



Drumbeat: April 25, 2009

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Topic: [Miscellaneous](#)

[Richard Heinberg: A beguiling veneer of normalcy](#)

Are we at the beginning of an epic Depression, or at the bottom of a nasty recession with brighter days only months away? It would seem to be a matter of perspective. Recent bank earnings reports and stock market activity have led many analysts to claim that the economy has indeed reached the bottom of the trough, and that while the recession is not over the worst has passed.

...The indicators to which I pay attention lead me to a different conclusion. We are indeed seeing a let-up in the frighteningly rapid financial collapse that began to unfold late last summer. That's to be expected: all the trillions that are being spent on bailouts and stimulus packages must have some effect—though ultimately it will only be to provide a brief interlude before the storm returns in far greater force.

[Will recession spark global food crisis?](#)

Like millions of farmers around the world, David Start is slashing the amount of potash he uses on his Ontario farm and the impact is rattling the agricultural industry.

Mr. Start has cut his potash use by 75 per cent because the price of the fertilizer is just too high. He hopes that by using a limited amount of potash he'll still produce the same amount of corn, beans and wheat.

"If you can't afford the input, then you have to start to strategize," he said from his farm near Woodstock.

Farmers across Canada, the United States and elsewhere are making similar decisions and holding off on fertilizer purchases in the hope prices will fall. Their collective action has sent fertilizer sales into an unprecedented nosedive and pummelled the bottom lines of agriculture giants like Potash Corp. of Saskatchewan Inc., Viterra Inc., Bunge Ltd. and Terra Industries Inc.

[Cantarell field in Mexico falling fast as gas cap expands down structure](#)

Cantarell, discovered in 1979, by 1981 was flowing 1.156 million bbl/day from 40 wells. An average well in 1981 would produce 29,000 bbl/day. Development continued with production coming from many of the fields including Ixtoc, but as flow rates fell, gas lift equipment was installed. By 1995, the average well would produce 7,000 bbl/day. The gas lift program was expanded and by 1999, total production from the complex was 1.4 million bbl/day. But reservoir pressure continued to decline. Had there been no pressure maintenance installation, by 2004, production per well would have been about 3,200 bbl/day. Under that regime, production would continue for many years at ever declining rates.

[U.S. 'Soft Power', Dollar Standard and the Banks](#)

There is every reason to believe the US presence in the Middle East has far more to do with preserving a strangle-hold over the world's largest remaining reserves of cheap energy than any compelling need of the US economy. The new Great Game being played with Russia over control of pipelines from the oil-rich provinces of the FSU to Europe reinforces the likelihood the focus of US diplomatic strategy has been and continues to be hegemonic control over the world's energy supplies. Is this an insurance policy to guarantee the world will continue accepting US dollars? Is this rather than the naked power of US oil companies, the reason President Reagan promptly removed the solar panels from the White House when he assumed office – a wink and a nod to Saudi allies, the military-industrial complex, Wall Street and the banks and a stern reminder to our 'allies'?

[B.C. projected to rival Alberta for gas production](#)

EnCana Canadian Foothills division president Mike Graham said improved technology is setting off a "renaissance" of natural gas production in North America, and B.C. is poised to benefit from it.

The province has large-scale reserves that are only now beginning to be developed as a result of sophisticated new extraction methods. And they are coming into production at a time when natural gas is gaining favour as an alternative to heavier fossil fuels, Graham said.

[Oil should rise to \\$70-80/bbl in 2010: Russian minister](#)

SOFIA (Reuters) - Oil prices of around \$50 a barrel are not high enough to ensure exploration and production but crude prices should rise to \$70-80 within 12-18 months, Russian Energy Minister Sergei Shmatko said on Saturday.

"We are interested in a fair price ... The current oil prices does not ensure sufficient funds for continuous oil production, extraction or the implementation of new technologies," he said, when asked by Reuters what price the world's second largest oil producer needed to get for its crude.

[OPEC, Asian Ministers May Call for Curbs on Speculation in Oil](#)

(Bloomberg) -- OPEC and 13 Asian countries may call for measures to curb speculation in crude oil to prevent a surge in prices once the global economy recovers from the worst recession since World War II.

Ministers participating in an energy roundtable in Tokyo may seek increased oversight of over-the-counter trades in oil and its derivatives, according to a draft of a statement to be released by the chairmen after today's meeting, a copy of which was obtained by Bloomberg News. The document, which may change, calls for limits on speculative positions in oil futures.

[Saudi Arabia, Japan agree to promote energy cooperation](#)

TOKYO (KUNA) -- Japan and Saudi Arabia have agreed to promote bilateral cooperation in renewable energy and conservation of power, as well as support for bilateral small businesses, Japanese officials said Saturday. According to the officials, and during talks with Japanese Economy, Trade and Industry Minister Toshihiro Nikai here, visiting Saudi Oil Minister Ali Al-Naimi underscored cooperation the two countries conducted, particularly in the energy field and increased investments by Japanese companies in the kingdom.

[We'll ensure gas supplies: Emir](#)

DOHA/Sofia: Qatar yesterday assured the world of consistent gas supply and reiterated that its plans to produce 77 million tonnes per annum (mtpa) of liquefied natural gas (LNG) in two years were on track.

"The stability and security of energy supplies globally are our prime concern and that's one of the reasons why we are focusing on further developing our vibrant natural gas industry," The Emir HH Sheikh Hamad bin Khalifa Al Thani told a key Energy Summit in Bulgaria yesterday.

[Venezuela is the only one in the hemisphere suffering a recessive adjustment](#)

In the face of a global crisis that has cut the demand of exported goods; turned the financing tap off in the international market and evaporated foreign investment, the governments that command the main Latin American economies, except for the Venezuelan government, have embarked upon a number of policies to circumvent recession and mitigate its impact on people.

[Militant camps destroyed in Niger Delta](#)

LAGOS (AFP) – The Nigerian military on Saturday said it had raided and destroyed two militant camps in the volatile Niger Delta as part of efforts to end violence in the oil-rich region.

[Govt Order Averts Oil Strike in Argentina](#)

The federation of Argentine oil workers' unions called off a strike planned for Thursday, heeding a 15-day "mandatory conciliation" order issued by the Labor Ministry.

As part of the government intervention, a meeting was to be held Thursday between the unions and the companies to resolve the labor dispute, Argentine media outlets reported.

[Schlumberger CFO: Another Headcount Reduction Likely](#)

Schlumberger's Chief Financial Officer, Simon Avat, said Friday the oilfield services major will likely reduce its employment levels in the coming months, Dow Jones reports.

The world's largest oilfield services company, Schlumberger cut some 5,000, or 6%, of its 84,000 global employees in the first round of layoffs announced in January amid a worldwide downturn in oil and gas activity and weakened crude prices.

[Alberta wary of California low-carbon fuel rule](#)

HOUSTON (Reuters) - Canada's biggest energy-producing province, Alberta, is wary of the new California low-carbon fuel rule and its potential effects on exports of oil sands production, the province's energy minister said on Friday.

Mel Knight, Alberta minister of energy, said the new rule -- and rules being considered by other states -- are a potential threat to exports of upgraded oil from Canada's oil sands, but Alberta will continue to try to participate in discussions to help shape such rules.

[H2O Smart](#)

Dawn Heffernan faces a big challenge. Her southern Alberta town will max out its water supply this year. Since there is no prospect of getting more, there is only one solution: conservation.

[On your trike!](#)

The main innovation with the modern trike is that the two wheels are at the front rather than the back, on either side of a box containing a seat (and a seatbelt) for children. The particular model I am training on comes with seven gears, a hydraulic handbrake at the front and an old fashioned coaster brake at the rear. There is also a continental style-frame lock that immobilises the back wheel.

[Ocean power surges forward](#)

Wave power and tidal power are still experimental, but may be little more than five years away from commercial development.

[Al-Naimi Says Saudi Oil Output Below Target; Stockpiles to Fall](#)

(Bloomberg) -- Saudi Arabia, OPEC's biggest oil exporter, is producing less crude than its target and global stockpiles are likely to decline, according to Oil Minister Ali al-Naimi.

The country is producing less than 8 million barrels of crude a day, al-Naimi told reporters today in Tokyo, where he is attending a meeting of Asian energy ministers. Stockpiles "will come down eventually," he said.

[IMF: Mideast under strain despite oil wealth](#)

CAIRO (AP) — The world's worst economic recession in about six decades is hammering the nations of the Middle East, with falling commodity prices severely straining economies and wealthy oil producers digging deep into savings to sustain spending.

[Kuwait Min Says Worried Budget Gap If Oil \\$30-\\$40/Bbl](#)

TOKYO (Zawya Dow Jones)--Kuwaiti Oil Minister Sheikh Ahmad Abdullah Al Sabah said Friday the government is worried it will incur a budget deficit if the oil price falls to an average of \$30-\$40 a barrel this year.

However, he added that it would be comfortable if the oil price averages \$50-\$60 a barrel in 2009 and \$70/barrel or more over the next three years.

"I'm not worried till I see oil hitting \$30-\$40 because that would mean a deficit in the Kuwaiti budget. Oil is a depletable commodity and we can't afford to sell it at this price but have to conserve it. Nobody likes to see deficit in his budget," Sheikh Sabah told Zawya Dow Jones in an exclusive interview.

[Natural Gas Is Going to 1997 Levels and is Going to Stay There for A While](#)

In the middle of this decade, E&P companies were spurred on by rising commodity prices and easy credit to find and develop new sources of domestic natural gas—most notably shale gas. The forces that enabled this phenomenal growth in domestic gas production—the great asset and credit bubble—have vanished into air, into thin air. Now, Shale-gas companies may have been impaled on their own bayonets. Yet some would have us believe that natural gas prices are poised for a great comeback—that all the fret and worry is for nothing because prices are going to come right back up and justify the development of all the shale in the country, and then some. They are wrong: demand will continue to be weak and supply will not be nearly as sparse as the some of the gas-bulls would have us believe. Instead, the story of 2009, 2010, and beyond will be not only how much farther natural gas prices will fall, but also how long prices will stay in the basement, and who will be counted among the casualties.

[Policymakers and the Depression](#)

Well, it means that in a hyperinflationary period, you could have plummeting stock and bond prices (in real terms) AND rising food, energy, and other prices (in real terms). So don't go buy that house just because you think inflation is going to boost house prices. In real terms, a hyperinflation destroys value. It doesn't add it.

Here's the thing to remember: all the physical capital stock that gets built in an inflationary boom doesn't go away. The factories are still there. The houses are still there. The capital goods are still there. And the cars are still there. But the value of that capital stock has to fall once the inflationary boom goes bust.

[Dutch Firms to Build Network of Charging Stations for Electric Cars](#)

Dutch electricity grid companies have agreed to build a national network of charging stations for electric cars to encourage the purchase of this type of clean vehicles, Dutch media reported on Friday.

[Kazakhstan Bank Stops Repaying Foreign Debt](#)

MOSCOW — The largest bank in the Central Asian nation of Kazakhstan, whose economy soared when oil prices were high, announced on Friday that it could no longer repay \$11 billion in foreign debt.

The bank, BTA, said it would pay only interest to foreign creditors, who lavished the country with loans during the commodity boom. The move underscored the growing financial instability in countries all across the former Soviet Union.

[Cost of oil bucks conventional wisdom, rises](#)

NEW YORK - Oil prices appeared again to buck traditional market fundamentals, rising for the third straight day Friday despite a huge surplus and weak global demand.

Concerns that the U.S. bank bailout will spark a wave of inflation sent money flowing into hard assets like oil.

[California's low-carbon fuel standard has oil companies anxious](#)

In car-crazy California, a new fuel standard ordered by state officials to curb greenhouse gases could dramatically change how vehicles run.

It also could have a huge effect on cost.

The petroleum industry and some economists say the new standard adopted by the state Air Resources Board on Thursday will cost motorists billions, because blending gasoline will become considerably more complicated.

But state officials and environmentalists say the "low-carbon fuel standard" will actually save Californians money by reducing oil consumption and ushering in a competitive new era of biofuels and electric vehicles.

[New California fuel rule may violate NAFTA: lawyer](#)

CALGARY, Alberta (Reuters) – California's new low-carbon fuel rules may be a violation of NAFTA and World Trade Organization provisions because they would unfairly limit exports of crude from Canada's oil sands to the state, a prominent Canadian trade lawyer said on Friday.

[Alaska's drilling debate moves offshore](#)

The coast around Prudhoe Bay is already dotted with drilling operations such as British Petroleum's Liberty project, which, when completed, will have the world's longest diagonal wells -- reaching eight miles out from facilities near shore. In contrast, the proposed Chukchi Sea leases would start 25 miles offshore and reach 200 miles out.

Obama administration officials have said they will weigh the nation's energy needs against the desire to protect crucial resources. But with active North Slope fields reaching the end of their production life, the allure of an estimated 27 billion barrels of oil and 132 trillion cubic feet of natural gas off Alaska's shores is strong.

Gov. Sarah Palin has warned that without new drilling, the 800-mile-long trans-Alaska

oil pipeline could be forced to shut down in as little as 10 years -- crippling America's hopes for energy independence, not to mention her state.

[Venezuela Oil Company Cuts Costs As Prices Fall](#)

CARACAS, Venezuela (AP) — Venezuela announced plans Friday to slash salaries and spending at its state oil company in a bid to save cash for refinery upgrades and other projects as oil income falls.

[OPEC chief plays down possible output cut](#)

VIENNA - OPEC chief Abdalla Salem El-Badri does not expect the oil cartel to cut production at a key meeting next month, Dow Jones Newswires reported Friday.

Despite signs of even weaker crude demand and swelling oil inventory in big energy consuming nations, the Organization of Petroleum Exporting Countries first needed to fully implement an agreement announced in December to remove 4.2 million barrels a day from world markets, El-Badri said in an interview.

[CNPC tightens its belt](#)

China National Petroleum Corporation (CNPC) said it will lower oil and gas operational costs by 5% this year and project investment costs by 10% as part of a package of measures designed to help the company cope with the spreading global financial crisis.

In a statement published on its website, CNPC said it could potentially lower costs related to its normal purchases of about 200 billion yuan (\$29.30 billion) for materials and equipment each year.

[Saudi giant oilfield to start in June](#)

State oil giant Saudi Aramco will launch in June the largest new field in its plan to raise crude capacity to 12.5 million barrels per day (bpd) by the end of this year, Al-Hayat newspaper reported on Saturday.

"The Khurais oil project will open as scheduled in June," Al-Hayat newspaper quoted an unidentified source as saying.

[Kuwait committed to joint venture with Japan in Vietnam's refinery](#)

Kuwait Petroleum International (KPI), an international unit of Kuwait Petroleum Corporation (KPC), established the joint venture in April last year with Japanese major refiner Idemitsu Kosan Co. and Mitsui Chemicals Inc., as well as state-owned PetroVietnam.

"The project will utilize Kuwait's stable crude oil supply and Japanese firms' oil refining and petrochemical business experiences in Vietnam, where demand for oil products is rapidly increasing," said Shiekh Ahmad.

[Iran says no gas to UAE until price 'corrected'](#)

Iran will not start delivering natural gas to the United Arab Emirates until the price has been 'corrected' in a contract with Crescent Petroleum, Oil minister Gholamhossein Nozari said on Saturday.

[Profits of China's major oil companies rise as demand recovers](#)

BEIJING (Xinhua) -- China's top five oil companies saw profits up 13.2 percent in March from the same period a year ago, as stimulus package pushed up energy demand, according to a report released by the China Petroleum and Chemical Industry Association.

[Three Reasons to Be More Bullish on Natural Gas than on Oil](#)

1. Chesapeake Energy Corp. announced plans to cut natural gas production further while also resuming some oil production. When producing natural gas becomes uneconomical and enough production is cut, prices will eventually have to rise. If production of oil is resumed after being previously cut, then it likely means that the production of oil is becoming economical again.

[Report: Iran discovers new oil, gas resources](#)

TEHRAN (Xinhua) -- Iran discovered a new oil layer and a gas field in the southwest and central parts of the country, Iran's Press TV reported Saturday.

[A Natural Gas Centric Strategic Long-Term Comprehensive Energy Policy](#)

One of America's biggest competitive strengths is its 2.3 million mile natural gas pipeline grid. This grid supplies natural gas to every major metropolitan area in the US. The grid connects 63,000,000 US homes where 130,000,000 cars and trucks could be refueled every night in the garage while their drivers sleep. America's natural gas reserves combined with her natural gas pipeline grid is the best weapon the US has in the war on

foreign oil addiction. Natural gas is the only US domestic fuel that can be scaled up over the next decade to meaningfully reduce foreign oil imports. The US simply needs to make the decision to do so and get it done.

[How the Media Misleads Us on "Energy Independence"](#)

When journalists cover the news they tell more stories than they know. What they leave out conveys as much what they put in. In an interdependent world, the shorthand simplifications no longer approximate reality. One case in point: "energy independence." The phrase is quite literally nonsensical.

[Fuel-cell cars have a long way to go](#)

Hydrogen fuel cell vehicles, such as General Motors Corp.'s retooled Equinox — displayed at the St. Louis Science Center last weekend — rely on a reaction between oxygen and stored hydrogen to create electricity.

They are the future, automakers say. But when that future will arrive depends on whom you ask.

[Bulgaria Signs Deal To Import Natural Gas From Egypt](#)

SOFIA (AFP)--Bulgaria signed a deal Saturday to import liquefied and compressed natural gas from Egypt in an attempt to wean itself off Russian deliveries, on which it is almost entirely dependent.

[Japan honours 'Limits to Growth' science author](#)

TOKYO (AFP) — Japan on Thursday awarded its top science prize to a US researcher who decades ago predicted that rapid economic and population growth on a finite planet would lead to the collapse of civilisation.

Professor Dennis Meadows led a research team that in the 1972 study "The Limits to Growth," using a computer model called World3, forecast that on current trends humanity was headed for doom by 2100.

[The Land of the "Meadow": A Look at the Predicament of Suburban Ancaster](#)

Of course, one of the main issues with suburbanization is the idea of the *commuter culture*. Automobile use is practically a must in communities such as Meadowlands due to the vast, low-density housing and the inefficient use of the land.

Being situated at the cusp of what many would term the "climax of peak oil", it is difficult to justify wasting natural resources in such a self-centred manner. Perspective seems to have been largely skewed somewhere along the line; image has overtaken ethical considerations for living.

[Europe & America: Enviromental Fallout](#)

The United States is certainly one of the cleanest, more environmentally responsible nations in the world. Virtually no European country can boast cleaner waters, more pristine rural landscapes or air quality. Even Los Angeles, the butt of all environmental jokes in the United States, is cleaner than 95 percent of all major cities in the world. But the environment has been used as a means to politicize economic progress. Environmentalist organizations, many of them the offshoot of anti-establishment, radical movements of the 1960's, have grown to wear a suit and tie but still show a stark aversion to any development. There is no energy project, no highway, no power plant, no harbor and no airport of which Greenpeace, Friends of the Earth or the Worldwide Wildlife Fund would approve.

[Hungry Girl Recipes Bring Lisa Lillien To National Spotlight](#)

Here's a taste of Lisa Lillien's unfathomable food wisdom, from the Washington Post article: "Lillien knows she has critics out there. "People are hypocrites," she says. "They say 'shop the perimeter of the store, never eat anything that's not organic,' but it's B.S., because people can't live like that forever."

What have we come to? Just four generations ago, 75% of Americans lived on farms. By default, all food was local and organic and seasonal. 80 years ago, only the elite could eat out-of-season food from far away- it was prohibitively expensive for ordinary folks to eat, say, oranges in August. That out-of-season orange was the ultimate display of food elitism. Now, food elitism is eating organic, in-season food, and cooking it yourself. It's come to this: eating real food is elitist.

[What shade of green is your building?](#)

From this architect's point of view it seems more and more fashionable, marketable, and finally cost effective in terms of building life cycle to build green. I joined the United States Green Building Council (USGBC) a few years back and quit after I found out that they had recently approved some products made of plastic. Somehow that didn't quite fit into my definition of green. Maybe I was wrong in thinking that we should be more concerned with our carbon footprint. Maybe my studies in homestead sustainability from 35 years ago got in the way. Maybe I was just wrong and uninformed. Anyway, my middle ground was joining the Florida Green Building Coalition (FGBC). It was more local, I like that about an organization in which I am a member.

[Gore's, Gingrich's views clash on greenhouse gases](#)

WASHINGTON — Former Vice President Al Gore, the leading American voice on climate change, urged lawmakers Friday to overcome partisan differences and take action to reduce greenhouse gases. But Democrats and Republicans sparred even more vigorously over the cost of dealing with global warming.

[Saving the planet by numbers](#)

Maybe if we all do a little, we'll achieve only a little. Newspapers and television programmes are full of suggestions on how we can be more green. But how can we tell what works?

[U.S. seeks reins in new set of climate talks](#)

WASHINGTON (Reuters) – The United States hopes to take the reins of international efforts to battle global warming next week with a meeting of major economies aimed at facilitating a U.N. pact to cut greenhouse gas emissions.

['Future Earth: Journey to the End of the World'](#)

The world is always coming to an end on cable news, where panic is the fallback position. And so it does, hypothetically, in the first of four MSNBC specials on our tottering globe, “Future Earth: Journey to the End of the World.” Partly a report on an expedition to study the changing Arctic environment and in (small, but endlessly teased) part a CGI disaster mini movie, it is not quite the adventure the material promises. But it works well enough as a primer on the effects of global warming on Arctic ice and why you will miss it when it's gone (not least because it is beautiful to behold).



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