



DrumBeat: June 4, 2009

Posted by [Leanan](#) on June 4, 2009 - 10:07am

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[The Peak Oil Crisis: Watching a Mega-Crisis](#)

We, in America, are deep in the midst of a four-sided crisis. The first side is an economic slump; second, surprisingly, is our government's panicky efforts to stabilize the situation; third, the imminent peaking of fossil fuels and numerous other resources that seems to be in abeyance for the moment; and fourth, global warming which in the long run could overshadow the other three by a wide margin and is attracting considerable amounts of government and Congressional attention.

The important point is that the four aspects of what could easily turn out to be the mega-crisis of the century are all interrelated. Developments in any of the four will cause perturbations for better or worse in the others.

[Petrobras well proves Tupi reserves](#)

Petrobras said that the drilling of an additional well in the Tupi area has further confirmed estimates of a potential of 5 to 8 billion barrels of recoverable light oil and natural gas in the pre-salt layers of that field.

Drilling is still underway seeking for other objectives at greater depths.

[BP Head Tells Russia To Drop Investment Barriers](#)

BP Plc Chief Executive Officer Tony Hayward urged Russia, the world's largest energy supplier, to drop barriers to foreign investment and mitigate risks at a time when "capital is in short supply."

"Erecting barriers to the inflow of foreign direct investment is questionable," Hayward said Thursday at the St. Petersburg International Economic Forum. "Russia would benefit from higher investment."

['World's cheapest car' coming to US](#)

NEW YORK (Reuters) -- India's Tata Motors hopes to offer the Nano, dubbed the world's cheapest car, in the United States within two years, its chairman said.

[Phosphorus Famine: The Threat to Our Food Supply](#)

As complex as the chemistry of life may be, the conditions for the vigorous growth of plants often boil down to three numbers, say, 19-12-5. Those are the percentages of nitrogen, phosphorus and potassium, prominently displayed on every package of fertilizer. In the 20th century the three nutrients enabled agriculture to increase its productivity and the world's population to grow more than sixfold. But what is their source? We obtain nitrogen from the air, but we must mine phosphorus and potassium. The world has enough potassium to last several centuries. But phosphorus is a different story. Readily available global supplies may start running out by the end of this century. By then our population may have reached a peak that some say is beyond what the planet can sustainably feed.

Moreover, trouble may surface much sooner. As last year's oil price swings have shown, markets can tighten long before a given resource is anywhere near its end. And reserves of phosphorus are even less evenly distributed than oil's, raising additional supply concerns. The U.S. is the world's second-largest producer of phosphorus (after China), at 19 percent of the total, but 65 percent of that amount comes from a single source: pit mines near Tampa, Fla., which may not last more than a few decades. Meanwhile nearly 40 percent of global reserves are controlled by a single country, Morocco, sometimes referred to as the "Saudi Arabia of phosphorus." Although Morocco is a stable, friendly nation, the imbalance makes phosphorus a geostrategic ticking time bomb.

[Peru fertilizer plant would need gas line](#)

HOUSTON -- A grassroots nitrogen fertilizer complex under consideration in Peru would require construction of about 100 miles of gas pipeline.

[Malaysia calls for calm over border dispute with Indonesia](#)

KUALA LUMPUR (AFP) – Malaysia's deputy prime minister Muhyiddin Yassin called for calm Thursday amid reports that Malaysian warships had entered oil-rich waters off northeastern Borneo also claimed by Indonesia.

[Total sees Iraq oil deals awarded this summer](#)

PARIS (Reuters) - French oil major Total expects Iraq to award stakes in oil fields open to bids this summer, a senior executive told the Reuters Energy Summit on Thursday.

'It is a matter of two or three months starting from now,' Jean-Jacques Mosconi, head of

strategy and planning at Total, said when asked when Baghdad would award contracts.

[Canadian oil giants closer to finalizing takeover](#)

CALGARY, Alberta (AP) -- Petro-Canada shareholders have voted to approve the takeover of their integrated oil and gas company by Suncor Energy Inc., uniting two of Canada's biggest oil companies.

[Towns in transition](#)

At the Sullivan Renaissance conference in February, author and keynote speaker James Howard Kunstler predicted jarring social changes coming our way, changes coming not just because of peak oil, meaning the time when oil supplies are in decline as demand increases, but also because of global climate change and global economic turmoil.

Those changes are also a concern of Liberty resident Tim Shera and Livingston Manor resident Maria Grimaldi. And as a way of dealing with them, Shera and Grimaldi are hosting a Transition Towns-Sullivan County meeting on June 9, from 3:00 to 5:00 p.m. at the Cornell Cooperative Extension Sullivan on Ferndale Loomis Road in Liberty.

[The new 'good' job: 12 bucks an hour](#)

NEW YORK (CNNMoney.com) -- Massive investment in renewable energy could ultimately create 4 million manufacturing jobs. But for the workers in the bottom rung of this movement, the shift to green jobs could very well mean a pay cut of nearly 60%, a trend spreading across the entire manufacturing sector.

Many of the entry-level jobs making green energy components start at \$12 an hour, much less than the now extinct \$28 an hour job that had allowed high school-educated workers in the auto sector to achieve middle class status.

[Goldman Sachs and the unrecognised energy crisis](#)

There is a lot to look at in a new note from Goldman Sachs' commodities team: a WTI price target of \$85 for the end of 2009; a forecast that we are now in the beginning of a four-part bull rally.

More interestingly, the note talks about the 'unrecognised energy crisis' and concludes that *underlying demand* must fall in the OECD countries if the BRICs are to maintain their growth.

[US Interior to Collect Billions from New O&G Fees in 2010](#)

The U.S Interior Department has projected \$14 billion in revenue collections for fiscal-year 2010, stemming from several new and increased fees.

A new fee on non-producing Gulf of Mexico offshore oil and gas leases would increase revenue by requiring lease holders to pay \$4 per acre when leases are in non-producing status, Interior Secretary Ken Salazar said in prepared testimony before a subcommittee of the Senate Appropriations Committee on Wednesday.

[Gas Exporters May Meet in Qatar This Month, Iran Official Says](#)

(Bloomberg) -- The world's biggest natural-gas exporters may meet in Doha, Qatar on June 30 as they pursue greater collaboration at a time of plummeting prices, an Iranian oil official said.

[BP Norway Shaving Costs by Reworking Contracts](#)

As oil producers battle falling revenues, BP Norway's chief said the company is having success in lowering its supply costs in the country by renegotiating contracts.

At the same time, BP has an ambitious target of nearly doubling its Norwegian output to 80,000 barrels of oil equivalents a day by 2012, or 2% of the company's projected global daily output of around 4 million barrels.

[Reliance suspends exports to Iran](#)

NEW DELHI (UPI) -- Reliance Industries Ltd., the largest private-sector oil conglomerate in India, stopped petroleum exports to Iran under pressure from U.S.-backed sanctions.

[Shell Confirms Reports of Large Gas Field Off Norway](#)

Anglo-Dutch oil and gas company Shell has confirmed a Norwegian newspaper report that it has discovered a large gas field in the Norwegian Sea, the Dutch paper, Financieel Dagblad, reported on Wednesday.

[More Mexico oil reforms unlikely after midterm vote](#)

MEXICO CITY (Reuters) - Mexican lawmakers are unlikely to attempt any further

reforms of the country's oil sector after midterm Congressional elections in July, where the ruling conservative party is expected to lose some ground. The country's battered economy, its fight with powerful drug cartels and the need for a major overhaul of the tax system are a higher priority for lawmakers than revisiting the sensitive topic of opening the tightly controlled oil industry to more participation by foreign companies.

After months of emotional debate last year, Mexico enacted a package of laws that opened the door to more private-sector involvement in the oil industry.

[Resources short Cuba cuts power to wasteful companies](#)

Hundreds of Cuban entities and state-run companies were sanctioned when a drastic government plan to save energy entered into force, according to reports in the official media.

[S.African refineries need \\$4.95 bln for clean fuels](#)

JOHANNESBURG (Reuters) - Refineries in South Africa will need to spend 40 billion rand (\$4.95 billion) to upgrade facilities to conform with cleaner fuel specifications, a senior executive of petrochemicals group Sasol said on Thursday.

Sasol Executive Director Benny Mokaba said the upgrades necessary to comply with the new specifications, which South Africa has said it wants to introduce by 2012, exceeded the companies' balance sheets.

[Pipeline Operator Says Wind, Solar Not the Answers to Energy Crisis](#)

Reuters TV has an interesting interview of Rich Kinder, the CEO of Kinder Morgan, who says that wind and solar energies are not the answers to reducing America's greenhouse gas emissions or the country's dependence on oil.

Rather, he says that natural gas, nuclear, and even clean coal are much more logistically viable options. We've previously covered the pros and cons of nuclear energy, more recently Germany's attempt to utilize clean coal, and even energy think tanks that believe our energy policy should be governed by "facts, sound science, and good American common sense." As we learn more about our energy capacities and potential, it seems like the debate over energy policy just seems to get more convoluted.

[Nigeria: Electricity Crisis - Coal to the Rescue \(1\)](#)

President Umaru Musa Yar'Adua in his inaugural speech on the 29th of May, 2007 offered Nigerians cause to celebrate by promising to tackle the energy crisis that had

bedevilled the nation for some time. He further promised a complete overhaul of the energy sector to ensure that the populace enjoys steady electricity supply. He likewise said he wanted Nigeria to be one of the world's biggest 20 economies by 2020. This tall ambition would largely depend on steady electricity supply. The President went further to establish the National Energy Commission to investigate and offer solutions to the current energy crisis. He has announced that he wants the Power Holding Company of Nigeria (PHCN) to generate 6,000 mega watts of electricity before December, 2009.

[The Philippines: 'Keep in mind risks of nuke plant's operation'](#)

OPPONENTS of the plan to revive the mothballed Bataan Nuclear Power Plant (BNPP) on Thursday chided lawmakers for ignoring the risks involved in operating the plant.

Giovanni Tapang, spokesman for the No to BNPP Revival! said lawmakers seem to ignore the voluminous studies that document the danger of operating the plant.

[Mike Ruppert reviews Carolyn Baker's "Sacred Demise"](#)

In the rare instances where I come across a book that is a feast for the mind and soul I wrestle with it as with a lover. Pages get dog-eared, the pen comes out and notes appear all over. Great passages are underlined. There are coffee and wine stains. This marks my affair with a great book. "Sacred Demise" is the first such book I have read in many years. In spite of the profoundly disturbing topic: the collapse of industrial civilization and possible extinction of the human race; it is a book which has left me feeling joyful, hopeful, humorous and deeply comforted. It has made me love more completely and – in that process – has allowed me to be more alive in this present moment.

[It's all interconnected. Weizmann scientist says](#)

Berkowitz, who hails from Edmonton, talked about Water, Energy, and the Environment: Science and Sustainability, making it clear that no single solution will materialize to solve what many consider to be the two most serious environmental challenges facing the world today.

"It is a zero-sum game," he said. "If you win somewhere, you lose somewhere else.... There ain't no such thing as a magic bullet."

[Will Emerging Markets Make Renewable Energy More Democratic?](#)

Think of the renewable-energy market as an oligarchy, with a handful of countries making up by far a super majority. The top 10 wind countries, for example, represented a whopping 87.8 percent of the wind market last year, according to the Global Wind Energy Council (GWEC). And in solar, even just the top two markets -- Spain and

Germany -- accounted for 72.9 percent of the total world market, with the top 10 making up 96.5 percent, according to the European Photovoltaic Industry Association.

Over the years, the industry has been expanding to new countries, dividing the market among a larger number of countries every year. But in an economic downturn, with price declines amid an oversupply of solar panels and wind turbines, that trend could be accelerating. And as more countries pass a variety of climate-change legislation, industry insiders predict that — in the coming years — the clean-energy oligarchy will become ever more democratic.

[Climate change poses threat to Mideast security, report warns](#)

BEIRUT: Climate change poses potential threats to security that could lead to conflict in the Middle East, a report presented Tuesday at the American University of Beirut (AUB) by Oli Brown of the International Institute for Sustainable Development (IISD) says. Brown co-wrote the report, which is entitled "Rising Temperatures, Rising Tensions: Climate Change and the Risk of Violent Conflict in the Middle East." Brown said the report's aim was to explore potential connections between climate change and conflict in the region and to generally raise awareness of the issue.

[Allotment demand leads to 40-year waiting lists](#)

Demand for allotments has reached such heights that in one London borough would-be gardeners will be waiting 40 years for a patch of land, it emerged today.

[Goldman Raises Year-End Crude Forecast by 31% to \\$85](#)

(Bloomberg) -- Goldman Sachs Group Inc. raised its forecast for U.S. benchmark oil by 31 percent to \$85 a barrel for the end of 2009 and predicted further gains next year as demand recovers and supplies shrink.

"As the financial crisis eases, an energy shortage lies ahead," Goldman analysts Jeffrey Currie in London and David Greely in New York said in a report e-mailed today. The bank set a 12-month price target of \$90 a barrel for West Texas Intermediate crude, up from \$70, and introduced a forecast of \$95 for the end of 2010.

[Oil to Reach \\$70-75 by Year End, OPEC's El-Badri Says](#)

(Bloomberg) -- Oil prices are likely to rise to between \$70 and \$75 a barrel by the end of this year because of expectations for an economic recovery and a weak dollar, OPEC Secretary General Abdalla el-Badri said.

The Organization of Petroleum Exporting Countries has seen a pick-up in demand from

China though the global economy isn't recovering as fast as the price of oil, he said today at an energy forum in London organized by Bloomberg LP, the parent company of Bloomberg News.

[Don't Buy Into This Energy Bull](#)

This is starting to look like the endgame, Fools. After a gnarly April, Patterson's May rig count decline decelerated significantly. In absolute terms (i.e. the number of rigs, rather than the percentage), this was easily the smallest sequential drawdown since the carnage began last fall. Of course, there just aren't many marginal rigs left running at this point.

It looks like Mr. Market wasn't being too crazy in bidding up these stocks back in March. As I pointed out in February, Patterson in particular was practically being given away. That said, I'm concerned that the rebound in oil services stocks, and energy stocks more broadly, is a bit overdone at this point.

[Suncor Energy reports oil sands production numbers for May 2009](#)

CALGARY /CNW/ - Suncor Energy Inc. reported today that production at its oil sands facility during May averaged approximately 296,000 barrels per day (bpd). Year-to-date oil sands production at the end of May averaged approximately 286,000 bpd. Suncor is targeting average oil sands production of 300,000 bpd (+5%/-10%) in 2009.

[Trading Down Forever?](#)

Does the recession spell permanent changes for how America lives? Probably not, say our experts, as people will always shop.

[IATA: Airline 2009 losses to exceed \\$4.7 billion](#)

KUALA LUMPUR, Malaysia (AP) -- The International Air Transport Association called for more liberalization to bolster the global airline industry, which is expected to lose more than \$4.7 billion this year because of falling cargo and passenger traffic.

[Our peak oil future? Electric vehicle startup unveils Chinese-made, \\$45K 'economy' car](#)

The Coda sedan, which resembles a previous-generation Honda Civic, is a highway-ready, 80 mph five-seater that will travel 90 to 120 miles on a charge, according to the company.

And it is likely to be the first Chinese-made car to hit American roads. The car's 333-volt lithium ion battery pack comes from the Tianjin Lishen Battery Joint-Stock Co., a huge state-owned corporation that supplies batteries to Apple and other consumer electronics companies. Coda has established a joint venture with Tianjin Lishen to design and sell batteries for transportation and utility storage. The sedan's design, brand and intellectual property will be owned by Coda, but it will be manufactured and assembled in China by Hafei, a state-owned automobile and aircraft manufacturer.

[Pickens left indelible mark on Obama](#)

(AP:OKLAHOMA CITY) With a black Sharpie marker, T. Boone Pickens mapped out for Barack Obama the way to U.S. energy independence - right there on a white tablecloth.

It was a demonstration he wouldn't soon forget. After Pickens' wife encountered Obama at a function this week in Las Vegas, she relayed word that the president was still astounded by her husband's indelible markings.

[High hurdle for ethanol](#)

Undoubtedly, ethanol and the renewable fuels industry will go through many fits and starts as it continues to move toward becoming a reliable source of alternative energy. Edwin Drake could probably understand that all too well.

[Only a Total fool would be convinced by giraffes and solar panels](#)

The French oil company's investment in renewables sounds large, but it's a drop in the oil barrel.

[Still Digging Up Exxon Valdez Oil, 20 Years Later](#)

Today, the coast is clear and clean. But clean is not the same as pristine. Decades ago, some of the spill found its way to a beach on Knight Island in the Sound, a site that scientists studying the accident would designate KN-102 but which during the multiyear cleanup would earn another name: Death Marsh.

Here, on Death Marsh, Mandy Lindberg, a scientist with the National Oceanic and Atmospheric Administration (NOAA) in Alaska's Auke Bay, turns over a shovel of sand and broken rock to reveal a glistening pool of brackish oil. The crude can be chemically typed to the *Exxon Valdez*, and more oil can be found beneath the beach at Death Marsh and at a number of islands around the Sound. "I wouldn't have possibly believed the oil would last this long," says Lindberg. "Studying the spill has been a great learning experience, but if we had known in the years after the spill what we know now, we would have been looking for oil much earlier."

[A China-U.S. Partnership on Global Warming](#)

Meeting with officials in China last week, House Speaker Nancy Pelosi said little about human rights, a topic on which she has been notably vocal in the past, and instead focused on one of the big hurdles the United States faces in trying to tackle climate change: making sure China cooperates.

[Alaska: Federal report says villages need better help in relocating](#)

WASHINGTON -- The federal government could be doing more to help relocate Alaska Native communities whose vulnerability to erosion and flooding has only worsened with global warming, concludes a report from the Government Accountability Office.

[The Human Cost of Climate Change](#)

Quick: What does global warming look like? A forlorn polar bear stuck on a splintering glacier makes for a gripping visual, but a new report says there are millions of climate-change victims we don't see — and many look just like us. The Global Humanitarian Forum paints a grim portrait of the human toll inflicted by Earth's gradual rise in temperature: 26 million people displaced, \$125 billion in annual economic losses and more than 300,000 yearly deaths, as climate change speeds desertification and magnifies scourges from malnutrition to flooding. "We can no longer hold back from speaking out on the silent suffering of millions worldwide," writes the group's leader, former U.N. Secretary-General Kofi Annan.

[Calculating The True Cost Of Carbon](#)

U.S. firms produce from \$60 billion to \$80 billion worth of carbon annually but don't pay for it. What the carbon market could mean to investors.

[Is a Popular Carbon-Offset Method Just a Lot of Hot Air?](#)

A convenient way of cutting industrial gases that warm the planet was supposed to be the United Nation's clean development mechanism (CDM). As a provision of the Kyoto Protocol, the CDM enables industrial nations to reduce their greenhouse gas emissions in part by purchasing "carbon offsets" from poorer countries, where green projects are more affordable. The scheme, which issued its first credits in 2005, has already transferred the right to emit an extra 250 million tons of carbon dioxide (CO₂), and that could swell to 2.9 billion tons by 2012. Offsets will "play a more significant role" as emissions targets become tighter, asserts Yvo de Boer of the U.N. Framework Convention on Climate Change.

But criticism of the CDM has been mounting. Despite strenuous efforts by regulators, a significant fraction of the offset credits is fictitious “hot air” manufactured by accounting tricks, critics say. As a result, greenhouse gases are being emitted without compensating reductions elsewhere.

[It's the end of the world as we know it \(annotated\)](#)

For your consideration: Two possible, if not probable, future scenarios for the human race should the business of fossil fuel combustion continue as usual for the next few decades. The first, an ABC-TV special that aired this Tuesday night, "Earth 2100." The second, a film by UK documentarian Frannie Armstrong, "The Age of Stupid." The former depicts a world that is increasing hostile to civilization as the century draws to a close, the latter an even less habitable planet, not just for humans, by 2055.

Are either visions realistic, or just more worse-case scenarios that grossly exaggerate what the science says?

[Lester R. Brown: Melting Ice Could Lead to Massive Waves of Climate Refugees](#)

As the earth warms, the melting of the earth's two massive ice sheets--Antarctica and Greenland--could raise sea level enormously. If the Greenland ice sheet were to melt, it would raise sea level 7 meters (23 feet). Melting of the West Antarctic Ice Sheet would raise sea level 5 meters (16 feet). But even just partial melting of these ice sheets will have a dramatic effect on sea level rise. Senior scientists are noting that the Intergovernmental Panel on Climate Change (IPCC) projections of sea level rise during this century of 18 to 59 centimeters are already obsolete and that a rise of 2 meters during this time is within range.



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