



The Round-Up: May 11th 2007

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[World oil production has maxed out: Talisman](#)

Talisman chief executive Jim Buckee has never been one to shy away from controversy.

An astrophysicist, Buckee was one of the first energy industry executives to challenge the precepts of global warming and the subsequent demonization of all greenhouse gas producers -- a position that earned him the ire of the environmental lobby.

An adventurer, he took his company into one of the most controversial oil plays in the world -- Sudan -- believing it was a good thing, financially speaking, for the Calgary-based explorer. Some industry analysts believe that decision earned the company a stock market backlash, even though Talisman exited Sudan with a healthy financial gain over four years ago.

So when Buckee suggests, as he did at Talisman's annual meeting Wednesday, that Peak Oil has arrived, we are not completely surprised -- even if that observation is likely to again land him in the eye of a storm.

[Investigative journalist reports peak oil by 2020](#)

Investigative journalist and author David Strahan decided to explore the end of oil and its ramifications in his latest book: *The Last Oil Shock - A Survival Guide to the Imminent Extinction of Petroleum*.

Mr. Strahan explained that peak oil does not necessarily mean an immediate end to oil production but it is running out.

"It's not about getting to the bottom of the last barrel of oil on the planet, far from it, that's not going to happen for generations... it's about reaching a level of global production that we can't get higher than... so it's not running out in that sense it's reaching a peak and going into decline," he said.

However, these thoughts may leave one with a false sense of security as Mr. Strahan believes this could all happen sooner rather than later.

[Alberta mismanaging oil and gas boom: Parkland Institute think-tank study](#)

"The government has been seriously underselling Alberta's resources," said Diana Gibson, research director of the Parkland Institute on the University of Alberta campus. "Giving subsidies to the oil and gas sector at the time where they're making record profits year after year is not in line with other nations."

"Other nations are making those investments as equity purchases and getting a return on investment."

She noted that Norway has US\$300 billion in its resource revenue fund, lives off the interest and keeps the capital to hedge against falling revenues.

"Alberta has failed to do this, has failed to plan not just for the long term, but the short term beyond the boom," said Gibson, whose report, entitled Taming the Tempest, analyzes how the province has steered the economy through boom-bust oil cycles.

Premier Ed Stelmach's government has struck a panel to review royalty rates to ensure taxpayers are getting value for money.

[Choke point for oil sands may be water shortage](#)

The amount of water available in Northern Alberta isn't sufficient to accommodate both the needs of burgeoning oil sands development and preserve the Athabasca River, contends a study issued jointly yesterday by the University of Toronto and the University of Alberta.

The study, written in part by Dr. David Schindler, a University of Alberta biologist considered Canada's top water expert, suggests that the choke point for the province's oil sands expansion may not be the huge carbon dioxide emissions arising from mining and processing the sticky, bitumen containing tar sands, as is widely assumed, but a lack of water.

Oil sands plants typically use two to four barrels of water to extract a barrel of oil from the tar sands, a resource that has given the Northern Alberta region the world's largest petroleum reserves but made it a global centre of environmental controversy.

The problem of water availability is expected to become acute in the decades ahead because climate change is likely to cause much more arid conditions, reducing stream flows on the Athabasca River, the source of the industry's water, to critically low levels during parts of each year.

"Projected bitumen extraction in the oil sands will require too much water to sustain the river and Athabasca Delta, especially with the effects of predicted climate warning," the study said.

[Harper embraces the nuclear future](#)

For politicians, environmentalists, and the reactor industry, the new terms for the old debate over nuclear power would have been inconceivable back in the dark days after Three Mile Island and Chernobyl. In the 1970s and '80s, nuclear power had a disastrous

environmental image, and by the 1990s, the sector looked dormant, even doomed. But climate-change fears have intensified so much in the past few years that electricity without emissions sounds pretty sweet. The pro-nuclear side feels reborn. "We've been through the wars," says Jerry Hopwood, AECL's vice-president of reactor development, and a 32-year company veteran. "People like myself stuck with it through the tough times. Right now, morale is fantastic."

[Hosts needed for nuclear plants](#)

New nuclear power plants will only be located in communities that are willing hosts, about two hundred area residents were told at a forum in Port Dover last week. Duncan Hawthorne, CEO of Bruce Power, said if communities oppose a nuclear plant the provincial government and power generating companies will look elsewhere.

[Barrett asks, What do you think of nukes at Nanticoke?](#)

Rumours of McGuinty's nuclear power plan have placed a large question mark over Nanticoke OPG.

Yesterday Dalton McGuinty said he would be OK with new nuclear if a review approves it in December – this followed recent reports that the Energy Minister had mentioned the possibility of nukes at Nanticoke to the Mayor of Haldimand.

"I'm very concerned that this government is continuing their practice of making it up as they go along- leaving us with a made-in-Toronto decision that could place a nuclear facility in our backyard without our area being able to provide input," Barrett said. "The Energy Minister has yet to even pay a visit to Nanticoke –or Lambton for that matter – to see what he's dealing with and hear from those his electricity decision will impact."

[Local Interest In A Nuclear Nanticoke](#)

"I'm excited about the potential for economic growth," said Minister Finley. "The economic impact locally of a nuclear facility could mean 1200 full time jobs and a \$2 billion investment. These would be good, well-paying jobs with significant spin-off benefits to local businesses. This investment would help our kids stay and raise their own families here."

The initiative was launched because of the Ontario government's plan to close all coal generating plants in Ontario, including Nanticoke.

[Two sides crank up heat in nuclear power debate](#)

The debate over nuclear power is heating up in Ontario, with both sides preparing campaigns aimed at swaying public opinion as a provincial election looms.

Nuclear proponents got a boost yesterday with the release of a report from the Society

of Energy Professionals, whose 7,000 members – scientists and engineers who work in Ontario's energy sector – recommended that the province build 1,500 megawatts worth of new nuclear capacity beyond the 1,000 megawatts already targeted by the government.

Meanwhile, environmental groups such as WWF-Canada, Greenpeace and the Pembina Institute are gearing up for a battle. Media conferences and "lunch-and-learn" sessions with politicians and bureaucrats will be held over the coming weeks to highlight the waste-disposal risks and high costs of going nuclear, and the benefits of conservation and renewable energy.

"The coming election is going to be key and we're going to make sure nuclear is an issue," said Keith Stewart, a climate change analyst for WWF-Canada. "I think you'll be hearing a lot more about this on the airwaves soon."

The McGuinty government came under pressure yesterday after it was revealed in the Toronto Star on Sunday that Ontario Power Generation has proposed to the nuclear regulator a plan to build new reactors totalling 4,800 megawatts of capacity – nearly five times what the government is targeting.

Nuclear operator Bruce Power has proposed another 4,000 megawatts of new reactors in similar regulatory filings.

[Prof lauds storing nuclear waste on surface](#)

A planned nuclear plant in Alberta could likely ease pollution fears through over-ground storage, says a former consultant to the British and U.S. nuclear industries.

"The fuel for a Candu is actually quite condensed and highly radioactive, it's basically spent uranium, which is radioactive for a very long time," said Martyn Unsworth, now a professor at the University of Alberta who once worked on a project to determine the geological safety of underground nuclear waste storage.

"But it's pretty concentrated and the policy in Canada has been to store on site, on the surface in a secure compound."

[Silence on geothermal deafening](#)

Three months ago, the Toronto Star ran a lengthy story about an oil-industry consortium that is quietly exploring the use of geothermal heat as an alternative to using natural gas in the oil sands.

Today, natural gas is burned to produce the hot steam that's needed to extract bitumen from the tar sands. Alberta's world-famous sands are already the fastest-growing source of greenhouse gases in the country, and on the current growth path, emissions are expected to jump more than four-fold over the next 10 years.

Replacing much of this natural gas with clean, emission-free heat under the Earth's crust, a completely feasible option according to a recent research report out of the Massachusetts Institute of Technology, would go an enormous way toward achieving a halt, and eventually a decline, in Canada's carbon emissions.

The problem is, nobody is making noise about it. Not Ottawa. Not the provinces. Not even environmental groups.

[Fears rise about an ethanol bust](#)

President George W. Bush's January, 2006 declaration that the U.S. is "addicted to oil" marked the beginning of a gold rush for corn growers: The government policies the comment helped spur have been a boon for the producers of corn-based ethanol, the all-American fuel that now displaces about 4% of U.S. gasoline supply. Over the past 18 months, farmers have rushed to plant more corn and are set to produce a record crop this year while small-time entrepreneurs and agricultural giants alike have built plants to expand capacity. A handful of initial public offerings have fed investors' desire to get in on the action.

But while farmers and producers remain bullish on corn ethanol's prospects, a once-enthusiastic Wall Street is growing skeptical. On May 1, the largest U.S. ethanol producer, Archer Daniels Midland, reported quarterly earnings that fell short of analyst expectations, citing higher corn costs as a problem. ADM shares tumbled 5.4% that day to close at \$36.60 as investor disappointment spread throughout the sector. Shares of U.S. Bioenergy, Pacific Ethanol, Andersons, Aventine Renewable Energy, and VeraSun Energy dipped 1% to 2%.

Lurking behind ADM's gloomy news are doubts about the future of corn ethanol. A growing number of analysts, once bullish on the product, are warning that an oversupply may be coming as soon as this year. On Apr. 27, a Lehman Brothers report projected that production will outstrip demand in the second half of 2007, measuring the domestic thirst for corn ethanol at 420,000 barrels per day but supply at 445,000 barrels a day, mainly because the U.S. lacks the infrastructure to move the product to market.

"There's tremendous capacity coming online, but the infrastructure isn't there to keep up with it," says Michael Waldron, an oil markets research analyst at Lehman Brothers who co-authored the report. "We need a nationwide system to pipe it, and until that happens, we'll likely have an excess of product."

[Coal's future in doubt](#)

Early in their paper the authors ask, "Will coal be a fuel of the future?" Their disturbing conclusion, many pages later, is that "The analysis in the preceding chapters indicates that coal might not be so abundant, widely available and reliable as an energy source in the future." Along the way, they state "the world could run out of economically recoverable (at current economic and operating conditions) reserves of coal much earlier than widely anticipated."

[Gas gouging as much as 27 cents a litre: study](#)

The Canadian Centre for Policy Alternatives (CCPA) examined gasoline prices before and after Hurricane Katrina and found an unjustified hike in prices after the disaster.

"There's absolutely no doubt in my mind that we're paying far too much at this point for gasoline," Hugh Mackenzie, an economist and researcher with the group, told Canada AM on Thursday.

"There's no doubt in my mind that we're dealing with an industry that has the market power to charge what the market will bear."

Mackenzie said there was a psychological barrier in Canada about paying more than \$1 a litre for gasoline. But, after Katrina, the psychological factor was broken and exploited by gas companies.

[Ontario to push clean energy](#)

Ontario is going green on June 11 when the government unveils its plan to reduce greenhouse gas emissions, encourage conservation and boost renewable energy generation, the Star has learned.

Premier Dalton McGuinty's government's long-awaited green plan is expected to have more aggressive climate change targets than Ottawa's recently announced scheme.

[Global climate crisis requires global action](#)

The report's policy recommendations make it clear that Prime Minister Stephen Harper's latest green plan does not go nearly far enough and lacks the sense of urgency needed to protect the planet.

At the same time, the report's findings amount to a total rejection of Harper's claim that the Canadian economy would be heavily damaged if the country moved aggressively against global warming.

[Tories to exempt oil sands from curbs on key pollutants](#)

The federal government's new clean air plan will exempt Alberta's oil sands - alone among all sectors of heavy industry in Canada - from a requirement to cut emissions of two smog-causing pollutants.

And that has environmentalists issuing a pollution warning.

An Environment Canada document provided to non-government groups last week projects a 60 per cent rise in emissions of volatile organic compounds from the oil sands by 2015, and a 5 per cent increase in nitrous oxides emissions over the same period.

Volatile organics and nitrous oxides cause smog when mixed in sunlight.

"Every other sector has reductions," said Emilie Moorhouse, executive director of the Sierra Club. "Albertans' air quality is going to suffer because of this."

The federal plan also allows new oil sands projects an exemption from greenhouse emissions-cutting targets for the next three years, which will allow for rapid expansion

of the industry.

[Global rush to energy crops threatens to bring food shortages and increase poverty, says UN](#)

Last year more than a third of the entire US maize crop went to ethanol for fuel, a 48% increase on 2005, and Brazil and China grew the crops on nearly 50m acres of land. The EU has said that 10% of all fuel must come from biofuels by 2020. Biofuels can be used in place of petrol and diesel and can play a part in reducing emissions from transport.

On the positive side, the UN says that the crops have the potential to reduce and stabilise the price of oil, which could be very beneficial to poor countries. But it acknowledges that forests are already being felled to provide the land to grow vast plantations of palm oil trees. Environment groups argue strongly that this is catastrophic for the climate, and potentially devastating for forest animals like orangutans in Indonesia.

The UN warns: "Where crops are grown for energy purposes the use of large scale cropping could lead to significant biodiversity loss, soil erosion, and nutrient leaching. Even varied crops could have negative impacts if they replace wild forests or grasslands."

But the survey's findings are mixed on whether the crops will benefit or penalise poor countries, where most of the crops are expected to be grown in future. One school of thought argues that they will take the best land, which will increase global food prices. This could benefit some farmers but penalise others and also increase the cost of emergency food aid.

[Cheap power to Northeast US: a mixed blessing](#)

A major move to boost grid capacity is under way to bring more cheap coal-fired electricity to the high-cost Northeast. New transmission lines could lower utility bills for millions of consumers and avert blackouts that sometimes hobble the region.

At least eight lines, stretching some 2,000 miles through six states at an estimated cost of more than \$9 billion, are under active consideration or have been formally proposed. But the plan faces rising resistance.

The move would send high-voltage wires and towers up to 200-feet high through some of the most scenic areas of the mid-Atlantic states, where they could conflict with views of national parks, dedicated conservation easements, and Civil War and other historic sites. It would change the Northeast's energy mix, boosting its reliance on coal-fired energy while undercutting state efforts to move to renewable power and cut greenhouse-gas emissions, critics say.

And for the first time, final say on these projects would lie not with the states, which have often balked at siting transmission lines, but with the US Department of Energy, which supports the idea. Two weeks ago, it unveiled its plan for "national corridors" for power lines to improve reliability and reduce grid "congestion."

[Equalization and the offshore](#)

The 2005 New Offshore Revenue Agreement, spearheaded by former Premier John Hamm's Campaign for Fairness, strengthened and reaffirmed that agreement. It also remedied a situation that was costing Nova Scotia millions of dollars in equalization clawbacks based on its offshore revenues, and it extended that revenue protection for up to sixteen years. That agreement, fully supported by OTANS, thus gave the provincial government full incentive to develop the industry.

But the 2007 Federal Budget, in its current form, in effect unilaterally overrides the 2005 Agreement with the introduction of a "fiscal capacity cap." For while the new Budget makes the equalization deal better for all provinces, the fiscal cap has the net effect of taking away from the value of the province's offshore revenue - up to a billion dollars according to one estimate. This is a contravention of the spirit and intent - if not the letter - of the 2005 Agreement.

[Too easily given to outrage](#)

Danny Williams is a straight-talking businessman who calls it like he sees it, and he's firmly rooted in a Newfoundland tradition of politicians who have a certain gift for self-expression, which is why the media can always rely on the premier for a great quote.

But as with other professional polemicists, Mr. Williams is occasionally the victim of his own hyperbole. Canadians are witnessing one such episode today.

Mr. Williams is outraged, a state of mind that seems to come easily for him. He is spitting mad over the federal government's decision to incorporate two items into Canada's equalization formula: 1) the natural-resource wealth of the province and 2) a cap, so to speak, on the province's economic prosperity, in order to prevent a "have not" province from exceeding the economic success of Ontario, one of only two provinces actually paying into equalization.

[Moving Donkin coal by truck rejected by residents](#)

Donkin, a small coastal community in eastern Cape Breton, has some big concerns about a \$300-million coal mine project that is being explored by its new neighbour, international mining giant Xstrata Coal. Local residents at an open house in Donkin Wednesday had concerns about how Xstrata and its partner, Erdene Gold Inc. of Dartmouth, would transport up to five million tonnes of coal out of the community to world markets, if the project gets a green light.

[Foreign investment in Canada sees biggest jump since dot-com boom](#)

A wave of acquisitions of Canadian companies by foreign investors and a weaker Canadian dollar compared with European currencies resulted in Canadian direct investment abroad and foreign direct investment in Canada, recording the highest percentage increase in six years at the end of 2006, Statistics Canada reported

yesterday. Direct investment abroad hit \$523.3-billion, a gain of \$63.7-billion or 13.8% from the end of 2005, the fastest percentage increase since the technology boom of 2000, the report added. At the same time, foreign direct investment in Canada hit \$448.9-billion at the end of 2006, up \$41.3-billion, or 10.1%, from the end of 2005, the fastest percentage gain since 2000, the report said.

[Manulife seeks tighter limits on ownership: D'Alessandro calls for protection of 'sensitive' sectors](#)

Dominic D'Alessandro rallied to the cause of Canadian business yesterday, on a day that saw foreign firms announce they would spend more than US\$12-billion to acquire two homegrown resource companies.

The chief executive of Canada's second-largest company expressed concern over the number of foreign takeovers of domestic firms, saying Canada has become one of the most "bidderfriendly countries in the world."....

...."Our country has been endowed with certain resources that are irreplaceable, and it would be right for Canadians to expect to enjoy all of the benefits that flow from those endowments," Mr. D'Alessandro later told reporters, adding that other nations have moved to protect their resource sectors from foreign ownership.

[Harper denies Canada up for sale](#)

Stephen Harper, the Prime Minister, yesterday dismissed criticism that his Conservative government is overseeing, even encouraging, the sell-off of corporate Canada to foreigners.

"What the government is doing is putting a great big sign on the lawn ... 'Canada for sale,' " Jack Layton, the NDP leader, charged in the Commons.

Mr. Harper responded that the government's policy is that all major foreign takeovers must be scrutinized and found to provide a "net benefit" to Canada.

[Subprime America infects Asia and Europe](#)

As the US real estate market collapses, questions about subprime mortgages and those unable to pay are in the news. These are not inconsequential questions. Over \$1.5 trillion of subprime—don't ask, don't tell—mortgages were issued and are now beginning to default.

As the defaults mount, the consequences will spread to countries and institutions far beyond the shores of the US and the desks of the originating lenders—for the majority of America's subprime loans are owned by investors, banks, insurance companies, and pension funds in Europe and in Asia.

[How cheap debt overinflates stocks](#)

It all comes down to cheap money.

Cheap money is fueling the buyout boom.

Cheap money is prompting companies to buy back billions of dollars' worth of their own shares.

Cheap money is fueling big increases in corporate dividend payouts.

Perhaps best of all -- for investors long on the market, anyway -- cheap money is keeping the current rally running, even as the U.S. economy runs out of steam, by convincing investors that stocks are undervalued even as they hit historic highs.

So how does cheap money work its magic?

[Acidic Oceans Affecting Food Fish](#)

Oceans had until recently been viewed as a great savior of the climate, because they have absorbed about one third of the carbon humans have emitted, buffering what would otherwise have been a greater warming of the atmosphere. But scientists have in recent years begun studying the consequences of oceanic carbon storage - a 25 percent increase in acidity since pre-industrial times.

The scientific endeavor is still young, with many unanswered questions. But results have shifted from showing that the ocean has grown more acidic to showing how that acidification is affecting ocean life, including species important for human food.

“We’re starting to see now a real connection to fisheries,” said Christopher Sabine, a National Oceanographic and Atmospheric Administration scientist involved in the North American Carbon Project’s effort to understand the role of carbon in the oceans.

Victoria Fabry, a biological oceanographer at the University of California, has found that the shells of pteropods - a set of 32 planktonic snails sometimes called sea butterflies - dissolve in acidic water, and that the layer of water acidic enough to do so is slowly expanding from the depths toward the surface as the ocean absorbs more carbon. If carbon dioxide emissions continue unabated, surface water could be corrosive to shells by between 2050 and 2100, depending on different emissions scenarios.

[Brazil environment minister attacks nuclear option](#)

Brazil's environment minister attacked proposals for new nuclear power plants on Thursday, a week after the president said he would push for more reactors if enough hydroelectric plants cannot be built.

Brazil now has two nuclear reactors near the coastal resort of Angra, which account for about 3 percent of all power. The long-delayed completion of a third pressurized water reactor at the site is expected to be approved by a government council.

Brazil relies on hydroelectric dams for more than 80 percent of its energy needs.

But to address the prospect of looming power shortages in Latin America's largest economy, President Luiz Inacio Lula da Silva's government is weighing a plan to build at least four new reactors with a total capacity of 4,000 megawatts by 2030.

[The deepening Bolivarian Revolution: Why most people still don't get it](#)

In one way or another, we all have a stake, direct or indirect, in the politics of Venezuela. That Venezuela's citizens have such a manifestly different perception of their democracy than that held by external actors such as the United States and its National Endowment for Democracy is significant and important. The disconnect needs serious discussion, not least because it may illuminate why US "democracy promotion" is proving so counterproductive, anti-American sentiment so prevalent and, in Venezuela, why NED-backed groups are so reviled. If the misiones are delivering improvements in welfare and poverty reduction, then they merit detailed consideration. If there are lessons that can be learned from one, some or all of the misiones, they should not be discarded simply because of subjective prejudices toward Chavez or critiqued merely as a means of de-legitimising his government.

[Medicinal use of honey](#)

Research in Australia and New Zealand suggests that honey heals because it attacks bacteria in several different ways at once. Because honey is composed of saturated sugars, it sucks up water, depriving bacteria of the liquid they need to survive and multiply. As bees make honey they secrete glucoseoxidase, an enzyme that releases the bleach hydrogen peroxide when it comes into contact with wound liquids. The low-level but frequent release of this chemical ensures regular anti-bacterial washes of the wound.

Although honey is not about to usurp antibiotics, Dr Simon thinks it should be brought back into conventional medicine—and not only to sugar the pill.



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