



# DrumBeat: October 10, 2007

Posted by <u>Leanan</u> on October 10, 2007 - 9:00am Topic: <u>Miscellaneous</u>

Is this what the world's coming to?

History is littered with lessons from once-budding civilizations that crashed from their peak of prosperity. From the Anasazi of the southwestern United States to the Mayans of Mesoamerica and the ancient dynasties of eastern China, environmental change has sounded the death knell throughout time for once-thriving civilizations already stressed by factors including high population growth, overexploitation of resources and excessive reliance on external trade. In many cases, severe drought or extreme cold has been enough to push societies to the brink of civil unrest, mass migration and warfare. Is this what the world's coming to?

But it's not necessary to look that far back into history to see how environmental change can result in conflict and the breakdown of society.

### Why Global Warming and Peak Oil are Irrelevant

Peak Oil is a "distraction" and global warming? Well, global warming will take care of itself.

It's the bottom line, stupid.

Amory Lovins makes these arguments, (without actually calling you stupid, and with a breathtaking whirlwind of statistics that he has — miraculously — cached in his brain) in the course of explaining why the energy source of the future is clean and limitless.

Because it's no energy at all.

### Five ex-communist countries sign oil pipeline deal bypassing Russia

Five former communist-bloc countries signed a deal Wednesday to extend an oil pipeline that bypasses Russia, in a move that could diversify supplies and cut Moscow's energy clout.

The presidents of Azerbaijan, Georgia, Poland, Ukraine and host nation Lithuania looked

on as government ministers and state oil company bosses inked an accord creating the "Sarmatia" consortium, which is to build the new network.

#### Oil jumps on news of Nigerian strike

Oil futures surged Wednesday in a late rally driven by news that workers at Chevron Corp. facilities in Nigeria had staged a surprise strike and by a report that demand for gasoline is up.

#### Nobel for ozone layer scientist

STOCKHOLM, Sweden (AP) -- Gerhard Ertl of Germany won the 2007 Nobel Prize in chemistry on Wednesday for studies of chemical reactions on solid surfaces, which are key to understanding questions like how pollution eats away at the ozone layer.

Ertl's research laid the foundation of modern surface chemistry, which has helped explain how fuel cells produce energy without pollution, how catalytic converters clean up car exhaust and even why iron rusts, the Royal Swedish Academy of Sciences said.

His work has paved the way for development of cleaner energy sources and will guide the development of fuel cells, said Astrid Graslund, secretary of the Nobel Committee for Chemistry.

#### BP Cuts Alaska Oil Output by 30,000 Barrels a Day After Fire

BP Plc, Europe's second-biggest oil company, cut production on Alaska's North Slope by 30,000 barrels a day following a fire, company spokesman Ronnie Chappell said.

...The fire occurred two months after officials at Alaska's Division of Fire and Life Safety ordered BP to improve its fire detection systems and maintenance of equipment on oil fields it operates. That order stemmed from an Aug. 6 fire.

BP also had three other fires in August as well as a flaring incident in September.

### Australia approves Gorgon gas project

Australian officials gave the green light Wednesday to the giant Gorgon gas project off the coast of northwestern Australia, clearing the way for Chevron Corp. and its partners to develop the country's second liquefied natural gas plant — but with strict environmental conditions.

#### Oil, Israel, and America: The Root Cause of the Crisis

But the key factor in the calculus of what serves as the root cause of conflict between Iran and the United States is energy, namely Iran's status as one of the world's leading producers of oil and natural gas. The United States has, for some time now, placed a high emphasis on Middle Eastern and Central Asian oil and gas when it comes to determining future economic development trends. In a fossil-fuel driven global economy, energy resources have become one of the major factors in determining which nation or group of nations will be able to dominate not only economically, but also militarily and politically.

# China "e" bikes silently drive lead demand

Every year, millions of Chinese are hitting the streets on "e" bikes - battery-powered contraptions that are increasingly popular as soaring fuel prices make traditional motorbikes and scooters expensive to drive.

The bikes are getting bigger, faster and more glamorous - and the growing size of their batteries is soaking up increasing amounts of lead.

#### Big cities try to ease way for bicyclists

Cities are accelerating their efforts to encourage commuting on two wheels, putting bike racks where cars once parked, adding bike lanes and considering European-style bike-share programs to get residents out of their cars.

### UK: Stretched for cash? Flog your car

With a credit crunch looming and budgets being stretched to the limit, you need look no further than your driveway for a sure fire way to shape up those finances.

That car is your fastest depreciating asset that gets more expensive to maintain every year, and for what? Sure there are households that simply can't function without one, but for many of us it's little more than a convenience.

### Auto industry told to focus on fuel efficiency

"Loss of market share and higher gas prices create an opportunity for the auto industry to reinvent itself. Those higher prices create an opportunity to design and sell more fuel-efficient vehicles."

### Diesel Fuel Arrives in West Fargo

The fuel arrived from Montana last night at the Magellan terminal.

Trucks were in line waiting for it. About 50 tankers got loads of fuel, which is destined for Cenex stations in the region.

### Diesel drought hits Plains

"We're actually in good shape in this company," said Kent Satrang, general manager of Petro Serve USA, which includes several Cenex stations. "But it only lasts for five days, then we need more product."

The diesel shortage this summer and fall has been the worst Satrang has seen in 30 years.

#### George Monbiot: The new coal age

The government says it wants a low-carbon economy. Yet on a green hilltop in south Wales, despite huge opposition from locals, diggers have begun excavating what will be the largest opencast coal mine in Britain. Who let this happen?

#### International Paper revives plan to burn tires for fuel

The study of pollution control devices will likely take a year or more, Wadsworth said. After it installs the new device the company may request permission from New York state to do another test burn. Only after the results of that second test burn would the company seek permission to burn such fuels permanently, Wadsworth said.

#### Nuclear power under fire

Environmental campaigners have spoken out about more nuclear power stations being built in the UK on the 50th anniversary of the worst nuclear accident to occur in the west.

Half a century ago today the graphite core of the British nuclear reactor at Windscale, now called Sellafield, caught fire and released substantial amounts of radioactive contamination into the surrounding area.

#### World grain supply not enough to produce bio fuels

After an initial enthusiasm the world has become aware that it is not capable of

producing sufficient grain to feed its population and produce biofuels. The boom in biofuels in recent years has led to sharp rice in world grain prices, with widespread grave social repercussions. David Jackson, of Lmc International Ltd London, estimates that by 2015 a further 100 million hectares of crop production (half the size of Indonesia) will be needed to meet just 5% of vehicle consumption. But to obtain this, entire forests would be decimated.

### U.S. mobilization needed on energy

As pollutants warm the Earth, potentates reap the rewards, and oil consumption is the tail that wags U.S. foreign policy. "In 2005 alone, the United States sent nearly \$40 billion to the Persian Gulf region to purchase oil, even as we financed a war on terror," the authors write.

#### China may revive energy ministry in draft law

China may re-establish an energy ministry and a sector watchdog under a draft law that could be finalised by next year, sources said, as Beijing seeks to tighten control of the strategic sector and boost efficiency.

### Ohio grown, Ohio eaten

Local eaters, or "locavores," define their boundaries in various ways 100 miles from home is a common gauge. The Mathenys are defining local as within Ohio, which means one of the nation's largest breadbaskets is their shopping cart.

### Technology Left in Venezuela by Exxon, Conoco May Aid Rivals

When Exxon Mobil Corp. (XOM) and ConocoPhillips (COP) pulled out of projects in Venezuela, they left behind more than their rights to produce oil.

The oil giants also abandoned technology and know-how that could fall into the hands of competitors eager to discover how to maximize production of heavy oil.

### Trinidad and Tobago: <u>Fuel shortage, panic buying follow protest action</u>

INDUSTRIAL action at State-owned oil company Petrotrin yesterday and at the Trinidad and Tobago National Petroleum Marketing Company (NP) on the weekend has resulted in a shortage of fuel in south Trinidad and panic buying in the north.

After a series of environmental, funding and supply contract problems, surging regional demand has given new impetus to Indonesia's US\$6.5 billion Tangguh liquefied natural gas (LNG) project, which with 14 trillion cubic feet of proven reserves represents one of the largest gas fields in all Asia.

Energy Minister Purnomo Yusgiantoro said last week that the first LNG deliveries from the plant are now expected to start by the end of next year. The gas will help China, the second biggest investor in the ambitious project, to meet its surging energy demand while at the same time tap a valuable new fuel source to power Indonesia's domestic economy.

# U.S. Market Stability Spurs Shell's Gulf of Mexico Push

Shell Oil Co.'s eye-catching purchase of Gulf of Mexico leases last week flows from the company's confidence in the region's resources and stability, a top Shell executive said.

#### Show us the green, workers say

But these days, they're not talking about money. More people are willing to work only for employers whose environmental policies match their own credo for preserving the planet.

### Saudi Arabia to Keep Europe Nov. Crude Supply Steady

Saudi Arabia, the world's top oil exporter, will keep its crude supply steady to Europe in November but is expected to boost shipments to Asia, industry sources said on Wednesday.

An increase in supply would indicate that Saudi Arabia is following through on its pledge to raise crude oil output as of Nov. 1 as part of an OPEC agreement to lift production by 500,000 barrels per day.

# US energy expert attacks airlines' bid to fly more Kiwis

Efforts by competing airlines to get more New Zealanders on the move are under attack by a visiting American energy expert for flying in the face of dwindling global oil reserves.

Richard Heinberg, who argues in books such as his *The Party's Over* that the world is approaching or has already passed its oil production peak, says New Zealand's physical isolation and associated dependence on aviation make it especially vulnerable to high fuel prices.

#### The Grass Roots Syndrome - James Howard Kunstler

My personal view about this is apparently radical — though I am a man of modest habits and philosophy. My view is that the suburban project, per se, in the United States is over, finished. Like, totally. You can stick a fork in it. What you see is basically all that we're going to get. Not only do we not need anymore of it, but we have way too much of what is already on the ground. We don't need anymore suburban housing pods, and the ones already out there are going to hemorrhage value (and usefulness) as far ahead as anybody can imagine. We need more retail like we need 300-million holes in our heads. Ditto suburban office capacity. Ditto new roads and highways.

#### Energy, climate experts search for middle ground

Michael Economides, professor of chemical and bio-molecular engineering at the University of Houston, said he doesn't believe the world has experienced peak oil.

"There is no such thing as peak as long as we keep discovering these fields and we keep developing technologies," Economides said.

#### Darling's Failure to Review North Sea Tax Regime a Disappointment

The failure of UK Chancellor Alistair Darling to initiate a review on the tax regime in the gas-rich North Sea in his pre-budget report is a disappointment to the UK energy industry, accounting firm Ernst & Young said.

..."The current tax regime for the North Sea is a legacy of the past and has created distortions in the market," said Derek Leith, head of E&Y's oil taxation team.

#### Canada's oil industry a possible al-Qaida target

A Canadian Security Intelligence Service document obtained by a Quebec newspaper says terrorists have included Canada's petroleum industry among their possible targets.

...The newspaper reports today that North America's electricity network is also a potential target.

#### Electricity Crisis in Syria

 Since early summer 2007, Syria has been suffering from a severe electricity crisis, the

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 Generated on September 1, 2009 at 3:04pm EDT

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worst in many years. Recurring power outages last four to 10 hours a day, and this has obviously affected the lives of Syria's citizens, as well as causing serious damage to the Syrian economy.

#### Repsol Cuts Back at Mexico Gas Field, Contracts Disappoint

In 2003, Repsol YPF (REP) began tapping Mexican natural gas under a contract many viewed as a launching pad for future oil and gas plays in Mexico's tightly held energy industry.

But after four years of rising costs, difficult politics, and lousy contract terms, Repsol is cutting back at the Reynosa-Monterrey block, say industry insiders.

Repsol's woes underscore how Mexico's efforts to farm out natural gas production have fallen short of expectations. The contract problems also come amid a growing natural gas import bill.

# Think oil can't go higher? Think again

# What's behind the recent surge in crude oil prices?

The OPEC supply increase was too little, too late. The market is in a significant deficit, the first deficit we've seen since 2003. Inventory started to drop in October of last year for two reasons. Non-OPEC supply has been extraordinarily disappointing, because those producers are hitting technical difficulties with new equipment and their existing fields are getting less productive. OPEC has the supply but hasn't brought it online. The second factor is that we're in the part of the energy cycle where extraction costs are rising and have been since 2001....

### Why hasn't OPEC increased supply?

First and foremost, domestic demand is strong in the entire Gulf region. Exports from the Middle East are lower today than they were in 2000, but production is up two million barrels a day. There are serious bottlenecks preventing non-OPEC from growing supply even at \$70 per barrel, so if I'm OPEC, I know I don't have significant competition for market share. The last reason, which is very important, is that if OPEC did ramp up production, they'd go to capacity, which would reduce their political negotiating position.

### Saudi Arabia to Raise Oil Exports to China 9% as Demand Rises

Saudi Aramco plans to increase oil exports to China by at least 9 percent this year to meet rising demand from refiners in the world's fastest-growing major economy, said two company officials.

### High crude prices shield Norwegians from sting of declining oil production

"Developments in the petroleum industry have been quite disappointing," Bank of Norway Governor Svein Gjedrum said at a briefing for the international news media. "In the past few years, we have seen quite a decline in oil production."

Norway's average daily oil production has declined to about 2.1 million barrels per day as of September, about 35 percent under peak levels of over 3.2 million barrels in late 2000 and early 2001.

"We haven't felt a negative impact because of the very high oil price," said Gjedrum.

# We Are In A Bad Fix

We are witnessing nothing less than history's first confluence of unsustainable "peaks."

Perhaps, we are incapable of piecing them all, for when crude oil reached an all-time intra-day high of \$84.10 per barrel on Sept 20, its entitlement to a front pager screamer was conceded to the tale of a few thousand empty -- or emptying -- American homes.

It was like the Butterfly Effect, with a twist. The flapping rooftops of confiscated homes were now whipping up an economic tsunami worldwide.

### Transport crunch thwarting grain sales

Weeks after Gov. Bill Ritter signed an emergency order to help farmers move a bumper crop of wheat to markets out of state, much of the grain remains in Colorado.

...Much of the harvest is stuck in storage or on the ground, partly because of a shortage of rail cars and commercial carriers. Many carriers went out of business after six years of drought because there wasn't enough crop to haul from the state's 9,000 wheat farmers.

# Shell Says Has Key to Clean Coal as Demand Soars

Royal Dutch Shell's technology to turn coal into gas to fuel power plants could allow developing countries to meet surging energy demand without a matching rise in emissions, Shell executives said on Tuesday.

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#### China sets up expert panel on int'l fusion energy project

China on Tuesday set up a national expert committee on magnetic confinement fusion energy to ensure its implementation in the landmark multinational fusion energy project.

The International Thermonuclear Experimental Reactor (ITER) has been the largest ever scientific research program under multinational collaboration. The 11-billion-euro project is aimed at developing a sustained solution to energy production.

# Could vertical farming be the future?

With a raft of studies suggesting farmers will be hard-pressed to feed the extra 3 billion people swelling the world's ranks by the year 2050, Columbia University professor Dickson Despommier believes a new model of agriculture is vital to avoid an impending catastrophe.

"The reason why we need vertical farming is that horizontal farming is failing," he said. If current practices don't change by mid-century, he points outs, an area bigger than Brazil would need to become farmland just to keep pace with the demand.

# Global warming puts winter fashion out in the cold

The heavy winter coat is not only out -- it may be a thing of the past in Australia as temperatures rise and summers lengthen due to global warming.

Australian Fashion Week, which kicked off Tuesday in Sydney, has ditched the traditional autumn/winter tag in favour of "trans-seasonal" runway shows full of clothes that can be worn year-round.

"We just don't have a need to do it any more," Fashion Week founder Simon Lock told AFP.

### Agency: Pollution cuts Europe lifespans

Poor air and water quality, and environmental changes blamed on global warming, have cut Europeans' life expectancy by nearly a year, Europe's environmental agency warned Wednesday.

### Green chemistry joins college curriculum

Terry Collins sounds like the world's most dour pessimist. The Carnegie Mellon University chemistry professor paints a bleak picture of the Earth's future, a planet damaged by global warming and ravaged by toxins, with a population sickened by poisonous chemicals.

"We are practicing time-limited technologies that cause all sorts of environmental damage, and are damaging to the species, to our very civilization," said Collins, director of Carnegie Mellon's Institute for Green Oxidation Chemistry in Pittsburgh.

But Collins also is an optimist, hoping science can solve those problems. He is encouraged by an increasing number of colleges and universities that incorporate the principles of green chemistry — the idea that chemical processes and products can be designed without using toxins or generating hazardous waste.

# Heat may kill hundreds of New Yorkers

The number of heat-related deaths in and around New York City will nearly double by 2050 - and could rise as high as 95 percent -- due to global warming if no efforts are made to reduce greenhouse gas emissions, a new study shows.

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