian - [Emissions trading 'could cut state tax'](#)

THE Coalition will use the implementation of an emissions trading scheme to highlight what it sees as the Rudd Government's failure to produce a genuine economic reform agenda. In a speech tonight to the Sydney Institute, Opposition Treasury spokesman Malcolm Turnbull will call for the repeal of inefficient state taxes as part of a major tax overhaul funded from the multi-billion-dollar revenue flowing from the auctioning of emission permits.

SMH - [Electricity inquiries show no spark](#)

If the Government does sell the state's electricity assets, lucrative returns will be lost. As might be expected from a natural monopoly, the three generators and three distributors slated for privatisation are extremely profitable. Net profits for the year ended June 30 last were \$1.542 billion. That is an average rate of return on equity of 25.2 per cent per annum. Even that figure is conservative. If private sector accounting methods were used, returns could nudge 30 per cent. These profits will hardly be compensated by the fees the Government can charge for the use of poles and wires that are supposedly to be left in government hands.

As dominant players, the state's electricity businesses are not exposed to significant risks, unless they choose to gamble in the national electricity market. They do face the challenge of reducing greenhouse gas emissions, but that responsibility can hardly be avoided through financial engineering (any more than James Hardie could evade its responsibilities for asbestos-related diseases).

The Australian - [Brumby holds firm on \\$10bn Murray plan](#)

VICTORIAN Premier John Brumby has maintained his refusal to cede control of the Murray-Darling river system to the Commonwealth.

SMH - [Murray-Darling buys water to save chicks](#)

Geelong Advertiser - [The oil slickers will survive](#)

Within four days of the world realising we are running out of oil there will be savages outside your front door, armed with spears, bent on carrying off your womenfolk. Your property in the inner city will be worthless, because that is where most of the roaming armed bands will be concentrated. Well, before all this happens, you will have to relocate to somewhere you can grow your own crops, raise your own swine and tend your own steak. A place you can lay mines, set up claymores, string grenades in trees, and dig spider holes and pits full of punji stakes to stop incoming marauders.

Or so the increasingly hysterical Peak Oil believers would have us believe. Maybe I've steeped myself too thoroughly in Peak Oil lore, but it has made me think about buying 250 hectares or so well away from any population centre, stocking up the Prius with some canned goods and a bazooka or two, getting a couple of females of breeding age and clearing fields of fire around the house. Now is the time to get out of the cities, the Peak Oil websites say, because the planet is a sick old man with a weak heart, and oil is its blood supply. We are about to lose our blood supply.

You think that's food you're eating? Huh-uh! It's oil. How were the crops it was made from fertilised? Oil. How did it get to you? Oil. What is it wrapped in? Oil.

Peak Oil is also a huge money spinner, with survivalist websites flogging everything from how to set up a house ``off the grid'', to catalogues for MREs (meals ready to eat), C-rations, claymores, grenades and assault rifles. For our own politicians, economists, experts and commentators, the solution for Peak Oil is the same as it is for the water crisis, the housing crisis and the Islamic jihad crisis.

The solution to all these problems is to dramatically boost imports of fiends seething with hatred for Australia and bent on the destruction of our way of life, so they can add to the roaming hordes outside your house come the Peak Oil apocalypse. Yes, Peak Oil is a problem. Don't believe me? Cut out this column and use it to make a fire to keep you warm after the Peak Oil apocalypse.

I'll be safely ensconced in my secret compound, where my skills at stringing words together and making headlines fit will be secondary to my skills at riding, shooting, setting up claymores, gunning down marauders, brewing my own beer and repopulating the planet. The first breeding pair of females I sent for through my survivalist website have just arrived, so I've got to go. I'd love to tell you where my secret compound is but I'm afraid you just might become part of a roaming band in four days, in which case, go get your own females.

Open The Future - [Peak Oil vs Global Warming](#)

Could we avoid the worst ravages of global warming because we run out of oil?

Not since King Kong vs. Godzilla have we seen a monster fight of this magnitude. Disaster vs. Disaster! Things Fall Apart vs. The Center Cannot Hold! Category I Apocalypse vs. Category I Apocalypse! Best of all, NASA's James Hansen serves as referee.

In the first corner, we have Peak Oil, the premise that we'll soon (or perhaps already) have reached the maximum production of petroleum, and that remaining reserves are far lower than generally acknowledged. The result: ever-rising fuel prices, global conflict over dwindling resources, and possibly even social and economic collapse if peak oil hits faster and harder than expected. Even the moderate-case scenarios show declining petroleum access by the 2020s -- and all while China and India are ramping up a car economy.

In the second corner, we have Global Warming, the result of greenhouse gases -- particularly CO2 from human sources, such as burning petroleum -- trapping heat in the atmosphere. We're now at 385 parts-per-million and rising (up from 284ppm in the pre-industrial era). Climatologists generally consider 450ppm a tipping point into unrecoverable disaster, although there are now some signs that the already-past 350ppm would be a safer maximum. Among the actions required to avoid global warming disaster: a dramatic reduction in the consumption of fossil fuels.



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