



DrumBeat: May 13, 2009

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Topic: [Miscellaneous](#)

[Moscow warns of future energy wars](#)

Russia has warned that military conflicts over energy resources could erupt along its borders in the near future, as the race to secure oil and gas reserves gains momentum.

A Kremlin policy paper, which maps out Russia's main challenges to national security for the next decade, said "problems that involve the use of military force cannot be excluded" in competition for resources.

The National Security Strategy's release coincides with a deadline for countries around the world to submit sea bed ownership claims to a United Nations commission, including for the resource-rich Arctic.

The paper, signed off by Dmitry Medvedev, Russia's president, says international relations in the next 10 years will be shaped by battles over energy reserves.

"The attention of international politics in the long-term perspective will be concentrated on the acquisition of energy resources," it said.

[Nigerian Militants Wage 'Bloody Battle' in Oil Region](#)

(Bloomberg) -- Nigeria's main rebel group, the Movement for the Emancipation of the Niger Delta, is fighting a "bloody battle" against government troops and advised oil companies to evacuate the delta region within 24 hours.

A government attack today against two rebel camps sparked the fighting, Jomo Gbomo, spokesman for the group known as MEND, said in an e-mailed statement today.

"A bloody battle is ongoing and two gunboats belonging to the army have already been sunk by mines," Gbomo said. Fighters are on alert to "defend their positions and unleash a horrible toll on the oil industry and the Nigerian economy."

[Kazakhs say yes to Russia gas link](#)

Kazakhstan is set to take part in a Moscow-led gas pipeline, which could divert potential supplies away from Europe's Nabucco project, days after refusing to commit to the European Union-backed plan to cut reliance on Russia.

[BP's US industrial customers see falling oil demand](#)

LA JOLLA, Calif. (Reuters) - BP's industrial customers in the United States are still seeing falling oil demand, Tony Hayward, CEO of oil major BP, said on Wednesday.

"Most of our industrial customers are still seeing declining demand. It's not at the pace it was in the first quarter," Hayward said.

[Solar power unlikely to be competitive - BP](#)

LA JOLLA, Calif. (Reuters) - BP CEO Tony Hayward said on Wednesday solar power technology was unlikely to ever be competitive with more conventional energy sources.

"I think solar is probably the most challenged of all of BP's alternative energy interests," Hayward said.

[Ethanol may replace 25 pct of US, Europe mogas-BP](#)

LA JOLLA, Calif. (Reuters) - Ethanol could replace up to 25 percent of gasoline supplies in the United States and Europe, Tony Hayward, CEO of oil major BP (BP.L), said on Wednesday.

[Developing oil sands to become even more costly: CERI](#)

Even as oil briefly crossed above US\$60 a barrel Tuesday, what's becoming increasingly clear is that Canada's oil sands won't be the Holy Grail everyone expected to meet the energy supply needs of the future.

As shown in a report Tuesday by the Canadian Energy Research Institute, the cost of complying with climate-change legislation that is being aggressively pushed in the United States will make Canada's oil sands, already the world's most expensive to develop, even more costly.

[The Man From Plains, With Lessons From the '70s](#)

Calling Jimmy Carter to testify about energy security, it might seem, is a bit like calling

Michael Vick to testify about pet care.

But John Kerry is a gambler, and the new chairman of the Senate Armed Services Committee invited the 39th president to talk to his panel about his cardigan-wearing days in the White House -- and why the nation, 30 years later, still hasn't solved its energy problems.

[A lesson in meeting challenges of the downturn](#)

In his best-selling book, *The Upside of Down*, Thomas Homer-Dixon advances the thesis that environmental and economic breakdowns have an "upside." While such breakdowns may be accompanied by many disastrous effects they also present unparalleled opportunities for reinventing economic and political systems -- if we have the capacity to recognize those opportunities and the courage to seize them. Hence the "upside of down."

As Canada struggles to find a way through the current economic downturn, we would also be wise to consider an analogous phenomenon -- the "downside of up."

[Libya Wants Oil Prices to Rise Further, Top Oil Official Says](#)

(Bloomberg) -- Libya wants crude oil prices to rise further, the top oil official of the North African nation said in a telephone interview.

OPEC, the supplier of 40 percent of the world's crude, will take into consideration the increase in prices when it meets on May 28 to decide whether a cut in production is needed to support prices, said Shokri Ghanem, the chairman of Libya's National Oil Corp. "There is still an oversupply in the market," he said.

[Aramco output hits 3.2 bln bpd in '08](#)

Saudi Aramco said Wednesday its 2008 total crude oil production reached 3.2 billion barrels, with its 2008 average daily production standing at 8.9 million barrels a day.

[Natural Gas Prices and LNG's Dirty Little Secret](#)

While the drilling rig count, and especially the gas-directed rig count, are down sharply from last year and continue to fall, the key question remains when we will get an upturn in gas demand from recovering automobile and housing industries. Most gas industry CEOs and Wall Street analysts are confident that all that is needed for a sustained recovery in natural gas prices is an uptick in gas demand, but more importantly the fall in production due to the gasrig count downturn. Once gas prices recover, then drilling

should resume, but due to the rapid production declines for most gas shale wells, the industry will be spending quite a bit of time trying to catch back up with falling supply in the face of rising demand thus sustaining higher natural gas prices.

[Love Affair with Gadgets Squeezing Power Supply](#)

LONDON -(Dow Jones)- The rapidly growing number of televisions, laptops and other electronic gadgets in households is putting a growing strain on electricity supplies and jeopardizing efforts to cut carbon emissions, the International Energy Agency said Wednesday.

Without new policies by governments and gadget-makers to improve the energy efficiency of electronic devices "efforts to increase energy security" will be jeopardized, the Paris-based agency said in a new study.

[Quebec moves to adopt cap and trade system](#)

QUEBEC AND TORONTO AND OTTAWA — Pressure is mounting on the federal government to fight climate change with a national carbon pricing regime as Quebec became the second province to move toward adopting a cap and trade system.

[EU warms to Mexican path to global climate deal](#)

BRUSSELS (Reuters) - Global talks on combating climate change this year might progress best by focusing on Mexico's proposal for a world climate change fund, one of the European Union's top negotiators said.

[Cities Should Think Twice Before Turning Off Street Lights To Reduce Carbon Footprint](#)

Last year during Earth Hour, the City of Kingston delayed turning on some street lights until 9 pm to reduce greenhouse gas emissions. But a review of 15 published studies by the Cochrane Collaboration warns that municipalities should think twice about such a practice. The studies showed that street lighting reduced total crashes by between 32% and 55%, and fatal injury crashes by 77%.

[Stress-Testing Biofuels: How the Game Was Rigged](#)

Last week, while the financial world was obsessing over stress tests for fragile banks, the environmental and agricultural worlds were watching the results of the Obama Administration's stress tests for renewable fuels. An outgrowth of the 2007 energy bill, the tests were supposed to document whether corn ethanol and other biofuels designed to replace fossil fuels would accelerate or alleviate global warming overall. But like the

much-criticized bank checkups, these stress tests don't seem particularly stressful.

[Gasoline belatedly takes role of summer oil driver](#)

LONDON/NEW YORK (Reuters) - Investors have been slow to make their seasonal move into gasoline ahead of the U.S. driving season, but now have helped to push oil to six-month highs and are likely to keep providing modest price support.

Economic downturn and the credit crunch had warded off the investors that typically bet on a summer upsurge in gasoline use in the world's biggest fuel burner.

[Gas may be cheaper, but many staying home anyway](#)

When gas prices hit \$4 a gallon last summer, Joyce and Ricky Eagle of Warrenton, Va., simply padded their travel budget a little before tooling around the Midwest in their motor home.

This year, gas is considerably cheaper. But the Eagles' 36-foot Holiday Rambler will stay in the driveway. The reason? The software company Ricky works for sliced 20 percent off his paycheck.

[AAA: Cheaper gas, deals to boost holiday travel](#)

The USA will kick off the summer vacation season with slightly more people taking Memorial Day trips this year than in 2008 as lower gas prices and abundant travel bargains unleash the nation's "pent-up demand" for travel, according to a report from leisure travel organization AAA.

[OPEC Raised Oil Output for the First Time Since July](#)

(Bloomberg) -- The Organization of Petroleum Exporting Countries boosting oil production last month for the first time since July, exceeding its quota by 967,000 barrels a day and backtracking its implementation of supply cuts intended to stem falling prices.

['Risks' remain for oil prices: OPEC](#)

"Considerable risks remain" on the oil market, OPEC warned on Wednesday as it again reduced its forecast for world crude demand.

[OPEC Cuts Forecast for Oil Demand as Economy Shrinks](#)

(Bloomberg) -- The Organization of Petroleum Exporting Countries cut its 2009 forecast for the ninth straight month, predicting oil demand will fall as consumption shrinks in the U.S., the world's biggest energy consumer.

OPEC lowered its estimate for global demand this year by 150,000 barrels a day to 84.03 million. Demand will contract by 1.57 million barrels a day this year, or 1.8 percent, the Vienna-based producer group said today.

“Continuous downward revisions to world economy growth have been exhausting world oil demand,” the group’s secretariat said in its monthly report today. “The current global recession may go down in history as the deepest and most synchronized downturn the world has experienced in the past 60 years.”

[Nigerian fuel marketers say resuming imports](#)

LAGOS (Reuters) - Nigeria's fuel marketers are resuming imports after the government agreed to start clearing around \$400 million in subsidy arrears, the head of the Major Oil Marketers Association (MOMAN) told Reuters on Wednesday.

[EOG Resources plans to rail Bakken oil to market](#)

HOUSTON (Reuters) - EOG Resources Inc plans to ship North Dakota Bakken Shale oil to market by rail due to limited pipeline availability, a spokeswoman said on Tuesday.

[Noble rig damaged as legs sink in seabed off Qatar](#)

SAN FRANCISCO (Reuters) - All three legs of an oil and gas drilling rig have penetrated the sea floor off the coast of Qatar, causing severe damage to the jackup and its legs, rig owner Noble Corp said.

[Sakhalin 2 operator sees first income from stage 2 in 2013: report](#)

Moscow (Platts) - The consortium developing the Sakhalin 2 oil and gas project in Russia's Far East expects the first income from the second stage to come possibly in 2013, Sakhalin Energy's CEO Ian Craig said in an interview with Russia's Vedomosti daily Wednesday.

[Chavez, Citgo sued for five billion in damages](#)

MIAMI (AFP) – A US advocacy group and a Venezuelan exile said Tuesday they have

filed suit seeking five billion dollars in damages from Venezuelan President Hugo Chavez and state oil companies for alleged human rights abuses.

The suit, which was first filed in April by Washington-based Freedom Watch and exiled Venezuelan journalist Ricardo Guaripa, accuses Chavez of alleged acts in support of terrorism, torture and human rights violations.

[Car dealers fight rapid closures; 180,000 workers could lose jobs](#)

DETROIT — Car dealers from around the nation will be in Washington Wednesday to urge President Obama's automotive task force to let the economics, not the government, decide which car dealers should shut down, and when.

The task force has been pushing General Motors to trim its dealer ranks faster than the several years originally planned as part of its overall restructuring. Speeding up that process will only dump 180,000 more workers onto unemployment rolls in a recession, the dealer group argues.

John McEleney, president of the National Automobile Dealers Association, says he understands that fewer dealerships are needed. But since dealers are independent business owners and get little financial support from the automaker, he argues, they aren't adding to GM's financial problems.

[Cities Can Save the Earth](#)

The key to changing our cities involves the car. Cars dominate cities in the rich countries, and they are increasingly swamping poor countries as well. Big auto companies, are rapidly building car factories and highways in China and India. Many cities, like Berkeley, California where I lived for 30 years, don't have a single pedestrian street — and their citizens don't even notice how completely given over to the car their towns are. Only one out of 10 people on the planet actually drives cars, but drivers are causing a vastly disproportionate share of planetary damage through the automobile-sprawl pattern of development.

[Under Andean ice, a golden prize](#)

SANTIAGO (AFP) — An ambitious gold mining project in northern Chile, high up in the Andes close to ancient glaciers, is finally getting underway amid the economic downturn despite fears from environmentalists.

[Deny, baby, deny](#)

Energy security and environmental sustainability aren't just two sides of the same coin,

they're two aspects of the same principle. We all want to be able to forget about the threat of losing what we have. The challenge that comes with our reliance on fossil fuels is, at its core, all about finding alternatives that we don't have to worry about. Renewable sources. Clean sources. Domestic sources.

Civilization should be concerned with more than just a reliable and affordable source of energy. Government should be devoted to ensuring a fair crack at peace, order, justice, health, liberty, equality, fraternity, and, if you prefer, the pursuit of happiness. That's quite enough to fill the legislative agenda of our elected representatives, without piling on the need to locate, guard and exploit energy.

And yet, governments everywhere are obsessed by necessity with energy. How did we get here?

By not acknowledging two facts that have been widely known for more a long time. First, sooner or later we're going to run out of organic fossil fuels. Second, returning all that carbon to the atmosphere several orders of magnitude faster than it was removed will produce profound changes to the biosphere.

[Canada scolded over greenhouse gas estimates](#)

VANCOUVER, British Columbia (Reuters) – Canada has overstated how effective its efforts to cut greenhouse gas emissions will be, the country's top environmental watchdog said on Tuesday.

The government has also not set up systems for accurately monitoring reductions in greenhouse gases or where the emissions are coming from, according to Commissioner of the Environment Scott Vaughan.

[US efforts on climate insufficient: experts](#)

BRUSSELS (AFP) – US plans to reduce greenhouse gas emissions fall short of what is needed, climate change experts said after talks with the European Commission in Brussels.

"The US objectives are not strong enough, they have to make their commitments stronger," said Nicholas Stern, a British former world bank chief economist whose 2006 Stern Review put the economic case for green policies.

[White House memo challenges EPA finding on warming](#)

WASHINGTON – An Environmental Protection Agency proposal that could lead to regulating the gases blamed for global warming will prove costly for factories, small businesses and other institutions, according to a White House document.

The nine-page memo is a compilation of opinions made by a dozen federal agencies and departments during an internal review before the EPA issued a finding in April that greenhouse gases pose dangers to public health and welfare.

[Democratic Climate Plan Would Trim CO₂ Emissions 17%](#)

(Bloomberg) -- Democrats on the House Energy and Commerce Committee agreed on a compromise measure to cut U.S. greenhouse-gas emissions 17 percent by 2020, Chairman Henry Waxman said.

The accord, reached yesterday, exceeds the target sought by President Barack Obama.

[Sticker shock in acting on global warming](#)

Here's some news that might give many Americans sticker shock: The cost of cutting greenhouse gases by 15 percent would cost the average US household about \$1,600, according to an estimate by the Congressional Budget Office (CBO).

Such unbiased estimates are emerging only late in a hot debate over global warming on Capitol Hill. Too bad. The numbers are pitting Democrats against one another when credible cost projections from neutral sources should have been clear long ago.

[UNCTAD: World Facing Multiple Energy challenges](#)

The FINANCIAL -- The global credit squeeze, which makes energy supplies more difficult to obtain; concerns about carbon emissions and their effects on the climate; and potential declines in conventional oil reserves mean that the world, and especially developing countries, are facing serious obstacles in improving living standards and expanding their economies, UNCTAD's Trade and Development Commission was told by a series of experts today.

[Here comes the flood](#): *Policymakers must start to view mass migration as a form of adaptation so that the global response to climate-induced migration is one of facilitation rather than neglect.*

Two leviathans are about to collide on the world stage of science and politics — climate change and migration. Their combination brings us to a tipping-point that could spawn a phenomenon of a scale and scope not experienced in human history. Beyond reducing the greenhouse gases that drive global warming, we are now faced with the task of finding ways to deal with the impact of climate change. Next in line, or perhaps even ahead of mitigation, adaptation is the new game in town.



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