



DrumBeat: June 16, 2009

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[Conoco Chief Says Replacing Oil May Take a Century](#)

(Bloomberg) -- ConocoPhillips, the third-largest U.S. oil company, said it may take a century for the nation to replace fossil fuels with alternative energy sources.

The country will need to develop its own oil and natural- gas deposits and continue importing petroleum while developing alternative supplies in the decades ahead, ConocoPhillips Chief Executive Officer Jim Mulva said today at the National Summit economic conference in Detroit. At the same time, he said, the nation will need to address climate change.

The U.S. needs policy that encourages investments in all types of energy and avoids hurting the economy by making the nation less competitive than countries with cheaper energy, Mulva said. Proposed climate legislation in Congress threatens to drive U.S. refiners out of business by imposing higher carbon costs on domestic fuel than on imports, he said.

[Statoil says may pull ex-pats' families from Iran](#)

OSLO (Reuters) - Norwegian oil and gas group StatoilHydro said on Tuesday it is considering pulling the families of its foreign workers out of Iran due to security concerns after Friday's presidential elections. StatoilHydro, which is part of the South Pars gas project, has 120 workers in Iran. About half are foreigners.

"We are very likely to ask the families of ex-pats to leave Iran ... The object is safety and nothing else," StatoilHydro spokesman Kai Nielsen told Reuters.

[BA asks staff to work for nothing](#)

British Airways is asking thousands of staff to work for nothing, for up to one month, to help the airline survive.

The appeal, sent by e-mail to more than 30,000 workers in the UK, asks them to volunteer for between one week and one month's unpaid leave, or unpaid work.

[Price of jet fuel jumps 22 percent](#)

For the second straight summer, airlines are staring down the barrel of rising fuel prices. Travelers can expect fewer flights, higher fares, elimination of markets and a drop in less-revenue-producing regional jet service.

"It will get very rough out there," said aviation analyst Mike Boyd, whose Boyd Group is based in Evergreen.

[World's megacities ripe for 'megadisaster': UN](#)

GENEVA (AFP) – Some of the world's biggest cities are at growing risk of "megadisasters", the UN's humanitarian chief said Tuesday, warning that climate change was behind a rising number of natural catastrophes.

"We are going to see more disasters and more intense disasters as a result of climate change," said UN Under Secretary General for Humanitarian Affairs John Holmes.

[Why oil is on the rise again:](#) *Prices have doubled since February, but that's probably not the end of it. Asia's recovery is igniting demand.*

NEW YORK (Fortune) -- Ask a group of oil analysts about the recent surge in crude costs and here's the consensus answer you'll get: Prices have run up too far, too fast and they aren't supported by the fundamentals.

Ask them about where prices will be two years from now, however, and the majority will offer this prediction: A lot higher.

"We're concerned about oil prices rising so rapidly in the near-term," says Hussein Allidina, head of commodities research at Morgan Stanley. "But the bet in the long-term is one way, and that's just up."

[Kunstler: Too Stupid To Survive](#)

The proposed solution to this is the most expensive public works program in the history of the world, at a time when both the state of California and the US federal government are effectively bankrupt. By the way, I wouldn't argue that California shouldn't have high-speed rail. It might have been nice if, say, in the late 20th century, some far-seeing governor had noticed what was going on in France, Germany, and Spain but, alas.... It would have been nice, too, if the doltish George W. Bush, when addressing extreme airport congestion in 2003, had considered serious upgrades in normal train service

between the many US cities 500 miles or so apart. The idea never entered his walnut brain.

The sad truth is it's too late now. But the additional sad truth, at this point, is that Californians (and US public in general) would benefit tremendously from normal rail service on a par with the standards of 1927, when speeds of 100 miles-per-hour were common and the trains ran absolutely on time (and frequently, too) without computers (imagine that !). The tracks are still there, waiting to be fixed. In our current condition of psychotic techno-grandiosity, this is all too hopelessly quaint, not cutting edge enough, pathetically un-"hot." The fact that it is not even considered by the editors of *The New York Times*, not to mention the governor of California, the President of the United States, and all the agency heads and departmental chiefs and think tank gurus and university engineering professors, is something that will have historians of the future rolling their eyes. But for the moment all it shows is that we are collectively too stupid to survive as an advanced society.

[China demand for oil, other resources soars as Beijing stockpiles reserves for future growth](#)

ZHOUSHAN, China (AP) — One reason behind the rebound in world oil prices lies here on China's eastern seaboard, where tidy rows of immense, squat oil tanks tucked away on an island south of Shanghai, have been filled to guard China's energy security.

Patrolled by military personnel, these tanks in Zhoushan are one of four locations where China keeps its national strategic reserves.

Since crude oil and other commodity prices plunged last year — oil tumbled from \$147 last July to nearly \$33 in December — China has been rushing to build up stockpiles at bargain prices, economists say. That motive, more than a revival in actual industrial demand, has driven its recent import boom of oil, copper and other metals.

[Iran oil flows '100% secure'](#)

Iran's oil output and exports were unaffected by the wave of protests that have swept the country since Friday's presidential poll, the country's Opec governor said today.

"The oil industry is 100% secure," Mohammad Ali Khatibi told Reuters. "There is no affect on production, exports or refining."

[Iraq says it won't delay 1st oil bidding](#)

The Iraqi government says it remains committed to holding its first postwar oil bidding round at the end of this month despite parliamentary calls for a delay.

[Mexico set to recover its international leadership in the Petroleum Industry: President Calderón](#)

President Felipe Calderón declared that the national petroleum industry has the potential to continue being the trigger for development that will enable Mexico to become the modern, developed, competitive country we want.

“Our aim is very clear: We will recover the position of leadership Mexico is entitled to in the world as a petroleum power. That way we will be able to trigger our country's growth and development in the coming decades,” he stressed.

[New environmental challenges to test European refiners' flexibility, resources](#)

European refiners have enjoyed a short period of extremely good profitability caused by a tightening of refining capacity in the Atlantic Basin. The current recession, however, with the consequent loss of demand, has taken pressure off capacity and margins have reduced but not collapsed.

European refiners face new challenges driven by environmental concerns of a different order of magnitude from earlier ones. These challenges will test the flexibility and resourcefulness of participants. They will make more important than ever before the necessity to work with regulators to ensure realistic solutions that meet reasonable environmental objectives with due consideration to consumer and industry needs.

[BP Says Valhall North Sea Oil Field Resumed Output](#)

(Bloomberg) -- BP Plc, Europe's second-largest oil company, said its North Sea Valhall oilfield resumed production yesterday after repeated oil and natural-gas leaks prompted a shutdown of the facility.

“Valhall had a cautious production start yesterday and was producing at 13,000 barrels a day,” Jan Erik Geirmo, a BP spokesman, said after a company presentation in Oslo. “It will take a few days before it can reach normal production.”

[Airline defers salaries](#)

MUMBAI: Air India, the country's national carrier, will defer salary payments for its 31 000 employees for two weeks because of a cash shortage born of tepid demand and overcapacity, the company says.

[A Preassembled Nuclear Reactor](#)

A new modular design could make building nuclear reactors faster and cheaper.

[Fertilizer industry finds its alternative energy: corncobs](#)

WASHINGTON — American agriculture has become increasingly dependent on foreign sources of natural gas, a key ingredient in the nitrogen fertilizer that farmers use to get high yields of crops such as corn and wheat.

Now, a California start-up company is preparing to open a plant that will make fertilizer in the U.S. and reduce fossil fuel emissions from agriculture.

Nothing exotic needed, said the company, SynGest of San Francisco. The raw ingredient for the same ammonia-based fertilizer farmers have used for decades is something many already have and don't really need: corncobs.

[Biofuels may lead to a 'drink or drive' issue](#)

Rice University scientists warned that the United States must be careful that the new emphasis on developing biofuels as an alternative to imported oil takes into account potential damage to the nation's water resources.

"The ongoing, rapid growth in biofuels production could have far-reaching environmental and economic repercussions, and it will likely highlight the interdependence and growing tension between energy and water security," said a report titled "The Water Footprint of Biofuels: A Drink or Drive Issue?"

[Water risks ripple through the beverage industry](#)

NEW YORK(Reuters) - At New York's Del Posto, diners can share a \$130 entree of wild branzino fish with roasted fennel and peperonata concentrato and a \$3,600 bottle of Dom Perignon. They cannot share a bottle of Perrier or San Pellegrino water.

The Italian restaurant backed by celebrities Mario Batali and Joseph Bastianich is one of several shunning bottled water, along with the city of San Francisco and New York state.

[Can We Survive the “Anthropocene” Period?](#)

Unless there is a global catastrophe – a meteorite impact, a world war, or a pandemic – mankind will remain a major environmental force for many millennia. As a result, scientists and engineers face a daunting task during the Anthropocene era: to guide us towards environmentally sustainable management. This will require appropriate human behavior at all levels, and may well involve internationally accepted, large-scale geo-engineering projects to “optimize” climate. At this stage, however, we are still largely treading on *terra incognita*.

[Only faith can solve the energy crisis](#)

Rational self-interest isn't enough to save the world. We will need faith as well.

[Gazprom may delay key field due to low gas demand](#)

MOSCOW (Reuters) - Gazprom (GAZP.MM), the world's biggest gas producer, may delay the launch of a major field because it expects gas demand in Russia and Europe to be depressed through 2012, an executive said on Tuesday.

Deputy Chief Executive Alexander Ananenkov told a news conference Gazprom may postpone the giant Bovanenkovo field by one year to the third quarter of 2012.

"We see that there will be no demand for that gas. So why invest money in what is not in demand?" said Ananenkov.

[Gazprom Loses European Market Share After January Supply Halt](#)

(Bloomberg) -- Europe increased imports of natural gas from Norway and liquefied natural gas from Trinidad and Tobago in the first quarter after gas supplies from Russia were halted in January.

European imports from the former Soviet Union fell 35 percent to 26.9 billion cubic meters from a year earlier, the International Energy Agency said in a report posted on its Web site late yesterday.

[EnCana cuts natural gas output](#)

The continent's largest natural gas producer is turning off the taps on a hefty chunk of its daily natural gas production, saying low prices make it too expensive for EnCana Corp. ECA-T to bring some of its gas to the surface.

With gas prices hovering around \$4 (U.S.) for 1,000 cubic feet, EnCana has dropped its production by "a couple hundred million cubic feet per day in Canada, and a couple hundred million cubic feet in the U.S.," chief executive officer Randy Eresman said yesterday, adding that the company is also cutting spending by 10 per cent.

[Q&A: "The Global Crisis Is Really About a 140-dollar Barrel of Oil"](#)

VANCOUVER (IPS) - Sitting in the restaurant of Vancouver's posh Fairmount

Waterfront Hotel, the former chief economist for one of Canada's largest banks doesn't seem like the typical apocalyptic peak oil theorist.

But in his new book, "Why Your World is About to Get a Whole Lot Smaller", Jeff Rubin argues that globalisation, fuelled by cheap oil, is finished. In the book, Rubin contends the current global recession is a result of expensive oil, rather than subprime mortgages in the U.S.

[BP retreats to a paler shade of green](#)

Remember the 'Beyond Petroelum' slogan? BP is now quietly returning to its carbon roots

[Crude Responsible for High Gasoline Prices, API Says](#)

(Bloomberg) -- The rising cost of crude oil is vaulting gasoline prices higher as world supply and demand for oil have reached an equilibrium, said the American Petroleum Institute, which represents the oil and natural-gas industry.

"The cost of gasoline has gone up because the cost of crude oil has gone up," said John Felmy, chief economist with the Washington-based API, in a conference call today with reporters.

Worldwide supply and demand are "probably at equilibrium," in part from effective OPEC cuts, he said.

[Russian executives to try to revive Iraqi oil deal](#)

BAGHDAD - Officials say executives from Russia's biggest independent oil producer Lukoil will visit Baghdad this week to try to revive a Saddam Hussein-era deal.

[Construction of Sino-Myanmar oil-and-gas pipelines to begin](#)

BEIJING - The construction of pipelines that will transport oil and gas to China via Myanmar will begin in full swing in September, an insider from PetroChina said Tuesday.

The project will open the fourth route for China's oil and nature gas imports, after ocean shipping, the Sino-Kazakhstan crude oil and natural gas pipelines, and the Sino-Russian oil pipeline, according to the insider, who declined to be named.

[Petrobras cash plans on track](#)

Petrobras boss Jose Sergio Gabrielli has insisted that the company is on course to financing its ambitious \$174.4 billion capital expenditure plan after raising more than \$30 billion at the height of the global credit crunch.

Petrobras financial managers were taken aback last week when credit rating agency Standard & Poors downgraded the company due to signs of financial overstretching in the five-year investment plan.

"We were very surprised that Standard and Poors downgraded us because it comes as the price of oil is rising and not falling, at a moment when we have practically raised all the finance we need over the full five years, at current prices," Gabrielli said.

[Saudi cuts reverse repo rate to 0.25 pct](#)

RIYADH, Saudi Arabia -- Saudi Arabia's central bank has cut its reverse repurchase rate by 25 basis points as the oil-rich kingdom looks to boost bank lending amid tight credit markets worldwide.

[Tesla Motors CEO: Gas Should Be \\$10/Gallon](#)

(CNET) "I'm anti-tax, but I'm pro-carbon tax," Tesla Motors founder Elon Musk said onstage at the Wired Business Conference here Monday--a remark that prompted interviewer and Wired editor-in-chief Chris Anderson to quip that he was a "true Silicon Valley libertarian."

Gasoline "should probably be \$10" per gallon, said onetime PayPal co-founder Musk, who is also attempting to make sending satellites into space cheaper with a start-up called SpaceX. "I'm not paying for the true cost of gasoline at the pump...since nobody's explicitly paying for the CO2 capacity of the oceans and atmospheres, it's getting consumed. We will pay for it down the road, but we are sort of ignoring it for now."

[Officials vow support for renewable energy in West](#)

PARK CITY, Utah – Cabinet leaders in the Obama administration promised Monday to help Western states develop a robust system for delivering renewable energy.

Interior Secretary Ken Salazar said the West has vast untapped potential for harnessing wind, the sun and geothermal energy to create electricity. But "it doesn't do any good to generate energy if you can't get it to market," Salazar said during the annual meeting of the Western Governors' Association.

[German firms eye huge African solar project: report](#)

BERLIN (AFP) – German firms plan to club together next month to turn into reality a dream to generate electricity for Europe in the deserts of north Africa using solar power, a newspaper report said Tuesday.

The 20 or so firms will form on July 13 a consortium that aims to attract an enormous 400 billion euros (560 billion dollars) in investment in the project, known as Desertec, the Sueddeutsche Zeitung daily reported.

[Bangla 'green revolution' starts with solar power](#)

NAYEB ALI BAZAR, Bangladesh (AFP) – Like all rural Bangladeshis, Saidul Islam knows the hardships of summer, when his tin-roofed house turns into a furnace with not enough electricity to power even a fan.

For the 100 million Bangladeshis -- most of them farmers -- who live in the countryside, the notion of electricity supply is little more than an empty promise bandied about by politicians at election time.

Only villages close to highways or large farms with irrigation pumps have access to the national grid, and even then for an average of just one hour in four.

Fed up with promises of a connection that never came, Islam took matters into his own hands, and four years ago scraped together 335 dollars to buy a solar panel for the roof of his modest mudbrick-and-tin home.

[Irish company buys Ill. wind farms](#)

CHICAGO – An Irish company hoping to benefit from the Obama administration's emphasis on renewable energy purchased three Illinois wind farms near Chicago.

[AEP signs first solar energy agreement](#)

COLUMBUS, Ohio—American Electric Power Co. said Monday that its AEP Ohio unit has signed a long-term power purchase agreement for a 10 megawatt solar energy plant to be built in Ohio.

[Oil, Utility, Train Executives Want Comprehensive US Energy Policy](#)

DETROIT (AFP)--From oil executives to utility and train operators, the message to Washington was clear: come up with a plan to deal with climate change and lay out a

comprehensive energy policy.

Otherwise, the U.S. will lose its competitive edge and have its national security threatened, they warned Monday at a summit aimed at developing a new strategy for dealing with the nation's economic woes.

[Coastal castles 'to be moved inland'](#)

Castles on the coast could be moved brick by brick and rebuilt inland as part of plans to save Britain's coastal heritage from climate change.

[Asia set to become biggest climate change driver](#)

MANILA, Philippines – Asia's share of global greenhouse gas emissions could rise to more than 40 percent by 2030, making it the world's main driver of climate change, experts warned Tuesday.

The most populous continent with the fastest-growing economies in China and India already accounts for a third of world emissions of gases blamed for warming weather, including carbon dioxide, Asian Development Bank President Haruhiko Kuroda told a conference in Manila.

Its share of discharges from energy use has tripled over the past 30 years, he said.

Asia also stands out as the most vulnerable region to climate change.

[Government Study Warns of Climate Change Effects](#)

WASHINGTON — The impact of a changing climate is already being felt across the United States, like shifting migration patterns of butterflies in the West and heavier downpours in the Midwest and East, according to a government study to be released on Tuesday.

Even if the nation takes significant steps to slow emissions of heat-trapping gases, the impact of global warming is expected to become more severe in coming years, the report says, affecting farms and forests, coastlines and floodplains, water and energy supplies, transportation and human health.



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