



## DrumBeat: May 28, 2009

Posted by [Leanan](#) on May 28, 2009 - 9:55am

Topic: [Miscellaneous](#)

### [The Peak Oil Crisis: The Electric Car: Part II](#)

Unless we have an economic depression far worse than most currently believe is likely, the chances are good that within the next five years a combination of emissions restrictions and falling oil supplies is going to make gasoline too expensive for routine use in private automobiles.

The manufacturers recognize this and are rushing to produce pure electric or plug-in hybrid cars that will draw most of their energy consumption from the electric grid. The following is the second part of a discussion of a recent announcement by Nissan that they will be introducing the first full size electric sedan in the U.S. late next year.

### [Edison May Cancel Italy-Greece Pipe on Lack of Gas](#)

(Bloomberg) -- Edison SpA, a Milan-based utility, may have to cancel a planned pipeline between Italy and Greece if it can't secure natural-gas supplies from the Shah Deniz field in Azerbaijan.

Supply talks have been stalled by Turkey, which wants to be a gas trader rather than a transit state, Edison Development Manager Mario Cumbat said today at a conference in Paris. Shipments must be agreed on by the end of the year or Edison may be forced to buy gas from Russia's OAO Gazprom, he said.

### [Kurdistan goes glug glug: The federal government is letting Iraq's Kurds export from their new oilfields](#)

ON JUNE 1st a man in a hard hat in the blazing sun will ritually turn a switch to let oil flow through a pipeline. In oil-rich Iraq that should not warrant comment. But this operation, at the Tawke oilfield near Iraq's northern frontier with Turkey, will be beamed live to a giant screen in a new conference centre in Erbil, capital of Iraq's self-ruling Kurdistan region. Hundreds of leading Kurds will cheer as they watch pictures of oil being offloaded from tankers at an export facility at Khurmala, south-west of Erbil, from which it will be pumped to Baiji and into the same northbound pipeline (see map).

### [Angola July crude exports to hit 1.86 million bpd:trade](#)

LONDON (Reuters) - Angola is set to export about 1.86 million barrels per day (bpd) of oil in July, rising from the 1.72 million bpd previously expected, traders said on Thursday.

### [Is Oil Going the Wrong Way. Or Do We Need to Adjust Our Perceptions?](#)

It's high time to write a comprehensive post on recent oil price movement. Since my last post on April 16, WTI crude has gone up from \$49.97 to \$64.40 as of the time of writing, which is a 29% jump in a month and a half.

I must confess that it's been quite painful to watch even though that I have considered the possibility of such a scenario suggesting that oil could rise to \$60, but such a move would make it the perfect short idea at that time. I now have to admit that my confidence has gone down a lot since then, and I don't think shorting oil now is the best idea.

### [Western European Power Trading Rose to Record in 2008](#)

(Bloomberg) -- Electricity trading in western Europe's seven biggest markets advanced to a fourth straight annual record in 2008 as prices reached all-time highs, spurring speculation.

Volumes rose 6 percent to 9,916 terawatt-hours across Germany, the Nordic region, Britain, France, the Netherlands, Spain and Italy, London-based consultant Prospec Research Ltd. said today in a report.

### [Global warming must stay below 2C or world faces ruin, scientists declare](#)

The world's carbon emissions must peak within just six years, if humanity is to stand a chance of preventing dangerous global warming, a group of 20 Nobel Prize-winning scientists, economists and writers has declared.

Greenhouse gas emissions will have to fall by 50 per cent from 1990 levels by 2050, to keep global temperature increases below 2C, the St James's Palace Nobel Laureate Symposium has declared. Developed countries must aim for a reduction of between 25 and 40 per cent by 2020.

### [UAE to revise plans for gas expansion](#)

The UAE is facing a severe gas supply shortage and an expected deterioration in the crisis could force it to revise plans to expand its LNG production, an Abu Dhabi gas official warned yesterday.

Despite a steady rise in domestic gas output, the shortage has widened over the past few years because of a surge in domestic consumption, prompting some power plants to use costlier diesel fuel, said Hamed Al Marzouqi, acting head of the market research at Abu Dhabi Gas Liquefaction Company (Adgas).

### [Shrinking Europe Gas Market Could Impact US Gas Market](#)

New forecasts for European natural gas demand are calling into question the role Russian natural gas will play in the continent's supply mix. Long-term, the European gas market outlook has implications for the U.S. gas market. IHS Global Insight says it expects European gas demand to fall by almost 10% this year, which will pressure Russian gas suppliers hoping to capture a larger share of the continental market. The problems last winter over the delivery of Russian gas to Eastern Europe that resulted in thousands of people shivering in their homes prompted a recent meeting between EU and Russian officials to attempt to resolve the gas delivery issue permanently. However, based on media reports, Russian President Dmitry Medvedev refused to grant assurances to EU consumers that future gas supply cutoffs might not happen again. In fact, he said he doubted that transit state, Ukraine, through which the gas flows, had enough money to pay for the gas Russia supplies, suggesting that future disruptions are likely.

### [Sakhalin II Gears Up for Full Production](#)

The last major offshore gas well is being completed at the Lunskeye platform in Russia's sub-Arctic Sea of Okhotsk preparing the way for full production capacity of liquefied natural gas (LNG) at Sakhalin II, one of the world's largest integrated oil and gas projects.

### [Tighter loan structure puts brakes on ME project finance](#)

Project financing has substantially dropped due to the financial crisis. The project finance market has also seen a number of changes including a shorter tenure and maturity terms and a tighter loan structure, senior executives told a conference in Dubai yesterday.

This happened because of a significant decline of active banks in the market fuelled primarily by a lack of liquidity in the financial system, said Thomas Waterhouse, Joint General Manager and Head of Energy and Natural Resources at Sumitomo Mitsui Banking Corporation Europe. In addition, the disappearance of regional banks in the project finance sector, the lack of foreign currency and the impact of the correcting real estate market aggravated the problem.

### [Ships Moving Fuel Oil East Double as Arbitrage Gives Incentive](#)

(Bloomberg) -- The number of supertankers transporting fuel oil to Asian markets from the Caribbean between March and May has doubled since a year ago as traders seize on a profitable arbitrage, shipbrokers said.

Traders can take advantage of the price difference for fuel oil between the two markets, which is now greater than the cost to charter a vessel. Petroleos Mexicanos, China National Petroleum Corp., Glencore Holdings AG and Chemoil Energy Ltd. have chartered ships since the end of last month, according to shipping data compiled by Bloomberg.

### [Energy supply crunch brewing](#)

Forget low oil prices. The worry of the moment is a spike in oil prices and how long it will take before a supply crunch sends prices soaring.

And if one subscribes to the views of former CIBC World Markets economist Jeff Rubin and University of California, San Diego economics professor James Hamilton, a spike in prices could send the world tumbling back into recessionary territory, just as it is about to climb out of it.

### [The price of crude today and historically](#)

With the price of crude oil on the rise, how does it compare now to the long-term average?

Oil, at about \$63 (U.S.) a barrel, is well below the peak of \$147 it hit last summer, but the price is still substantially above its long-term average.

Of course, that average depends on when you start the calculations.

### [Oil's Move Could Fuel E&P Deals](#)

With crude oil trading above \$60 a barrel for the first time since November, the oil exploration and production sector looks ripe for a new wave of mergers and acquisitions.

### [NOAA Hurricane Forecast Consistent With CSU Projections](#)

Last week the U.S. Government's National Oceanic and Atmospheric Administration (NOAA) issued its first forecast for the upcoming storm season suggesting a "near-normal" Atlantic hurricane season. In NOAA's press release announcing its forecast, the agency put a 50% probability for a "near-normal" season, a 25% probability for an "above-normal" season and a 25% probability for a "below-normal" season. NOAA uses probabilities and ranges in its forecast. They estimate a 70% chance that there will be nine to 14 named storms this season with four to seven becoming hurricanes and three of them major hurricanes (Category 3, 4 or 5).

### [Apache Prosecuted by West Australia for Varanus Blast](#)

(Bloomberg) -- Apache Corp., the second-largest independent U.S. oil producer by market value, will be prosecuted over a Western Australian gas pipeline blast that cut 30 percent of the state's supply and cost its economy an estimated A\$2 billion (\$1.6 billion).

### [Major GM bondholders OK revised deal](#)

NEW YORK (CNMoney.com) -- The Treasury Department and a committee of major bondholders at General Motors have reached a deal that could give creditors a larger stake in GM than previously offered as long as they agree not to fight the government's plans for a quick bankruptcy at GM.

### [Palin stands alone on a shrinking island](#)

Last week Governor Palin set herself apart from every other Republican and Democratic governor in the nation. It's a distinction I'd rather not have - as an Alaskan, or as an American who believes in President Obama's goal of reducing America's dependence on foreign energy.

Last week Governor Palin became the first governor in the nation to refuse to accept energy funds the president offered as part of his economic stimulus package. The governor vetoed the Alaska Legislature's acceptance of \$28 million the president and Congress have offered Alaska to create a renewable energy and energy savings plan. All we had to do, to accept the funds - funds every other state is working to try to keep - was commit to do the rational. We just had to certify Alaska would make a good faith effort to adopt rational energy efficiency standards (the IEEC), and begin 90% compliance with it by 2017.

### [Rachel Carson, environmentalism's answer to Pol Pot](#)

Yesterday would have been her 102nd birthday and I'm sorry I missed it, but my sharp-eyed fellow-traveller David Hinz at The Minority Report celebrated with a lively

dance on the old fraud's grave. He doesn't mince his words: Rachel Carson - poster girl of the international eco movement - was a "mass murderer" to rival Stalin and Pol Pot.

### [Not Just Present at Work, but Presentable](#)

With the hottest months of the year looming, concerns about personal hygiene on the bike are heightened.

In response, cyclists head to nearby gym locker rooms, wipe themselves down with paper towels, or simply tell themselves that they would get just as sweaty on the subway. (A number of people who were interviewed for this article seemed convinced that air-conditioning was not a standard feature of subway cars.) The luckiest ones have showers at their places of employment. Others rely on sink showers or showers-in-bottles, and a select few head to a friendly bike messengers' service in Midtown that offers them a place to bathe and stow their bicycles out of a spirit of camaraderie.

### [Overcoming the stigma of 'toilet-to-tap' water](#)

From water officials to academics, and private business experts, all agree that the reuse of water for drinking is safe, affordable and necessary. But what about the yuk factor?

### [IEA output forecasts are 'outside reality': peak oil proponent](#)

Geneva (Platts) - In a direct shot at the most widely followed estimates of future oil flows, a leading peak oil proponent said the International Energy Agency's supply projections are significantly inaccurate.

In the keynote address to the Platts "New Challenges for Crude Oil" conference in Geneva, Swedish physics professor Kjell Aleklett said his research team's analysis differs significantly from the IEA's.

The reason for the different conclusions is narrow but significant: a large difference in estimating the rate of depletion of both fields that are to be developed, and fields that have yet to be discovered but will be by 2030. There are other factors widening the gap between the two, but it is this difference in approach that provides most of the gap.

...The gap between his work and that of the IEA is huge. IEA projections of liquids supply puts total output at 101.5 million b/d by 2030. Aleklett's research sees it at a little more than 75 million b/d.

### [China Is Said to Plan Strict Gas Mileage Rules](#)

HONG KONG — Worried about heavy reliance on imported oil, Chinese officials have



drafted automotive fuel economy standards that are even more stringent than those outlined by President Obama last week, Chinese experts with a detailed knowledge of the plans said on Wednesday.

The new plan would require automakers in China to improve fuel economy by an additional 18 percent by 2015, said An Feng, a leading architect of China's existing fuel economy regulations who is now the president of the Innovation Center for Energy and Transportation, a nonprofit group in Beijing.

### [Oil to Cost \\$110 by 2015 on Global Rebound, U.S. Says](#)

(Bloomberg) -- Oil prices will return to \$110 a barrel by 2015 as a rebound in economic growth worldwide boosts consumption, the U.S. Energy Department said.

Prices, which rose to a six-month high of \$62.45 yesterday in New York Mercantile Exchange trading, will continue climbing past 2015 to \$130 by 2030, as India, China and other developing nations use more oil, the Energy Information Administration said today in its annual International Energy Outlook report.

### [OPEC leaves production status quo](#)

VIENNA—OPEC has decided to keep its production targets unchanged, oil ministers said Thursday at a meeting in Vienna.

The 12-country oil cartel appears to be counting on a recovering world economy to lift crude prices without their having to cut back output.

### [OPEC Sec Gen says U.S. oil demand picking up](#)

VIENNA (Reuters) - OPEC Secretary-General Abdullah al-Badri said on Thursday demand had started to pick up in the United States, the world's largest energy consumer.

"At this time, we are seeing the United States picking up. But above all, which is the most important, we are seeing demand in China and India and Asia as a whole," Badri told Reuters Financial Television.

### [Exxon Mobil CEO tells shareholders that fossil fuels have long future](#)

In comments at the meeting and a news conference afterward, Tillerson said U.S. gasoline consumption has probably peaked and will slowly decline as a result of

increased fuel economy and a growing reliance on low-sulfur diesel fuel. But he said the world isn't anywhere close to reaching "peak oil," the point at which oil production will crest and then begin an irreversible decline as a result of dwindling petroleum deposits. A full-scale transition from fossil fuels could be "100 years away," he said.

### [Slovakia's economy hammered by gas cutoff, auto collapse; officials await rebound](#)

The country — which made rapid progress in the past several years by joining the euro currency and attracting coveted auto industry investment in new factories — showed growth of 2.5 percent in the last quarter of 2008. But serious trouble set in with a Russian gas cutoff that slashed deliveries to factories.

Then, Slovakia was hit by the collapse of auto production because autos account for fully 15 percent of economic output. Industrial production overall fell 22.9 percent, auto output fell by 40.9 percent. Slovakia's major trading partner, Germany, slid into a deep recession.

### [Russia pursues market share as OPEC flirtation ends](#)

MOSCOW (Reuters) - Russia is no longer a welcome guest of OPEC after boosting its production to levels far above those pumped by the group's biggest exporter, Saudi Arabia, and snatching away market share.

After flirting with OPEC when a barrel of oil cost less than \$40, Moscow has once more set its course on raising production to support an economy entering its first recession in a decade, leaving OPEC to shoulder the burden of record output cuts.

### [Inquiry Into Oil Company May Hurt Brazil's Fiscal Plan](#)

RIO DE JANEIRO — Brazil's national oil company, Petrobras, has come under scrutiny in an investigation that threatens to complicate government efforts to wring more revenue from the deepwater oil fields that are expected to transform the country into a global energy power.

The Senate voted last week to investigate whether Petrobras had avoided tax payments and awarded illegal contracts, among other issues. The vote was sealed by senators who oppose President Luiz Inácio Lula da Silva's Workers Party, setting up an inquiry that is likely to drag on for months.

### [Brazil find may need oil at US\\$60 to work: group: Petrobras says US\\$45](#)

Petrobras may need benchmark oil prices near US\$60 a barrel to profitably tap Brazil's



massive subsalt offshore finds, Cambridge Energy Research Associates said.

"We've evaluated the economics and believe that [Brazil's subsalt oil] can be developed with WTI or Brent at US\$60," said Enrique Sira, CERA's director for Latin America and co-author of an upcoming report on Brazil's subsalt oil. "If all goes well, Petrobras and partners could reach a significant production level after 2019."

### [Gazprom to boost 2009 investment in gas pipeline from Sakhalin](#)

Moscow (Platts) - Russian gas giant Gazprom has decided to increase spending on the construction of a local gas pipeline in the Russian Far East to Rb50 billion (\$1.6 billion) this year, a senior executive said Thursday.

### [Iraq starts oil exports from Kurdistan](#)

BAGHDAD (Reuters) - Iraq started exporting oil from its largely autonomous Kurdistan region for the first time on Wednesday, Iraq's Oil Ministry said, in an apparent breakthrough after years of deadlock over disputed Kurdish oil contracts.

### [Raymond J. Learsy: OPEC Meets Pumping Billows Of Hot Air While Curtailing Production Of Oil](#)

There they are again. The good nabobs of Opec going to Vienna to munch their strudel while exuding billows of lamentations about the urgency to push prices to the \$75-80/bbl level before they can order a second course.

### [Chu rules out higher petrol tax](#)

Reducing America's reliance on oil by raising petrol prices to European levels through increased taxes or regulation is not politically feasible, says Steven Chu, US secretary of energy.

The admission comes as Congress considers a cap- and-trade system that opponents say will substantially increase petrol prices just as oil prices soar to their highest level in six months.

### [Land flattened at plot earmarked for garden](#)

DERELICT garages have been demolished at a site in Harborough which residents want to turn into a community allotment.

...The Transition Town Harborough environmental group wants to stop the council

building homes on the site and instead revive the orchard into a community garden and farming area.

### [Key senator calls for 100 new reactors in 20 years](#)

OAK RIDGE, Tenn. — Tennessee Sen. Lamar Alexander called Wednesday for doubling the number of nuclear reactors nationwide, a potentially \$700 billion proposal that calls for building 100 more over 20 years.

### [Colombian Ethanol Output To Surge In 2009](#)

LONDON - Colombian ethanol output is expected to more than double to 2.42 million liters a day by the end of 2009 as new projects come onstream, Agriculture Minister Andres Fernandez Acosta said on Wednesday.

### [Somalia: Seeking Alternatives to Charcoal in Somaliland](#)

Hargeisa — Insufficient cheaper alternatives and a large former refugee population are fuelling tree-felling and dependence on charcoal in the self-declared republic of Somaliland, adversely affecting the environment, say analysts.

Most urban households use charcoal for everyday cooking. "We use a sack of charcoal every four days because our family is large," said Zahra Omar, a mother of 12, in the capital, Hargeisa.

### [Obama seeks growth in biofuels beyond ethanol](#)

WASHINGTON (Reuters) - President Barack Obama said on Wednesday he wants to see new types of biofuels commercialized as quickly as possible, but the corn-based ethanol industry needs to remain viable in the meantime.

"My administration is committed to moving as quickly as possible to commercialize an array of emerging cellulosic technologies so that tomorrow's biofuels will be produced from sustainable biomass feedstocks and waste materials rather than corn," Obama wrote in a letter to a group of farm-state governors.

### [Report: Carbon pollution to grow by 40 percent](#)

WASHINGTON - The amount of heat-trapping carbon dioxide seeping into the atmosphere will increase by nearly 40 percent worldwide by 2030 if ways are not found

to require mandatory emission reductions, a U.S. government report said Wednesday.

The Energy Information Administration said world energy consumption is expected to grow by 44 percent over the next two decades as the global economy recovers and continues to expand. The biggest increases in energy use will come from economically developing countries such as China and India.

### [Study: Michigan mammals migrating north](#)

TRAVERSE CITY, Mich. (AP) — Commonplace rodents such as opossums and white-footed mice are migrating rapidly northward in Michigan, suggesting climate change is taking hold in the upper Great Lakes region, says a newly released scientific report.

The growing abundance of rodent types that historically lived farther south, coupled with a decline of others long found north of the 45th parallel, has accelerated rapidly since the 1970s, say researchers led by biologist Philip Myers, of the University of Michigan.

### [US aviation CO2 emissions standards 'inevitably' coming](#)

National Resources Defense Council International Climate Policy Director Jake Schmidt said the "writing is on the wall" regarding carbon dioxide emissions standards for US airlines.

Speaking yesterday in Washington at the Eco-Aviation conference presented by ATW and Leeham Co., he said that "no source of emissions can be left unchecked. . .Emissions controls are coming. Within the US, aviation will be covered in some form or another. Inevitably it's coming."

### [Rail industry urges shorter trains off-peak to cut carbon emissions](#)

The rail industry is urging the government to run shorter trains in order to meet Britain's climate change obligations. Removing carriages outside rush hour would conserve energy and reinforce rail's reputation as one of the greenest modes of transport, says an industry manifesto published today.

### [Scientists proclaim climate change is natural](#)

As the Rudd government geared up its push for a CO2 cap-and-trade emissions trading scheme (ETS), which would annihilate what's left of Australia's collapsing physical economy, a public symposium last Sunday heard evidence from several leading Australian scientists that climate change is a natural phenomenon.

The symposium, ignored by the lying mainstream media, was held at Monash University and convened by Emeritus Professor Lance Endersbee. Several scientists identified hard evidence that severe cooling is the biggest climate challenge that we face—and its cause is entirely natural.

### [Perestroika and permafrost: Moscow's new interest in climate change](#)

A new climate 'doctrine' for the first time officially recognises severe risks of global warming and calls for immediate action.

### [It's Not About Bill](#)

The project represented a Clinton-foundation approach to reduce the carbon footprint of large buildings across the world: building owners obtain financing from banks to renovate their properties by dedicating the savings from lower utility bills to repay the loans. Energy-services companies guarantee reductions in energy consumption to achieve those savings or provide the difference if they fall short. “We’ll never conquer climate change,” Clinton told the crowd on the 80th floor, “until we prove it’s good business to do so.”

### [Energy Secretary's White-Paint Proposal Puzzles Climate-Change Experts](#)

Energy Secretary Steven Chu stunned the audience at a London scientific conference Tuesday with a radical but simple proposal to combat global warming: Paint all the roofs of all the buildings in the world white.

### [Japan Trade Minister Says Coal Plant Should Slash Co2](#)

(Bloomberg) -- Japan’s trade ministry told investors seeking permission to build a coal-fired power plant that they must take steps to slash carbon emissions, rebuffing the environment minister’s proposal that the project be rejected.

### [China Vows to Support Plan to Fight Climate Change, Kerry Says](#)

(Bloomberg) -- China, the world’s largest emitter of greenhouse gases, said it will play a “positive and constructive” role to help the world fight climate change, according to U.S. Senator John Kerry.

Chinese Vice Premier Li Keqiang recognizes the need for his country to address the issue urgently, Kerry said today at the end of his visit to the country. The two governments will start scientific research into clean energy, while the U.S. will transfer technology to China with sufficient protection for intellectual property rights, the U.S.

senator said.

### [Pelosi appeals for China's help on climate change](#)

BEIJING – U.S. House Speaker Nancy Pelosi urged Beijing on Thursday to cooperate on climate change, calling a safe environment a basic human right.

### [Sea's Rise May Prove the Greater in Northeast](#)

In the debate over global warming, one thing is clear: as the planet gets warmer, sea levels will rise. But how much, where and how soon? Those questions are notoriously hard to answer.

Scientists at the National Center for Atmospheric Research, in Boulder, Colo., are now adding to the complexity with a new prediction. If the melting of Greenland's ice sheets continues to accelerate, they say, sea levels will rise even more in the northeastern United States and Maritime Canada than in other areas around the world.

### [Study cites 'slow-motion' threat from permafrost](#)

The study, published in Thursday's journal Nature, looked at thawing parts of Alaska and found that greenhouse gas releases initially are sucked up by new plants as the Arctic gets warmer and greener. But that helpful effect doesn't last.

Eventually, between 15 and 50 years, those plants “can't keep up” and get overwhelmed, said study lead author Ted Schuur, a University of Florida ecologist.

At that point, a billion tons of carbon a year can be released into an atmosphere that is already warming because of carbon dioxide emissions from power plants, cars, and other industrial activities, Schuur said. That would contribute the same amount to global warming as the deforestation of the tropics, he said.



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