



DrumBeat: May 11, 2009

Posted by [Leanan](#) on May 11, 2009 - 9:43am

Topic: [Miscellaneous](#)

[Peak oil, not speculation](#)

After many years of solid growth, oil production plateaued in October 2004. Regardless of the price level, the oil supply simply stopped responding, and from then on, the world had to make do with broadly flat supplies. Ordinarily, the expansion of the world's economy would be accompanied by increased energy consumption and an inelastic oil supply might have been expected to hinder economic development. It didn't. In the four years to mid-2008, the world economy expanded by 18 percent. The global economy boomed, even without new oil.

However, this came at a price. In the absence of oil supply growth, demand accommodation was required. This was achieved by secular price rises averaging 25 percent per annum from 2003 to the end of 2007. In other words, the price of oil went up, and this constrained consumption by causing the marginal consumer to drop out of the market. This proved a workable solution for a time, but the global economy could not sustain 25 percent annual price increases indefinitely, and by the second half 2007, the situation was becoming critical. Consumption was being maintained by continuing draws on inventories averaging 1.4 mbpd, and virtually every producer, with the possible exception of the Saudis, was running flat out. By early 2008, even the Saudis were throwing the kitchen sink at the market - all to no avail. On paper, it looked like a peak oil nightmare.

[Hard times ahead: a discussion on the post-oil world](#)

It would be interesting to see the readership poll results concerning where we think this country will be 15 to 20 years from now. Perhaps it should include some reference to where we stand with regard to the rest of the world. As you know, just a few of the factors that would influence our view of the future would involve the results of peak-oil, climate change, national debt, inflation, loss of manufacturing, increasing population, state fascism, a broken educational system, an unjust medical system, etc. I can only speculate upon your perspective but, my research does not present a very pretty picture. Chris Martenson says it so clearly with his catch phrase, "The next twenty years will be completely unlike the last twenty years."

[Ensco to cancel contract with Venezuela](#)

Enasco International, which had one of its drilling rigs seized by Venezuela in January, said it plans to cancel that contract unless it is paid or an agreement is reached by 30 May.

[Venezuela to take over 39 oil industry contractors](#)

Venezuela's state oil company will take over 39 oil contractors with the backing of a new law, the government said Monday.

[Nigeria struggles to meet Opec quota](#)

Persisting unrest and violence in Nigeria's Niger Delta is preventing the African oil producer from meeting its Opec output quota, a senior Nigerian oil ministry official said today.

[Natural Gas Is The Mania De Jour](#)

Many are wondering what the heck is going on in the natural gas (NG) market, because if it's suppose to be such an essential commodity, why does the price keep crashing, especially with stability found in the larger equity complex? To answer this question properly, we must first set the stage with the appropriate background understandings, where because of the extremes in pricing we are seeing here, previous efforts in this regard now appear insufficient. In the first place, in order to fully understand what is occurring here, one must realize that the NG market is now showing all the signs of an extreme manic blow-off, only instead of an upside exhaustion, we are witnessing a 'selling panic'. In this regard then, the important thing to realize is extremes in speculation and emotion are now in control of this market, not the fundamentals, making it the 'mania de jour'.

[Activists See Economy Trumping Climate In Obama Auto Task Force](#)

Economic concerns appear to be trumping environmental priorities in the Obama administration's efforts to revive the U.S. auto industry, environmentalists say, pointing to perceived disagreements on the White House auto industry task force over how strongly to push initiatives aimed at reducing greenhouse gas (GHG) emissions and increasing fuel efficiency standards.

Specifically, they say environmental officials on the cabinet-level panel -- including White House climate and energy policy "czar" Carol Browner and EPA Senior Climate Policy Counsel Lisa Heinzerling—appear to have had their recommendations overruled by Treasury and economic officials on the task force, which includes Treasury Secretary Tim Geithner and National Economic Council Director Larry Summers. Browner and Heinzerling were expected to be strong voices within the task force for reducing the auto

industry's emissions.

[BP brings 'green era' to a close](#)

Environmental groups have accused BP of dropping its pledge to be green and replacing it with a commitment to be "responsible".

The oil giant was widely recognised as the first oil company to both acknowledge and tackle climate change.

Also, its in-house carbon trading scheme - built with a little help from an unlikely ally, the US-based Environmental Defense Fund - was among the first of its kind.

However, a change of chief executive has led to an apparent change of policy.

[Coal Supply May Be Vastly Overestimated](#)

Forget peak oil -- a series of new estimates of the world's coal supply suggests reserves may be vastly overestimated, and if the planet isn't running on a majority of alternative energies within the next few decades, we could be facing an unprecedented global energy crisis.

On the flip side, a dwindling supply of coal could also throw the breaks on global warming, some argue.

[New Danish research shows how oil gets stuck underground](#)

It is a mystery to many people why the world is running out of oil when most of the world's oilfields have only been half emptied. However some of the oil that has been located is trapped as droplets of oil in small cavities in the surrounding rock or is stuck to the walls of the underground cavity and cannot be accessed by the techniques currently used in the oil industry.

Now, new Danish research may have come up with an explanation as to where and how North Sea oil clings to underground rocks. This explanation could turn out to be the first step on the way to developing improved oil production techniques with the intent of increasing oil production from Danish oil fields.

[OPEC faces uphill struggle to get \\$75 a barrel](#)

LONDON (Reuters) - The OPEC members most dependent on costly oil face a long struggle as some demand has gone for good and a target of around \$75 a barrel is a

distant dream, the executive director of the Centre for Global Energy Studies said.

Fadhil Chalabi, who was previously a senior official in the Iraqi oil ministry and in the Organization of the Petroleum Exporting Countries, said last year's record prices of nearly \$150 meant consumer countries were changing their habits.

[Pride, Chevron agrees to terminate rig contract](#)

(Reuters) - Pride International Inc said it agreed with Chevron Corp to terminate the remaining contract term of a rig in West Africa, after an inspection revealed "unacceptable" levels of corrosion.

[Iran needs foreign cash injection'](#)

Iran will need foreign capital if it is to meet its plans to invest up to \$30 billion a year in its oil sector, a senior oil official was quoted as saying.

"The available information indicates that the use of internal resources does not meet investment needs," the daily Resalat quoted Seifollah Jashnsaz, managing director of state-run National Iranian Oil Company, as saying at a conference. "We must seek foreign investments."

[Ghana: On the Cusp of an Oil Boom](#)

Accra — Attempts to produce commercial quantities of oil in Ghana date from the late 19th Century, and at regular intervals between that time and the present the West African country has had its hopes dashed by enthusiastic announcements of commercial oil finds that have later turned out to be premature.

[Nigeria: Refineries Can't Meet Domestic Demand - DPR](#)

Kaduna — Department of Petroleum Resources (DPR) has stated that even if all the refineries in the country operate at their optimal level of 18 million litres per day, the country would still have to depend on importation of fuel as Nigeria's domestic demand as at today stands at about 31 million litres.

[Lovins: "New" Nuclear Reactors, Same Old Story](#)

Reprocessing of any kind makes waste management more difficult and complex, increases the volume and diversity of waste streams, increases by several- to manyfold the cost of nuclear fueling, and separates bomb-usable material that can't be adequately

measured or protected. Mainly for this last reason, all Presidents since Gerald Ford in 1976 (except G.W. Bush in 2006–08) discouraged it. An IFR/pyroprocessing system would give any country immediate access to over a thousand bombs' worth of plutonium to fuel it, facilities to recover that plutonium, and experts to separate and fabricate it into bomb cores—hardly a path to a safer world.

[Safety threat to planned nuclear power stations](#)

Britain's plans to build a new generation of nuclear power stations have been thrown into jeopardy by startling official safety fears. The nuclear regulatory body in Finland, where the first of the reactors is being built, has taken the extraordinary step of threatening to halt its construction because it has not been satisfied that key safety systems will work.

[The Future of the American Dream](#)

As Franklin Roosevelt understood, Americans will postpone immediate gratification and endure hard sacrifices--if they must--so long as they are convinced the future can be better than the past. But we face a far more difficult problem at our moment in history. What do you promise people who have been told they can have anything they want, who are repeatedly congratulated for living in the best of all possible circumstances? How do you tell them "the good times," as we have known them, are not coming back? Americans need a new vision that helps them deal with reality, a promising story of the future that helps them let go of the past.

[Flush with Camaro orders, GM workers on OT](#)

In a rare bright spot amid a darkening automotive landscape, workers at the General Motors' Oshawa operation are being asked to work additional shifts to meet "huge" demand for the 2010 Chevrolet Camaro.

[Honda Insight first hybrid to rank top in Japan](#)

TOKYO (Reuters) - Honda Motor Co said on Monday its new Insight model became the first hybrid to be crowned Japan's best-selling car last month.

The Insight went on sale in Japan in early February as Honda's first real attempt to challenge Toyota Motor Corp's dominance in the gasoline-electric hybrid segment.

[The Vulnerability of Energy Infrastructure to Environmental Change](#)

- Much energy infrastructure lies in areas that are predicted to become increasingly

physically unstable owing to changes in the environment.

- Already there have been environment-related disruptions to hydroelectric installations, offshore oil and gas production, pipelines, electrical transmission and nuclear power generation.
- As a result of scheduled decommissioning, revised environmental standards, stimulus spending and new development, there is likely to be substantial investment in new energy infrastructure.
- It is critical that new and existing infrastructure be designed or retrofitted for changing environmental conditions.
- It is no longer sufficient only to assess our impact on the environment; now we must also assess the impact of a changing environment on us.

[Mining the moon, they hope](#)

If we can mine natural resources underground or underwater, then why not in outer space?

That is the kind of thinking that will rule this week as some of Canada's top engineers gather in Toronto for the Canadian Institute of Mining, Metallurgy and Petroleum's (CIM) annual conference. One of its ongoing mandates is to make sure Canada keeps its historical leg-up in mining technology and innovation.

[Thrifty wartime habits return](#)

Sir Winston Churchill famously urged the UK to both eat and dig for victory to help cope with the shortages brought on by the war against the Nazis.

Now it would seem Second World War austerity is very much back in vogue to combat a newer but equally unforgiving enemy - the global recession.

[When the oil gives out \(new book excerpt\)](#)

One way to evaluate the prospects of Eldertown might be to start from the viewpoint of one of the more apocalyptic environmental groups. The peak oil movement focuses tightly on the issue of energy, the Achilles heel of industrial society. Convinced that global oil production will soon peak — or perhaps already has — the peak oilers predict a horrendous cascade of disasters in our near future. Cars, lacking fuel, will vanish from our lives. Suburbs dependent on commuting will have to be abandoned. Big-box stores will be empty as both the goods and money for consumption disappear. Big homes, too expensive to heat or cool, will stand untenanted. At the extreme, this is of course an

unlivable world. But short of that, if one looks at the lifestyle such radical changes demand, are we not dealing with choices that elders are far more apt to make than a younger population? Smaller homes or condos in more densely populated centers. Less driving or no driving at all in private cars. Lower consumption. To be sure, environmentalists, who have never given any attention to aging, are apt to feel none of this will happen soon enough, but surely it is of some importance that one is working with rather than against a powerful demographic trend.

[Elon Musk: Once The Electric Charge Dies, The Volt Is Like A Lawnmower](#)

Here's a video from early April of Tesla's CEO, Elon Musk, explaining why he isn't doing plug-in hybrids (via Gas 2.0.) He hedges in a weak preamble saying he's not trashing the Chevy Volt, and he hopes it successful. Then he proceeds to trash it.

[China Outpaces U.S. in Cleaner Coal-Fired Plants](#)

TIANJIN, China — China's frenetic construction of coal-fired power plants has raised worries around the world about the effect on climate change. China now uses more coal than the United States, Europe and Japan combined, making it the world's largest emitter of gases that are warming the planet.

But largely missing in the hand-wringing is this: China has emerged in the past two years as the world's leading builder of more efficient, less polluting coal power plants, mastering the technology and driving down the cost.

[Coal-to-liquids permit under fire](#)

CASPER -- The Sierra Club has filed an appeal to state regulator officials seeking more stringent emission limits for Medicine Bow Fuel & Power, LLC's proposed coal-to-gasoline refinery in Carbon County.

The appeal was filed Monday with the Wyoming Environmental Quality Council, which oversees environmental regulations guiding the Wyoming Department of Environmental Quality.

[Arctic project faces never-before-seen obstacles](#)

The Shtokman field is one of the world's largest natural gas fields, and it lies in the central part of the Russian sector of the Barents Sea, 600 kilometers (370 mi) north of Kola Peninsula. Its reserves are about 3.8 trillion cubic meters of natural gas and more than 37 million tons of gas condensate. That would be \$2-4 trillion worth at present prices.

“Gazprom asked us to design the infrastructure to last for 50 years, which is probably not possible in those severe conditions,” the representative related, “but we can be sure of 25 years and we can repair and replace to make 50 years happen.”

[Kuwait signs five deals with China for future projects](#)

The Kuwait and Chinese governments signed five agreements on Sunday for projects in the oil, gas and environment sectors, as part of a push by Beijing to deepen ties with resource-rich countries.

[Nigeria: Prices of Food Items Rise Due to Fuel Scarcity](#)

Prices of food items have gone up in Lagos metropolis due to scarcity of petroleum products, investigations by the News Agency of Nigeria (NAN) has revealed.

Prices of major food items have gone up by between 10 and 15 per cent in major markets in Lagos in the last two weeks.

[Royal Dutch Shell Publishes 2008 Sustainability Report](#)

HOUSTON -- Royal Dutch Shell released its 2008 Sustainability Report, describing the company's ongoing efforts to help meet one of the defining challenges facing society this century: providing more energy and lower CO2 emissions, according to ReportAlert.info.

[Kuwait's state budget projected to post surplus despite drop in oil income](#)

KUWAIT (KUNA) -- The 2009-2010 fiscal is projected to post a new surplus amounting to approximately KD 4.8 billion despite fall in oil income, according to a report released by the National Bank of Kuwait on Monday.

The NBK report said the drop in oil reruns would be compensated by the state declared plan for slashing public expenditure.

[The Middle Kingdom meets the Middle East](#)

BEIJING (Reuters) - With no fanfare, a \$5 billion (3.3 billion pounds) refinery in which Saudi Aramco has a 25 percent stake quietly began processing oil a couple of weeks ago in eastern China.

The start-up of the Fujian plant, half-owned by top state-owned refiner Sinopec

(0386.HK), testifies to the thickening trade and investment ties between China and the Arab world.

[Saudi crude supply to Asia for June largely steady](#)

SINGAPORE (Reuters) - Saudi Arabia, the world's top oil exporter, will keep its curb on crude supplies to Asian lifters largely steady for June versus May, but within a wide range of 7 to 14 percent, industry sources said on Monday. Five refiners have been told they will receive steady cuts, while a sixth will get even lower supplies, deepening the reductions beyond 10 percent. A seventh refiner was notified of a narrower curb of 7 percent against 11 percent for May.

"It is a little deeper than last month," said a trader with one of the refiners who had seen the Saudi notice.

[Russian tanker escapes pirate attack off Somalia](#)

MOSCOW (RIA Novosti) - A Russian oil tanker was attacked by pirates in the Gulf of Aden on Sunday but managed to escape with no casualties or damage, a Russian shipping company said.

The Liberia-flagged tanker, the NS Spirit, with the 22-member Russian crew, was sailing from South-East Asia to a Persian Gulf port with 36,000 tons of gasoline on its board. It was attacked at 1:00 p.m. Moscow time (9:00 GMT) on Sunday while passing through the Gulf of Aden, the Novorossiysk Shipping Company said.

[Chinese ambassador: China-Russia oil pipeline serves strategic goals of both sides](#)

MOSCOW (Xinhua) -- The construction of the China-Russia oil pipeline conforms with the strategic goals of China and Russia to diversify the former's energy imports and latter's energy exports, Chinese Ambassador to Russia Liu Guchang has said.

The move reflects the two countries' confidence and determination to tide over together the current global economic downturn, Liu said in a recent written interview with Xinhua on Sunday.

[When Chevron Hires Ex-Reporter to Investigate Pollution, Chevron Looks Good](#)

What did Chevron do when it learned that "60 Minutes" was preparing a potentially damaging report about oil company contamination of the Amazon rain forest in Ecuador? It hired a former journalist to produce a mirror image of the report, from the

corporation's point of view.

As a demonstration of just how far companies will go to counteract negative publicity, the Chevron case is extraordinary. Gene Randall, a former CNN correspondent, spent about five months on the project, which was posted on the Internet in April, three weeks before the "60 Minutes" report was shown on May 3.

[It's the oil price, stupid](#)

If you want to know which direction the GCC economy is heading, always check the oil price.

The global economy is more interconnected than ever, and so is the GCC economy. And no other sector of the global and local economy is a more reliable indicator of future trends than the oil price.

[Lester Brown - Needed: A Copernican Shift](#)

Economic theory and economic indicators do not explain how the economy is disrupting and destroying the earth's natural systems. Economic theory does not explain why Arctic sea ice is melting. It does not explain why grasslands are turning into desert in northwestern China, why coral reefs are dying in the South Pacific, or why the Newfoundland cod fishery collapsed. Nor does it explain why we are in the early stages of the greatest extinction of plants and animals since the dinosaurs disappeared 65 million years ago. Yet economics is essential to measuring the cost to society of these excesses.

Evidence that the economy is in conflict with the earth's natural systems can be seen in the daily news reports of collapsing fisheries, shrinking forests, eroding soils, deteriorating rangelands, expanding deserts, rising atmospheric carbon dioxide levels, falling water tables, rising temperatures, more destructive storms, melting glaciers, rising sea level, dying coral reefs, and disappearing species. These trends, which mark an increasingly stressed relationship between the economy and the earth's ecosystem, are taking a growing economic toll. At some point, this could overwhelm the worldwide forces of progress, leading to economic decline.

[Trinidad: Gas is not renewable](#)

Prime Minister Manning is either the eternal optimist or has completely misread the global economy. This is not a traditional boom-bust cycle, his economic "blip". On its recovery the global economy, with respect to petroleum demand, will change. The world recognises that it is at, or, near to peak oil and gas production for economic, political and geological reasons.

The producers will be unable to meet traditional demands for cheap oil/gas that would have kept the global economies expanding according to the old paradigm. Hence economic recovery will be slow and countries will be looking at new energy mixes (nuclear, low carbon alternative/renewable energy), energy efficiency etc.

[Australia: Regional projects work towards sustainability](#)

Three rural areas west of Murwillumbah in New South Wales have launched an economic and environmental plan designed to ensure their sustainability.

The Caldera Economic Transition Project has received \$45,000 in State Government funds to create sustainable ideas that will boost the local economy and benefit the planet.

[New Zealand: How small scale bears fruit](#)

The Whangarei Growers' Market is an example of how locally based and focused initiatives can help overcome the tyranny of distance and economies.

Translate distance and economy into fuel and costs, bring in a Transition Town initiative that encourages communities to act, produce and buy and sell locally, and it's full circle back to the growers' market model.

[DVD Review: *Crude Impact*](#)

Crude Impact is a broad look at the role of oil in our civilization, and the dangers we face as oil begins to run low. The scope of investigation is commendable, addressing oil conflict, the environment, and effects on developing countries, as well as the consequences for suburban lifestyles.

[Obama Isn't Enforcing Immigration Laws](#)

Historians will scratch their heads when they ask the question: "Why did Americans do it to themselves? What were they thinking? What were their leaders doing? Why didn't they move to stop the obvious when they still had a chance? Why didn't they take action in 2009 when they knew what they faced?"

Many profoundly educated experts addressed it: Too Many People by Lindsey Grant; Population Fix by Edward C. Hartman; Blind Spot by Adolfo Doring; Peak Everything by Richard Heinberg; The Long Emergency by James Howard Kunstler; Food, Energy and Society by David Pimental; How Complex Societies Collapse by Dr. Tainter; A Bicentennial Malthusian Essay by John Rohe; The Population Bomb by Paul Ehrlich;

The Transition Book by Rob Hopkins; The End of Nature by Bill McKibben and more.

[Honda, GM Stick to Fuel-Cell Plans as Obama Guts Hydrogen Funds](#)

(Bloomberg) -- Honda Motor Co., General Motors Corp. and Toyota Motor Corp. say they'll push ahead with development of hydrogen-powered autos after the Obama administration gutted fuel-cell funding plans in favor of biofuels and batteries.

[Government climate change report calls for new institutions to curb global warming](#)

A report commissioned by the British government will call today for an overhaul of global institutions to combat climate change.

The report, to be published by the Centre on International Co-operation at New York University, recommends the creation of powerful surveillance and enforcement mechanisms similar to those of the UN's nuclear watchdog, the International Atomic Energy Agency. The new institutions would ensure countries honour their commitments to cut carbon emissions.

[Will global warming affect fresh groundwater?](#)

A November 2007 article in ScienceDaily posited that coastal communities could face significant losses of fresh water supplies as saltwater intrudes inland. And whereas it had been previously assumed that salty water could only intrude underground as far as it did above ground, new studies show that in some cases salt water can go 50 percent further inland underground than it does above ground.

Salty water invading groundwater can reach not only residential water supplies but intakes for agricultural irrigation and industrial uses, as well. Economic effects include loss of coastal fisheries and other industries, coastal protection costs, and the loss of once-valuable coastal property as people move inland.

[The Maldives' Struggle to Stay Afloat](#)

"We are sitting on a time bomb," says Abdul Azeez, a leading Maldivian environmentalist. For a nation of so small a size (the Maldives' population is less than 400,000), the new government's task is monumental. "It is as if, in the same country, both Saddam Hussein was toppled and the Berlin Wall fell," says Ahmed Naseer, a painter and dissident who lived in exile in Sri Lanka with Nasheed. It falls to the new President — a slight, erudite former journalist who peppers conversation with quotes from Dostoyevsky and Dante — to save the Maldives from sinking under the weight of its problems. The Intergovernmental Panel on Climate Change, an international body of

scientists, forecasts that sea levels will rise an estimated 2 ft. (60 cm) this century, enough to inundate a good portion of the country, many of whose 1,200 isles sit just 3 ft. (1 m) above the ocean.

Tragedy of the Heavens

On the surface, it appears we are suffering from the classic “Ec10” problem known as the tragedy of the commons: Certain people’s self-interest is destroying collective and open resources. But it’s not that simple. What action is self-interested and what’s not is hard to identify when prosperity—albeit unequal prosperity—has historically relied on the use of what was once thought to be an endless resource: the atmosphere.

The fact is, the temperature is rising in our house, and not everyone is responsible for the heat wave to the same degree. Yet everyone must be involved in the solution. Furthermore, we cannot simply market-eer our way out of the maelstrom.

Michel Jarraud: Global warming proof undeniable

The observed increase in global surface temperatures is unequivocal and a clear manifestation of global warming.

That conclusion comes in particular from 150 years of data collected by the 188 members of the World Meteorological Organisation through observing networks of tens of thousands of stations on land, at sea, in the air and from constellations of weather and climate satellites.

The Competitiveness Impacts of Climate Change Mitigation Policies

In the debate over mandatory policy to reduce the United States’ greenhouse gas emissions, a major issue has been the potential impact on the competitiveness of American industry. Many are concerned that if the United States moves forward with mandatory climate policy while other countries do not, U.S. jobs and production will move to emerging economic powers like China and India. This economic relocation would be accompanied by emissions “leakage,” with greenhouse gas reductions in the United States offset by increases elsewhere.

For the most part, the climate competitiveness debate has proceeded in the absence of hard data. With this report, the Pew Center on Global Climate Change hopes to contribute to a firmer analytical understanding of the potential for competitiveness impacts and of policies to address them. Through a detailed econometric analysis, authors Joseph E. Aldy and William A. Pizer provide a unique and robust quantitative assessment of the potential competitiveness impacts of mandatory climate policy on U.S. industry. Their findings strongly suggest that such impacts would be both modest and manageable.



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