



## DrumBeat: April 17, 2008

Posted by [Leanan](#) on April 17, 2008 - 9:04am

Topic: [Miscellaneous](#)

### [How not to prepare for peak oil](#)

Now that the price of a barrel of oil has topped \$115, the words "peak oil" can be found just about anywhere -- including in the headline of an April 16 Financial Times editorial.

But "Preparing for the age of peak oil" offers little in the way of advice for how civilization might face up to a carbon-constrained future through such measures as conservation or energy efficiency or alternative energy technologies. Instead, the editorial recommends that Russia, which recently shocked the world by acknowledging that its domestic oil production appears to have peaked, should disavow its cold shoulder to foreign oil companies and cut domestic taxes holding back the oil industry...

### [Brazil mulls oil law change for future contracts](#)

RIO DE JANEIRO (Reuters) - Brazil is mulling changes to its law and regulations for oil exploration and production but any shift would apply only to future contracts, Mines and Energy Minister Edison Lobao said on Thursday.

"Concessions can be brought up to date, improved, but we don't want to change the rules of the game already underway. It will be for future (concessions)," Lobao told reporters.

### [Petrobras Still Trying to Assess Size of Oil Reserves](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, will need to complete more wells and studies to determine the size of oil reserves in fields off the country's southeastern coast.

### [Brazil: An economic superpower, and now oil too](#)

Oil could transform Brazil's economy. But not necessarily for the better.

### [BP to raise its game](#)

UK oil and gas giant BP needs to raise its game after a year where competitors were more successful at profiting from high oil prices, the company's Chief Executive Tony Hayward said.

### [Oil pipeline developers want North Dakota route changes](#)

BISMARCK, N.D. - State regulators will hold a hearing next month on 49 proposed changes in the North Dakota route of the Keystone oil pipeline, which is intended to bring crude from western Canada to Oklahoma and Illinois.

### [Power company says carbon tax muddies plans](#)

HELENA, Mont. - NorthWestern Energy Corp. told regulators Wednesday that rising fuel costs and the potential for carbon taxes are making it difficult to map the utility's energy future.

### [Teens turn to thrift as jobs vanish and prices rise](#)

What makes this slump different, says Deloitte Research chief economist Carl Steidtmann, is the soaring cost of basics such food and gas, which have a direct impact on younger consumers.

Gas could reach \$4 a gallon this summer, and prices for teen favorites like pizza and potato chips have all climbed, squeezing the amount of cash teens can spend elsewhere.

### [Take a load off: Toronto Hydro gives away free clotheslines](#)

Toronto Hydro is giving 75,000 homeowners a “low-tech,” energy-saving device — a free clothesline.

### [Japan gives paper a cutting edge](#)

TOKYO - Bend it, write on it, read it — just don't try to fold it into a paper plane. Electronic paper is Japan's answer to rising raw material costs, depleted resources and booming demand for printed matter from emerging markets such as China and India.

...E-Ink, which manufactures Sony's Reader tablet, says consumers will eventually embrace the energy-saving technology as the cost of paper and fuel goes up.

### [World Won't Be Able to Produce More Oil, Pickens Says](#)

(Bloomberg) -- Boone Pickens, a billionaire energy investor, said world oil supply won't exceed 85 million barrels a day because of high depletion rates of existing wells.

Pickens, 79, the founder and chairman of Dallas-based BP Capital LLC, said today in a speech at Georgetown University, that the price of crude oil will only continue to climb and demand will eventually be dampened.

``There is only 85 million barrels of oil globally in the market coming a day and I don't think you can increase that 85 million," Pickens said.

### [A controversial fighter in the climate-change debate](#)

NASA's James Hansen frequently clashes with global warming 'deniers,' as well as the Bush administration.

### [Libya supports gas OPEC idea, Gaddafi says](#)

TRIPOLI—Libya welcomes the idea of creating an OPEC-like group of gas-exporting countries, Libyan leader Muammar Gaddafi told Russian President Vladimir Putin, the official Jana news agency reported on Thursday.

"We support the idea of establishing an organisation of gas producing and exporting countries modelled on the Organization of the Petroleum Exporting Countries (OPEC)," it quoted Gaddafi as saying on Wednesday evening.

### [Peru Confirms Over 1 Billion Barrels Of Oil Reserves](#)

Petro-Tech Peruana oil company on Wednesday confirmed reserves of 1.132 billion barrels of high quality oil off the coasts of the Peruvian provinces of Piura and Lambayaque.

Exploration chief of the Argentine capital Petro-Tech Peruana oil enterprise, Enrique Gonzalez, said that the San Miguel oil well alone, in Piura, has 323 million barrels of oil.

### [Shell, Aramco Get Extension to Drill in Empty Quarter](#)

(Bloomberg) -- South Rub al-Khali, a Saudi Arabian joint venture between Royal Dutch Shell Plc and Saudi Aramco, got a government extension for its drilling program as it

searches for natural gas in the region known as the Empty Quarter.

### [Cuba Postpones Drilling The Strip 'Til 2009](#)

The decision to postpone drilling in the Gulf of Mexico was announced on the day that Cuba also stated it had produced its first 1 million tons of petroleum in 2008, a feat that gets the country closer to its goal of 4 million tons produced for the year.

"The progress of the program is very positive, and it says a lot about the results we are obtaining from the seismic studies and new exploration that we are continuing to make," Garcia said. "This makes us optimistic that we can continue working in the area of petroleum in Cuba."

### [China Adds 1.21 Billion Tons Of Oil Reserves In 2007](#)

China added 1.21 bln tons of oil reserves and 697.4 bln cubic meters of gas reserves in 2007, the Ministry of Land and Resources said in a report.

The ministry did not specify whether the reserves are in the proven or recoverable category.

### [Energy crisis fuels gas reserves debate](#)

A new EU directive on security of supply dictates that Ireland develop a strategic stockpile in case of global disruption. So, how prepared are we?

### [Pakistan: Coping with the energy crisis](#)

One of the major problems facing the new government, the energy crisis, is intense, costly and multi-dimensional. The infuriating electricity and gas disruptions and soaring fuel prices in turn pushing the cost of living have made life difficult for people. The even before it took office the new government was greeted with two jumps in fuel prices, accounting for a 15% rise in two weeks. Meanwhile, crude oil prices have been registering all-time-highs, shooting 40% in the past year. The undeniable reality is that that this global spike will somehow have to be accommodated in energy prices in Pakistan.

### [Confirming the Obvious - High Oil Prices Stoke Nationalisation](#)

As oil prices rise, global oil companies may seem to be making up for previous times when revenues barely covered production costs. However, the oil executives know all

too well that high oil prices are a mixed blessing. Echoing the title of Terry Karl's 1997 book, Eni's CEO Paolo Scaroni called this situation "the paradox of plenty": while high oil prices bring high cash flows, they also raise the bargaining power of oil-producing countries. Their governments resort to the policies of "a 1970's style of resource nationalism riding along the crest of high prices," in the words of Daniel Yergin, the chairman of Cambridge Energy Research Associates (Mouawad, 2006). Governments deny private companies access to new oil fields and nationalise the fields that the private companies have started to develop.

### [Hunger threat looms over the world](#)

The bad situation is made worse by the fact that for many years huge resources have been invested into the production of biofuels in order to prevent an energy crisis. Their production is fairly expensive, and is not always justified economically. Moreover, it is withdrawing considerable resources from the food market, thereby making food even more expensive.

Unable to afford increasingly expensive food, the poorest people, above all in countries with backward economies, are struggling for survival. In the World Bank's estimate, rocketing global food prices have set back the fight against poverty and hunger by seven years.

### [South Africa: Eskom accused of 'blackmailing' consumers](#)

The Independent Democrats (ID) Chief Whip, Lance Greyling, has accused Eskom of using its monopoly on energy to blackmail the South African public. Greyling says Eskom's attempt to try and force a 53% tariff increase down the throats of the consumers is blackmail.

### [China agrees to pay triple for potash fertilizer](#)

WINNIPEG, Manitoba (Reuters) - Chinese fertilizer importers agreed on Wednesday to pay more than triple what they did a year ago to reserve tight supplies of potash, sending the shares of global fertilizer makers to record levels.

### [Role of Potash as strategic resource could push China to make acquisitions](#)

Demand for potash and other nutrients has got its own dose of Miracle-Gro in the past few years as emerging economies boost their protein intake. So if countries like China are snatching up oil and gold assets, what's to stop them from making acquisitions in the fertilizer market since the supply of these materials appears to be of equal, if not greater, strategic importance?

## [Change in farming can feed world - report](#)

Sixty countries backed by the World Bank and most UN bodies yesterday called for radical changes in world farming to avert increasing regional food shortages, escalating prices and growing environmental problems.

But in a move that has led to the US, UK, Australia and Canada not yet endorsing the report, the authors said GM technology was not a quick fix to feed the world's poor and argued that growing biofuel crops for automobiles threatened to increase worldwide malnutrition.

## [Q&A: "Increase Agricultural Productivity While Reducing the Environmental Footprint" - Interview with Robert Watson](#)

### **IPS: Does IAASTD call for the end of large-scale monocultures?**

RW: If monocultures can be modified so they are environmentally and socially sustainable, then they're OK. You can't undermine agriculture's natural resource basis - the soil, water, biodiversity and so on -- because eventually it will collapse.

## [Against the grain](#)

Thousands have abandoned bread altogether, troubled by bloating, irritable bowels or some apparent intolerance for wheat. Coeliac disease - for which the only cure is complete avoidance of the gluten in wheat, rye, barley and oats - now affects at least one person in 100, but sensitivity to wheat is detectable in as many as one in five.

Bread has changed. One disturbing possibility is that modern farming and industrial baking produce bread that more and more people cannot and should not eat. The "green revolution" spawned new high-yielding varieties of wheat designed to work with the artificial fertilisers and pesticides used in intensive farming. But recent research suggests that these new wheats have fewer minerals and vitamins than traditional varieties and more of the proteins that cause "leaky gut" type conditions.

## [Matt: Simmons: Crude awakening](#)

"Peak-oil is a reality, and it makes global warming look like a trivial problem. The immediacy of peak oil takes so long before we can do anything to prepare for how to go about using less oil - we might be lucky enough to have it 4/5 years away but it isn't decades away - I say the likelihood of that is 1%," he adds.

Claiming that the world's data on production, demand and inventories is alarmingly inaccurate, Matthew Simmons says the concept of peak-oil is closer than we think, and



there are a number of trends and patterns evident in the past that will continue to dominate the present and future.

### [The Next U.S. President Will Be the Chauncey Gardiner of Energy](#)

It is certain that the United States is in for a shock in energy prices and especially in energy supplies – the likes of which have never been seen or imagined. While high prices can be tolerated to a reasonable extent, all hell will break loose if massive supply disruptions emerge. We are much closer to them than people think, and not because of peak oil, which is still decades away. Those who think that we can conserve ourselves to energy independence need not read any further. They are wrong, and it is pointless to try to show them otherwise.

The first proof positive of trouble to come: it is clear that for all three potential U.S. presidential candidates, Senators John McCain, Barack Obama, and Hillary Clinton, the primary sources, which provide 87 percent of U.S. energy (oil, gas, and coal) are of no consequence – other than popular notions like freedom from the “tyranny of oil.” Their lack of interest is breathtaking, considering that whoever gets elected will probably be confronted with \$120-a-barrel oil.

### [The Demise of Oil - Energy Security Concerns, Global Antagonism and Dilemmas](#)

Worldwide oil consumption has increased some 25% over the past decade; more than 85 million barrels of oil are needed to meet the daily needs of the globe. With the present consumption rates, the oil era will end in less than 40 years.

### [Byron King: The Automotive Energy Revolution](#)

Every automobile on the roads of the world reflects a long and complex chain of industrial production and energy usage. Yet we live in a world where many of the highest quality resources and energy supplies have already been exploited. And lower quality resources are more expensive to extract and exploit, if they are even available. So the world’s automobile industry is in the midst of a revolution in both resource availability and energy consumption.

### [Out of the Yard and Onto the Fork](#)

Kitchen gardens are as old as the first hunter-gatherers who decided to settle down and watch the seeds grow. Walled medieval gardens protected carefully tended herbs, greens and fruit trees from marauders, both human and animal. The American colonists planted gardens as soon as they could, sowing seeds brought from Europe.

Call them survivor gardens.

Now, they are being discovered by a new generation of people who worry about just what is in that bag of spinach and how much fuel was consumed to grow it and to fly it a thousand miles.

### [Feeding The Suburbs](#)

I have a book someone gave me entitled *Five Acres and Independence*. I've had it for a while, and having that book seemed to reinforce my (mistaken) notion that in order to be self-sufficient, I needed an acreage. I needed land, lots of land and the starry sky above ....

At any rate, a 1/4 acre wasn't going to do it.

I didn't know that a large portion of the world's farmers are working land that isn't much bigger than the average American suburban lot.

### [Oil price hits record high 115.54 dollars](#)

LONDON (AFP) - The price of New York oil hit a record high 115.54 dollars per barrel on Thursday, boosted by falling US energy reserves and a weak dollar which attracts investors into commodities, analysts said.

New York's main oil futures contract, light sweet crude for delivery in May, later stood at 115.23 dollars, up 30 cents from Wednesday's close.

### [Many of China's 'resource' towns are dying](#)

YUMEN, China: Dying towns may seem rare in a booming China, but the expanses of rubble and abandoned homes that ring this formerly wealthy oil center identify Yumen as one of them. And although Yumen is home to just a few thousand people in a country of more than 1.3 billion, Beijing's stability-obsessed government is worrying about their future.

Officials worry because Yumen's poor, disgruntled inhabitants are the thin end of a wedge of discontent that could engulf hundreds of thousands of people within a decade unless the central government can resolve one of the more obscure but troubling legacies of past socialist policies.

The potential troublemakers live in dozens of "resource towns" that were built across China by Mao-era economic planners to exploit energy or mineral deposits regardless of how remote or inhospitable the location. Now, some seams of oil, coal and ore are starting to run out, increasing unemployment and migration while leaving behind shells of towns that are impoverished tinderboxes of unrest.



### [Activists criticize Kamchatka oil plans](#)

SEOUL, South Korea - Russian, U.S. and South Korean activists are appealing to the South Korean government and oil companies to withdraw from a project prospecting for oil near the isolated Kamchatka Peninsula in Russia's Far East.

### [China edible oil producers say no knowledge of price hike rejection](#)

BEIJING (XFN-ASIA) - Singapore's Wilmar said it is unaware of any reversal of its approved 10 pct rise in cooking oil prices.

Earlier today The Economic Observer reported that Wilmar unit Kerry Oils & Grains, along with three other major food makers, were denied permission to increase prices of cooking oil.

### [Kazakhstan to Start Taxing Crude Exports in 30 Days](#)

(Bloomberg) -- Kazakhstan, holder of 3.3 percent of the world's oil, will begin taxing crude exports in 30 days to ensure domestic supplies and raise cash amid a tightening on global credit markets.

### [Native chief seeks help of Venezuela's Chavez](#)

WINNIPEG — An outspoken Canadian native leader is urging Venezuelan President Hugo Chavez to throw his weight behind an attempt to block two multibillion-dollar pipelines that will transport oil from Alberta to the United States.

### [Preparing for the age of peak oil](#)

Russia's vast oil and gas reserves were seen not so long ago as the best hope of meeting growing world energy demand. No more. This week a top Russian oil executive echoed earlier official warnings that oil production could fall for the first time in a decade.

An output slump would hit consuming nations hard by sending international oil prices even higher. Russia would lose out too by forgoing tax revenues. But Moscow can prevent this – and create the conditions for a recovery in production.

### [Logistics News: Is Dramatic Slowdown in Russian Oil Production Another Proof Point for Peak Oil Theorists?](#)

Peak Oil theorists, who include both some fringe elements along with very serious, mainstream engineers and other experts, got a boost this week when the International Energy Agency (IEA) announced that for the first time in a decade, Russian oil production levels dropped in the first quarter, contributing to the further rise in oil and gas/diesel prices the past few days.

While Russian officials first blamed the weather and spotty electric capacity, they also pointed to some potential issues with the aging oil fields found mostly in Siberia – the exact type of scenario that Peak Oil advocates would predict would happen.

### [What future awaits Russia and the world after oil](#)

Andrey Parshev, author of the scandalous bestsellers “Why Russia Isn’t America” and “Why is America Advancing,” is known for his boisterous remarks that initially seem absurd, but have the habit of coming true. Ten years ago, Russian politicians laughed at Parshev's comment about the U.S. attacking Iraq. Similarly, economists were quick to joke when Parshev said the U.S. dollar would drastically lose value sometime around 2007.

Parshev's new book will hit store shelves soon. With the working title “Winter of the Giants,” the book dissects how events will unfold in Russia and abroad when all the country's oil has been extracted. KP invited Parshev to an Internet conference with our readers. The author addressed numerous issues – many are unrelated to hydrocarbons.

### [The “long emergency” and the new normal](#)

It is increasingly difficult to dismiss the sense that economic and social systems we've come to regard as "normal," locally and globally, are strained to the limit and breaking down. Crude oil nudging \$112 a barrel send motor fuel prices to record highs. People in Haiti rioting and booting their prime minister in protest and frustration over skyrocketing food prices. People killed in food riots in West Africa. These seemingly disconnected phenomena are part and parcel of a perfect storm of converging factors including energy shortages, climate change, and a third-world population explosion that will oblige us to redefine "normal."

We are arguably already in what author and activist James Howard Kunstler dubbed in his 2006 book of the same title, *The Long Emergency*.

### [Delta/Northwest May Spark More Airline Mergers](#)

The proposed merger of Delta Air Lines and Northwest Airlines is likely to spur other carriers to go after the cost savings and brand recognition required to survive amid high fuel prices and a weak US economy.

## [Two factors mean the end of air travel as we know it](#)

In crafting policy around air travel, governments both here abroad are flying by the seat of their pants.

The world is starting to be affected by the twin challenges of climate change and peak oil, but many involved in transportation planning are looking the other way.

In fact, it's easy to believe air travel will keep on expanding, given all the jam-packed airplanes, delayed flights and crowded airports. But cracks are appearing.

## [G8 business chiefs spar over climate measures](#)

TOKYO (AFP) - World business chiefs gathered here Thursday to discuss ways to tackle global warming as trans-Atlantic tensions emerged over how far industry should go to reduce emissions.

The heads of the business federations of the Group of Eight industrialised nations agreed that climate change needs serious attention.

But in a joint statement issued after the one-day meeting they said companies should not be "unduly penalised by unbalanced policy measures that would divert resources away from investments in innovation."

## [Bush: US to halt greenhouse gas rise by 2025](#)

WASHINGTON (AFP) - President George W. Bush Wednesday called for US greenhouse gas emissions to be curtailed from 2025, but was roundly accused of doing too little, too late to combat climate change.

## [Bush climate plan criticized for lacking urgency](#)

PARIS (Reuters) - The world needs tougher action to combat global warming than a plan by President George W. Bush to halt a rise in U.S. greenhouse gas emissions only by 2025, delegates at a climate conference in Paris said on Thursday.

South Africa, one of 17 nations at the two-day global warming talks that started on Thursday, called Bush's proposals "disappointing" and unambitious when many other industrialized economies are already cutting emissions.

"There is no way whatever that we can agree to what the U.S. is proposing," South African Environmental Affairs Minister Marthinus van Schalkwyk said in a statement.

## [Oceans Absorbing Less CO2 May Have 1,500 Year Impact](#)

VIENNA - Global oceans are soaking up less carbon dioxide, a development that could speed up the greenhouse effect and have an impact for the next 1,500 years, scientists said on Wednesday.

## [Stern review author paints bleaker picture on climate change](#)

LONDON (AFP) - Nicholas Stern, the author of a key climate change report, said in an interview published Thursday that he and his team "underestimated" the risks of global warming.

..."We underestimated the risks ... we underestimated the damage associated with the temperature increases ... and we underestimated the probability of temperature increases," he told the business daily.

"The damage risks are bigger than I would have argued ... We can't be precise about what it would be like but you can say it would be a transformation."



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).