



DrumBeat: June 13, 2009

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[US Gas Hydrates Find Has Worldwide Implications](#)

In a 21-day expedition led by Chevron, DOE's National Energy Technology Lab (NETL), the US Geological Survey, the Minerals Management Service, in addition to a host of other industry experts, the most prospective gas hydrates reservoirs yet found have been located and drilled.

"Gas hydrates for a long time have been the most elusive and confounding of hydrocarbon deposits to find," said Dan McConnell, vice president of AOA Geophysics, one of the companies selected for the site selection committee. "This is the very first time that thick hydrates accumulations have been drilled by design, that those hydrates were where they were predicted to be."

[Mexico State Oil Co Optimistic on Two Largest Fields](#)

Mexico's state oil company has a sunnier outlook for its two largest fields, thanks to remediation programs to squeeze as much oil as possible from the crude-laden waters of the Campeche Sound, Petroleos Mexicanos executives said at an oil conference Thursday.

[Pemex Expects Budget Increase Request to Be Approved](#)

(Bloomberg) -- Petroleos Mexicanos, Mexico's state oil company, expects the country's government to approve a request for 20 billion pesos (\$1.5 billion) in extra financing to help it pay for oilfield investments after the peso plunged.

The financing will allow Pemex, as the Mexico City-based company is known, to help fund \$19.5 billion in capital expenditures this year as it seeks to offset the fastest drop in output since 1942, Carlos Morales, director of exploration and production, said today at a conference in Veracruz.

[Calderon: Pemex Must Be Freed From "Ideological" Prejudice](#)

MEXICO CITY – Mexican President Felipe Calderon said state oil company Petroleos Mexicanos must be freed from political and ideological “prejudice” and from interests that have prevented it from remaining in the vanguard in terms of technology and investment.

[Petroleos Mexicanos will struggle with oil rate even with new water removal facilities](#)

The fundamental problem with Cantarell is that it has a bottom water drive on one side of the field. On the other side the bottom is impermeable. Bottom water moving up structure drowned the pay zone causing the loss of reserves. Discovered in 1976 and placed on production in 1979, crude oil production peaked in 1981 at 1.156 million bbl/day from 40 flowing wells. Production was then stabilized at 1 million bbl/day by drilling more wells. In 1995 production/well had fallen to 7,000 bbl/day and 150 wells were required. Pemex then installed gas lift which allowed production to rise to 1.4 million bbl/day in 1999. But reservoir pressure continued to decline.

[Emirate must decide whether oil partners are worth keeping](#)

The production of oil in Abu Dhabi has always been a group effort.

International oil companies such as Shell and ExxonMobil deploy engineers in the emirate’s oil fields and help build the pipes and wells that generate the country’s wealth, in return for minority ownership stakes in subsidiaries of the Abu Dhabi National Oil Company (ADNOC).

But the Government faces a momentous decision as the expiry of concessions that form the basis of those partnerships nears: should it stick with modified agreements or abandon the international partners altogether?

[Oil Explorers in Nigeria Raise Alarm over Safety of Facilities](#)

Oil explorers under the aegis of the Society of Petroleum Engineers (SPE) in Nigeria have expressed concern over the vandalism of oil facilities in the Niger Delta region, the News Agency of Nigeria reported on Thursday.

Bayo Ojulari, the SPE's chairman, was quoted as saying the destruction of the oil facilities by militants would adversely affect development in the region.

[IPAA still leading the charge against policies harmful to oil and gas interests](#)

With the arrival of the Obama administration, a solid and somewhat hostile Democratic majority in Congress, and low commodity prices, US oil and gas producers have entered a challenging period.

[Chesapeake CEO defends \\$75-million bonus](#)

The chief executive of Chesapeake Energy CHK-N, under fire for taking a \$75-million (U.S.) bonus while the company was losing billions, defended his leadership at one of the nation's largest natural gas producers.

[Jeff Rubin: Warming up to carbon tax](#)

Efforts in the developed world to restrict and replace coal-fired capacity seem downright quixotic when juxtaposed against China's (and other developing countries') coal-expansion plans. Whatever reduction in greenhouse gas emissions is achieved in the world's developed economies from switching away from coal will simply be overwhelmed by the increase in emissions from new coal-fired plants in China and the rest of the developing world.

Saving the world is a noble motive for going green. But there is another compelling reason to want a carbon-abatement regime in place as soon as possible. It is called good old-fashioned naked economic self-interest. If we can't agree to save the world for someone else's benefit, we might as well do it for our own.

[Maker Of 'Fuel' Documentary Promotes Algae Energy](#)

For documentary film maker Josh Tickell, it's all about algae.

The micro organism's potential to deliver America from its dependence on foreign oil receives a big chunk of screen time in Tickell's movie "Fuel," which goes into national distribution this fall after winning awards at the Sundance Film Festival and others.

"Algae is the next step," said Tickell, who visited New York to receive the honor of Goodwill Ambassador from the United Nations. "We have to get away from propagating a system that's undermining the U.S. economy."

[Please Take Your Seats Ladies and Gentlement, the Online Screening of 'In Transition' Starts Now...](#)

The film **'In Transition'** is now available for viewing, for the next 72 hours. The version being screened is not the final version, it still has a sequence to add and some tidying up to do, but is almost there. We very much hope you enjoy it (you will need Quicktime on your computer)....

[Indigenous 'genocide' in battle for oilfields](#)

Across the globe, as mining and oil firms race for dwindling resources, indigenous peoples are battling to defend their lands - often paying the ultimate price.

["Peru Oil Standoff" - Richard Heinberg interviewed on CBC The Current](#)

Richard Heinberg was interviewed on CBC radio in "Peru Oil Standoff", a segment of the CBC daily show *The Current*.

[Chevron confirms damage to Nigerian oil pipelines](#)

ABUJA (Reuters) - U.S. oil major Chevron confirmed one of its Nigerian oil pipelines was damaged on Friday in the Niger Delta, but output was unaffected as the infrastructure had been shut down before the incident.

The Movement for the Emancipation of the Niger Delta (MEND) on Friday said it attacked the Chevron pipelines and threatened to sabotage another facility operated by the U.S. oil company.

[Total says 1,200 workers walk out at UK refinery](#)

LONDON (Reuters) - France's Total said on Friday that 1,200 contractors have walked out on unofficial strike over planned redundancies at its British Lindsey refinery.

Total said in a statement that 600 workers were protesting outside the refinery, but production was not affected.

[Surreal goings on in the commodities show](#)

When markets look like a surreal comedy, turn to Monty Python. Try to explain current goings on in the commodity market and two sketches might help.

[Contours of Crisis III: Systemic Fear and Forward-Looking Finance](#)

By the middle of 2002, the crisis finally ended. Earnings staged a massive, V shaped recovery and, over the next five years, rose by nearly 350%. And yet, despite the surge, capitalists still found the future hard to envisage. The earnings boom certainly was real enough—but so were its limits. In the United States, the national income share of corporate profits was hitting record highs, so the prospect for further redistribution in favor of capitalists seemed increasingly dim. And those who pinned their hopes on “real” growth were running into doomsday scenarios of “peak oil” and “climate tipping.”

With the future looking disheartening at best, capitalists preferred to keep their eyes on the past. Share prices started to rise only in October 2002, a full six months *after* the earnings upswing began, and they continued to increase in tandem with profits (albeit at a lower rate) for the next five years.

And then all hell broke loose.

[Your life is awash with oil](#)

Oil is filthy old stuff that causes nothing but pollution all the way through our use of it, but why, oh why do we keep going back for more. Pretty simply, we're addicted. Whether it is good for us or not, and in the long term it undoubtedly is not, we are so totally addicted to the stuff that your life would not last more than a few days without a continuous stream of it being fed into your lifestyle.

[The five horsemen of our apocalypse](#)

We're trained in school and business in linear-rational engineering thinking. Focus on one problem at a time. Find a solution to it. Don't look at externalized costs or the connectedness between things, because that's hard to put numbers on and doesn't help who is paying for the answer.

That isn't how things really work. Every real problem has multiple, intertwined causes, and needs multiple, intertwined solutions. Every real solution also solves multiple problems. Real economics has no bottom line. That's linear thinking, and puts out of our sight all the secondary costs and problems and linkages that always occur.

There are at least five major players in the transition we're in. They all interact - wildly - and all need to be tracked at the same time.

[The best time to read chilling fiction and non-fiction is during the long, hot summer](#)

Some books represent their worlds as so dark and bleak that the best (or perhaps the only good) time to read them is in the middle of summer, when their chilling presentation can easily be countered by a pleasant walk outside in the blazing heat.

[The Hundred-Octane Vision of Freedom](#) - *Hey, Bob Lutz and GM, can you make my nine-year-old love a thundering V-8 more than the environment?*

But frankly — and I love him like I love nobody and nothing else in the world — the lectures get obnoxious. He sees no contradiction in mooning over a million-buck road rocket and worrying about global warming and peak oil. When it comes to our cars — an Accord and an Element — what matters to him are miles per gallon, reliability, safety,

and resale value. All he's ever known are *Consumer Report*-beloved imports.

[Shell's Cellulosic 'First' Is More of a Second](#)

Much fanfare attended the arrival in Ottawa earlier this week of Luis Scoffone, Royal Dutch Shell's vice president of biofuels. Mr. Scuffone flew in from England and descended, along with John Baird, Canada's transport minister, on a large Shell station at Merivale Road — an undistinguished avenue of strip malls and big box stores.

It was here, at a single pump, Shell said in a news release, where customers could become “the first in the world to fill their tanks with gasoline containing advanced biofuel made from wheat straw.”

That was news to MacEwen Petroleum, however — a small regional service station chain based in Maxville, Ontario.

[We must stop overfishing now to save our empty oceans](#)

The hammour of the Arabian Gulf and the North Sea cod have an unenviable thing in common. They are both down to around three per cent of their former abundance and rank among the third of the world's fish stocks that scientists consider to have collapsed. If the Arabian Gulf or the North Sea fell within United States jurisdiction, they would be declared fisheries disaster areas and spawning areas, and vital habitat would be closed by law to commercial fishing.

But neither the North Sea nor the Arabian Gulf is managed in the cutting-edge way that the United States now manages some of its domestic fisheries – which has come about as a result of a healthy enthusiasm among environmental bodies for using the law to sue the authorities. (The other side of the coin is that 70 per cent of fish the US now consumes is from fisheries around the world, many of them unsustainable. Ditto the EU.) We in Europe and the Middle East go on hoping that something will turn up, that nature will somehow solve the problem, while doing rather less than is needed to bring about recovery.

[GOP slams Democrats' climate bill as an energy tax](#)

WASHINGTON – Republicans on Saturday slammed a Democratic bill before the House that seeks to address climate change, arguing that it amounts to an energy tax on consumers.

In the GOP's weekly radio and Internet address, Rep. Mike Pence said Congress should instead open the way for more domestic oil and natural gas production and ease regulatory barriers for building new nuclear power plants.

[Oil, Gasoline, Fall on Record European Industrial Output Drop](#)

(Bloomberg) -- Crude oil and gasoline fell for the first time in four days as a record plunge in European industrial production prompted speculation that bets on an economic recovery are premature.

[Rally in oil prices may be running on empty, but oh, what a ride!](#)

Meanwhile, despite all the apocalyptic talk about the implications of "peak oil," significant new oil supplies are coming onstream, notes King.

"The latest forecast (by the U. S. Department of Energy) shows a steadily increasing trend in effective spare capacity, driven primarily by capacity adds taking place in Saudi Arabia," he says.

[Ahmadinejad Wins Iran Re-Election as Rivals See 'Violations'](#)

(Bloomberg) -- Iranian President Mahmoud Ahmadinejad won a second term after an election that his main challenger, former Prime Minister Mir Hossein Mousavi, said was blighted by "obvious violations."

Ahmadinejad, 52, took 62.6 percent of the vote in final results of the presidential election, compared with 33.7 percent for Mousavi, Interior Minister Sadegh Mahsouli said on state television. Mousavi, 67, who said he was the winner shortly after the polls closed last night, said today he "won't surrender" in the face of irregularities.

[Canadian economist predicts a smaller future](#)

The short answer to the question implied by the title of this new book by former CIBC economist Jeff Rubin is that oil scarcity inevitably leads to higher transportation costs, curtailing global trade and travel. As we all learn to live local, the world is going to seem smaller.

The argument is based largely on the so-called "peak oil" theory, which in its most basic form just says that since oil is a non-renewable resource, sooner or later we are going to start running out. This drives the price of oil up -- though it can still drop, temporarily, in a recession -- and since the global economy runs on oil we are all going to feel the pinch.

Of course, some of us are going to feel it more than others.

[Don't be in any hurry to write off suburbia](#)

A somewhat overblowing Kunstler decried suburbia as "the greatest miscalculation of resources in the history of the world." He went on to say, "We squandered our national treasure by constructing an infrastructure for daily life that has no future."

He cited a convergence of factors that will lead to the demise of not only suburbia but a homebuilding industry. He included reasons such as the current global economic crisis, the collapse of the housing market and the end of cheap energy.

[Foreign land hot commodity as nations seek to grow food](#)

Much has been said in recent years about the implications of the world reaching Peak Oil -- when demand outstrips supply. However, the growing discussion these days is about Peak Soil.

Countries such as Saudi Arabia, China, Kuwait and Egypt, which import a lot of food, have apparently lost confidence in the international trading system since the ethanol boom in 2007-2008 and the flood of investment money that poured into the commodity markets, sending staple food prices through the roof.

It wasn't the spike in commodity prices that scared them; it was the decision by several exporting nations to stop selling at any price. So instead of buying commodities, they're buying or leasing farms, producing their own grain and shipping it home.

[Even as Industry Slumps, Prius Inspires Waiting List](#)

TOYOTA CITY, Japan — Throughout Toyota's global operations, managers are scrambling to cut costs in the wake of record losses.

But at Toyota's Tsutsumi plant, managers have the opposite problem: meeting demand for the third generation of the Prius, which has become an instant hit in Japan and is rolling into American showrooms now.

[Exelon to Add 1,300 Megawatts of Nuclear Generation](#)

(Bloomberg) -- Exelon Corp., the largest U.S. operator of nuclear power plants, plans reactor upgrades that will add 1,300 to 1,500 megawatts of generating capacity by 2017, equivalent to building a new unit.

[As Wind Power Grows, a Push to Tear Down Dams](#)

The amount of wind power on the Bonneville transmission system quadrupled in the last three years and is expected to double again in another two. The turbines are making an electricity system with low carbon emissions even greener — already, in Seattle, more than 90 percent of the power comes from renewable sources.

Yet the shift of emphasis at the dam agencies is proving far from simple. It could end up pitting one environmental goal against another, a tension that is emerging in renewable-power projects across the country.

[Seeking Growth Market, Chip Maker Eyes Solar Cells](#)

HSINCHU, Taiwan — Taiwan Semiconductor Manufacturing, or TSMC, has seen the light and now wants to make some.

The world's largest for-hire chip maker could soon start manufacturing solar cells and LED lights. The company's entry into these nascent industries will catch the attention of existing makers, which could find themselves battling one of the most formidable manufacturers on the planet. Taiwan Semiconductor could drive down prices, as it did for computer chips. But the lower prices could also stimulate demand for what are now expensive technologies.

[Life May Extend Planet's 'Life': Billion-year Life Extension For Earth Also Doubles Odds Of Finding Life On Other Planets](#)

As the sun has matured over the past 4.5 billion years, it has become both brighter and hotter, increasing the amount of solar radiation received by Earth, along with surface temperatures. Earth has coped by reducing the amount of carbon dioxide in the atmosphere, thus reducing the warming effect. (Despite current concerns about rising carbon dioxide levels triggering detrimental climate change, the pressure of carbon dioxide in the atmosphere has dropped some 2,000-fold over the past 3.5 billion years; modern, man-made increases in atmospheric carbon dioxide offset a fraction of this overall decrease.)

The problem, says Joseph L. Kirschvink, the Nico and Marilyn Van Wingen Professor of Geobiology at Caltech and a coauthor of the PNAS paper, is that "we're nearing the point where there's not enough carbon dioxide left to regulate temperatures following the same procedures."

[Climate Change Treaty, to Go Beyond the Kyoto Protocol, Is Expected by the Year's End](#)

The world is on track to produce a new global climate treaty by December, the top United Nations climate official said Friday as delegates from more than 100 nations concluded 12 days of talks in Bonn, Germany.

The delegates issued a 200-page document that they said would serve as the starting point for treaty negotiations that open in Copenhagen in December.



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