



## DrumBeat: July 21, 2009

Posted by [Leanan](#) on July 21, 2009 - 10:08am

Topic: [Miscellaneous](#)

### [Why China has its eye on Canada's oil patch](#)

It's being driven by two or three outlooks on behalf of the Chinese. The first, and most obvious, is energy security. On a comparative basis, relative to the size of their economy, they are not blessed with that many natural resources themselves, so they want to get access themselves to the physical barrels, if possible.

The second thing, which drives the importance to the Chinese, is their own view that the industry is running short of natural resources and so it would be a good long-term investment, in and of itself.

The third thing that is really driving the importance of the Chinese market is the fact that that they've got the money. They can finance these deals and, particularly in today's marketplace where raising capital is more difficult than it was a year ago, this ends up being a critical factor in deciding if you're a seller that we want to do business with.

### [Ecuador mulls legal action over Perenco oil move](#)

QUITO (Reuters) - The Ecuadorean oil minister on Tuesday accused French oil company Perenco of breaking the law by planning to halt production and said the government will analyze the legal status of the firm in the country.

State-run oil firm Petroecuador seized control of Perenco's two oil blocks in the OPEC-member country last week, after the company decided to halt operations over a tax dispute with the government.

### [Shell resumes oil output at Nigeria EA field](#)

ABUJA (Reuters) - Royal Dutch Shell (RDSa.L) said on Tuesday it has resumed oil output at its EA oilfield in Nigeria, a rare bright spot for an industry battered by a string of militant attacks in the last two months.

A Shell spokesman said offshore production resumed at its 115,000 barrel per day

oilfield after being idle for three years because of security concerns.

### [Is OPEC Talking Its Book?](#)

For those who don't spend their lives in the stock market, talking one's book refers to money managers, who after buying stocks, give interviews where they talk up the merits of these investments in hopes other investors will follow them and bid up the share prices bolstering the managers' performance. OPEC last week issued its July monthly oil report and predicted that after two years of global oil demand declines, consumption would be higher in 2010.

### [Energy Secretary Reaches Out Through Facebook](#)

Energy Secretary Steven Chu likes cooking, biking, crossword puzzles and is a big fan of "Casablanca," and his "friends" talk about recycling used batteries from electric cars.

These are among the insights from the energy secretary's Facebook page, launched Tuesday. In just a few hours, Chu collected 730 "fans." His Facebook debut, along with personal pages on "YouTube" and "Flickr," are part of an effort to promote the Obama administration's climate and energy legislation.

### [The Achilles Heel of Renewable Energy -- The Cost](#)

Critics of the British Government's energy and emissions plan point to its goal of turning the most expensive and least consistent fuel sources -- wind and solar -- into base load electricity sources for the country. The result, according to the critics, is that power costs will climb sharply and reliability will be at risk. In their view, the British Government is turning electricity economics on its head to the detriment of consumers.

### [Radar could save bats from wind turbines](#)

Bats use sonar to navigate and hunt. Many have been killed by wind turbines, however, which their sonar doesn't seem to recognize as a danger. Surprisingly, radar signals could help keep bats away from wind turbines, scientists have now discovered.

### [Congress May Restore Hydrogen Funding](#)

Congress appears close to restoring the \$100 million in funding for hydrogen research that Steven Chu, the energy secretary, had cut from his budget in May.

The House of Representatives voted 320-97 last Friday to approve \$26.9 billion for the

Department of Energy, including \$153 million for hydrogen and fuel cells in the Energy Efficiency and Renewable Energy program, plus \$40.45 million for hydrogen from coal.

The Senate Appropriations Committee was even more bullish on hydrogen, approving \$190 million for the program. Reconciliation of the two budget figures (assuming the full Senate leaves the \$190 million intact) could result in a final amount greater than the \$168 million for fuel cells in the 2009 Energy Department budget.

### [US energy use drops in 2008](#)

LIVERMORE, Calif. - Americans used more solar, nuclear, biomass and wind energy in 2008 than they did in 2007, according to the most recent energy flow charts released by the Lawrence Livermore National Laboratory. The nation used less coal and petroleum during the same time frame and only slightly increased its natural gas consumption. Geothermal energy use remained the same.

The estimated U.S. energy use in 2008 equaled 99.2 quadrillion BTUs ("quads"), down from 101.5 quadrillion BTUs in 2007. (A BTU or British Thermal Unit is a unit of measurement for energy, and is equivalent to about 1.055 kilojoules).

### [Solar Cells, Automation and Green Jobs](#)

Aside from its environmental benefits, solar energy is frequently touted for its job creation potential. But for solar manufacturers themselves, machines — not employees — may be the key to their long-term survival.

### [Weaknesses In Chinese Wind Power](#)

China has shown it can build wind farms, but can it connect them economically to the grid?

### [The Big Question: Is Britain going to be at the centre of the 'green car' revolution?](#)

Why are we asking this now?

Because Nissan has said that production of electric car batteries will begin at its Sunderland plant, with the creation of 350 jobs. Some £200m will be invested over the next five years. Through the Regional Development Agency, millions more of taxpayers' money will be spent on all manner of green infrastructure projects to boost the North East as a "low-carbon economic area", including electricity charging points, a test track, an R&D facility linked to local universities, and a training centre for electric cars. It looks as if the British motor industry is just refusing to lie down and die.

### [Russia, China numbers missing](#)

Moscow and Beijing have hailed what they describe as a bilateral strategic partnership, but Russian and Chinese state-run energy companies struggle to agree to a compromise on energy prices.

### [Ecuador mulls 2-year oil supply deal with China](#)

QUITO (Reuters) - Ecuador is negotiating a two-year oil supply contract with China for which the Andean country would receive \$1 billion as an advance payment, Economic Policy Minister Diego Borja told Reuters on Monday.

"(The \$1 billion) is a down payment for oil sales. We're going to agree to supply 96,000 barrels per day at the day's price for 24 months," Borja told Reuters in a telephone interview.

### [UN Sudan chief "reassured" over oil area troop exit](#)

KHARTOUM (Reuters) - The head of the United Nations in Sudan on Monday said he was "reassured" south Sudan's army had taken steps to remove soldiers from a contested oil area in the countdown to a divisive ruling on the territory's borders.

U.N. special representative Ashraf Qazi over the weekend accused southern soldiers of straying into Abyei, a central oil-producing region claimed by both north and south Sudan.

### [Climate engineering research gets green light](#)

Hacking the planet to rein in humanity's effect on the climate has been given a scientific stamp of approval.

The umbrella body for meteorological scientists in the US is about to endorse research into geoengineering as part of a three-pronged approach to coping with climate change, alongside national policies to reduce emissions.

*New Scientist* has seen the final draft of the American Meteorological Society's carefully worded position paper on geoengineering. The AMS is the first major scientific body to officially endorse research into geoengineering.

### [ANALYSIS - U.S. oil refiners face major cuts, slow recovery](#)

NEW YORK/HOUSTON (Reuters) - The recession-battered U.S. oil refining industry may be forced to eliminate more jobs and further curtail capacity in the face of limp demand, tighter U.S. environmental regulations and stricter fuel-efficiency requirements for automobiles.

In the coming months, more refiners may be forced to shut additional units and slash employee numbers due to dismal demand for petroleum fuels.

"You're going to see some whole refineries taken down ... we could see (refinery) runs, as a percent of capacity, drop several percentage points into the low 80s, and correspondingly you're going to see some loss of jobs within the sector, unfortunately," said Jim Ritterbusch, president, Ritterbusch & Associates in Galena, Illinois.

The looming capacity cuts for U.S. refiners could be made permanent as the sector faces more stringent environmental regulations, improved fuel efficiency and foreign competition.

### [Natural Gas Is Steady as Storms Fail to Threaten Gulf Output](#)

(Bloomberg) -- Natural gas futures were little changed in New York as the National Weather Service said wind patterns were keeping tropical storms from forming near the Gulf of Mexico that would threaten offshore production platforms.

A storm over the eastern Caribbean Sea and another near the Bahamas show few signs of organizing, the Weather Service said. The Gulf region accounts for about 14 percent of U.S. gas output, according to the U.S. Minerals Management Service.

### [PDVSA drags feet over takeover pay-outs](#)

Venezuela's state oil company PDVSA is yet to start the a valuation process for the 74 foreign and local oil services companies the government has nationalised since May, it was reported today.

The total value of all the companies could be as much as \$3 billion, said El Universal newspaper, citing sources linked to the process.

But observers told the Wall Street Journal the final total may be much less as PDVSA could take into account labour and environmental liabilities, and other factors.

### [Oil to Rise Above \\$65 After Support Holds: Technical Analysis](#)

(Bloomberg) -- Crude oil may extend gains above \$65 a barrel as an indicator of technical momentum suggests the market has rebounded after failing to break support levels last week, according to National Australia Bank Ltd.

The Moving Average Convergence-Divergence oscillator on the weekly continuation chart is “a whisker away” from turning positive, said Gordon Manning, a Sydney-based technical analyst. Technical buyers usually step in when the MACD rises above its signal line, a so-called bullish crossover.

### [Local approaches may help US in oil-rich areas overseas, lawmakers told](#)

The US government should be ready to engage local and state governments overseas in addition to national officials as it tries to secure foreign oil and gas supplies, a US senate committee was told on July 16.

### [India Vows to Protect Its Property in Ambani Battle](#)

(Bloomberg) -- Indian officials said a legal battle between the billionaire Ambani brothers over the supply of natural gas involves “national property” and vowed to ensure the resource is used in accordance with government policy.

The fuel “doesn’t belong to them, but to the people of India,” Oil Minister Murli Deora said by telephone today from New Delhi, a day after the Supreme Court adjourned hearings in the lawsuit to Sept. 1. Oil Secretary R.S. Pandey, the top bureaucrat in the ministry, said yesterday “the government will protect its property at all costs.”

### [Iran Turmoil May Cost Hezbollah, Hamas Amid Retreat](#)

(Bloomberg) -- The power struggle in Iran sparked by the disputed re-election of President Mahmoud Ahmadinejad is weakening the country’s ability to back Islamist groups Hamas and Hezbollah, as well as Iraqi militants.

### [Bleak outlook for Japan's fishermen](#)

Few industries have been immune to the worldwide collapse in demand, and the fishing industry in Choshi in Japan has been no exception.

The high price of fuel drove some boats out of business.

Then with the downturn, came a decline in the exports of fish.

### [Nepal's Energy Crisis](#)

With the international price of oil fluctuating wildly and its own forest resources under



pressure, Nepal desperately needs a new, coherent energy strategy, encompassing imports as well as domestic production.

### [One town's bid to cut energy costs](#)

This is not a typical town square in Uruguay.

The square, in the town of Suarez some 40km from the capital Montevideo, has gone over to solar energy and LED technology.

The aim is to reduce electricity costs and at the same time light more streets.

If it works, the plan could serve as a model for other towns across the country.

### [Welcome chaos, mother of ecological capitalism](#)

The world economy has not grappled with this much uncertainty since World War II. Not even the 1973 OPEC embargo comes close. Easily accessible oil riches by the hundreds of billions of barrels were still in the Earth's crust instead of contributing to environmental problems in major and astoundingly varied ways. The dollar's reign as the global currency was still firm despite abandonment of its exchangeability for gold and other reserve assets after August 1971. The accumulation of unmanageable levels of dollar-denominated debts -- the inevitable concomitant of relying on a single nation's fiat money as the main source of international liquidity -- was already born, but the little monster had not yet escaped from the nursery.

Oil and the international monetary order are the proto-variables of the chaotic transition that now besets the world. How long this marchohistoric episode will last and how it will play out is impossible to predict. Nonetheless, independent analytical examinations of the emerging conflict -- intemperate efforts to increase material welfare on a full-up planet -- are beginning to transmute the vague image of the optimal solution. The ideal outcome is a two-level economy or, in ideological terms, *Ecological Capitalism*.

### [Forget Shorter Showers: Why personal change does not equal political change](#)

We so often hear that the world is running out of water. People are dying from lack of water. Rivers are dewatered from lack of water. Because of this we need to take shorter showers. See the disconnect? *Because I take showers, I'm responsible for drawing down aquifers?* Well, no. More than 90 percent of the water used by humans is used by agriculture and industry. The remaining 10 percent is split between municipalities and actual living breathing individual humans. Collectively, municipal golf courses use as much water as municipal human beings. People (both human people and fish people) aren't dying because the world is running out of water. They're dying because the water is being stolen.

Or let's talk energy. Kirkpatrick Sale summarized it well: "For the past 15 years the story has been the same every year: individual consumption—residential, by private car, and so on—is never more than about a quarter of all consumption; the vast majority is commercial, industrial, corporate, by agribusiness and government [he forgot military]. So, even if we all took up cycling and wood stoves it would have a negligible impact on energy use, global warming and atmospheric pollution."

### [Interview with Bill McKibben Part 1](#)

Jonathan Faull - Tell us a little bit about why you are in the Maldives.

Bill McKibben - We are working all over the world – 350.org – for a huge global day of action. There is maybe no place more important, to me, than the Maldives, for bearing witness to climate change and trying to rouse the rest of the world.

This is an ancient society that goes back thousands of years. It has built a peaceful, now democratic, and extremely resource-conscious way of life.

People haven't done the things that people have done in many other places out of greed or carelessness or whatever else. And yet, through no fault of its own, there is a perfectly reasonable chance that well before this century is out, this place won't exist anymore.

We now think that unless we act very quickly its quite possible that sea levels will rise 2m around the world.

Part 2 is [here](#). See also [President praised by climate change activist](#).

### [Two Degrees of Contradiction](#)

So 2 degrees Celsius is probably not a very "safe" target, and we're probably going to blow right by it anyways. But not definitely. The only certainty is that keeping the planet from reaching a true "danger zone" will require an effort comparable to America's mobilization for World War II. But conducted internationally, and lasting for decades. Heading into the big Copenhagen climate talks in December, we need to demand this of our leaders—an international effort commensurate with science's demands. Because, as Bill McKibben recently wrote, "politicians can bend; physics can't."

### ['Peak oil' debate is no longer on hold](#)

PUT a group of oil experts under one roof for a while and their discussion is likely to drift to the subject of peak oil — a point in time when maximum oil production is reached, after which it goes into permanent decline.



The advent of peak oil has long been brushed aside by some because it seems like a far-fetched, if not a ridiculous, idea concocted by alarmists. This is despite deafening cries that it is a real and serious threat.

Even among those who agree that it will happen, views differ sharply on the date. Some, like author David Strahan, say it could be as soon as 2017.

Recent data show that the debate can no longer be dismissed as a figment of the imagination among peak oil “enthusiasts”.

### [Algeria's Khelil Says \\$90 Is 'Equilibrium' Price for Crude Oil](#)

(Bloomberg) -- The “equilibrium” price for crude oil once excess supplies are removed for the market is about \$90 a barrel, Algerian Energy Minister Chakib Khelil said today.

This level will be reached when inventories are trimmed down to 52 days worth of consumption, Khelil said in an interview in Milan.

### [U.K. Gas Rises as Goldman Sachs Says Further Declines Unlikely](#)

A supply glut caused by the global recession and new liquefied natural gas supplies drove down British prices to U.S. levels, Goldman Sachs said in a note to investors dated yesterday. August gas futures for delivery at the Henry Hub, Louisiana, last traded at \$3.638 a million Btu on the New York Mercantile Exchange.

U.K. prices “are now at target levels and we believe further downside is unlikely as current U.S./U.K. natural gas prices provide incentive for excess LNG cargoes to flow to the United States,” the Goldman note said.

### [Nigerian President Urges Cooperation to Solve Conflict in Delta](#)

(Bloomberg) -- Nigerian President Umaru Yar'Adua called on rebels in the oil-rich Niger River delta to work with the government to resolve the region's problems.

“We are ready to work with you to move the Niger Delta region forward in the interest of its long-suffering people,” Yar'Adua said at a reception in Yenagoa, 150 kilometers (93 miles) west of the oil-industry hub of Port Harcourt, yesterday.

Armed attacks targeting oil infrastructure in the delta, home to Nigeria's oil industry, have shut plants operated by Royal Dutch Shell Plc, Chevron Corp. and Eni SpA, curbing production of the light, sweet variety of oil favored by U.S. refiners. Nigeria vies with Angola as Africa's biggest oil producer and is the fifth-biggest source of U.S. oil imports.

### [Ukraine wants U.S. help in revamping gas network](#)

KIEV (Reuters) - Ukraine would like the United States to help finance the modernisation of its gas transit network, Ukrainian President Viktor Yushchenko said on Tuesday during U.S. Vice President Joe Biden's visit to Kiev.

### [Alberta Clipper tacks well](#)

CALGARY—Oil pipeline and natural gas operator Enbridge Inc. and its Enbridge Energy Partners affiliate have struck a joint funding agreement under which Enbridge will finance two-thirds of the \$1.2 billion (U.S.) segment of the Alberta Clipper crude oil pipeline project.

Under terms of the agreement announced yesterday, Enbridge will take part in the debt financing Enbridge Energy raises for the project. The Canadian company also will fund two-thirds of the project's equity requirements directly into Enbridge Energy Limited Partnership, the unit building the U.S. portion of the pipeline.

### [Sinopec Second-Quarter Fuel Sales Improve on Economy](#)

(Bloomberg) -- China Petroleum & Chemical Corp., the nation's largest oil refiner, posted a smaller decrease in fuel sales in the second quarter compared with the first three months, after an economic recovery boosted demand.

Domestic oil-products sales fell 4.6 percent to 31.3 million metric tons, or 2.44 million barrels a day, in the second quarter, according to calculations based on first-half data released by the Beijing-based company today. First-quarter sales slumped 12 percent to 26.4 million tons, Sinopec, as China Petroleum is known, said in April.

### [Weatherford Cut 3,000 Jobs; More Reductions Planned](#)

(Bloomberg) -- Weatherford International Ltd., the world's biggest provider of artificial-lift services that boost oil flow in wells, has cut more than 3,000 jobs and plans more reductions as customers keep pressing for lower rates.

The company also has closed more than 20 facilities as it adjusts to a demand slowdown spurred by last year's collapse in oil and natural-gas prices, Weatherford Chief Financial Officer Andrew Becnel told investors today on a conference call.

### [UK: Hopes rise for energy price war](#)

British Gas has been challenged as the country's cheapest online energy supplier as consumers benefit from a surprise summer price war.

Npower has launched two new online tariffs, which make it the cheapest for "low" and "high" energy users. British Gas remains the cheapest for an "average" user, but it is now only £1 a year cheaper than Npower.

### [Vandalism May Have Caused Southeast London Power Cut](#)

(Bloomberg) -- Electricite de France SA, the owner of London's power-distribution network, said vandalism may have caused a fire and damage to high-voltage electricity cables that cut supplies in Orpington, Dartford and Bexleyheath.

"The fire occurred on a cable bridge which carries the cables across a waterway and there appears to be evidence of vandalism," the U.K. unit of EDF said in a statement on its Web site. "Locks have been broken on the security gate at both ends of the bridge." Police are investigating, it said.

### [Made in India: The \\$12,000 Electric Car](#)

At a time when almost every carmaker in the world is looking at making environmentally friendly vehicles, a little-known Indian company is jumping the queue by ramping up production of a low-cost electric car called the Reva.

### [China offers big subsidy to solar power developer](#)

BEIJING (Reuters) - China has launched an unprecedented plan to offer hefty subsidies to independent solar power projects, a move likely to boost the solar sector.

### [Key O.C. water source under threat, but how badly?](#)

Orange County continues to grow in population and in water demand, but a crucial supply of Southern California drinking water — the Colorado River — could have a 50% chance of collapsing by 2057, a new study says.

### [Ed Miliband: One giant leap for a greener Britain](#)

Only an Apollo-like effort of imagination and action will help us move to a low carbon economy.

## [Is Bill Clinton's climate legacy a problem for Obama?](#)

Many people might have thought the worst scorecard was by George W. Bush, who gave up plans to implement the 1997 Kyoto Protocol for cutting greenhouse gas emissions, signed by the Clinton administration but never submitted to a hostile Senate for ratification.

But emissions rose by more than twice as much in the Clinton years, when climate campaigner Al Gore was vice president, as during the combined years when two Bush presidents, father and son, were in the White House since 1990.

So is that legacy a problem for President Barack Obama, a Democrat like Clinton?

## [Warming World May Mean Smaller Animals](#)

As temperatures rise, organisms get smaller, from the scale of whole communities down to the individual.

This relationship was known to exist in nature, with warmer environments tending to be dominated by smaller-sized species, said study leader Martin Daufresne of Cemagref Aix-en-Provence (a French governmental research institute). But what Daufresne and his colleagues aimed to do with their study was "was to test if this known relationship in ecology was working for climate change," he said.

They found that it's working.

## [Climate Conundrum: How to Get India to Play Ball](#)

Though Clinton assured her Indian counterparts that the U.S. "does not, and will not, do anything that would limit India's economic progress," the uneasy exchange illustrated a troubling reality: with less than five months to go before the crucial U.N. climate-change summit in Copenhagen, there remains a deep chasm between developed and developing nations on the issue of CO<sub>2</sub>. Unless that gap is narrowed — and the world can find a way to fairly reduce emissions from rich countries while making developing nations pay their fair share — years of global climate-change negotiations could finally collapse.

## [UN panel to study impact of climate change on poor countries](#)

The Intergovernmental Panel on Climate Change (IPCC), the UN body of scientists drawn from around the world, will use its next assessment due in 2014 to look at how the impact of global warming is falling unequally on the poorest developing countries.



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