



Drumbeat: July 30, 2009

Posted by [Leanan](#) on July 30, 2009 - 9:43am

Topic: [Miscellaneous](#)

[Drillers bid adios to Canada, hola to Mexico](#)

CALGARY - Calgary-based drillers are ripping out heaters and installing air conditioning units on their rigs as the crews trade winter gloves for sunblock to get in on a growing Mexican oil boom.

As low natural gas prices continue to idle drilling equipment in Canada, the national oil company of Mexico is implementing plans to invest \$240 billion US over the next 14 years to stoke its declining domestic industry.

[No peak in sight for oil production or demand](#)

There's much talk these days that a peak in global oil production looms in our immediate future. It's certainly not here yet, and based on human behavior and recent evidence, that elusive peak moment when oil production begins to irreversibly decline remains decades away. I know this is true because we pay attention to these things out here in the energy-conscious countryside, where the weekly trip into town can burn three or four gallons of gasoline.

[Mexico police raid Pemex in fuel theft probe](#)

MEXICO CITY (Reuters) - Mexican federal police raided the headquarters of state oil monopoly Pemex on Wednesday in an investigation into rampant fuel theft that costs the company more than \$2 billion a year, Pemex said.

"At this time the Internal Audit office, with the help of federal police, is seizing computer equipment and documents belonging to the company's Security Directorate," Pemex said in a press release.

[John Michael Greer: The Economics of Entropy](#)

To call this law unpopular is not to say that it suffers from any lack of recognition by

scientists. The comment of Sir Arthur Eddington, one of the twentieth century's greatest physicists, is typical: "If your theory is found to be against the second law of thermodynamics, there is nothing for it but to collapse in deepest humiliation" – a summing-up so useful that it probably deserves to be called Eddington's Law. Entropy is the gold standard of physics, the one thing you can count on even when the rest of the cosmos seems to be going haywire. What makes it unpopular, rather, is that it stands in stark conflict with some of the most deeply and passionately held convictions of modern industrial humanity.

For all that, it's a simple concept to grasp. Pour a cup of hot coffee on a cold morning and you can watch entropy in action. The coffee will gradually get colder and the air around it will get very slightly warmer. All energy everywhere, left to itself, always moves from higher to lower concentrations: that's the second law of thermodynamics. On the way from higher to lower, the energy can be made to do useful work, and you can even force some energy to a higher concentration by allowing a larger amount of energy to go to a lower one, but one way or another entropy's price must be paid.

We don't like thinking in these terms, and for the last three hundred years, most of us in the industrial world haven't had to. The 18th-century breakthroughs that allowed coal to be turned into steam power, and gave human beings command over amounts of highly concentrated energy never before wielded by our species, convinced most people in the western world that energy was basically free for the taking. In the halcyon days of industrialism, it was all too easy to forget that this vast abundance of energy was a cosmic rarity, a minor and finite backwash in the flow of energies on a scale almost too great for human beings to comprehend.

[Blackout: Heinberg on dwindling coal reserves and the siren song of "clean coal"](#)

There isn't nearly as much coal left as most people think. "Clean coal" will run down limited reserves even faster. If humanity doesn't begin massive, sustained investment in renewable power sources immediately, civilization could be at risk before the end of the century. And that's without considering the impacts of climate change.

Such is the stark conclusion of Richard Heinberg's *Blackout: Coal, Climate and the Last Energy Crisis*, which despite its dry tone and technical complexity is one of the scariest f*cking books I've ever read.

[Oil rises after biggest plunge in 3 months](#)

Oil prices rose above \$64 a barrel Thursday as upbeat corporate earnings suggested the global economy is slowly recovering, though inventories data showed U.S. crude demand remains weak.

Benchmark crude for September delivery was up 92 cents to \$64.27 a barrel by early afternoon European time in electronic trading on the New York Mercantile Exchange. On Wednesday, the contract fell \$3.88 to settle at \$63.35.

On Wednesday, oil prices sank nearly 6 percent, the largest drop in more than three months, with more signs emerging that consumers are cutting back on energy costs.

[Petro-Canada Profit Drops 95% as Energy Prices Fall](#)

(Bloomberg) -- Petro-Canada, the formerly state- owned oil company that's being acquired by Suncor Energy Inc., said second-quarter profit fell 95 percent as petroleum prices tumbled amid the global recession.

Net income dropped to C\$77 million (\$71 million), or 16 cents a share, from C\$1.5 billion, or C\$3.10, a year earlier, the Calgary-based company said today in a statement. Excluding such items as a drop in the value of U.S. natural-gas assets, per-share profit was 20 cents, 31 cents below the average of 11 analyst estimates compiled by Bloomberg.

[Exxon Mobil profits plunge 66%](#)

NEW YORK (CNNMoney.com) -- Exxon Mobil reported a 66% decline in second quarter earnings Thursday due to weak energy demand and volatile oil prices.

The world's largest publicly traded oil company said it earned \$3.95 billion in the second quarter, down from \$11.68 billion a year earlier. On a per-share basis, Exxon said it earned 81 cents, off 64% from \$2.22 in the second quarter of 2008.

[Energy giant Shell profits slump on weak oil prices](#)

LONDON (AFP) – British energy giant Royal Dutch Shell said on Thursday that its second-quarter net profit plunged 67 percent to 3.82 billion dollars (2.71 billion euros) on tumbling crude oil prices.

"Our second quarter results were affected by the weak global economy," said Chief Executive Peter Voser in the group's results statement.

"This weakness is creating a difficult environment both in upstream and downstream" operations.

[Shell Examines Refinery, Retail Outlets as Fuel Demand Declines](#)

(Bloomberg) -- Royal Dutch Shell Plc, Europe's biggest oil company, will examine the sale of refineries in New Zealand, Germany and Canada and may exit a retail network in Greece as oil demand dropped the most since 1980.

The company is reviewing plans to sell assets able to process a total of about 330,000 barrels-a-day in 2009 and 2010, reducing company-wide capacity by 8 percent, Chief Executive Officer Peter Voser said today.

[New Technology Aimed at Increasing Oil Production](#)

HOUSTON (AP) -- Imagine having a nice ripe orange, ready for squeezing, but being able to get out only a small amount of juice. There's got to be more, you just can't get at it.

That's the frustration of the global oil business.

The industry is spending billions on technology to increase the amount of oil it can extract from the ground. Oil companies typically recover only about one in three barrels of oil from their fields, but they can't afford to leave so much crude untapped at a time when it's difficult to access new reserves. Recovering more oil has enormous implications, not only for the companies' balance sheets but also for the world's diminishing supply.

[It's all about Saudi Arabia and IEA stats: Contrarian oil watcher Henry Groppe](#)

Canada's Globe and Mail has an interview with iconoclastic oil analyst Henry Groppe, who argues most oil statistics - including those from the IEA - are wrong because they are based on incorrect data. This is because, he says, they look at exports rather than imports.

Imports are more reliable because they are taxed, Groppe says, and looking at these figures shows that oil exports are overstated by between 1.25m and 2m barrels per day:

Ignoring unreliable weekly inventory numbers and dismissing claims of oil-filled tankers sitting idle in the Caribbean as largely fanciful, he has concluded that much of what has transpired in the past two-and-a-half years "can be traced to specific changes to the supply-demand balance."

[Russia seals Cuba deal over Gulf of Mexico oil](#)

HAVANA - Russia and Cuba signed agreements to search for oil in the Gulf of Mexico, and Moscow extended the island \$150 million in credit for construction materials and farm machinery, state media said Wednesday.

[Offshore drilling ruling doesn't apply to Gulf](#)

WASHINGTON – A federal appeals court ruling won't stand in the way of new oil and gas drilling in the Gulf of Mexico.

The U.S. Court of Appeals in Washington clarified late Tuesday that its decision earlier this year to block some Bush-era drilling plans was meant to apply only to activity in Alaska, not the Gulf.

[If you build it, they will \(not necessarily\) come](#)

There was always something vaporous about Irving Oil's ambition to erect a second refinery in Saint John. So many intangibles "" the price of oil, market demand, available labour, government support, private partnerships "" conspired to derail the project before the first spade even hit the ground. And so, it wasn't particularly surprising when the company announced, last week, that it has experienced a change of heart.

In a press conference that resembled a funereal address, Irving spokesman Kevin Scott declared: "Over the last 30 years, gasoline demand kept growing about one or two per cent a year, and that was forecast to continue basically forever, despite changing demographics. [But], since 2007, we've actually seen gasoline demand fall each year. And it may well fall again in 2010. It was going down and we now expect that to continue. Things are much worse than in 2006."

[Surplus of LNG Ships May Reduce Vessel Orders, Clarksons Says](#)

(Bloomberg) -- Shipyards including Samsung Heavy Industries Co. and Hyundai Heavy Industries Co. may see orders drying up for liquefied natural gas tankers because of a surplus of ships and low demand, a shipbroker said.

There may be no new orders for LNG vessels in the next couple of years, said Keith Bainbridge, managing director of the LNG division at London-based Clarksons Plc, the world's largest ship broker. LNG tanker rentals in the spot market are still at about half of what charterers paid in winter 2007, according to Bainbridge & Drewry Maritime Services Ltd.

[Britain Entices Power Trading as Brown Bemoans Oil](#)

(Bloomberg) -- Britain, the only European power market to shrink in the past six years, wants hedge funds, banks and commodity firms to trade more electricity at a time when Prime Minister Gordon Brown seeks to quash oil speculation.

The U.K. energy market regulator, called Ofgem, is considering asking companies to post electricity prices to attract more participants such as Rampart Capital, a London-based hedge fund that plans to start trading U.K. power. Nasdaq OMX Group Inc. will start an electricity auction on Sept. 28 in an attempt to make the market more

transparent.

[Chevron, Environmental Groups Halt Talks on California Refinery](#)

(Bloomberg) -- Chevron Corp., the largest refiner in California, and environmental groups halted talks on reviving a project to upgrade a plant near San Francisco that still uses steam boilers installed in the 1930s.

[Beijing closing coal plants in environmental move](#)

BEIJING – China has taken advantage of a drop in electricity demand due to the global financial crisis to speed up a campaign to close small coal-fired power plants and improve its battered environment, an official said Thursday.

Authorities have closed power plants with a total of 7,467 generating units, meeting a previously announced goal 18 months ahead of schedule, said Sun Qin, deputy administrator of the Cabinet's National Energy Administration.

[Australian PM vows to create 50,000 'green' jobs](#)

SYDNEY – Australia's prime minister promised Thursday to create 50,000 "green" jobs and apprenticeships to combat climate change and unemployment simultaneously.

Prime Minister Kevin Rudd has prioritized environmental legislation this year even as his government forecast that Australian unemployment would rise to 8.5 percent next year from the current 5.8 percent because of the global downturn.

[Pakistan island sees light, puts wind-power to work](#)

KHAROCHHAN, Pakistan (AFP) – A tiny island of fishermen is light years ahead of the rest of Pakistan, powering homes and businesses with wind turbines -- protecting the environment and improving the quality of life.

The government may lack the cash to harness hydro, wind and solar resources on a large scale in the electricity-starved country but charities are lighting the way forward by putting wind power to work in remote villages.

[NJ to more than double solar power generation](#)

NEWARK, N.J. – Regulators approved more than \$515 million in projects Wednesday

that will more than double the amount of solar power generated in New Jersey and will solidify the state's No. 2 spot behind California in power produced from the sun.

The state Board of Public Utilities gave the green light to proposals from four utilities that together will yield 145 megawatts of solar energy, enough to power about 130,000 homes, and will boost the state total to 232 megawatts.

[EEStor Founder Dick Weir Confirms ESUs Presently Being Built, and Once Delivered to ZENN by the Fourth Quarter](#)

EEStor Inc is a Texas based startup that has been working in stealth mode for years to develop a disruptive breakthrough battery technology which would be extremely useful in electric cars. The material they use is called Barium Titanate (composition modified) and has already been demonstrated to have extremely high permittivity, which means it can hold tremendous amounts of energy. Batteries made from this material would be several times lighter and less expensive than lithium-ion batteries, will not degrade over charge-discharge cycles, and could be recharged in minutes.

We recently heard from the CEO of ZENN Motors (ZNN.V) who is seeking to commercialize the ESU batteries for automotive use that the batteries were about to be publicly demonstrated for the first time, with proof they can hold energy at high voltage by September. ZENN is a 10 percent owner of EEStor, Inc.

[White Roofs Catch on as Energy Cost Cutters](#)

Relying on the centuries-old principle that white objects absorb less heat than dark ones, homeowners like the Waldreps are in the vanguard of a movement embracing “cool roofs” as one of the most affordable weapons against climate change.

Studies show that white roofs reduce air-conditioning costs by 20 percent or more in hot, sunny weather. Lower energy consumption also means fewer of the carbon dioxide emissions that contribute to global warming.

What is more, a white roof can cost as little as 15 percent more than its dark counterpart, depending on the materials used, while slashing electricity bills.

[Health care, peak oil and climate change are linked](#)

Municipalities are increasingly implicated in the health of their residents. Recently, the mayor of Bas-Caraquet even gave up her office so that a clinic could expand and offer space to a new doctor. While this is an example that speaks directly to the needs of rural communities, municipalities will also be involved in health care at more intricate and complex levels.

There are a number of inter-related factors leading to this involvement. The first is health care reform. A recently released document in the United States suggests health care reform is really about transportation reform. As Canadian provinces begin to face the mounting sustainability challenge, the effect of transportation on our health will become ever more apparent as well.

[Does Population Growth Impact Climate Change?](#)

No doubt human population growth is a major contributor to global warming, given that humans use fossil fuels to power their increasingly mechanized lifestyles. More people means more demand for oil, gas, coal and other fuels mined or drilled from below the Earth's surface that, when burned, spew enough carbon dioxide (CO₂) into the atmosphere to trap warm air inside like a greenhouse.

[Sub-Arctic timebomb: warming speeds CO₂ release from soil](#)

PARIS (AFP) – Climate change is speeding up the release of carbon dioxide from frigid peatlands in the sub-Arctic, fuelling a vicious circle of global warming, according to a study to be published Thursday.

An increase of just 1.0 degree Celsius (1.8 degrees Fahrenheit) over current average temperatures would more than double the CO₂ escaping from the peatlands.

Northern peatlands contain one-third of the planet's soil-bound organic carbon, the equivalent of half of all the CO₂ in the atmosphere.



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