



## DrumBeat: July 23, 2009

Posted by [Leanan](#) on July 23, 2009 - 9:48am

Topic: [Miscellaneous](#)

### [Will electric cars ignite a lithium boom?](#)

Any day now, the U.S. Department of Energy is expected to announce the winning recipients of grants to foster a domestic automotive battery industry, and this time the pot is worth US\$2.4-billion. Washington has already handed out US\$8 billion in loans to Ford, Tesla and Nissan to promote cleaner vehicles—which the latter plans to tap to build an automotive battery plant in Tennessee. And just last week Ontario jumped in to pledge incentives of as much as \$10,000 per car to lure drivers into buying electrics.

With such vast sums sloshing around, it's no surprise that companies and investors are rubbing their hands over the prospect of a boom in the market for lithium. This unique metal, so soft you can cut it with a knife and so reactive it can become explosive when it comes in contact with water, is a key ingredient in the next generation of car batteries, and as plug-in hybrids and electric cars hit the mass market, some are wondering where all that lithium will come from. "There have been a lot of worries out there that all this money that is being spent on lithium-ion battery technology is going to create shortages," says Jacob Grose, an analyst at Lux Research. In other words, if the fear now is Peak Oil, could the crisis next decade be Peak Lithium?

### [Audit says Energy Department could save energy](#)

KNOXVILLE, Tenn. (AP) -- Auditors say energy savings should start at home for the Department of Energy.

An inspector general's report released Thursday says as many as two of every three buildings owned or leased by the Energy Department are failing to turn down the heat or air-conditioning when workers leave for the day.

### [Look who's farming now](#)

Agriculture is having a youth movement, thanks to their passion for organic farming and local produce. Meet a half dozen under 40, chosen by the Mother Nature Network for their fertile ambition.

## [Report: USA, China must improve climate cooperation](#)

WASHINGTON — The USA and China should use high-level meetings between the two countries next week to negotiate improved cooperation on curbing greenhouse-gas emissions, says a new report by the U.S. Senate Foreign Relations Committee.

The report, released Thursday, says new efforts to address emissions by the USA and China, the world's largest emitters of climate-altering pollution, could be "the key to a global solution" to climate change.

## [US SMEs face further borrowing pressure](#)

Small and medium-sized energy companies' ability to raise capital is shrinking as banks consolidate their lending on established customers with large asset bases.

SMEs can turn to mezzanine financiers, but even here the number of lenders has contracted, and the cost of borrowing has risen.

This is placing a large constraint on a traditionally dynamic sector that plays a key role in the energy sector's fortunes.

Despite talk of the "green shoots" of recovery, small to medium-sized enterprises are seeing their borrowing bases cut from under them.

And even with higher oil prices, oil and gas firms are no exception.

## [Oil and revolution](#)

Petrobras has vast oil reserves, commercial clout and excellent Chinese connections. But it faces political uncertainty.

## [Oil minister: Iran locates 46 oil fields in Caspian Sea](#)

TEHRAN (Xinhua) -- Iran's Oil Minister Gholam Hossein Nozari said that his country located 46 oil fields in the Caspian Sea, the satellite Press TV reported on Thursday.

"Eight of the fields (out of 46) are presently ready for exploitation," Nozari was quoted as saying.

## [Kremlin extends oil tax holiday](#)

Russia's government today extended its oil tax breaks programme to include fields in the Black and Okhotsk seas in a bid to boost output from the regions.

In documents seen by the Reuters news agency, the government said tax breaks would apply for up to 15 years, or until 20 million tonnes (125.8 million barrels) of oil is produced from the Black Sea fields.

### [US vehicle efficiency hardly changed since Model T](#)

The average fuel efficiency of the US vehicle fleet has risen by just 3 miles per gallon since the days of the Ford Model T, and has barely shifted at all since 1991.

Those are the conclusions reached by Michael Sivak and Omer Tsimhoni at the University of Michigan Transportation Research Institute in Ann Arbor. They analysed the fuel efficiency of the entire US vehicle fleet of cars, motorcycles, trucks and buses from 1923 to 2006.

### [Tar-Sands Oil Pollutes Less Than Thought, Report Says](#)

(Bloomberg) -- Tar-sands oil from Canada, the biggest supplier to the U.S., is cleaner than previously calculated, according to an Alberta government report that may benefit producers Nexen Inc. and Royal Dutch Shell Plc.

Carbon-dioxide emissions from producing oil in western Canadian sand deposits are about 10 percent higher than competing U.S. crude imports, the Alberta Energy Research Institute said in the report. Earlier studies found discharges of greenhouse gases were as much as 40 percent more. The study was received with skepticism by an environmental group.

### [China blacklists eight cities, five power plants for environmental problems](#)

BEIJING (Xinhua) -- China's environmental watchdog blacklisted Thursday eight cities for outdated sulphur removal processes at municipal sewage treatment plants and five power plants for fabricating smoke-gas monitoring data.

The cities are northern Hebei's Cangzhou, Shanxi's Jinzhong, northeastern Heilongjiang's Suihua, northwestern Shanxi's Shangluo, southeastern Fujian's Sanming and Jinjiang, central Hubei's Shiyan and Hunan's Yongzhou.

### [Hello local, goodbye global: Relocalization movement gains momentum](#)

A burgeoning relocalization movement has the potential to revolutionize the way we eat, shop, work, and vacation.

### [Greer: The Anti-Ecology of Money](#)

Last week's *Archdruid Report* post built on one of E.F. Schumacher's more trenchant insights to propose a controversial way of making sense of modern economics. Schumacher, in *Small Is Beautiful*, drew a distinction between primary goods produced by natural processes, and secondary goods produced by human labor, and pointed out that secondary goods can't be produced at all unless you have the necessary primary goods on hand.

This is quite true, though it's a point often missed by today's economists. There is at least an equal difference, though, between either of these classes of goods and a third class produced neither by nature nor by labor. These are tertiary or, more descriptively, financial goods; they form the largest single class of goods in the world today, in terms of dollar value, and the markets in which they are bought and sold dominate the economies of the industrial nations. To call this unfortunate is a drastic understatement, because the biases imposed on our societies by the domination of financial goods are among the most potent forces dragging the world to ruin.

### [Welcome To Hell](#)

We are following Japan's script almost exactly, but our trip down this road will be far worse than it was for them, because as a nation we are monstrous net importers and in tremendous debt, both as consumers and as a government, where Japan is a net exporter and their population is full of savers.

...The paradox is that you'd think this would create tremendous inflationary pressures. But that's not what has happened in Japan - they wound up with incredible *deflationary* pressures instead, because consumption became much less desirable than export! As such the policy "prescription" becomes yet more easing, but with interest rates at zero the policy folks are left scrambling for yet another knob to turn of some sort.

In the United States this will be ugly, because we're not an exporting nation. Instead of being able to "prefer" export we are instead likely to find quite-crazy ramps in certain import prices, specifically oil. That in turn makes economic recovery nearly impossible, as it sets up even more structural dollar flows out of the country.

### [Bolivia Completes Nationalization of Oil and Gas Sector](#)

YPFB announced on Tuesday it has completed nationalization of the country's oil and gas sector.

YPBF, abbreviation for Yacimientos Petroliferos Fiscales Bolivianos in Spanish, acquired

a natural gas supplier in Cochabamba, a step concluding its nationalization efforts in the country's hydrocarbon industry.

"At this moment facilities like the oil and gas pipelines, including those under construction, are completely the property of the Bolivian state," YPFB interim president Carlos Villegas said.

### [Suncor boosts heavy oil sales to U.S.](#)

With construction of its oil sands upgrader still stalled, Suncor Energy Inc. plans to sell unprocessed bitumen to refiners south of the border, where strong demand for Canadian heavy oil has sent prices soaring in recent months.

### [India natgas supply to rise 10 pct in 2010/11 - govt](#)

NEW DELHI (Reuters) - India's natural gas supplies are projected to rise about by 10 percent in 2010/11 (April-March) and 7 percent in 2011/12, junior oil minister Jitin Prasada said on Thursday.

Supplies are expected to rise from an estimated 242.47 million standard cubic metres a day (mmscmd) in 2008/09 to 267.09 mmscmd in 2010/11 and 285.42 mmscmd in 2011/12, he said in a written reply to a question in parliament.

### [EnCana profits plunge 80 per cent](#)

CALGARY—EnCana Corp. said Thursday commodity price hedges helped bolster earnings and cash flow in a quarter where both figures declined due to low natural gas prices.

The Calgary-based oil and gas company reported profits of US\$239 million or 32 cents per share for the quarter ended June 30, down 80 per cent from year-earlier net earnings of \$1.2 billion or \$1.63 per share. A \$900 million gain on hedging was offset by a \$750-million loss due to mark-to-market accounting, the company said.

EnCana said its hedges have been particularly effective in the current weak commodity market, which has seen natural gas prices plunge 18 per cent in the most recent quarter and nearly 70 per cent over the past year.

### [Weatherford to Continue Cutbacks](#)

Oilfield services firm Weatherford International will close or consolidate an additional 25 facilities in North America as part of an expanded cost-cutting program that already has

closed 20 facilities and eliminated 3,000 jobs in the region, the company's chief financial officer said Tuesday.

## [The Oil Patch](#)

Our nation's oil and gas industry is in real trouble.

As the recession continues and demand for oil and gas products continues to decline the markets are awash in record surpluses of oil, gasoline and natural gas.

As a result, there is no financial incentive for the majors to drill or even go looking for more potential drilling sites.

And as if that weren't bad enough, many industry analysis and politicians say the Obama administration is demonizing this country's major energy producers as cash hungry industrialists who belong on a short, government regulated, leash.

The latest example is a proposed 50% tax on all industry profits.

## [Nigeria: Declare emergency in power sector now – Adedibu](#)

Worried by the high rate at which Nigerian industries are relocating to other African countries, following energy crisis in the nation, the Chairman of the Senate Committee on Industry, Senator Kamorudeen Adedibu, has charged the Federal Government to declare emergency in the power sector without further delay to save the industrial sector from total collapse.

## [Pakistan: Massive loadshedding cripples economic activities](#)

LAHORE - Senior Political Assistant of Chief Minister Punjab and former Member of National Assembly, Pervez Malik has said that massive electricity loadshedding has already crippled the economic activities in the country and further increase in electricity tariff by the government would be proved last nail in the coffin of industry sector while common man would also buried alive.

## [BPC in trouble : 10,900mt substandard fuel shipped from Kuwait](#)

The state-run Bangladesh Petroleum Corporation is now in trouble with a consignment of 10,900 metric tons of "substandard" jet fuel shipped from Kuwait and seeks government authorities' help for a rescue.

The country might face a shortage of jet fuel if the government does not take necessary steps to collect the fuel within a short time, says a BPC letter sent to the National Board of Revenue (NBR) on July 20.



### [Diminishing water supplies creating profound business risk](#)

“A recent report by Ceres and the Pacific Institute evaluates water-related risks to eight water-intensive sectors: technology, beverage, food, electric power/energy, apparel, pharmaceuticals, forest products and mining. Our conclusion is that each of these sectors faces serious near-and long-term economic risks related to their water dependence.

“For example, silicon chips, the backbone of our information economy, require huge amounts of highly purified water to produce. Yet, 11 of the 14 largest semiconductor factories in the world are located in the Asia-Pacific region where water shortages, and water quality risks, are already squeezing industry.

### [Slow, Costly and Often Dangerous Road to Wind Power](#)

BELFAST, Me. — On America’s highways, wind turbines may be the ultimate oversize load.

Trucks carrying silvery blades nearly half a football field long have been lumbering through this placid coastal town all summer, backing up traffic as they slowly exit the roadway. Huge, tubular chunks of tower also pass through. Tall pieces of machinery looking somewhat like jet engines travel at night because they require special routing to avoid overpasses.

As demand for clean energy grows, towns around the country are finding their traffic patterns roiled as convoys carrying disassembled towers that will reach more than 250 feet in height, as well as motors, blades and other parts roll through. Escorted by patrol cars and gawked at by pedestrians, the equipment must often travel hundreds of miles from ports or factories to the remote, windy destinations where the turbines are erected. In Belfast, officials have worked hard to keep the nuisance to a minimum, but about 200 trucks are passing through this year on their way to western Maine, carrying parts that have been shipped from Denmark and Vietnam.

### [Oil slips after U.S. crude inventories rise](#)

NEW YORK - Oil prices dipped Wednesday after a government report showed U.S. fuel supplies are growing, with American consumers buying less gas even at a huge discounts to last year.

### [Oxy Petroleum's oil and gas discovery may be California's largest in 35 years](#)

Occidental Petroleum Corp. said it had discovered oil and natural gas in a Kern County

field that might represent the biggest find in California in more than 35 years.

The nation's fourth-biggest oil company said Wednesday that it had found the equivalent of 150 million to 250 million barrels of oil, adding that two-thirds of the new source was believed to be natural gas.

### [Colombia says oil field holds 500 mln barrels](#)

BOGOTA (Reuters) - A Colombian oil field, operated by state petroleum company Ecopetrol ECO.CN and Canada's Pacific Rubiales Energy Corp PEG.TO, is estimated by the government to have 500 million barrels in reserves.

If the estimate is correct, it would make the field, located in the southern province of Meta, the biggest in Colombia. The Andean country is in a race against time to discover reserves in order to avoid becoming a net petroleum importer.

### ['Guarani well drilled in wrong spot'](#)

The Guarani well, which was drilled by US supermajor ExxonMobil in Brazil's pre-salt fairway and came up dry, was spudded "in the wrong place" Brazilian Energy Minister Edison Lobao has claimed.

### [Santos Sales Drop 35% on Lower Oil Price, Production](#)

(Bloomberg) -- Santos Ltd., Australia's third- biggest oil and gas producer, said second-quarter sales dropped 35 percent after oil prices fell and output declined.

### [China's crude oil output hits 93.49m tons in H1](#)

China's crude oil output hit 93.49 million tons in the first half, a decrease of 1 percent year on year, according to the country's economic planner on Thursday.

### [BP taps three sites for China refinery](#)

BEIJING (Reuters) - Oil major BP is courting PetroChina and Sinopec for joint refinery investments in China, tapping three coastal cities for possible sites, in its renewed effort to enter the world's No.2 fuel market.

### [Railways key to jet-fuel prices](#)



With oil refineries across Canada increasingly shifting their attention away from jet fuel to more lucrative end products, such as diesel, airlines across the country have been forced to enlist the help of the nation's railways to help them access competitively priced fuel.

In most countries, jet fuel is supplied to airports, in part, by pipeline or trucks directly from refineries. But because of the relatively low level of jet-fuel production in Canada, carriers such as Air Canada have been forced to source and import competitively priced fuel from the Middle East, Asia, and across North America by rail and by sea.

### [Manhattan Landlords Get Reprieve on Power Costs in Cool Summer](#)

(Bloomberg) -- Manhattan office landlords, battered by a recession that spurred rent cuts and Midtown's highest vacancies since the early 1990s, are catching a break on their summer air-conditioning bills.

"It is good news," said Jay Raphaelson, president of closely held EnergyWatch Inc., which buys power for 80 million square feet of office space. "Commercial properties tend to live and die by the budget, and they're now significantly over-budgeted for power."

### [Oil-rich Venezuela moves to fix price on car sales](#)

CARACAS (Reuters) - Venezuela's National Assembly moved closer on Wednesday to fix prices on car sales, the latest move to cap sharply rising consumer prices in the oil-rich Caribbean nation.

The retail price tag of cars in Venezuela, where gasoline is cheaper than anywhere else in the world, is up to three times that of the same model in the United States or Europe.

### [Gazprom loan note re-offered to market-term sheet](#)

MOSCOW (Reuters) - A total of \$1.3 billion worth of five-year loan participation notes backed by debt in Russia's Gazprom is on offer at 8.8 percent on the secondary market, according to a term sheet obtained by Reuters.

### [N.Y. Natural Gas Futures May Fall Below \\$3: Technical Analysis](#)

(Bloomberg) -- Natural gas futures may tumble below \$3 per million British thermal units after a rebound pushed prices to an area of resistance between \$3.87 and \$4, according to a technical analysis by Barclays Capital.

### [China Buys Russian LNG Spot Cargo at Record Low Price in June](#)

(Bloomberg) -- China, the world's largest energy user after the U.S., bought a spot liquefied natural gas cargo from Russia at a record low price last month, customs data show.

### [E.ON to Add Gas-Fired Plants in Spain as Domestic Growth Capped](#)

(Bloomberg) -- E.ON AG, Germany's largest utility, will focus on gas-fired power production and solar energy in Spain as part of a drive to expand generating capacity as a cap on growth at home spurs investment abroad.

### [The Relationship Between Gold, Oil and Your Stomach](#)

Humans eat or humans die and with the Peak Oil specter looming, this issue is becoming very pressing for about 923,000,000 people. The Internet is an amazing series of tubes. A friend told me that Nate Hagens, MBA, former Managing Director at Salomon Brothers, Lehman Brothers and editor of The Oil Drum, used my liquidity pyramid near the end of his presentation at the June 2009 Oil Drum/ASPO Conference in Alcatraz, Italy. The presentation was extremely interesting. Continuing the theme, on 8 July 2009 he authored an article: CFTC – Futures Position Limits On Energy?

### [Who do you think you are kidding...?: On the trail of the BNP as it makes its first, shambolic appearance at the European Parliament in Strasbourg](#)

Griffin has a gift for the soundbite but in longer conversations tends to stare at the floor and rant circuitously. I get lost for a while during a passionate discourse on the genetic similarities of human beings to chimpanzees - and why this means we're all bound to kill each other one day unless we maintain ethnic purity. What is interesting about his language is the way in which he manipulates the fears of a declining 21st-century industrial society. He talks of shadowy "global businesspeople" (as opposed to a global financial system), presents human cultures as endangered species (rather than as products of our collective activities), and refers to the apocalyptic threat of peak oil (but not, as we know, climate change).

### [Transitioning Ann Arbor to Self-Reliance](#)

"I want to demystify canning and make you feel powerful!" quipped Molly Notarianni, holding up a Mason jar full of jam. She was speaking to a group crammed into a room at the Rudolf Steiner High School, who'd come to learn about canning, oven building, medicinal plants and other skills of self-reliance.

This day-long event wasn't just a dabbling into traditional domestic arts. Saturday's Re-Skilling Festival – which drew about 150 people to Steiner's bucolic campus on Pontiac

Trail – fits into a broader effort, one that aims to strengthen the local economy and gird the community for a time of dramatically reduced resources.

### [Jump in this car for an electrifying experience](#)

Agassi is all smoothness and charm. Thornley is direct and emphatic and yesterday he delivered a sharp poke in the eye to the oil sector, just for good measure.

Thornley said: "The renewable energy sector and car makers are good friends of ours. We are all looking forward to taking \$20 billion off the oil industry and sharing it with a different set of people, including our customers."

### [ABB, Siemens Boosted by China Demand for Green Power](#)

(Bloomberg) -- Three years after passing the U.S. to become the world's biggest air polluter, China's investments in green energy technology are boosting orders for Western power-grid builders like ABB Ltd. as their home markets slump.

### [Southern Co. Considers Building Nuclear Power Plant](#)

(Bloomberg) -- Southern Co., the biggest U.S. power producer, is considering building a nuclear power plant in the U.S. to meet demand for electricity and limit the emissions of fossil fuels blamed for global warming.

### [Peak oil may solve climate change](#)

The fact is, oil is peaking about now, gas will probably peak within a decade, and coal within a couple of decades. Unconventionals like oil sands and oil shale will likely make up only a few million barrels per day when global energy peaks. Unconventionals can take away some of the pain on the tail, but realistically these resources can't do much to change the timing of the peak.

### [Study calculates warming threat to Colorado River](#)

BOULDER, Colo. – University of Colorado researchers say global warming increases the chances that the Colorado River system's reservoirs could be depleted by mid-century.

A study released this week says that if global warming cuts the river's average flow by 10 percent, the chances of draining the river's reservoirs by 2057 is 25 percent.

### [French panel to recommend carbon tax on fuel](#)

PARIS (AFP) – A French experts' panel is to recommend introducing a carbon tax on fuel from January 2010, as part of a government drive to slash global warming emissions, the group's head said on Wednesday.

The French government announced plans for a new Climate-Energy Contribution, aimed at steering consumers and business away from energy-hungry goods and services, following a nationwide environment conference in 2007.

### [NYC mayor restricts idling, but his SUVs do it](#)

NEW YORK – Mayor Michael Bloomberg, who has pushed an ambitious green agenda and cast himself as a national environmental leader, routinely runs afoul of his own anti-pollution policy by letting his official SUVs idle, sometimes for more than an hour.

### [Japan Denies Buying 'Hot Air' Credits Created in Kyoto Accord](#)

(Bloomberg) -- Japan is defending itself against criticism that it is exploiting a surplus of assigned emission credits and buying "hot air."

### [George F. Will: World turns cold on 'climate urgency'](#)

The costs of weaning the U.S. economy off much of its reliance on carbon are uncertain, but certainly large. The climatic benefits of doing so are uncertain but, given the behavior of those pesky 5 billion, almost certainly small, perhaps minuscule, even immeasurable. Fortunately, skepticism about the evidence that supposedly supports current alarmism about climate change is growing, as is evidence that, whatever the truth about the problem turns out to be, U.S. actions cannot be significantly ameliorative.

When New York Times columnist Tom Friedman called upon "young Americans" to "get a million people on the Washington Mall calling for a price on carbon," another columnist, Mark Steyn, responded: "If you're 29, there has been no global warming for your entire adult life. If you're graduating high school, there has been no global warming since you entered first grade."

### [N.D. Could Be the Badlands for Cap and Trade](#)

The fate of major climate legislation in Congress could rest with North Dakota.

The sparsely populated state in the upper Midwest, noted for its badlands and bone-

chilling winters, yields as much clout as regions three times its size in the global warming debate. Its two Democratic senators possess crucial swing votes on Capitol Hill.

### [Climate Change Needs Government Push in Global Investors' Poll](#)

(Bloomberg) -- Global investors say climate change is a threat and want government action to combat it, even as a plurality says the effort will hurt corporate profits.

Dissenting from a consensus in Asia and Europe, almost two-thirds of U.S. investors say climate change is a minor danger or "no real threat," according to the first Quarterly Bloomberg Global Poll. In Asia, 61 percent say higher global temperatures are a major problem, and 56 percent in Europe agree.

### [Comment: Why people don't act on climate change](#)

At a recent dinner at the University of Oxford, a senior researcher in atmospheric physics was telling me about his coming holiday in Thailand. I asked him whether he was concerned that his trip would make a contribution to climate change - we had, after all, just sat through a two-hour presentation on the topic. "Of course," he said blithely. "And I'm sure the government will make long-haul flights illegal at some point."

I had deliberately steered our conversation this way as part of an informal research project that I am conducting - one you are welcome to join. My participants so far include a senior adviser to a leading UK climate policy expert who flies regularly to South Africa ("my offsets help set a price in the carbon market"), a member of the British Antarctic Survey who makes several long-haul skiing trips a year ("my job is stressful"), a national media environment correspondent who took his family to Sri Lanka ("I can't see much hope") and a Greenpeace climate campaigner just back from scuba diving in the Pacific ("it was a great trip!").



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).