



## DrumBeat: May 20, 2009

Posted by [Leanan](#) on May 20, 2009 - 9:23am

Topic: [Miscellaneous](#)

### [Peak oil under spotlight](#)

The Oil Depletion Analysis Centre's David Strahan told delegates that peak oil would have far reaching effects on the economy and ventured that a number of analysts believe we have already reached that peak.

He outlined how peaks in oil prices has always preceded major recessions and stressed that it was vital to address the extreme volatility of the oil markets if we are to break the damaging cycle of periods of over-production followed by scarcity.

He said that of the world's 98 oil producing countries, 64 had now passed their production peak and called conservative estimates that global production would not peak before 2020 'delusional'.

"The consumption of oil in OECD countries has been receding since 2005 because the world cannot produce enough oil," he said.

### [Ask Jeff Rubin](#)

You can point to a multitude of special factors behind triple-digit oil prices but the simple reality is that world oil demand is growing rapidly while supply has been stagnant. That equation is only going to get worse over time, leading to even tighter oil markets.

Will \$225 oil cause another and even deeper recession than the one we are currently in? Possibly yes, but not necessarily so. We can't stop oil from getting to that price but we can make sure that when that happens, it doesn't have the same devastating impact on the economy as it has in the past. We have to reduce the amount of oil or energy to produce a dollar of GDP. And the surest way of doing that is replacing today's global economy with local economies.

### [WoodMac: No gas price rebound seen in near term](#)

HOUSTON -- Weakness in global natural gas markets will delay a recovery in US gas

prices and rig counts. Exacerbating the weakness in gas demand has been a marked downturn in demand for electric power by both industrial and residential customers, analysts with the research and consulting firm Wood Mackenzie told reporters today.

The economic recession has had a big impact on US natural gas, electric power, and coal markets. The contractions in the economy during fourth quarter 2008 and first quarter 2009 led to a contraction in power demand at a time when gas supply was increasing from successful development of shale gas and from an increase in LNG imports.

Speaking on power markets, George Given, WoodMac's head of global power research, said he expects the global economic recession will last several more quarters.

### [The Energy Report for Wednesday 20/05/2009](#)

Peak bleak: Is the world running out of oil? Again? Well if you look at the weekly drops from the API you might think so. But no, oil is rallying back up but not because of peak oil but perhaps due to the sense that the world is not so bleak. The VIX hit the lowest level since September so the passion for risk will soon heat up. And that intensity of risk desire means we should be seeing more economic activity start sizzling up which means we should start seeing oil demand improve. We peaked all right, because we peaked out on being bleak.

### [Crude hits six-month high before holiday weekend](#)

NEW YORK – Oil prices hit a six-month high Wednesday, climbing above \$62 a barrel after a government report showed a drop in U.S. oil supplies for the second straight week.

Benchmark crude for July delivery rose \$1.21 to \$61.31 a barrel on the New York Mercantile Exchange before noon. Crude prices jumped to \$62.14 earlier in the day, the highest price for crude since Nov. 11.

### [Prices surpass DOE's peak projection](#)

The national average price of gasoline has climbed 25 cents a gallon since May 1, and in Florida the average price has increased by 25 cents.

While consumers are puzzled by the consistent climb, Tom Kloza, chief oil analyst for Oil Price Information Service (OPIS), says retail gasoline prices are reflecting sizeable wholesale price increases during the same period. Wholesale prices on most consumer goods have increased since early April.

### [Petrobras says oil output slips 0.8 pct in April](#)

RIO DE JANEIRO (Reuters) - Brazil's state-run oil company Petrobras said on Wednesday its domestic oil production slipped 0.8 percent in April to 1.98 million barrels per day compared with 1.99 million in March.

The slump ends a series of output increases that have consistently taken Petrobras production to new levels as it begins pumping crude from reserves buried beneath a layer of salt miles below the surface of the ocean off Brazil's coast.

### [Carbon dioxide emissions drop in 2008](#)

WASHINGTON — The government is reporting that energy-related carbon dioxide emissions declined by 2.8 percent last year, the largest drop since it began keeping records of greenhouse gas pollution.

The Energy Information Administration attributed the decline to a 2.2 percent drop in energy demand in 2008. That was largely because of high gasoline and diesel prices last summer, and a sharp economic decline in the last half of the year.

### [California plans next steps to cut car pollution](#)

SAN FRANCISCO (Reuters) - California is planning the next stage of clean car standards even as U.S. President Barack Obama announces federal plans based on the state's model, its top climate change official said on Tuesday.

### [Obama OKs nuclear deal with United Arab Emirates](#)

WASHINGTON (AP) -- President Barack Obama agreed Wednesday to share nuclear power technology with the oil-rich United Arab Emirates, giving his consent to a deal signed in the final days of George W. Bush's administration.

The pact now goes to Congress, which will have 90 days to amend or reject it.

The agreement creates a legal framework for the U.S. to transfer sensitive nuclear items to the United Arab Emirates, a federation of seven Middle Eastern states that wants nuclear power to satisfy growing demand for electricity.

### [Republicans fail to scrap new energy codes for buildings](#)

WASHINGTON (MarketWatch) -- A Republican amendment that would have scrapped proposed energy-efficiency codes for buildings failed during a House Energy Committee work session on Wednesday, as members continued to draft a huge bill that aims to

dramatically slash global warming and boost renewable energy.

### [New mileage, emissions rules succeed where energy bill may fail](#)

WASHINGTON (MarketWatch) -- President Barack Obama upstaged his own party this week on energy policy, using the power of the executive branch to slap onto the car industry a big increase in mileage requirements and sharply tougher emissions standards just as lawmakers were debating a huge bill that targets greenhouse gases.

That may be the smartest political move that Obama has made in his young presidency so far.

### [Obama's fuel home run](#)

America finally has a smart leader, not a good old boy from Texas and his sidekick who were in the hip pockets of the Saudis and oil interests at home and abroad. Yesterday's announcement of dramatically enhanced fuel efficiency standards on vehicles recognizes that environmental, economic, trade and foreign policies converge and can be addressed all at once.

To wit, curb America's oil addiction, and you balance the books, trade, save the environment and, possibly, Detroit from itself.

### [Booming U.S. Gas Fields Represent the Future of American Energy](#)

"As President, I will tap our natural gas reserves," proclaimed Obama in his DNC acceptance speech on August 28th 2008. "I'll help our auto companies re-tool, so that the fuel-efficient cars of the future are built right here in America." President Obama can make it clear to Americans that it won't be business as usual with respect to foreign imports if his presidency underscores a commitment to natural gas as the most environmentally responsible source of clean energy available in America today.

When asked about proposals to expand natural

### [GM continues work on fuel-saving engine technology](#)

Sometime in the next decade, you might be able to enjoy some of the benefits of a diesel without driving one.

A technology called HCCI improves fuel economy 15 percent and releases fewer emissions by using a combustion process similar to what is used in diesel powerplants.

### [Gas prices: The key to fuel economy](#)

NEW YORK (CNNMoney.com) -- New fuel economy rules announced by President Obama Tuesday have already gained support from major automakers, but the challenge will be getting consumers to play along, especially if gas prices remain relatively low.

The Obama administration estimates these rules will add about \$600 to the cost of a car. That's on top of an estimated \$700 added by changes to fuel economy rules that have already been enacted. All this may keep consumers from buying a new car, some say.

Also with fuel prices still low, consumers may want larger vehicles, but these will never be as efficient as small cars. Without soaring gas prices pushing drivers to conserve, it will be difficult for makers of larger vehicles to meet the administration's efficiency goals.

### [Oil decline boosts pressure for Mexico tax reform](#)

MEXICO CITY (Reuters) - Mexico is under growing pressure to ratchet up its paltry tax take as sliding oil revenues threaten a pillar of public finance that is central to its efforts to claw back from a deep recession.

Mexico, which funds about a third of its budget from crude oil sales, has put off the tough choice of hiking taxes in recent years as sky-high world oil prices masked a steady decline in crude output and a grim prognosis for 2010 production.

But with oil prices now well below their highs, sliding output has caught up with Mexico as it wrestles with its worst economic slump since its mid-1990s Tequila crisis.

### [Venezuelan Sway on Region Fades With Oil Wealth](#)

CARACAS, Venezuela — President Hugo Chávez's push to extend his sway in Latin America is waning amid low oil prices and disorder in Venezuela's own energy industry.

In recent years, Mr. Chávez has used his nation's oil wealth to drive his socialist-inspired agenda at home and draw other countries in the region into his sphere of influence, helping to consolidate a leftward political shift in parts of Latin America.

But more than a dozen big projects intended to broaden his nation's reach are in limbo — including a gas pipeline across the continent and at least eight refineries, from Jamaica to Uruguay — as Venezuela grapples with falling revenues and other troubles in its national oil company.

### [Cars Won't All Shrink Under Obama's Fuel Plan, Automakers Say](#)

(Bloomberg) -- Automakers say they won't have to overhaul their technology or flood the U.S. with tiny cars buyers may not want under President Barack Obama's standards for fuel economy and greenhouse-gas emissions.

Even as they face more than \$21 billion in annual costs to meet the new standards by 2016, General Motors Corp. and Ford Motor Co. will benefit from a single national system, rather than a patchwork of state rules, and an approach that allows them to tweak the fuel efficiency for each category of vehicle sizes and weights.

### [Oil Rises to Six-Month High on Forecasts U.S. Stockpiles Shrank](#)

(Bloomberg) -- Oil rose to its highest in six months before a report forecast to show that U.S. crude inventories dropped from their highest level in nearly 19 years.

### [Old enmities are put aside in fight for gas](#)

What do you get from an Austrian, a Hungarian, a Kurd and two Emiratis? If you believe in the deal signed at the weekend between OMV, the Austrian energy group, MOL, its Hungarian neighbour, the Sharjah-based Crescent Petroleum and Crescent's affiliate Dana Gas, you get the most important energy project to come out of Iraq since the removal of Saddam Hussein.

With luck and a following political wind, the \$8 billion (£5 billion) investment by Pearl Petroleum in Kurdish Iraq could be the most significant since the discovery of oil at Kirkuk by the Iraqi Petroleum Company in the 1930s.

### [Peak oil's impact on energy policy](#)

Although energy demands have since declined due to the global economic recession, the reality is that the economy will come back and when it does there are serious doubts as to whether the supply of oil will be adequate to sustain the economic engine. So all those doubters who criticized Matt Simmons' view about peak oil may soon have to come to grips with the reality that oil scarcity may become a fact of life in the near future.

### [Venezuela set to build first oil rig with China: report](#)

Caracas: Venezuela is poised to begin building the first joint Venezuelan-Chinese oil drilling platform in June, according to Energy Minister Rafael Ramirez. "The oil drilling platform is at a very advanced stage in the (western) Orinoco Belt," Ramirez told the Panorama newspaper, from the northwestern city of Maracaibo, on Monday. "In June ... Venezuela will assemble the first oil rig with Venezuelan labor."



### [Russia-Ukraine transit gas down 50%](#)

Transit of Russian gas through Ukraine to Europe has dropped almost 50% in the first four months of this year against the same period last year, Ukraine's energy ministry said today.

Russia transported 23.2 billion cubic metres of gas through Ukraine to Europe against 46.3 Bcm last year in January-April, according to the ministry's statement, wrote Reuters.

Economic growth in Europe has stalled and industrial activity has been cut, leading to far lower consumption of energy.

### [Eni Nigeria force majeure hits 52,000 bpd output-source](#)

LONDON (Reuters) - Total oil output affected by Eni SpA's (ENI.MI) force majeure for Nigeria's Brass River export terminal is 52,000 barrels per day, an industry source told Reuters on Wednesday.

### [Iraq's Baby Oil Bureaucracy](#)

If the country is to realize its potential as an energy producer, its Oil Ministry has some growing up to do.

### [Norway's Oil Fund Declines 4.8% in First Quarter](#)

(Bloomberg) -- Norway's sovereign wealth fund, the world's third largest, said the value of its investments fell 4.8 percent in the first quarter, adding to record losses at the end of last year as stocks declined.

### [Obama auto efficiency move a blow to U.S. refiners](#)

NEW YORK (Reuters) - The Obama administration's ambitious plan to raise auto efficiency standards would cut deeply into notoriously voracious U.S. gasoline demand, dealing another blow to a refining sector hard hit by recession and bracing for looming climate regulation.

### [Gas pains: Supply and demand picture don't justify gasoline prices](#)

This is not the first time that gasoline prices have risen at this time of the year. The

markets anticipate that warmer weather and the advent of Memorial Day will be accompanied by a pickup in driving, hence in the demand for fuel.

However, if you look at the bigger picture of demand and supply, you would be hard-pressed to justify today's prices -- much less any further increase.

### [Nigeria oil output 1.6 mln bpd before latest unrest](#)

ABUJA (Reuters) - Nigerian crude oil production was around 1.6 million barrels per day (bpd) excluding condensate before the latest Niger Delta unrest late last week, Minister of State for Petroleum Odein Ajumogobia said late on Monday.

Ajumogobia told Reuters that production had at one point last month dipped to as low as 1.2 million bpd but had recovered again before heavy clashes between the security forces and militants in the western Niger Delta at the end of last week.

### [Retired military chiefs: Time to shift from oil](#)

WASHINGTON - An advisory group of retired generals and admirals argue in a new report that reducing America's reliance on oil and addressing climate change are critical for future national security.

The report, presented Monday to members of Congress and the Pentagon, said that energy security and efforts to reduce the risks of climate change should be included in the nation's national security and military planning.

### [David Suzuki: Is Canada a petro-state or prosperous nation?](#)

Imagine a Canada with an abundance of nature and wildlife, clean air and water, healthy citizens, and a prosperous economy. Sounds close to what we have, doesn't it? But it may not be for long if we keep heading down the road we're on.

Author Andrew Nikiforuk has argued that Canada is becoming a petro-state. "Without long-term planning and policies, Canada and Alberta will fail to secure reliable energy supplies for Canadians, to develop alternative energy sources for the country, or to create valuable resource funds for the future," he writes in his best-selling book *Tar Sands: Dirty Oil and the Future of a Continent*. Because of the response of Alberta to Pierre Trudeau's National Energy Plan, Canada doesn't even have a national energy plan.

### ['Plan C' Promotes Community as Tool for Abating Ecological Threats](#)



The book *Plan C: Community Survival Strategies for Peak Oil and Climate Change* addresses the problem of resource depletion and the degradation of our environmental base by illustrating how community erosion due to a culture of excess leaves human society without adequate means of planning for a world in which exponential growth is not the norm. Resource depletion already means the endless expansion of resource consumption is not possible, so author Pat Murphy proposes a localized community-oriented approach to overhauling the prevailing economic paradigm.

Questioning the political culture in which pollution-intensive industrial infrastructure dictates what we take to be quality of life, cast as standard of living, the book provides insight, tracing statistical evidence, into how human life is undermined by the very system put in place to support and sustain it. The logic of infinite growth has meant that humanity broadly has reached far beyond its fair share of nature's resources, now imposing on the life-sustaining ecosystems on which we depend for our habitable world and natural resource base a demand beyond replacement capacity.

### [U.S. offshore oil study not done as storm season nears](#)

HOUSTON (Reuters) - Study of the hurricane fitness of 92 key Gulf of Mexico oil platforms, begun a year ago, is not finished as the 2009 storm season nears, U.S. Minerals Management Service officials said Tuesday.

The work is taking longer than expected, MMS Gulf Region Director Lars Herbst told a briefing on preparations for the upcoming season, which begins June 1 and ends November 30.

"Review of those is complicated," MMS Gulf of Mexico Regional Supervisor for Field Operations Mike Saucier said. "Hopefully, we should have it completed, at least most of them, by the end of this year."

### [China Wields Credit Clout Again to Lock In Brazilian Oil](#)

BEIJING -- State-owned Brazilian oil giant Petroleo Brasileiro SA said it finalized an agreement to secure a \$10 billion loan from China in return for a long-term supply of oil, another victory for China's new strategy of using its cash-rich banks to help secure natural resources.

The deal, however, didn't give Chinese companies stakes in Brazilian oil fields or lucrative oil-field-service contracts, as had been expected.

### [Sinopec to Gain From Brazil Deal as Oil Reserves Fall](#)

(Bloomberg) -- China Petroleum & Chemical Corp., Asia's biggest refiner, will benefit from guaranteed supplies of crude under a \$10-billion loans-for-oil agreement with

Brazil as the company's reserves decline, analysts said.

Agreements signed by Chinese President Hu Jintao and Brazil's Luiz Inacio Lula da Silva in Beijing yesterday include the loan to Petroleo Brasileiro SA, in exchange for oil supplies to China Petroleum, known as Sinopec.

### [Lower Oil Prices Put Iraq's Security Forces In Bind at Crucial Time](#)

BAGHDAD -- Reeling from a sharp drop in oil prices, Iraq's security forces are trimming bloated payrolls and will be unable to purchase ships and aircraft that Iraqi officials had hoped would allow the country to develop a basic ability to fend off external threats by 2012, the United States' projected withdrawal date, according to U.S. military officials.

The budget crunch is also preventing the Iraqi government from keeping billions of dollars worth of U.S.-donated equipment in working condition, representing a potentially colossal loss for a key American investment, U.S. officials say.

### [HR 2326 and the Doomsday Book](#)

On the same day President Barack Obama announced the federal government's new, unified fuel economy standards, Congressmen Roscoe Barlett (R, MD) and Eliot Engel (D, NY) introduced HR 2326, otherwise known as the Oil Savings Act.

### [U.S. Energy Secretary says oil prices rising on economy](#)

WASHINGTON (Reuters) - Energy Secretary Steven Chu said on Tuesday that oil prices may be rising in anticipation of an eventual economic recovery.

"That might be part of the driver. The economy is in very bad shape today, but there is a feeling ... that it's no longer (in) free fall," Chu told reporters following a hearing before the Senate Appropriations Subcommittee on Energy and Water Development.

"One thing is for certain: when the economy picks up, just based on supply and demand, the price will go up," Chu added.

### [Total Says Workers Walk Out at U.K. Oil Refinery](#)

(Bloomberg) -- Total SA, Europe's biggest oil refiner, said workers building a unit at its Lindsey plant in the U.K. have walked out in protest.

"A number of construction contractors" working on a hydro-desulfurization unit walked out early this morning "as they continue to support protest action elsewhere in the

country," Total said in an e-mailed statement.

### [Report: Emirates won't join Gulf monetary bloc](#)

DUBAI, United Arab Emirates (AP) -- The United Arab Emirates said Wednesday it won't join a plan to unite the Gulf's currencies, dealing a blow to what was seen as a key step toward greater economic integration in the oil-rich region.

The official Emirates news agency quoted an unidentified foreign ministry official saying his country has informed the six-nation Gulf Cooperation Council of its decision Wednesday. The UAE government often announces official policy changes through the news agency, WAM.

### [Green "gold rush" seen in new U.S. auto standards](#)

DETROIT (Reuters) - The tough U.S. fuel economy standards announced by President Barack Obama on Tuesday represents a bonanza for companies that supply hybrid technology and other gas-conserving components needed to meet the new benchmarks.

### [Only one out of four willing to pay more for a hybrid, online survey finds](#)

Only one out of four people are willing to pay more to buy a gas-electric hybrid vehicle compared to a conventional car, according to a new online poll of 2,000 adults.

And 22% say they are simply confused when it comes to the terms for all the different kinds of hybrids either hitting the market or being talked about -- mild hybrids, full-hybrids, plug-in hybrids and alike, says Johnson Controls, which commissioned the survey from Harris Interactive.

### [Scotland's wind power firms urged to set sights on China](#)

ONE of Scotland's leading renewable energy organisations will today urge the country's green energy companies to grab a lion's share of the rapidly expanding wind power market in China.

In an address to delegates at the opening day of the All Energy '09 exhibition and conference in Aberdeen, Iain Todd of the Aberdeen Renewable Energy Group (AREG) will claim it is vital to seize the "substantial" business opportunities in the Far East to reinforce Scotland's status as a global energy leader.

## [For Urban Gardeners, Lead Is a Concern](#)

FRANK MEUSCHKE'S garden, which surrounds the house he rents in Brooklyn, is a bountiful source of tomatoes, snap peas, green beans, peppers, lettuce and multiple varieties of flowers. It is also, as he recently discovered to his dismay, a rich repository of lead. He had his soil tested last month, and the analysis showed more than 90 times the amount of lead expected to occur naturally.

## [Democrats Reject Pollution-Control Conditions in Climate Plan](#)

(Bloomberg) -- The House Energy and Commerce Committee, working to craft climate-change legislation, rejected Republican attempts to force abandonment of pollution limits if unemployment or prices get too high.

## [UN Says Rich Nations Can 'Build Higher Ambition' on Climate](#)

(Bloomberg) -- The United Nations Framework Convention on Climate Change said rich nations can use the next 200 days to propose stricter emission limits, as countries seek agreement to protect the world from harmful climate change.

## [Bill Clinton to cities: Act on climate](#)

SEOUL, South Korea (CNN) -- Former U.S. President Bill Clinton on Tuesday urged urban leaders and policymakers they need to take the lead now in fighting climate change.

## [Leaders cool on warming skeptic](#)

Barton, the ranking member on the House Energy and Commerce Committee, relishes his role as the folksy, outspoken Texan. But his unpredictability worries Republicans who would like a more-scripted showdown with committee Democrats over the economic impact of the sweeping climate change bill authored by Chairman Henry Waxman (D-Calif.) and Rep. Ed Markey (D-Mass.).

Party leaders, who still believe Republicans have the advantage on energy issues, want to make the case that the Waxman-Markey bill is a jobs killer. What they don't want to get bogged down in is a debate over climate science — or a litany of procedural arguments that make voters' eyes glaze over.

## [China and US held secret talks on climate change deal](#)

A high-powered group of senior Republicans and Democrats led two missions to China in

the final months of the Bush administration for secret backchannel negotiations aimed at securing a deal on joint US-Chinese action on climate change, the Guardian has learned.

### [Climate change odds much worse than thought](#)

The most comprehensive modeling yet carried out on the likelihood of how much hotter the Earth's climate will get in this century shows that without rapid and massive action, the problem will be about twice as severe as previously estimated six years ago - and could be even worse than that.

### [From 'Alarmed' to 'Dismissive': The Six Ways Americans View Global Warming](#)

New Haven, Conn. — Americans fall into six distinct groups regarding their climate change beliefs, attitudes, and behaviors, according to a new report, “Global Warming’s Six Americas,” by researchers at Yale and George Mason universities.



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