



DrumBeat: April 1, 2008

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Topic: [Miscellaneous](#)

[The Accidental Environmentalist](#): *An oil man reconsiders the future of black gold.*



Matthew Simmons, head of the Houston-based investment firm Simmons and Company, has made a fortune by investing billions of dollars in the oil and gas industry. Increasingly, though, Simmons has been telling the industry what it doesn't want to hear—that our planet's oil is in short supply. Now considered one of the world's leading experts on the theory of peak oil—which says we are near or have already reached the peak capacity for oil production worldwide—George W. Bush's former energy advisor foresees a steep decline in oil output and profits. His predictions, outlined in his book *Twilight in the Desert: The Coming Saudi Oil Shock and the World Economy*, took the industry by storm, naming names and contending that Saudi Arabia doesn't have as much oil as it claims. With barrel prices passing the hundred-dollar mark at the beginning of this year, Simmons's predictions seem to have more gravity than ever. But, unlike many like-minded thinkers, Simmons believes that current alternative energy strategies are pipe dreams, environmentalists are deeply misguided, and global warming is nowhere close to our largest problem. GOOD sat down with him on the porch of his stately Maine home to get his take on the future of the energy business.

[Gas stations look in stores for profits](#)

Oil's rise has been driven by investors snapping up crude futures as a hedge against a falling dollar and inflation. But while gas prices have tried to keep pace, demand for gasoline has fallen, limiting refiners' pricing power.

...That pain travels down the chain to retailers, who base the prices they charge consumers on what they expect they'll have to pay for their next shipment of gas. Many make no more than a few cents a gallon selling gas, a margin that evaporates once credit card fees are tacked on.

Some decide it's not worth the bother. A station in Bushnell, Fla., stopped selling gas entirely a month ago after its owner determined he couldn't make money on it. He's not alone; many refiners have cut back on gasoline production in recent weeks due to low profit margins.

But most stations view gas as a loss leader — something they're willing to take a loss on, or accept a very small profit for selling — under the theory that it will bring people into their store or shop.

[Life in the 'Burbs: Heavy Costs for Families, Climate](#)

Although moving to a suburban subdivision was second nature for Michelle, it has been hard for Galileu, who grew up in a high-rise apartment in Brazil.

The larger house and yard require more maintenance, after all. And he's shocked by the high energy costs. The family's January natural gas bill was almost \$300, triple what they paid to heat their last apartment. Their summer electric bills are also three times as high.

But Galileu says he can't figure out how to cut their energy costs, or reduce their driving.

[Heinberg on 'resilient communities: paths for powering down'](#)

Richard then unveiled a concept which he has been evolving and of which this was the first public airing. He calls it the Resilient Communities Action Plan (a careful assembly of those 4 letters that could so easily have gone horribly wrong). The idea is that it is something that is a companion to the Energy Descent Action Plan, but it is different, it is, in effect, an emergency response plan, a Plan C to the EDAP's Plan B. It would be created by a working group within a Transition Initiative or a Post Carbon group, and would sit alongside the main plan as an emergency response that could be taken off the shelf when required.

While crisis can equal opportunity, he argued, it may not necessarily yield the kind of opportunity we are talking about here. In the past, crises have produced Hitler, and the kind of insidious undermining of economies that Naomi Klein set out in her (enormous)

book Shock Doctrine.

[Eco-towns? Britons say no thanks](#)

STOUGHTON, England: The British may be among Europeans most concerned by climate change, but few people in this tiny village in the English Midlands want to be part of their government's latest proposal for a low-carbon future: an initiative called eco-towns.

[Minister: Output to fall 1.8Mb/d at existing fields by 2021 - Mexico](#)

The prolific Cantarell field, which accounts for roughly half of Mexico's crude output, will make up 1.01Mb/d of the decline by 2021, according to the diagnosis. The Ku-Maloob-Zaap asset will decline by 295,000b/d by 2021, with remaining fields accounting for 492,000b/d.

Cantarell will decline by 565,000b/d by 2012, with other fields accounting for a 212,000b/d fall in production.

Currently 83% of proven reserves are in fields either already in a state of decline or nearing their inflection points.

[High Oil Prices Push Firms in U.S. Up Against Mexican Waters](#)

Emboldened by record prices, oil firms in the U.S. are moving into deep water blocks running flush against Mexico's undeveloped side of the border.

The fresh activity raises the stakes for state-run Petroleos Mexicanos. Mexican oil could flow out of the country as reservoir pressure pushes it toward the nearest wells, a process called drainage.

[Mexico's comeback kid](#)

Calderon and his cohorts seek to persuade Mexicans that PEMEX is broken, the reserves running out, and the nation's only hope lies in deep-water drilling in the Gulf of Mexico. Drilling for what the Calderonistas describe as "The Treasure of Mexico" in a widely distributed, lavishly produced infomercial, will require an "association" with Big Oil. But as many experts, such as Cuauhtemoc Cardenas, son of the president who expropriated the oil in the first place, point out, it is not at all certain that these purported deep sea reserves are actually in Mexican waters.

[Russians Draft Tax Breaks for Oil and Gas Companies](#)

The Russian government wants to make it easier for E&P companies to do business within its borders. On March 31, the Russian Ministry of Finance introduced a plan that would allow tax breaks for continental shelf exploration and production.

[Braskem optimistic on Venezuela expansion](#)

RIO DE JANEIRO (Reuters) - Brazilian petrochemical company Braskem is set to expand into Venezuela and sees its planned investment in two plants there as safe even though ExxonMobil Corp had been involved in the same project before quitting that country.

[Express Oil Workers Kidnapped by 'Militant Youths' in Nigeria](#)

Five oil workers have been abducted by "militant youths," reported The Guardian, a Nigerian news source.

Five Express Oil and Gas employees were taken Saturday offshore the state of Ondo of the Nigerian Delta by abductors protesting the "insensitivity of the company to the plight of the host communities."

[ANALYSIS: Iraq crackdown strengthens radical cleric and Iran](#)

Cairo - When Iraq's Prime Minister launched an unprecedented offensive to assert his government's control over southern oil-rich Basra last week, he certainly was not planning what came about.

Nuri al-Maliki, his ministers and generals vowed, and still do, to go after militias and 'outlaws' to the end. The main target of the offensive, though not officially declared, has been Mahdi Army of firebrand Shiite cleric Moqtada al-Sadr.

But within days of the offensive, Sadrist militiamen were still keeping their turf and weapons, and giving government troops a hard time. Hundreds of people were killed and injured in the offensive.

[A stimulated diesel shortage](#)

Diesel shortages are striking across China from southern Guangdong to the northern Tianjian. Long queues of trucks and cars stretching over one kilometer long have appeared at some gas stations; and at one point, diesel was rationed to 300 yuan (US \$ 42.58) for cash sales - enough for a family car but too small a portion for a truck tank.

The rationing comes as rumors spread that oil giant Sinopec and PetroChina were applying for government approval to increase fuel prices. To quell panic and public concern, the National Development and Reform Commission posted a statement on its website saying price hikes would be unlikely in the short run.

[Fuel dealers say customers can't pay bills, lawmaker proposes bill](#)

HARTFORD (AP) - More than 60 days delinquent in paying her oil bill, a desperate Middletown woman recently called Peterson Oil Co., asking for help.

Jim Meehan, president of the Portland-based home heating oil company, said he has other customers who are more than 90 days late in paying their bills. Given the rising price of fuel, coupled with higher food costs and other expenses, many of his customers cannot afford the \$1,000 it often costs to fill their oil tanks.

"We try to accommodate. It's tough," he said, adding that some customers owe \$1,500 to \$2,500 in back heating bills, creating a cash flow problem for his business. "They just have no way of paying it."

[Norway to use forests to double bioenergy output](#)

OSLO (Reuters) - Norway will double production of bioenergy by 2020 by tapping its vast pine forests and seek to become an exporter of renewable energies to diversify from oil and gas, the government said on Tuesday.

"This is alchemy at its best," Oil and Energy Minister Aaslaug Haga said of the plan to turn forests into what she called "green gold." The scheme would also help Norway reach targets for axing greenhouse gas emissions.

[Eight arrested at N.C. Duke coal plant protest](#)

NEW YORK (Reuters) - Eight protesters who locked themselves to bulldozers at a Duke Energy Corp coal-fired power plant in North Carolina were arrested on Tuesday, as part of international action day on climate, an environmental group said.

The group was protesting the construction of a new coal unit, which would emit the greenhouse gas carbon dioxide.

[Canada Pension Plan dollars to help build U.S. wind farms](#)

Your pension dollars at work: the people who run the Canada Pension Plan have

announced their first direct investment in wind power, putting \$200 million US into a Connecticut-based venture.

[Food price hikes changing U.S. eating habits](#)

The worst case of food inflation in nearly 20 years has more Americans giving up restaurant meals to eat at home. We're buying fewer luxury food items, eating more leftovers and buying more store brands instead of name-brand items.

Record-high energy, corn and wheat prices in the past year have led to sticker shock in the grocery aisles. At \$1.32, the average price of a loaf of bread has increased 32 percent since January 2005. In the last year alone, the average price of carton of eggs has increased almost 50 percent.

[Worldwide food catastrophe not very far off: 'Solutions' are fueling shortage](#)

In Thailand, farmers are sleeping in their fields after reports that thieves are stealing the rice, now worth \$600 a tonne, straight out of the fields. Four people have died in Egypt in clashes over subsidized flour that was being sold for profit on the black market. There have been food riots in Morocco, Senegal and Cameroon.

Last year it became clear that the era of cheap food was over: Food costs world-wide rose by 23 per cent between 2006 and 2007. This year, what is becoming clear is the impact of this change on ordinary people's lives.

[Scarce food beginning to cost the Earth](#)

FOOD prices are soaring as the world faces a food shortage.

Around the globe, people are protesting and governments are responding with often counterproductive controls on prices and exports — a new politics of scarcity as ensuring food supplies becomes a major challenge.

[OPEC To Hold Informal April Meeting In Rome](#)

The Organization of Petroleum Exporting Countries will hold an informal meeting on the sidelines of an oil producer-consumer conference in Rome later this month to discuss whether current oil market developments warrant calling a special session to consider adjusting output, OPEC sources said Tuesday.

[Ban on oil speculation proposed](#)

HARTFORD — Heating oil dealers joined U.S. Rep. John B. Larson on Monday to charge that unbridled speculation in energy-futures markets, particularly among investment banks and hedge funds, has resulted in soaring consumer costs.

Larson, D-1, called for legislation in Congress to prohibit the futures markets from speculators who don't intend to actually acquire the petroleum products they're bidding on.

"The hard truth is the system is broken," Larson said. "It's all because of speculation and greed."

[Patagonia Without Dams](#)

Chile desperately needs new energy sources. The country is experiencing a severe energy crisis because of drought, a sharp reduction in natural gas imports from Argentina and the global escalation in oil prices. Some power plants, once fueled by natural gas, are now burning diesel fuel, an economically drastic alternative.

Destroying these rivers and the life that depends on them is no solution. Too often, the energy problem in Chile is framed as a choice between building dams or turning to nuclear energy. Solving this crisis responsibly will take a willingness also to explore other renewable sources like solar, wind and geothermal power.

[Why cash beats treehugging](#)

It's all about money this clean-tech business. And don't ever be fooled into thinking that the big boys with the cash have any other agenda other than to make lots of it.

[Democrats Offer Plans for Climate Change](#)

In speeches and papers on their Web sites, the Democratic presidential candidates spell out what they'd do to reduce greenhouse gas emissions and make the country's energy supplies more secure. Both embrace the emission reduction goals that the world's scientists agree must be reached by mid-century to give the planet a chance to avoid irreversible climate dislocation.

Some economists say it's too tall an order. Obama and Clinton acknowledge that they're counting on some technologies that don't exist yet. But both say that their detailed plans, combined with a mighty mobilization akin to the nation's entry into World War II, will get the country on track to lead the world in doing what must be done.

[Waste not, want not - and be happier](#)

In 2004, environmental research body the Worldwatch Institute published its annual State Of The World report, claiming 1.7 billion people belonged to a social stratum whose lifestyles are dedicated to the accumulation of nonessential goods: the Consumer Class.

Christopher Flavin, president of Worldwatch Institute says: "Rising consumption has helped meet basic needs and create jobs. But as we enter a new century, this unprecedented consumer appetite is undermining the natural systems we all depend on and making it even harder for the world's poor to meet their basic needs."

[New Zealand: Locals raise awareness of looming peak oil](#)

"WE are the peak generation and we cannot ignore the signs."

We must also prepare for a post-carbon future, said educator Lisa Talbot and Green Party spokesman John Milnes, who were at Wanganui's Majestic Square yesterday to coincide with the global Fossil Fools (Fuels) Day.

[Japan Drivers Rush to Gas Stations After Tax Lapses](#)

(Bloomberg) -- Japanese car drivers rushed to fill their tanks after the government failed to renew fuel taxes yesterday cutting gasoline prices by as much as 16 percent at some stations.

Legislators failed to extend the country's 25.1 yen-a-liter (95 cents-a-gallon) gasoline duty, which expired on March 31. A 17.1 yen-a-liter tax on diesel, used mostly by heavy-duty trucks, also lapsed.

Gas stations began slashing prices starting at midnight to lure customers who had been waiting for cheaper fuel. The missed deadline could amount to a 2.6 trillion yen (\$26 billion) shortfall in government revenue.

[Shell Says Fire at Pipe to Nigeria's Bonny Terminal](#)

(Bloomberg) -- Royal Dutch Shell Plc, Europe's biggest oil company, said two pipelines were on fire in Nigeria's Port Harcourt area, including one that transports crude to the Bonny export terminal.

A fire was discovered on Shell's Trans-Niger pipeline on March 30 and is still burning, Shell spokesman Rainer Winzenried said in a telephone interview from The Hague today. The pipeline transports oil from the Port Harcourt area to the terminal.

[USA 2008: The Great Depression](#)

"Last St Patrick's Day, we were selling Irish soda bread for \$1.99. This year it was \$2.99. Prices are just spiralling up, because of the cost of gas trucking the food into the city and because of commodity prices. People complain, but I tell them it's not my fault everything is more expensive."

[China replaces petrol, diesel oil with bio-ethanol fuel in 10 localities](#)

NANNING (Xinhua) -- South China's Guangxi Zhuang Autonomous Region became the 10th Chinese locality to have replaced gasoline and diesel oil with bio-ethanol fuel on Tuesday out of environmental and energy efficiency concerns.

Petrol stations in all the 14 cities of Guangxi began to sell bio-ethanol fuel on Tuesday and in two weeks, traditional petrol and diesel oil will be phased out, said Fu Jian, an official in charge of transport with the regional government.

[Demands for crackdown on biofuels scam](#)

The "splash and dash" scam involves shipping biodiesel from Europe to the US where a dash of fuel is added, allowing traders to claim 11p a litre of US subsidy for the entire cargo. It is then shipped back and sold below domestic prices, undercutting Europe's biofuel industry.

[British Airways profits slashed by Goldman Sachs](#)

British Airways flew into more trouble this morning after investment bank Goldman Sachs downgraded the stock from a "buy" to a "sell" saying lower revenue and oil prices would cut profits by up to 46 per cent.

[Oil Giant BP's Role in 'Biggest Environmental Crisis'](#)

BP's decision to tap into the Canadian wilderness is "based on addiction, not reality," says Ann Alexander, senior attorney at the National Resource Defense Council (NRDC), a nonprofit environmental group. "Tar sands crude oil is dirty from start to finish. It's bad enough that [BP is] fouling our natural resources here in the Midwest, but it's completely destroying them up in Canada. There are good sources of energy we can turn to that don't involve turning entire forests into a moonscape."

[Kenya: Power Providers Eye Thermal Sources to Bridge Energy Gap](#)

Public and independent power providers are gearing their energies towards thermal sources to avert rationing in the wake of depleted power reserve margins.

A three-year consistent boom in the economy has seen Kenya deplete its power reserves to just three per cent and emergency power is / immediately needed to help avert possible rationing.

[EU's Piebalgs says grid infrastructure needed quickly for offshore wind energy](#)

BRUSSELS (Thomson Financial) - EU energy commissioner Andris Piebalgs said a maritime grid infrastructure must be developed quickly for the development of offshore wind energy.

Speaking at the European Wind Energy Conference here, the commissioner said without the infrastructure no offshore wind farms can be built.

[Nonelectric Hybrid Engines](#)

A new kind of hybrid vehicle could offer reduced fuel consumption to consumers concerned about gas prices. Mechanical engineers in the United Kingdom have developed a novel kind of combustion engine that is able to switch between being a two-stroke and a four-stroke engine. The system, they say, can reduce fuel consumption by 27 percent.

[UK: Norfolk Broads 'could be lost to sea in a year'](#)

The Norfolk Broads will be lost to the sea, the head of the Environment Agency has said.

Lady Young, chief executive of the Agency, said that salt water could overwhelm the defences around the Broads in a century or as little as one year's time.

[Dmitry Orlov: The Collapse Party platform](#)

If the entire country were to embrace the notion that collapse is inevitable and that it must prepare for it, a new political party might be formed: the Collapse Party. If this party were to succeed in upending the two-party monopoly and forming a majority government, this government would then want to implement a crash program to dismantle institutions that have no future, create new ones that are designed to survive collapse and save whatever can be saved. If, further, this crash program somehow succeeded, in spite of constitutional limitations on government action, and in spite of the inevitable lack of financial resources for such an ambitious undertaking, and in spite of the insurmountable bureaucratic complexity, then I for one would be really surprised!

Barring such surprises, sometimes it is possible for small groups of capable and motivated individuals to succeed where governments fear to tread. And so here are some things that I would like to see taken care of, in preparation for collapse.

[Pennsylvania truckers take fuel price protest convoy to state Capitol](#)

HARRISBURG, Pa.: Scores of truckers took to the highways and streets around the Capitol on Monday and blasted their horns to protest rising fuel prices.

As the protest convoy circled the block, about 100 people gathered on the Capitol steps to urge state lawmakers and Gov. Ed Rendell to eliminate Pennsylvania's highest-in-the-nation diesel fuel tax of 38.1 cents per gallon.

[Iceland: Truckers Block Roads Again in Protest of Gas Prices](#)

Professional truck drivers used their trucks to block main traffic veins like Ártúnsbrekka in Iceland's capital region yesterday to protest high fuel prices and force the government into action. They took similar measures on Friday.

[Champion Air to go out of business in May](#)

"Our business model is no longer viable in a world of \$110 oil, a struggling economy and rapidly changing demand for services," Lee Steele, Champion's CEO, said Monday in a statement.

[ExxonMobil: A Big Opportunity in Big Oil](#)

We estimate ExxonMobil's returns are the best in its peer group with a return on capital of 32% (as of Dec. 31, 2007), reflecting very high returns from its exploration and production operations—which, on the scale of its business (some \$129 billion of capital employed) is remarkable. For the past 19 years, we estimate ExxonMobil's shares have outperformed the S&P 500 on a total return basis, yielding 15% annually, compared to 11% for the broader market.

[Gazprom plans to export 90 mln tons of LNG annually by 2030](#)

MOSCOW (RIA Novosti) - Russian energy giant Gazprom plans to supply about 90 million metric tons of liquefied natural gas (LNG) annually to world markets by 2030, a senior company official said on Tuesday.

By that time, Gazprom intends to hold about 25% of the global LNG market, supplying

liquefied natural gas to the United States, Asia and Pacific states and other countries, Valery Golubev, deputy chairman of the company's management committee told a forum on Russia's fuel and energy sector in the 21st century.

[UAE PM says panel studies dollar peg, no change for now](#)

BEIJING, April 1 (Reuters) - The United Arab Emirates prime minister said on Tuesday a committee reporting to him was studying the UAE's dollar peg but that the oil producer remained committed to the fixed exchange rate for now.

[PSC Finds No Evidence of Conspiracy on Electricity Prices](#)

The Maryland Public Service Commission announced yesterday that its investigation into the way electricity was purchased for 1.1 million customers in 2005-06 found no evidence that Baltimore Gas and Electric and its parent company, Constellation Energy, colluded to charge higher prices.

[Iran sees hope in war of words](#)

You know something is amiss when Central Intelligence Agency director Michael Hayden defends the recent US intelligence finding on Iran, that claims Tehran stopped its nuclear weapon program in 2003, and, in the same breath, alleges Iran has a "nuclear weapons drive".

[World food prices soar as Asia consumes more](#)

WASHINGTON: Food prices are soaring, a wealthier Asia is demanding better food and farmers cannot keep up. In short, the world faces a food crisis and in some places it is already boiling over.

Around the globe, people are protesting and governments are responding with often counterproductive controls on prices and exports - a new politics of scarcity in which ensuring food supplies is becoming a major challenge for the 21st century.

[World cooling on biofuel solution to climate change](#)

JAKARTA (AFP) - Once a golden promise in the fight against climate change, biofuels are fast losing their lustre as high demand for essential crops drives land clearing and pushes up the price of food.

[New pact on climate change best left after US polls: UN](#)

BANGKOK (AFP) - A global decision on how much rich countries should slash their greenhouse gas emissions in the next decade should be made after the United States has a new president, the UN climate chief said Tuesday.

[Poor nations fear being left in cold on global warming](#)

BANGKOK (AFP) - Outraged poor nations bearing the brunt of global warming have become increasingly bold in UN-led climate talks, but some worry that recent meetings of large countries are sidelining their voices.

[Global warming, global health: Campaign will raise awareness](#)

From deadly heat waves in the Midwest and Northeast to more intense Gulf Coast hurricanes and Southwest droughts, the effects of climate change will have an unprecedented impact on the health of Americans, a report said Monday.

The connection between global warming and public health is the focus of a new campaign announced by the American Public Health Association. "There is a direct connection between climate change and the health of our nation," says the campaign's new blueprint designed to combat the health effects of climate change. "Yet few Americans are aware of the very real consequences of climate change on the health of our communities, our families and our children."



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