



Drumbeat: August 10, 2013

Posted by [Leanan](#) on August 10, 2013 - 9:53am

[Is peak oil demand just around the corner?](#)

For years, there's been lots of debate over "peak oil" — the notion that, at some point in the near future, the rate of global oil production will bump up against a hard ceiling. This is generally considered a gloomy prospect.

But another, related concept has started to bubble up in energy discussions lately. It's the notion of peak oil *demand*.

This is the idea that the world's appetite for oil may not be bottomless after all. Thanks to a combination of price increases, improvements in vehicle efficiency, as well as the advent of alternative fuels and electric cars, we may reach a point in the coming decades where the world's demand for oil actually starts declining. And if that happens before peak oil production hits, well, that would come as a relief.

[China set to become world's biggest oil importer](#)

China is poised to overtake the United States as the world's leading oil importer in October, part of a long-term trend that is forcing the Asian giant to find new supply sources including Canada to fuel its economy.

Chinese crude imports will exceed those of the United States for the first time on a monthly basis in October, and for the entire year in 2014, the U.S. Energy Information Administration said Friday.

[Oil Rises First Time in 6 Days on China Industrial Output](#)

West Texas Intermediate crude climbed for the first time in six days as industrial production increased in China, the second-biggest oil-consuming country.

Futures advanced 2.5 percent after data from China's National Bureau of Statistics showed factory output increased 9.7 percent in July, 0.8 percentage point more than forecast in a Bloomberg survey. There have been recent "signs of strength" in oil markets with a 3.1 million-barrels-a-day surge in world refinery operating rates in June, the International Energy Agency said in a report today.

"The industrial numbers out of China were impressive," said John Kilduff, a partner at

Again Capital LLC, a New York hedge fund that focuses on energy. "This comes on top of a week's worth of positive Chinese data."

[Relief at the pump: Gas prices on the decline](#)

Consumers are about to get a break at the gas pump for the rest of 2013 and much of 2014, analysts say.

Gasoline prices typically head lower after the peak summer driving season, and despite a blip Friday, wholesale prices reflecting September levels are slumping. Coupled with ample supplies and lower autumn demand, the national average price of regular-grade gasoline is likely to fall to about \$3.40 in the coming weeks. That's about 5% less than Saturday's \$3.56 national average.

[Biofuel Credit Shortage to Boost U.S. Gasoline Exports, IEA Says](#)

A shortage of biofuel credits needed for gasoline sales in the U.S. may lead to an increase in exports of the fuel from America in 2014, according to the International Energy Agency.

[Ethanol Weakens Against Gasoline as Higher Imports Boost Supply](#)

Ethanol weakened against gasoline on higher import levels of the biofuel and speculation that a robust corn crop will lift production.

[The US Is Well On Its Way To Replace Saudi Arabia As The World's Largest Oil Producer](#)

Perhaps the most important lesson one can ever hope to learn from this development is what it means for energy markets generally: that energy markets are governed by the very same simple principles as any other market.

There is a reason this happened in the US or Canada and not, say, in Venezuela or China – despite the fact that they sit on unconventional resources at least as plentiful as those in the US and Canada (oil sands in Venezuela, shale formations in China). This reason has nothing to do with resource endowments below ground but everything to do with competition and markets above ground. Innovation tends not to happen in economies where government control extinguishes the private reward for trial and error - in energy markets just as in any other industry.

[US unconventional plays will help reduce imports from abroad](#)

Unconventional oil and gas plays will continue to drive US and Canadian production for

years, with the Bakken formation in North Dakota and Montana along with the South Texas Eagle Ford shale play accounting for much of the tight oil production increase, said analysts with Wood Mackenzie Ltd.

The Bakken and Eagle Ford are expected to account for more than half of WoodMac's anticipated North America tight oil production volumes of more than 5 million b/d by 2019, analysts said during a recent webcast.

[The Coming Shale Write-Downs](#)

Not all shales are equal. Some shales are deeper than others; and some are dry gas, while others are gas with liquids. In North America, billions of dollars have gone into developing all types of shale formations to extract as much natural gas, natural-gas liquids, and oil as possible. The production from shale formations has truly been a game-changer for North America, but yet, oil is still more than US\$100 barrel.

[Subsea gas compression to boost recovery rates](#)

The introduction of subsea gas compression technology has been one of the biggest offshore stories of 2012 so far, representing a technological leap forward by the upstream industry that could hold huge potential for further improving field recovery rates.

[Iran Tanker Owner Seen Expanding Fleet by IHS Amid Sanctions](#)

NITC, Iran's biggest tanker company, increased the capacity of its supertanker fleet by 23 percent this year amid sanctions related to the nation's nuclear program that bar most of the world's ships from carrying Iranian crude, according to IHS Maritime.

[Moscow rejects Saudi offer to drop Assad for arms deal](#)

BEIRUT — Moscow has rejected a Saudi proposal to abandon Syria's president in return for a huge arms deal and a pledge to boost Russian influence in the Arab world, diplomats told AFP.

[Most embassies to reopen after al-Qaeda threat](#)

Eighteen of 19 of U.S. embassies and consulates across the Middle East, Asia and Africa closed recently will reopen on Sunday, State Department spokeswoman Jen Psaki announced in a statement released Friday evening.

The U.S. embassy in Sanaa, Yemen, will remain closed, Psaki added, because of continuing concerns about a threat for potential terrorist attacks by al Qaeda.

[Strange tale of Shell's pipeline battle, the Garda and £60,000 worth of booze](#)

Shell's Corrib gas project has been delayed for years by strong resistance in County Mayo. Now claims are emerging of corporate sweeteners, including a consignment of alcohol for police after a clash with protesters.

[Four Thai nationals kidnapped in southern Nigeria](#)

PORT HARCOURT, Nigeria, Aug. 10 (Xinhua) -- Four Thai nationals working with the oil rich Rivers State government in southeastern Nigeria were kidnapped by unidentified gunmen, local officials said on Saturday.

[After Going All In During Mining Boom, BHP Cuts Its Ambitions](#)

The U-turn from expansionary spending to aggressive pullback has swept the global mining industry with brutal speed and force. With fixed costs rising, commodities prices slumping and profit shrinking, the chief executives of four of the biggest multinationals – BHP, Rio Tinto, Anglo American and Barrick Gold – have all been replaced. And pinched companies are scrambling to sell off assets and raise money, with mixed results. On Thursday, Rio Tinto shelved plans to sell some aluminum assets, citing the tough environment.

[True cost of fracking is yet to be measured on a meter](#)

Ground water has been polluted. Air quality has suffered. Unpleasant chemicals and assorted waste have become serious problems. The tales of "fire coming out of taps" might count as TV novelties, but they are true. Since the drilling companies have shown a marked reluctance even to identify the chemical substances employed in the fracking process, unsettling conclusions have been drawn.

Humanity's attempt to squeeze a little more juice from the planet has been controversial on every continent. The French have banned fracking. Quebec has suspended use of the process while other provinces carry out reviews. Anti-fracking protests have become common in South Africa and Denmark. In the US, the state of Vermont has banned the technique. The Blackpool earthquake that saw drilling suspended in the UK counts as a minor phenomenon.

[Environmental, First Nations groups question the safety of Energy East pipeline plan](#)

Prime Minister Stephen Harper's ringing enthusiasm for the Energy East pipeline is raising concerns about the integrity of the review process that his government must conduct to ensure the project does not pose an undue environmental or safety risk.

[How Enbridge's Northern Gateway pipeline lost its way](#)

The ill will Enbridge faces in building a project identified as vital to Canada's international trade strategy speaks to the frailty of the many multibillion-dollar new developments planned by the country's resource sector, which are key to the country's economic future. Gateway has made clear there's no certain path for resource expansion, even for projects with the full weight of government support behind them.

['Independent Study' On Keystone XL Closely Linked To Fossil Fuel Companies](#)

In addition to consulting heavily with industry sources, the company relies on payments from these same companies. In addition to the payments IHS CERA receives from the energy companies who pay for its services, several sponsor and participate in its annual CERAWEEK executive conference. Among the sponsors of the 2013 conference in Houston were those likely to benefit from the pipeline: BP, Chevron, ConocoPhillips and ExxonMobil. Top executives from the American Petroleum Institute, ConocoPhillips, ExxonMobil, and BP are just a few of the interested parties who will be participating.

[ConocoPhillips plans new well in Alaska national reserve](#)

(Reuters) - ConocoPhillips has applied for permits to develop a new field in the National Petroleum Reserve in Alaska, a vast unit of federal land that has yet to yield commercially produced oil, according to the federal agency managing the reserve.

[School buses go green, with eco-friendly propane fuel](#)

A growing number of school districts across the USA are shifting parts of their fleets from diesel fuel to propane to stretch strained budgets and promote cleaner air, according to officials from school districts and from private companies that operate school fleets.

[Militant Filipino farmers destroy Golden Rice GM crop](#)

Genetically modified foods have an image problem all over the world. Field trials of GM wheat were targeted last year in the UK, and now some 400 farmers in the Philippines have stormed a government-owned GM research field.

[Wacky weather changing Iowans' climate change perceptions](#)

Scientists say annual weather proves little about climate trends, but this year and last, at opposite ends of the extreme weather spectrum, have strengthened Iowans' belief that the state's climate is changing.

[Australia: Senate panel warns over climate change](#)

A bipartisan warning over the dangers of climate change has pierced the electioneering, with a Senate committee pointing to the rising threat posed by extreme weather events and former Liberal leader John Hewson forecasting severe financial pain from unchecked carbon emissions.



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