



## DrumBeat: July 16, 2009

Posted by [Leanan](#) on July 16, 2009 - 10:15am

Topic: [Miscellaneous](#)

[Twenty Dollars Per Gallon](#): *How the rising price of oil will change our lives*

What does it mean to be middle-class? It means to have a home, to have a regular income, to have consumer freedom, to drive a gas-burning vehicle, and in general, to consume. And when people consume, they consume oil.

It takes oil to power your car, to produce your plastic yogurt cup, to harvest the grain that makes your bread, to transport the livestock that will be your meat. It takes fuel to ship the clothes, gadgets, and items middle-class people buy and use. It takes petroleum to create the chemicals and compounds that go into so many things we use today, including computers, cars, homes and infrastructure.

Middle-class life runs on oil. So we should pay rapt attention to things that could cause the price of oil to increase. As the price increases, our lives will indelibly change--and there are plenty of reasons to think that the price of oil will, in the long term, steadily increase.

Excerpts [here](#).

[U.S. June oil demand down 5.4 percent from year ago](#)

WASHINGTON (Reuters) - U.S. demand for crude oil and petroleum products declined 5.4 percent during June as the weak economy continued to take a toll on energy consumption, the American Petroleum Institute said on Thursday.

June's total petroleum product deliveries, excluding exports, averaged 18.607 million barrels per day, down 1.071 million bpd from a year ago, the API said in its monthly oil report.

[Climate of 2009 June in Historical Perspective](#)

Based on preliminary data, the globally averaged combined land and sea surface temperature was the second warmest on record for June and the January-June year-to-date tied with 2004 as the fifth warmest on record.

## [World Dependent On Fossil Fuels For A Century](#)

LONDON - The world will remain heavily dependent on fossil fuels such as oil, gas and coal for the rest of this century, despite the best efforts of governments to move toward renewable energy, an energy economist said on Wednesday.

Peter Odell, professor of international energy studies at Erasmus University, Rotterdam, and author of the bestselling *World and Oil Power*, said the drive to limit greenhouse gases was likely to be held back by both technology and economics.

Painting a gloomy picture of the short-term outlook for renewables, Odell told Reuters that even with a growing global effort to limit carbon dioxide emissions, the world would still be relying on hydrocarbons by 2100.

"Oil use won't peak until 2050," Odell said in an interview. "It will decline thereafter but even by 2100 oil supplies will be 20 percent higher than they were in 2000."

## [Denmark plans forces for Arctic](#)

Denmark plans to set up an Arctic military command and task force because the melting of the ice cap is opening up access to the region's resources.

## [Embrace Hugo Chávez's ideas or be fired, Venezuelan oil workers told](#)

Employees of oil companies in Venezuela have protested against an ultimatum by President Hugo Chávez's government to embrace the socialist revolution or face the sack.

Hundreds of workers picketed a refinery yesterday and said they would mobilise next week to challenge the politicisation of the state oil company, PDVSA.

The unrest followed a government warning this week that employees would be suspected of subversion unless they joined pro-Chávez trade unions and community groups.

## [China maps out troubled waters](#)

The People's Republic of China (PRC) may have strengthened its claim to areas of the East China Sea with the submission in May of its preliminary survey findings on the outer limits of its continental shelf to the UN Commission on the Limits of the Continental Shelf (CLCS). The submission, however, may also serve to exacerbate rather than resolve territorial conflicts in the area.

## [China Warns Some Oil Companies on Work With Vietnam, U.S. Says](#)

(Bloomberg) -- China told some international oil and gas companies to halt exploration in offshore areas that Vietnam considers part of its territory, an American government official told the U.S. Congress.

## [Total force majeure on Nigeria Amenam crude-trade](#)

LONDON (Reuters) - French oil major Total SA has declared force majeure on cargoes of Nigerian Amenam crude oil loading in the second half of July, trade sources said on Thursday.

A trade source said the force majeure was a result of technical problems and not militant activity that has affected tens of thousands of barrels of Nigerian crude from the Niger Delta this year.

## [Steve LeVine - Exxon: Late, But Always the Bride](#)

Exxon was late getting onto the Caspian in the 1990s, but it still ended up with pieces of prime real estate. On the Baku side, deputy Energy Secretary Bill White interceded to get it a piece of the offshore after Exxon stood on the sidelines while its rivals slugged it out. In Kazakhstan, even GOP heavyweight Jim Baker couldn't persuade Kazakh President Nursultan Nazarbayev to grant Exxon a piece of the ultra-supergiant Kashagan oilfield; Nazarbayev told Exxon the bidding was over. So Exxon simply bought Mobil Oil, which itself was one of the best old-fashioned horse traders on the Caspian and had grabbed huge slices of both Kashagan and Tengiz.

Yet none of that meant that Exxon had drunk the Kool-Aid on the Caspian.

## [China applies to drill off WA](#)

CHINA'S attempt to control the lucrative iron ore market in Australia may have floundered, but it still hopes to begin drilling its own oil and gas wells off the West Australian coast within weeks.

In documents lodged with the Federal Government, China's largest oil producer, CNOOC, has applied to drill three wells in the Timor Sea, 350 kilometres off the coast of WA.

## [Petrobras cashes up](#)

Brazil's state development bank BNDES will lend 25 billion reais (\$12.8 billion) to Petrobras denominated in local Treasury notes, the first loan of its kind in Latin America's largest economy, daily newspaper Valor Economico said today.

Under the transaction, the National Treasury will issue the notes and transfer them to BNDES, which will, in turn, lend them to Petrobras, Valor said, citing the state-controlled oil giant's chief financial officer Almir Barbassa.

### [He who pays for the pipelines calls the tune](#)

Nabucco and other new gas pipelines may make Europe's energy more secure, but market liberalisation matters too.

### [Groups plan pedal power for the homeless](#)

Under the new program, the Community Kitchen will evaluate and approve applications for bicycles. Outdoor Chattanooga will collect the bikes, provide training and give a helmet and a bike lock to the homeless person.

Bikes will come from donations from the public and will be repaired with money from Mayor Ron Littlefield's Art of Change program, Mr. Pugliese said.

### [Fusion in a cold climate](#)

For most researchers, any mention of cold fusion brings back memories of a shameful period in modern science. Now, 20 years after Martin Fleischmann instigated this field, he tells Jon Cartwright that he could not have done anything differently, and that if we cannot get fusion of some sort to work on a large scale soon, we're doomed.

### [Can Wind Farms Change the Weather?](#)

The efficiency, effectiveness and economic value of wind power clearly depends critically on the weather, along with factors such as terrain, vegetation and building structures, which affect the speed, direction and variability of the wind striking the blades of wind turbines. But can wind farms, in turn, affect the weather? (Do you really think I'd be writing this post if the answer was "no"?)

### [EU biodiesel output up 35 percent, capacity growing](#)

PARIS (Reuters) - Production of biodiesel in the European Union rose by more than 35 percent in 2008 and capacity will grow again this year although half the plants are idle

due to poor demand, the EU producers group said on Wednesday.

The Brussels-based European Biodiesel Board (EBB) said the European production of biodiesel, by far the main biofuel made in the bloc, had reached 7.76 million tonnes last year putting the EU's global market share close to 65 percent.

### [New geothermal heat extraction process to deliver clean power generation](#)

PNNL's conversion system will take advantage of the rapid expansion and contraction capabilities of a new liquid developed by PNNL researchers called biphasic fluid. When exposed to heat brought to the surface from water circulating in moderately hot, underground rock, the thermal-cycling of the biphasic fluid will power a turbine to generate electricity.

To aid in efficiency, scientists have added nanostructured metal-organic heat carriers, or MOHCs, which boost the power generation capacity to near that of a conventional steam cycle. McGrail cited PNNL's nanotechnology and molecular engineering expertise as an important factor in the development, noting that the advancement was an outgrowth of research already underway at the lab.

### [Has John McCain Gone Cool on Global Warming Legislation?](#)

Sources following McCain offer a number of explanations for his recent behavior. Some say this is just McCain being himself, voicing his opposition to specifics in the House bill that look like earmarks or policies that disrupt free trade. Others see a lawmaker struggling to find a voice on the issue now that Bush is out of office, especially since the Republican Party sees the legislation as political red meat. It could also be that McCain sees others taking away the spotlight on an issue he had long been associated with.

### [James Hansen on Climate Tipping Points and Political Leadership](#)

In my opinion, it is still feasible to solve the global warming problem before we pass tipping points that would guarantee disastrous irreversible climate change. But urgent strong actions are needed.

It is clear that the required course is technically feasible, and it would have great benefits to the public in developing and developed countries. The geophysical facts practically dictate the way.

Unfortunately, knowledge and understanding of the situation are not widespread. In addition, there is a minority of people, termed "fossil interests," who benefit from business-as-usual. These fossil interests have enormous influence on governments worldwide, far outside their fair role in democracies.

## [ANALYSIS - Gulf Arab states cooperate to ease power crunch](#)

DUBAI (Reuters) - Gulf countries have taken a step towards easing a regional power crunch and supplying the flow of electricity needed by their increasingly affluent societies by linking up their grids.

Economic growth has strained the infrastructure of the world's largest oil exporters, and left them struggling to supply enough power. The downturn has slowed growth, but power supplies remain tight.

"It's an extremely important milestone for power security," said Johannes Benigni, managing director at Vienna-based consultancy JBC Energy. "Especially when the market is short, this is very powerful."

## [Pakistan: Textile makers warn of closing units](#)

ISLAMABAD: While the government seems unwilling to avert the looming energy crisis for industry, textile manufacturers have warned of closing down their units.

"There is even no plan in the pipeline where the government could seriously pursue to avoid the power outages for the textile industry,' All Pakistan Textile Mills Association (Aptma) Chairman Tariq Mahmood told Dawn on Wednesday after attending a high-level meeting on energy crisis with Textile Industry Minister Rana Farooq Saeed Khan.

## [India: Loss in power generation due to drying up of coal stocks](#)

New Delhi - Deficient rainfall and shortage of coal have crippled the electricity generation in the country, with some power stations running on fuel stocks of just couple of days which is termed "supercritical".

"Some plants are running at two days coal stock and there is a loss in power generation due to lesser coal supply," Central Electricity Authority (CEA) Chairman Rakesh Nath told reporters here.

## [Nuclear Waste](#)

"It is not too much to expect that our children will enjoy in their homes electrical energy too cheap to meter." So said Lewis Strauss, the head of the Atomic Energy Commission. Back in 1954. Needless to say, that vision of a nuclear-powered future hasn't come to pass. Turned off by exorbitant capital costs and paralyzed by the Three Mile Island scare, utilities cooled to nuclear pretty quickly.

But there's been something of a "nuclear renaissance" of late (at least in debate—the last



plant to come online did so over a generation ago). With all the calls for greater supplies of carbon-free electricity, and as Americans demand energy independence, many are again holding up nuclear power as the way forward: clean, safe, too cheap to meter.

### [John Michael Greer: Nature, Wealth, and Money](#)

What sets money apart from other systems is not its convenience – quite the contrary, as such alternatives as household production of goods and services, or traditional economies of gift and customary exchange, are quite a bit more convenient for most purposes, since the extra steps imposed by the need to bring money into the situation can be done without. Rather, money has three distinctive features relevant to the present discussion. First, to the extent that it can replace other forms of distribution and exchange, it draws all economic activity into its own ambit. That can (and very often is) used for political control, but this is a side effect. The principal effect of this property of money is to turn a society into an economic monoculture.

### [Tropical storm forms off Mexico's Pacific coast](#)

MEXICO CITY (Reuters) - Tropical Storm Dolores formed off Mexico's Pacific coast on Wednesday but it was expected to move further west out to sea later this week, the U.S. National Hurricane Center said on Wednesday.

Dolores was located 660 miles (1,065 km) southwest of the tip of the Baja California peninsula with maximum sustained winds near 40 mph (65 kph), occasionally gusting higher.

### [The End of the Age of Oil: Will It Be a Soft or Hard Landing?](#)

**\$20 PER GALLON: HOW THE INEVITABLE RISE IN THE PRICE OF GASOLINE WILL CHANGE OUR LIVES FOR THE BETTER**

By Christopher Steiner  
Grand Central, 276 pages. \$24.99

*Forbes* magazine writer Christopher Steiner has set up a useful heuristic device--the escalation of the price of oil in two-dollar increments, from \$4 to \$20--to speculate about the changes in our lifestyle we might see at each stage of the price increase. At \$4, some of the tougher choices might still be unpalatable, but with the continuing increase in price, more radical changes will become necessities, if we are to survive as a civilization at all.

### [Verleger Sees \\$20 Oil This Year on 'Devastating' Glut](#)

(Bloomberg) -- Crude oil will collapse to \$20 a barrel this year as the recession takes a deeper toll on fuel demand, according to academic and former U.S. government adviser Philip Verleger.

A crude surplus of 100 million barrels will accumulate by the end of the year, straining global storage capacity and sending prices to a seven-year low, said Verleger, who correctly predicted in 2007 that prices were set to exceed \$100. Supply is outpacing demand by about 1 million barrels a day, he said.

### [Perenco to halt Ecuador oil output in tax fight](#)

QUITO (Reuters) - French oil company Perenco will temporarily halt operations in Ecuador from Thursday over a fight with the government concerning taxes, a top company executive told Reuters on Wednesday.

Ecuador has seized the bulk of Perenco's production since March in a bid to collect more than \$350 million it says the company owes in windfall taxes.

### [Pickens on natural gas: You can't beat it](#)

NEW YORK (Fortune) -- Texas oil magnate T. Boone Pickens may have postponed his plans to build the world's largest wind farm in Texas, but he's come closer to accomplishing another goal: Pickens visited the nation's capitol last week to help Senate Majority Leader Harry Reid (D-Nev.), Senator Orrin Hatch (R-Utah), and Senator Robert Menendez (D-N.J.) introduce a bipartisan bill designed to bring natural gas vehicles to the mainstream American market.

Pickens's Washington, D.C., trip marked the conclusion of his "Pickens Plan" -- a much-discussed yearlong crusade to end America's dependence on foreign oil. Now convinced that natural gas's low price makes it more viable than expensive wind technology, Pickens stopped by Fortune's offices to reflect on his \$60 million campaign to promote alternative sources of energy. The takeaway message: Natural gas must replace petroleum. "It's cleaner, it's cheaper, it's ours, and it's abundant," Pickens told Fortune staffers. "And boy, you can't beat that."

### [EU calls for more natural as storage](#)

The European Union called today on member nations to ramp up natural gas storage and build more pipelines to cope with any future cutoff in energy supplies from Russia.

In January, thousands of homes went without heating and some power plants shut down when gas stopped flowing through pipelines from Russia due to a payment dispute with its neighbor Ukraine.



EU officials complained that Europeans were held hostage by the row and are seeking new routes and sources for energy — something that will take years to realize.

### [Oil Producers Face Choice on Output Growth, Dividends](#)

(Bloomberg) -- Global integrated oil companies face a choice between maintaining dividends and investing in production and reserves if crude prices remain at current levels, according to Sanford C. Bernstein & Co.

Oil prices “do not allow the majors to continue to grow the business and pay substantial shareholder returns,” Neil McMahon, an analyst at Bernstein, said today in a report. Current output growth stems mainly from acquisitions, he said.

### [Iraq June oil exports at 1.925 mil b/d highest in a year](#)

Amman (Platts) - Iraq's total oil exports in June rose to 1.925 million b/d, up 19,000 b/d from May and the highest rate since June 2008 as exports from northern fields registered the highest level since the 2003 US-led war, oil ministry figures obtained by Platts Thursday showed.

Exports from northern fields rose to 528,000 b/d in June, a post-war record and 7,000 b/d higher than May exports.

### [Russian Urals attractive to Asia oil refiners](#)

SINGAPORE - Asian refiners are expected to extend imports of Russian Urals crude despite its unusual rise to premiums to the European benchmark, due to limited supplies of costlier Middle East grades, industry sources said on Thursday.

Flows of Urals to Asia are estimated to have risen to at least 5 million barrels a month since May, versus negligible volumes last year, as it becomes an increasingly attractive alternative to sour crudes from Gulf OPEC producers, traders said.

### [Nigerian gov't rejects militants' conditions to ceasefire](#)

LAGOS (Xinhua) -- The Nigerian federal government on Thursday rejected all the preconditions canvassed by Nigeria's major militant group in the oil-rich Niger Delta region the Movement for the Emancipation of the Niger Delta (MEND) before peace talks can commence.

### [US 'concerned' on China-Vietnam sea tensions](#)

WASHINGTON (AFP) – A US official voiced concern Wednesday about tensions between China and Vietnam over the resource-rich South China Sea and pledged to defend US oil companies operating in the region.

But State Department official Scot Marciel said the United States would not take sides on the myriad island disputes involving China and its neighbors including Japan, the Philippines and Vietnam.

### [B.C. paper receives 2nd pipeline bombing letter](#)

DAWSON CREEK, B.C. -- Staff at the *Dawson Creek Daily News* opened the morning mail on Wednesday and found what appeared to be the second letter from someone connected to a series of bombings targeting EnCana operations in northeastern British Columbia.

### [China body proposes curbs on Shell's coal-gas tech](#)

BEIJING (Reuters) - A China industry body has proposed limiting any further purchase of Royal Dutch Shell's coal gasification technology after teething problems at half the plants, but Shell said the glitches were not its fault.

### [Override on energy tax fails: A bill to fund food and renewable energy projects is left to die](#)

A major environmental and energy conservation bill died yesterday when the state Legislature failed to override Gov. Linda Lingle's veto of the measure.

The so-called barrel tax bill (House Bill 1271) would have raised the price of gasoline by two to three cents per gallon by increasing the state tax on a barrel of oil from five cents to \$1.05.

The bill was opposed by Hawaii's small and vulnerable airline industry, according to Senate President Colleen Hanabusa.

"We can't afford to have another airline go down," Hanabusa (D, Nanakuli-Makua) told reporters after the special legislative session called to override Lingle's vetoes.

### [Iran Spurs Engagement on Nuclear, Thwarting Obama](#)

(Bloomberg) -- Iranian leaders are turning inward and rejecting engagement with the West as they blame outsiders for street protests, even as President Barack Obama's administration pushes for curbs on Iran's nuclear program.

The leadership has denounced foreign governments as “enemies” for encouraging demonstrations over last month’s presidential election and plans to put a British Embassy employee on trial for inciting the protests, which were violently suppressed. A French student also has been detained on spy charges.

### [Stimulus money will fix leaky underground petroleum storage tanks](#)

South Carolina will use \$3.3 million in federal stimulus money to assess and clean up 66 of its approximately 3,000 confirmed underground petroleum storage tank leaks that threaten groundwater and could threaten drinking water.

### [Wal-Mart to rate environmental impact](#)

SAN FRANCISCO (Reuters) -- Wal-Mart Stores Inc., the world's biggest retailer, will announce Thursday the development of an index that will be used to measure the social and environmental impact of the products it sells in its discount stores.

The information could be used to one day provide consumers a label assessing how "green" or "sustainable" a product is.

### [Renewable Energy Costs And FUD](#)

Renewable energy options such as solar power have certainly captured the public's imagination, with many more people around the world now demanding a clean and sustainable energy future.

However, there's a lot at stake in the current energy status quo and for parties wishing to discredit renewable energy, the most effective way to do so during these tough financial times is to exaggerate the costs to be borne by consumers.

### [Sen. Alexander unveils blueprint for 100 nuclear power plants in 20 years](#)

U.S. Sen. Lamar Alexander (R-Tenn.), chairman of the Senate Republican Conference, unveiled a blueprint for building 100 new nuclear power plants in 20 years on Monday.

He said it was his own blueprint in support of “the four-step” low-cost clean energy plan supported by the Senate GOP, which also calls for electric vehicles, offshore exploration for natural gas and oil and doubling energy research to make renewable energy cost-competitive.

Alexander said the Republican plan would “create jobs, lower utility bills and put the United States within the goals of the Kyoto Protocol on global warming by 2030 without

the expensive cap-and-trade and renewable mandates passed by the House of Representatives two weeks ago.”

### [Q&A: Energy efficiency](#)

What is a negawatt and what role does energy efficiency play in slowing climate change?

### [Melting ice threatens polar life](#)

The Canadian Arctic is facing another year of open water with the summer break-up of sea ice ahead of schedule in many key parts of the northern archipelago.

The early break-up of ice underlines the growing impact of climate change in the Poles where temperatures have risen much more rapidly than in the rest of the world.

As a result, September 2007 was the first time in living memory the entire Northwest Passage was open water from east to west. Despite slightly more ice, a record six private yachts transited the historic waterway last year, and this year's traffic could beat that number.

### [Top US officials to meet China PM on climate](#)

BEIJING (AFP) – Top US trade and energy officials were set to meet with Chinese Prime Minister Wen Jiabao as the world's biggest emitters of greenhouse gases sought to step up cooperation on climate change.

US Trade Secretary Gary Locke and Energy Secretary Steven Chu, both ethnic Chinese, arrived here seeking to open China's markets to US green technology while urging Beijing to set hard targets on gas emissions.

### [China carbon capture costs worth paying: U.S. energy sec](#)

The huge costs required to capture CO<sub>2</sub> emitted by China's vast coal-fired power sector is a price worth paying to cut greenhouse gases to reasonable levels, U.S. energy secretary Steven Chu said. Skip related content

Carbon capture and storage (CCS) technology is seen by many as the only way forward in a country still heavily dependent on burning coal to meet its energy needs, but scientists say it will actually require more energy consumption, not less.

But this "energy penalty" -- which includes the power required to drive the CCS facilities as well as transport and store the captured carbon -- is nothing compared to

the environmental costs of doing nothing to curb emissions, or "business as usual," Chu told Reuters.



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