



DrumBeat: July 22, 2009

Posted by [Leanan](#) on July 22, 2009 - 10:07am

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[Candide's Garden](#)

The past thirty years have been a period of perceived resource abundance, particularly with regard to oil as the main resource of the global economy. It is oil that has greased capitalist expansion. By contrast, the coming thirty years -- an uncertain transitional phase away from the oil economy -- will be marked by a deficit of resources and a logic of scarcity. This will apply not only to oil and gas but also to more elementary resources such as food and, in particular, water. The ominous, globally shared perception of scarcity will allow an economic logic of protection to appear rational. Together, greater spatial distance and no smaller temporal distance will lead to a partial reversal of globalization.

Instead of a globalized world economy that crosses continental barriers with ease, we will see continental autarchic zones being formed that will be shaped by the military defense of the basic resources available in each zone. We will thus see the logic of imperial expansion replaced by an aspiration to autarchic inclusion (already the EU strategy). The internal market of each zone will reassume economic primacy. This process does not have to end in war. It could well take an ordered course and lead to a multipolar equilibrium, the stability of which -- like that of the Cold War -- is guaranteed by an awareness of what military options are not available.

[Opec urged to set annual targets for oil production](#)

Opec needs to alter its strategy and set annual production targets to ensure stability in the oil market in the long run and avert a serious slowdown in crude demand in the future, according to a top Western energy analyst.

Leo Drollas, Deputy Director of the London-based Centre for Global Energy Studies (CGES), said the global financial distress is not the only factor that caused crude prices to crash from their peak level of \$147 in late July.

In a study presented to a recent energy conference in Houston, the United States, Drollas ruled out a fresh oil price spike similar to that in 2008 and said prices could settle at about \$50 a barrel in the long run.

[Iberdrola Results Good News For U.S. Wind Power](#)

The world's largest developer of wind farms remained profitable in America despite an economic downturn and falling fossil fuel prices.

[Climate bill needs "off ramp": Senate farm chief](#)

WASHINGTON (Reuters) - The climate bill being assembled in the U.S. Senate should include an "off ramp" allowing the United States to relax its greenhouse gas rules if other nation fail to control theirs, said the Senate Agriculture Committee chairman on Wednesday.

[Climate change could put the heat on California crops](#)

A new study from UC Davis, to be published today, found that the number of winter chilling hours, essential to the flowering of orchards, has declined as much as 30% since 1950 in large swaths of the Central Valley, where most of the tree crops are grown.

Only 4% of the Central Valley is now suitable for apples, cherries and pears, all high-chill fruits that could once be grown in half the valley, according to the study. By the end of the century, it says, "areas where safe winter chill exists for growing walnuts, pistachios, peaches, apricots, plums and cherries are likely to almost completely disappear."

Winter chill hours could decrease 60% from 1950 levels by mid-century and by as much as 80% by the end of the century, according to the study.

"Climate change is not just about sea-level rise and polar bears," said UC Davis researcher Eike Luedeling, lead author of the study. "It is about our food security. Climate change may make conditions less favorable to grow the crops we need to feed ourselves."

[Ramirez frets over US military in Colombia](#)

Venezuela's oil minister said today he is concerned over plans that would allow US military personnel to operate from military bases in neighboring Colombia.

"It's an act of aggression toward our country," Rafael Ramirez told reporters. "We are worried about what's happening."

[Forties Crude Price Slumps After Shell Sells Stored Cargo to BP](#)

(Bloomberg) -- Forties crude slump to the lowest in more than five weeks relative to

Dated Brent after Royal Dutch Shell Plc sold BP Plc a cargo stored on a tanker off the U.K. since April and failed to find a buyer for a second shipment.

A cargo of Forties loading between 10 and 21 days in the future cost 45 cents less than Dated Brent today, compared with 28 cents yesterday, according to Bloomberg data, the biggest discount since June 15.

[Total looks for bigger bite in Angola](#)

French giant Total is looking to increase production capacity in Angola and is likely to bid for oil licences if the government opens a new tender, a senior company official in Angola said.

The last licensing round for oil blocks was suspended in the first half of 2008, before the country's first post-war parliamentary election.

[Gazprom Selling First Euro Bonds From Russian Company This Year](#)

(Bloomberg) -- OAO Gazprom, the Moscow-based gas export monopoly, is selling \$2.5 billion of bonds including the first euro-denominated issue from a Russian company for more than a year, according to data compiled by Bloomberg.

The state-owned borrower is issuing 850 million euros (\$1.2 billion) of 5 1/2-year notes, Russia's first deal in the common European currency since June 2008. It's also selling \$1.3 billion of dollar notes, the third deal in the U.S. currency by a Russian company this year, Bloomberg data show.

[In Pursuit of Natural Gas, Companies Inch Ever Closer To a Nuclear Blast Site](#)

The goal of the Rulison detonation was to unlock natural gas deposits deep underground. The bomb succeeded in doing just that, but there was a catch: The gas released from underground was too radioactive to sell, prompting the energy department to ban drilling below 6,000 feet on the 40-acre site.

The Colorado State Oil and Gas Conservation Commission enacted wider restrictions, requiring a hearing when an application is received to drill within a three-mile radius of ground zero.

Forty years after the blast, the natural gas industry has proliferated in Colorado's gas rich Piceance Basin, and dozens of gas wells are located within three miles of the site.

[PG&E, citing infrastructure, seeks rate hikes](#)

Pacific Gas and Electric Co. wants to raise its electricity rates 6.5 percent in 2011 to fund repairs to its aging power grid, the utility said Monday.

[Charles Gibson anchors a well-oiled ABC News special](#)

Oil is as rich a subject as ever, if not more, with many meanings for many people.

"ABC World News" anchor Charles Gibson pumps out various aspects in "Over a Barrel: The Truth About Oil," a new ABC documentary airing Wednesday, July 22. In considering everyone from speculators who price oil to consumers who need it to run cars and heat homes, Gibson covers a lot of territory -- also with his own mileage during the hour, which takes him from New York's Wall Street to the Gulf of Mexico.

..."You report the price of oil each night, but I didn't know how that was derived," he says. "We're in an unsustainable situation at the moment, in terms of the amount of oil we consume The world's demand for oil is getting so much greater, it's going to get more expensive for the United States all the time just with supply and demand.

"We have to get to alternative fuels," Gibson says. "There's an interesting question of whether Americans will go to smaller cars, as the Obama administration seems to want, but I suspect Americans want larger cars. It's what we're used to, our highways are designed for them, and there's the so-called 'soccer mom' movement that minivans and SUVs are made for."

[Slovenia least prepared for gas crisis](#)

LJUBLJANA, Slovenia (UPI) -- European Energy Commissioner Andris Piebalgs singled out Slovenia as the least prepared for a natural gas crisis of all member states.

The European Union declared energy security a top priority, calling on all member states to appoint a gas supply czar, determine any risks and recommend the necessary actions to prevent an energy crisis.

[Petrobras case threatens Brazil's boom](#)

It may be the worst crisis in Petrobras's history, says the company's president, and it comes as Brazil's state-owned oil group is ratcheting up development of the country's potentially vast deep-water oilfields.

Last week, members were selected for a Brazilian parliamentary investigation committee (CPI) into allegations of fraud, corruption, over-invoicing and tax avoidance by the company.

The inquiry, which begins hearings next month, risks complicating the Brazilian

government's efforts to set eagerly awaited new regulations to cover some of the world's few big, unexploited oil reserves, which some analysts say place Brazil on the cusp of a new oil boom.

[Calif. budget plan includes new offshore oil](#)

LOS ANGELES – The deal to close California's \$26 billion budget deficit included a plan to drill for offshore oil, drawing allegations that the fiscal crisis was used for a backroom deal following rejection of the idea by state regulators earlier this year.

Democrats agreed to Republican Gov. Arnold Schwarzenegger's request to expand drilling from an existing platform off Santa Barbara to generate a one-time \$100 million advance royalty payment this fiscal year and an estimated \$1.8 billion in royalties over 14 years.

[Oxy Bulks Up on Low-Cost U.S. Oil Production](#)

For nearly two decades, Occidental Petroleum Corp. (OXY) has been bulking up in producing oil in the U.S., exploiting low-cost opportunities while its competitors look abroad.

While Occidental, the fourth-largest U.S. oil and gas company by market value, has also made significant investments in the Middle East and in Latin America, the company has remained committed to keeping most of its reserves inside U.S. borders.

That's a marked change from 1990 when Occidental produced little oil and gas from U.S. sources. Now, production in the U.S. accounts for 70% of Occidental's reserves of about three billion barrels of oil equivalent -- the largest percentage of any major oil company. Occidental has built up those reserves by finding opportunities onshore and away from headline-grabbing -- and often expensive -- new oil and gas finds in the U.S.

[Tropical storm unlikely in Atlantic basin: NHC](#)

If either system, however, does develop into a tropical storm with winds of 39 to 73 miles per hour, it would be named Ana, the first named storm of the Atlantic hurricane season.

By this time last year, there were already four named storms in the Atlantic basin.

[Brazil plans social fund from oil money](#)

Brazil may create a fund to pay for education and other social programmes using cash from sales of oil from recently discovered fields off the nation's coast, Cabinet Chief Dilma Rousseff said.

New regulations to govern the exploration of the so-called pre-salt fields may include a "new social fund" to ensure Brazil's population benefits from the nation's oil wealth, Rousseff told reporters today in Washington.

[ANALYSIS - China still a distant challenger as Asia bunker hub](#)

BEIJING (Reuters) - China's marine fuel market looks poised to double in size in the next few years to become Asia's second largest, but it will be cold comfort for traders watching dwindling demand for similar quality fuel oil from the power sector.

[Oman bumps up oil output](#)

Non-Opec producer Oman's average oil production increased by 6.9% year on year, to come in at 789,800 barrels per day in the first five months of the year, according to official data published today.

The Gulf Arab state is targeting average output of 800,000 bpd this year, up from 757,000 bpd in 2008, a Reuters report said.

[Sakhalin Exports 200th Oil Cargo From Gazprom-Shell Venture](#)

(Bloomberg) -- Sakhalin Energy, the OAO Gazprom-led joint venture in Russia's far eastern Sakhalin Island, exported its 200th crude oil cargo since production began in 1999.

The tanker, also called Sakhalin Island, will deliver 100,000 tons of oil from offshore facilities in the Sea of Okhotsk to a refinery in South Korea, the venture said in an e-mailed statement today. The partners loaded Russia's first commercial export cargo of liquefied natural gas in March.

[Oil & Gas Returns to Pakistan Insurgency Region](#)

(Bloomberg) -- Oil & Gas Development Co. plans to drill in Baluchistan for the first time in six years as the government increases security against attacks from insurgents, tapping a region that holds half of Pakistan's gas reserves.

[Nigerian militants free 6 oil tanker hostages](#)

ABUJA, Nigeria -- Nigerian militants have freed six crew members abducted earlier this month from an oil tanker, a Norwegian oil services company said.

[Eni Ends Export Limits on Nigerian Brass Oil Exports](#)

(Bloomberg) -- Eni SpA, Italy's largest oil refiner, ended export restrictions on shipments of Nigeria's Brass crude, the second indication in as many days that the security situation in Africa's largest producer is easing.

The Rome-based company halted two so-called force majeure declarations on Brass exports announced in June and earlier this month, a company spokesman said on condition of anonymity. Royal Dutch Shell Plc, Europe's largest oil company, yesterday said it resumed production of Nigeria's EA crude blend after stopping more than three years ago because of security concerns.

[Petrol shortage threat if workers strike](#)

PETROL stations across South Africa could soon be running dry if workers in the petroleum sector, who are still discussing a wage increase offer from their employers, decide to down tools.

The workers – represented by the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union – are yet to decide whether to accept a 9.5% wage increase offer.

[Arbitration panel gives oil field to Sudan](#)

THE HAGUE, Netherlands – An international arbitration panel on Wednesday awarded the Sudanese government control over almost all major oil reserves in a disputed region of Sudan that erupted into violence between state forces and southern rebels last year.

The arbitration is a crucial test for a 2005 agreement that ended 20 years of warfare between the government and the southern Sudanese insurgents. Both sides said they accepted the decision and southern officials said they would accept it as a step toward permanent peace.

[Why Kurds vs. Arabs Could Be Iraq's Next Civil War](#)

With a projected capacity of about 40,000 barrels a day, the new oil refinery inaugurated Saturday by the Kurdish regional government of northern Iraq on Saturday is modest even by the standards of Iraq's dilapidated oil industry. But its significance shouldn't be underestimated: In Kurdish minds, the region's ability to refine

the oil it pumps is a vital step towards deepening its autonomy from the Arab-majority remainder of Iraq.

[EU probes Austria's green electricity act](#)

BRUSSELS (Reuters) - The European Commission opened an in-depth investigation into Austria's new green electricity act on Wednesday because of concerns it may favor large energy consumers.

[German automakers drive toward gas-electric hybrids](#)

After years of championing diesel power, high-end German automakers are rushing into hybrids.

They aren't abandoning diesels — more are coming. And they know gasoline engines will dominate sales for the foreseeable future.

But they've decided hybrids are the best way to improve their green image, boost fuel economy to help meet tight 2016 U.S. standards that favor hybrids and target what looks to be a bigger market.

[Nissan to produce electric fuel cells in Sunderland](#)

LONDON (AFP) – Nissan is to invest 200 million pounds to build electric car batteries in Sunderland, in a move that was hailed on Tuesday as a bold step towards turning Britain into a global leader in green auto making.

The move will create 350 jobs in Sunderland, and makes it a contender to build the Japanese car giant's new generation of electric vehicles.

[Verbund, Siemens Plan Austrian Grid for Electric Cars](#)

(Bloomberg) -- Verbund, Austria's largest utility, Siemens AG and several partners plan to invest as much as 50 million euros (\$71 million) to build the Alpine country's first power network for recharging electric cars.

[Mountaintop mining legacy: Destroying Appalachian streams](#)

Of all the environmental problems caused by mountaintop projects — decapitated peaks, deforestation, the significant carbon footprint — scientists have found that valley fills do the most damage because they destroy headwater streams and surrounding

forests, which are crucial to the workings of mountain ecosystems.

[US moving toward strong climate action](#)

WASHINGTON (AFP) – The United States has undergone an important mood-shift on climate change and is on the path toward "strong climate action," a key UN official said here Tuesday.

"The mood is completely different now... There's a sense that the country's on the move toward strong climate action," Michael Zammit Cutajar, who chairs the UN Framework Convention on Climate Change (UNFCCC) working group on long-term cooperative action, told reporters.

[UN climate expert warns against carbon tariffs](#)

WASHINGTON – The head of a U.N. panel on the science of climate change says trade tariffs in a House-passed bill to limit heat-trapping pollution have only served to irritate international negotiations and could undermine U.S. efforts to persuade developing countries to enter into a new global warming treaty.

Rajendra Pachauri, whose Intergovernmental Panel on Climate Change shared the Nobel Peace Prize with former Vice President Al Gore in 2007, told The Associated Press that lawmakers should remove the tariff provision, which in 2020 would impose a "border adjustment" on goods from countries that do not limit the gases linked to global warming.

He warned that developing countries could in turn tax U.S. exports, which are probably some of the most carbon-intensive in the world.

[IPCC chief: Benefits of tackling climate change will balance cost of action](#)

Measures needed to tackle global warming could save economies more money than they cost, the world's top climate change expert said today.

Rajendra Pachauri, the head of the Intergovernmental Panel on Climate Change (IPCC), told the Guardian: "The cost could undoubtedly be negative overall." This is because of the additional benefits that reducing greenhouse gas emissions could bring, beyond limiting temperature rises.

[Climate change: Bye-bye, black sheep?](#)

The smaller sheep that now dominate the flock are also lighter-haired ones, a link that

has been proven by gene analysis. Bigger sheep tend to be darker.

Why would coat colour make a difference?

The answer, suggests the team led by University of Western Australia's Shane Maloney, is that, in colder times, sheep with darker coats have an advantage.

[Genetically modified rice 'crucial in drought battle'](#)

MANILA (AFP) – Genetic modification may be the only viable way to produce sufficient quantities of rice in the future as drought, climate change and dwindling acreage impact yields, experts said in a new report.

Rice is the staple food of around three billion people and the main challenge facing producers is how to raise yields of the water-dependent crop as 70 percent of the world's food-growing areas turn increasingly parched, said the International Rice Research Institute in its latest quarterly magazine.



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