



DrumBeat: July 14, 2009

Posted by [Leanan](#) on July 14, 2009 - 10:01am

Topic: [Miscellaneous](#)

[Curbing speculative oil trading is a good move](#)

WASHINGTON – Curbing speculation in oil prices is now a priority with the U.S. Commodity Futures Trading Commission.

Chairman Gary Gensler has announced hearings over the next month to determine what the agency should do to check wild price swings like the ones we've seen in the last 12 months.

Unless you are a speculator, this should be welcome news. Markets should be open to any buyers and sellers who want to participate. Their trades should reveal a true price. But when prices take off in a speculative frenzy that drives much of the world economy to its knees, consumers should not have to pay through the nose while waiting for the bubble to burst.

[Mexico's Peso Falls for 7th Day in Longest Slump Since October](#)

(Bloomberg) -- Mexico's peso declined for a seventh day, its longest losing streak since October, on mounting concern the government will fail to ease its dependence on oil revenue as production of crude slides.

[India's Reliance eyes direct fuel sales in U.S.](#)

NEW DELHI (Reuters) - India's Reliance Industries, owner of world's biggest oil complex, aims to directly sell fuel in the United States, the world's biggest oil consumer, a top company official said on Tuesday.

[Exxon Dry Brazil Well Was 'One Off,' Oil Agency Says](#)

(Bloomberg) -- A Brazilian oil well drilled by Exxon Mobil Corp. that showed no sign of oil was a "one off," according to Nelson Narciso Filho, director of Brazil's National Petroleum Agency.

Drilling at the Tupi field in Brazil's offshore Santos Basin will probably provide more information about the viability of the country's so-called pre-salt oil fields, Narciso said in an interview in London today. Exxon Mobil said last week it failed to find oil or natural gas in the offshore Guarani well in the sub-sea block known as BM-S-22.

"This is a one off," Narciso said. "The risk is always there but we don't see it as a problematic situation for the pre-salt area."

[Russia scrambles to contain Volga oil spill](#)

MOSCOW (AFP) – Russian authorities were scrambling Tuesday to contain a major oil spill on the Volga River after a barge ran aground when its captain fell asleep.

The barge spilled two tonnes of oil products into Europe's longest river when it ran aground early Monday, creating a 12-kilometre (7.5 mile) slick, the emergency situations ministry said.

[Cities Must Become More Resilient to Survive](#)

The idea that cities are greener than suburbs has gotten a lot of attention lately. But a recently published book argues that in a future of diminishing resources, cities themselves are going to have to become much more efficient and inventive if they are to be sustainable -- indeed, if they are to survive at all.

[Turkey to rule on nuclear plant bid within 2 months](#)

ISTANBUL - Turkey will complete within two months its review of a bid by Russia's Atomstroieksport to build the country's first nuclear power plant, a year after the company won the tender, Energy Minister Taner Yildiz said.

[Wood stoves -- a viable home heat source?](#)

MADISON, WI -- The stress of rising natural gas prices is leading many consumers to rethink how they heat their homes. For some this means moving towards modern alternative energy options, while others have been turning to a more traditional method for a solution to these rising costs. In Canada and the United States, wood burning stoves have been reevaluated as a potentially viable option for home heating.

[Walking, biking to work linked with better fitness](#)

CHICAGO – Walking or biking to work, even part way, is linked with fitness, but very

few Americans do it, according to a study of more than 2,000 middle-aged city dwellers.

In what may be the first large U.S. study of health and commuting, the researchers found only about 17 percent of workers walked or bicycled any portion of their commute.

Those active commuters did better on treadmill tests of fitness, even when researchers accounted for their leisure-time physical activity levels, suggesting commuter choices do make a difference.

[Despair flows as fields go dry and unemployment rises](#)

Reporting from Mendota, Calif. -- Water built the semi-arid San Joaquin Valley into an agricultural powerhouse. Drought and irrigation battles now threaten to turn huge swaths of it into a dust bowl.

Farmers have idled half a million acres of once-productive ground and are laying off legions of farmhands. That's sending joblessness soaring in a region already plagued by chronic poverty.

Water scarcity looms as a major challenge to California's \$37-billion agricultural industry, which has long relied on imported water to bloom. The consequences of closing the spigot are already evident here in rural Fresno County, about 230 miles north of Los Angeles. Lost farm revenue will top \$900 million in the San Joaquin Valley this year, said UC Davis economist Richard Howitt, who estimates that water woes will cost the recession-battered region an additional 30,000 jobs in 2009.

[Then & now](#)

Recently a friend gave me a copy of a January 22, 1973 issue of Newsweek. The cover title was "The Energy Crisis". It's interesting to look back and see how things have changed; or, to be more accurate, not changed.

[US DOJ Petitions Supreme Court in Anadarko Royalty Case](#)

The U.S. Department of Justice on Monday appealed to the Supreme Court to reject a lower-court ruling that blocked the Interior Department from collecting as much as \$10 billion in oil fees.

In January, a federal appellate court sided with Anadarko Petroleum Corp. (APC) in a controversial and precedent-setting case, finding the government couldn't collect royalties from eight oil and natural gas production leases in the Gulf of Mexico.

[UK's newest LNG terminal gets first cargo - BG](#)

LONDON (Reuters) - Britain's newest liquefied natural gas terminal, Dragon LNG, took delivery of its first cargo of super-cooled gas on Tuesday, BG Group, which holds a 50-percent stake in the facility in south Wales, said.

BG's Methane Lydon Volney tanker, which can carry 145,127 cubic metres of LNG, arrived as expected on Tuesday to deliver the first commissioning cargo to the terminal at Milford Haven.

[Asia Fuel Oil-Indian Oil, Essar offer mid-Aug lots](#)

"We usually see higher volume of exports from India during the monsoon season, as domestic consumption and asphalt demand are lower, but this time round, exports are down, as most of the domestic refineries have cut runs," said a Singapore-based Western fuel oil trader.

[Royal Dutch Shell drills ahead even with future uncertainty about crude oil prices](#)

Working all over the world, looking for new reserves even as it sells refined products in its several international markets, Royal Dutch Shell can analyze its financial performance on a regional basis. This permits a geographical allocation of downstream funds based on where the growth is. The other half of the profit equation is the alignment of income producing expenditures to get the maximum number of barrels at the least cost. There were times in the history of the company when it did not drill at all, preferring to buy inexpensive crude oil from low cost producers most of them in the Middle East. That era is long vanished and no one thinks it will ever return. Now, like all of the super majors, RDS tries to achieve a blend of purchased and equity crude that will result in the greatest profit. RDS sells finished products equivalent to about twice is crude production.

[Pemex in need of reforms](#)

The reform of the energy sector constitutes an important challenge, given the fiscal dependence on oil revenues and the lack of competition in the sector. The Mexican Constitution reserves the right to exploit national hydrocarbon resources to the state, and Pemex operates on its behalf. Oil reserves fell in December 2007 by 5.1 percent from the previous year. At current substitution and extraction rates of approximately 3 million barrels per day, proven oil reserves would last only nine more years.

The investment rates of the past two years are not sufficient to increase the production rates, or even to keep current production stable; on the contrary, the latter has been decreasing in the past two years.

[Hitor Group: Fall in Mexican Oil Production Prompts Exploration.](#)

According to a recent report by Hitor Group, in an attempt to offset waning output at many of its current well, Mexico is planning to increase oil exploration in a group of states near the Gulf of Mexico.

According to rumours emanating from within the ranks of Hitor Group, Petroleos Mexicanos which is a state-run oil company is in search of companies to design oil wells and supervise exploratory drilling. It is said that a contract for the desired services would run for 2 years and begin as soon as November of this year.

[Indian Oil Delays Overseas Investment on Reduced Cash](#)

(Bloomberg) -- Indian Oil Corp., the nation's biggest refiner, will delay crude-processing and pipeline projects overseas, including Nigeria and Turkey, because of reduced cash flow after selling fuels below cost.

"We may not be able to expand overseas in a big way because of the liquidity crunch," Brij Mohan Bansal, the company's director of planning and business development, said in a telephone interview from New Delhi yesterday, without providing details. "We are keeping on the backburner our overseas projects, be it refineries or pipelines."

[New power plant a quick fix to energy shortage](#)

What will burn natural gas and sit idle most of the time, but be big enough to power three Guelphs on the hottest day of the year?

It's Ontario's newest power plant, the strange-looking structure commuters may have noticed looming beside Highway 401 in Halton Hills.

[Bill to Jumpstart Natural-Gas Vehicles in Utah?](#)

WASHINGTON - Sen. Orrin Hatch (R-Utah) joined with Sen. Robert Menendez (D-N.J.) to introduce a major piece of legislation aimed at jump-starting the use of natural-gas vehicles in Utah and elsewhere across the nation.

Natural gas is a clean source of fuel, which in most cases is significantly less expensive than gasoline per mile driven, Hatch noted at a press conference.

[Toyota launches Lexus hybrid](#)

TOKYO (Reuters) - Toyota Motor Corp launched its first dedicated hybrid model under the premium Lexus brand on Tuesday, saying it had received orders worth six months of targeted sales in Japan.

The launch of the HS250h sedan marks the latest push by the world's biggest automaker to drive fuel-sipping hybrids into the mainstream as governments around the world tighten emissions and fuel economy regulations while offering consumers incentives to purchase less-polluting cars.

[Does NASA's James Hansen Still Matter in Climate Debate?](#)

The man termed "the father of global warming" has irked many longtime supporters with his scathing attacks against President Obama's plan for a cap-and-trade system. Now, a leading Republican climate skeptic is considering calling Hansen as a witness at upcoming Senate hearings. A House Democrat, meanwhile, labeled Hansen's Capitol Hill appearance yesterday "irrelevant." With landmark climate legislation heading to the Senate after passage in the House last month, the friction surrounding Hansen raises questions about what role, if any, the Iowa-born scientist will play in the upcoming debate.

[Three Plans for Fuel Emergencies](#)

Three plans for fuel emergencies have recently been released by UK public sector agencies. This review compares the three plans, highlights certain points from each, and provides internet links to the documents.

[Students dig into sustainable farming at Vermont college](#)

POULTNEY, Vt. — Devin Lyons typically starts his days this summer cooking breakfast with fresh eggs from the farm's chicken coop. Then, depending on the weather, he and a dozen other college students might cut hay in the field using a team of oxen, turn compost or weed vegetable beds.

While other college students are in stuffy classrooms, about a dozen are earning credit tending a Vermont farm. For 13 weeks, 12 credits and about \$12,500, the Green Mountain College students plow fields with oxen or horses, milk cows, weed crops and grow and make their own food, part of an intensive course in sustainable agriculture using the least amount of fossil fuels.

[On tiny plots, a new generation of farmers emerges](#)

ROCHESTER, Wash. — Joseph Gabiou walks the fields of Wobbly Cart Farm with a

practiced eye. He kicks dirt into place to keep the wind from blowing the protective covering off a row of organic broccoli. The seedlings are vulnerable to the flea beetles that came in the spring, just as longtime farmers in this valley told him they would.

To a new farmer, that's crucial information. The farm, started five years ago, is young. But so is the 33-year-old Gabiou at a time when the average age of the American farmer is 57, according to the Department of Agriculture. The 2007 agriculture census found that more than one-quarter of all farmers are 65 or older.

Wobbly Cart is also tiny, just 6 acres. Nationwide, the average farm is 449 acres.

But Gabiou and business partner Asha McElfresh, 32, differ from typical farmers in another way. Wobbly Cart, say agriculture specialists, is part of a movement in which young people — most of whom come from cities and suburbs — are taking up what may be the world's oldest profession: organic farming

"I'm seeing an enthusiastic group of young people all across the country who want to get into farming," says Fred Kirschenmann, a longtime farmer and fellow at the Leopold Center for Sustainable Agriculture at Iowa State University in Ames.

[States passing laws to assist food pantries](#)

As pantries across the nation face increasing demands for help, a growing number of states have enacted or are considering laws to make it easier for restaurants to donate leftover food to charities.

[Gasoline prices drop as crude oil hits eight-week low](#)

Retail gasoline prices dropped an average of 8.4 cents a gallon nationwide in the last week to \$2.528 a gallon for regular grade, the Energy Department said Monday.

The price drop was the third weekly decline in a row, in part because of crude oil, which hit an eight-week low Monday.

[OPEC Forecasts Slower Oil Demand Recovery Next Year Than IEA](#)

(Bloomberg) -- The Organization of Petroleum Exporting Countries expects a slower rebound in oil demand next year than the International Energy Agency, based on a weaker outlook for the global economy.

Worldwide crude-oil consumption will increase by 500,000 barrels a day, or 0.6 percent, to 84.3 million a day in 2010 as industrial production gradually picks up after this year's recession, OPEC said in a report today. That compares with an increase of 1.4 million barrels a day, or 1.7 percent, to 85.2 million, forecast by the IEA on July 10.

[Morgan Stanley Raises 2010 Oil Forecast to \\$85](#)

(Bloomberg) -- Crude oil traded in New York will average \$85 a barrel in 2010, Morgan Stanley said, 31 percent higher than its previous estimate of \$65 a barrel, as demand recovers and supplies decline.

Commodities will rise as investors' appetite for risk revives along with the global economy, Morgan Stanley analysts, led by Hussein Allidina, said in a report yesterday. At the same time, oil production will drop as much as 6.3 percent a year among suppliers outside the Organization of Petroleum Exporting Countries and by 3.5 percent within the group, the bank said.

[Oil May Fall Below \\$45 on Weak U.S. Demand, BNP Says](#)

(Bloomberg) -- Crude oil in New York may fall below \$45 a barrel by the end of August as the global recession stalls a recovery in fuel consumption in the U.S., the world's biggest energy user, BNP Paribas said.

"There's no summer gasoline demand season this year in the U.S.," Harry Tchilinguirian, a senior oil analyst at France's largest bank, said in an interview yesterday in Tokyo. "It can test the low \$40's, and again our average is relatively weak at \$58 a barrel for the third quarter."

[Low gas prices hurt sales of high-ethanol E85 fuel](#)

MINNEAPOLIS – Lower gasoline prices, while a boon for drivers, were a gut punch for ethanol producers and promoters of the high-ethanol blend known as E85.

In Minnesota, the nation's leader in E85 pumps, sales fell off by more than half this spring compared with the year before, a disappointment to E85 producers and the farmers who supply them with corn to make the fuel. It's also a letdown for those who hoped the blend would provide a cleaner alternative to gasoline and accelerate the move away from fossil fuels.

[Perenco Is Close to Halting Ecuador Output After Oil Seizures](#)

(Bloomberg) -- Perenco Ecuador Ltd., a unit of London-based oil explorer Perenco, said it is close to ceasing production in Ecuador unless the country's government stops seizing oil as part of a tax dispute.

[BP reveals Azerbaijan deal to explore Caspian Sea](#)

LONDON (AFP) – Energy group BP said on Monday that it had signed a memorandum of understanding (MOU) with Azerbaijan state oil company SOCAR jointly to explore the Caspian Sea.

[EU Bourse Needed for Volatile Oil Prices, Italy Regulator Says](#)

(Bloomberg) -- A European oil bourse and globally agreed rules are required in order to provide transparency, effectiveness and reliability to commodities trading where “excessive” price volatility remains, Italy’s energy regulator said.

Our proposal is for “a real, regulated European oil bourse open to selected operators,” Electricity and Gas Authority Chairman Alessandro Ortis said at the presentation of the regulator’s annual report in Rome today. The bourse should allow the trading of “long or very long term products, with delivery within Europe and guaranteed by a reliable central European counterpart.”

[Stephen Leeb: Instablog Time To Invest With The Ants](#)

China has been stockpiling commodities, particularly oil and iron ore. Unlike Americans, the Chinese think long-term. Rather than worry about next quarter or next week, China plans decades in advance – and it has over a billion people to house, clothe, feed, and transport to work each day.

Buying resources makes perfect sense if you have even a broad idea of the resource crisis that’s approaching. The problems we have today may seem big, but at least they can be solved by money. The coming resource shortage cannot. China’s method of using money to accumulate resources is now one of a few possible answers. As the fable goes, they are the ants, and we unfortunately are the grasshoppers.

[Nigeria fears rebel offensive is widening as militants kill 5 at Lagos oil depot](#)

LAGOS, Nigeria - The country’s main militant group widened its offensive against Africa’s biggest oil sector yesterday despite the release of its suspected leader, raising concern there may be further attacks.

The Movement for the Emancipation of the Niger Delta, or MEND, sabotaged an oil offloading dock in Lagos state, killing five people in the group’s first attack outside the Niger Delta since the offensive.

The attack has heightened security concerns beyond the oil industry and dashed hopes that the release of its suspected leader, Henry Okah, would halt the offensive, analysts said.

[Europe targets Russia's grip on gas with new pipeline](#)

European countries have sealed an important agreement aimed at diversifying the continent's energy sources - but their pipeline project to bring natural gas from Central Asia and the Middle East to Europe can't entirely break Russia's dominance.

[Bulgaria seals new Greece pipe link](#)

Bulgarian Energy Holding (BEH) signed an agreement with Greek natural gas monopoly DEPA and Italy's Edison today to build a gas link to Greece to ease Bulgaria's dependence on Russian gas.

[Buyouts back on the table in the oil industry](#)

Takeover activity has returned to the oil exploration sector with a vengeance with deals totalling almost £10 billion tabled in little over a month.

[Pakistan 'fatwa' on power thieves](#)

A power company in Pakistan has obtained a decree - or fatwa - from 12 senior Islamic scholars, declaring the theft of electricity a sin.

The Karachi Electricity Supply Company (KESC) says the thieves are costing it 1bn rupees (\$12.3m) a month.

People had to realise, it said, that stealing electricity was as illegal and immoral as any other form of theft.

Many people in Karachi either siphon power from overhead cables, or slow down their electricity meters.

[NTSB says D.C. Metro system lacks 'safety redundancy'](#)

WASHINGTON — A defective monitoring device that allowed two Metro trains to slam into each other June 22 began failing five days before the crash, but operators were never alerted to the problem, federal investigators said Monday.

The National Transportation Safety Board (NTSB) said that the Washington Metropolitan Area Transit Authority's (WMATA) computer system that continually tracks the location of trains did not sense one of the two trains in the accident.

['E-Rocket' hits German fast lane](#) (video)

A Berlin inventor has come up with an electric bike which you power by pedalling that can reach speeds of 50 mph.

Stefan Gulas has developed a system that amplifies the effort you put in by a factor of 50, meaning you can accelerate quickly and maintain high speeds with very little effort.

[Brown to Promote Wind, Clean Coal to Curb U.K.'s Gas Dependence](#)

(Bloomberg) -- The U.K., more reliant on natural gas than any country in Western Europe, will try to persuade utilities to build more wind parks and carbon-free coal plants.

Britain is importing record volumes of gas, through pipelines from Norway and by ship from the Middle East, to replace production from spent North Sea fields. The purchases leave the country open to price increases and supply disruptions. Russia provides a quarter of Europe's natural gas and cut shipments last winter because of a dispute with Ukraine.

[Drawing Critics, China Seeks to Dominate in Renewable Energy](#)

BEIJING — When the United States' top energy and commerce officials arrive in China on Tuesday, they will land in the middle of a building storm over China's protectionist tactics to become the world's leader in renewable energy.

Calling renewable energy a strategic industry, China is trying hard to make sure that its companies dominate globally. Just as Japan and South Korea made it hard for Detroit automakers to compete in those countries — giving their own automakers time to amass economies of scale in sheltered domestic markets — China is shielding its clean energy sector while it grows to a point where it can take on the world.

[Exxon to Invest \\$600 Million on Biofuels Development](#)

(Bloomberg) -- Exxon Mobil Corp., the world's largest publicly traded oil company, plans to invest at least \$600 million to research and develop biofuels with J. Craig Venter's Synthetic Genomics Inc.

The focus will be on developing fuels from algae, Irving, Texas-based Exxon said today in a statement. The company expects to spend \$300 million on internal costs and direct "potentially more than \$300 million" to biotech specialist SGI.

[Can thorium save the planet?](#)

Surprisingly, even if we resorted to "clean" wind power, the cost of building and servicing the windmills would be an extra 13 million tons of carbon annually, not to mention the additional 80 thousand square miles needed for wind farms each year... and we would have to pray that the wind kept blowing!

These are the reasons that the Government has suggested that we simply cannot afford to ignore nuclear power, an energy source with a carbon cost only half that of wind. The problem is that, whether rationally or irrationally, public perception of nuclear power is coloured by issues of safety, the radiotoxicity of its waste, its links to nuclear weapon proliferation and concerns about its vulnerability to terrorism. Clearly the nuclear option is very controversial.

But perhaps there is a more acceptable nuclear alternative.

[Moratorium sought in Utah on depleted uranium](#)

SALT LAKE CITY – State regulators will consider whether federal rules for disposing of depleted uranium are adequate to protect health and safety in Utah or if the waste should be banned until more stringent procedures are put in place.

[Syria: Hubble bubble means forest trouble](#)

People in cooler mountainous areas have traditionally been allowed to use branches from the woods, which are viewed as public property, for heating. Since charcoal production became popular, cutting down whole trees has reached alarming levels, experts say.

Mahmoud Ali, a professor of environmental sciences at Tishreen University, said the green cover is declining "dangerously" in Syria and the area of forest per inhabitant and relative to the country's total land area is low.

"Producing charcoal could kill the trees or affect the quality of the wood by making them more vulnerable to attacks by pests," Ali said.

The growing deforestation is also leading to undesirable effects on the environment, said Amin Moussa, an agricultural expert also teaching at Tishreen University. Especially on the steep mountainous slopes, cutting down trees is causing landslides and leading to a deterioration in soil fertility, he said.

[Enjoying the sunset of the automobile era](#)

Last Friday I walked down Main Street, along with thousands of others out to enjoy the sunshine and ogle the dazzling array of classic cars at the Atlantic Nationals.

For all the merriment, to me it feels like the sunset of the automobile era -- the last couple of hurrahs before peak oil and climate change put the kibosh to this peculiar obsession of ours. And I'm not sure how I feel about that.

[Global warming's timing problem](#)

Evidence is growing that climate change is exacerbating water scarcity problems around the world.

But now, a study shows that parts of even drenched New England may be facing water shortages as the world warms and demand increases.

[Monbiot: BBC still walking with dinosaurs when it comes to climate change](#)

The most extreme example was the three-part series on the Congo made for the BBC by Scorer Associates. At the height of a devastating civil war which had caused the deaths of some 4 million people, the series reported that "the Congo may once have been known as the 'heart of darkness' - today it seems more like a bright, beautiful wilderness." In two and a half hours of programmes the killings were not mentioned.

Lovely as the unit's output remains, I believe that it creates a misleading impression of the world, which can have grave political consequences. It encourages people to believe that all is well with the world's ecosystems; often it produces the only footage viewers see from far-flung parts of the world. I am not arguing that the political or environmental context should dominate the unit's output, only that it should be acknowledged and explained, however briefly. Is this too much to ask?

[Mystery mechanism drove global warming 55 million years ago](#)

PARIS (AFP) – A runaway spurt of global warming 55 million years ago turned Earth into a hothouse but how this happened remains worryingly unclear, scientists said on Monday.

...What seems clear is that a huge amount of heat-trapping "greenhouse" gases -- natural, as opposed to man-made -- were disgorged in a very short time.

The theorised sources include volcanic activity and the sudden release of methane hydrates in the ocean.

[Trapping Carbon Dioxide Or Switching To Nuclear Power Not Enough To Solve Global Warming Problem, Experts Say](#)

ScienceDaily – Attempting to tackle climate change by trapping carbon dioxide or switching to nuclear power will not solve the problem of global warming, according to energy calculations published in the July issue of the *International Journal of Global Warming*.



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