



Drumbeat: August 1, 2009

Posted by [Leanan](#) on August 1, 2009 - 10:38am

Topic: [Miscellaneous](#)

[Proof Positive Peak Oil is Here](#)

While being a bull on the oil market has been tough for much of the last year, I maintain that we are in a secular bull market in oil due in large part to one of the most significant economic events of the 21st century – the peaking of worldwide oil production. According to the US Energy Information Agency (the statistical division of the US Department of Energy), the summit of worldwide oil production occurred in May 2005. While the event received only mild concern then, the news has been more recently overshadowed by the fall in real estate prices, the near collapse of the banking system and the most severe economic contraction since the Great Depression.

[U.S. Rigs Gain for Third Week, Baker Hughes Says](#)

(Bloomberg) -- Oil and natural gas rigs operating in the U.S. increased this week by five, or 0.5 percent, to 948, in the third consecutive increase, according to data published by Baker Hughes Inc.

Natural gas rigs rose by two to 677, Baker Hughes said today on its Web site. The count is down 58 percent from a peak of 1,606 on Sept. 12.

The combined oil and gas rig count rose to a 22-year high in 2008, peaking at 2,031 Aug. 29 and Sept. 12. The count has fallen by 51 percent in the past year.

[Nigeria on the brink](#)

Four days of violence in Nigeria have left hundreds dead, destroyed towns and villages across the north, brought the cold-blooded police shooting of an Islamist rabble-rouser and left the outside world horrified. Nigeria, with 140 million people, is Africa's largest country. It is also one of the most corrupt, unstable, unequal and fissiparous: in half a century of independence it has seen civil wars, separatist rebellions, military coups, ethnic vendettas and a terrible descent into virtual ungovernability. What happens in Nigeria matters not only to Africa: it affects the huge diaspora in Britain, distorts the oil market, drives international criminality and opens the gates to extremism and terrorism.

[Six Crises, 2009: A Half-Dozen Ways Geopolitics Could Upset Global Recovery](#)

The prospect of a wholesale collapse that sent millions upon millions of Mexican refugees fleeing across the northern border so far seems remote. But Mexico's army has its own problems with corruption, and a sizeable number of Mexicans regard Calderon's razor-thin 2006 electoral victory over a leftist rival as illegitimate. With Mexico's economy reeling and the traditional safety valve of illegal immigration to America dwindling, the potential for serious trouble exists.

Meanwhile, Mexico ranks with Saudi Arabia and Canada as the three suppliers of oil the United States could not do without. Should things come unglued there and Pemex production shut down even temporarily, the shock on oil markets could be profound, again, sending its waves throughout the global economy. Long-term, PEMEX production has been sliding anyway, thanks to oil fields well-beyond their peak and restrictions on foreign investment.

[Oil boom: 100,000 bpd for 25 years!](#)

New discoveries of commercial oil reserves in Uganda can sustain production of up to 100,000 barrels a day for 25 years, says the Ministry of Energy and Mineral Development.

[Natural Gas Conversions Could Cost a Couple Hundred](#)

But they don't. It costs between \$12,500 to \$22,500 to convert a gasoline-powered car to natural gas in an autoshop. That old gas hog just can't be greened up for cheap. Now. But it could be.

Natural gas conversions don't have to cost that much: there is no technological problem driving what it truly needs to cost for auto mechanics to make a living at it. The true cost is only a few hundred dollars in parts and labor. The reason for this incredible difference is exceedingly interesting, as Robert Rapier notes in a well researched piece over at The Oil Drum on the feasibility of switching from Gasoline to Natural Gas.

[The two blows that killed the industry](#)

No industry in history has held more promise, been more welcomed, received more favours and failed more spectacularly than the commercial nuclear power industry.

[Michael Pollan: Out of the Kitchen, Onto the Couch](#)

Women with jobs have more money to pay corporations to do their cooking, yet all American women now allow corporations to cook for them when they can.

Those corporations have been trying to persuade Americans to let them do the cooking since long before large numbers of women entered the work force. After World War II, the food industry labored mightily to sell American women on all the processed-food wonders it had invented to feed the troops: canned meals, freeze-dried foods, dehydrated potatoes, powdered orange juice and coffee, instant everything. As Laura Shapiro recounts in "Something From the Oven: Reinventing Dinner in 1950s America," the food industry strived to "persuade millions of Americans to develop a lasting taste for meals that were a lot like field rations." The same process of peacetime conversion that industrialized our farming, giving us synthetic fertilizers made from munitions and new pesticides developed from nerve gas, also industrialized our eating.

[Good Farming Was More Advanced A Hundred Years Ago](#)

Working from the premise that we will eventually run out of plentiful supplies of manufactured fertilizers, I have been reading old farming books written before artificial fertilizers became easily available. I am amazed at the sophistication with which science approached the subject of soil fertility once it became evident in the mid-1800s that farmers were rapidly depleting the native richness of their soils and had to find ways to restore it using livestock manure and green manure crops. In some ways, what science advocated then was more advanced than farming practices are today.

If we have to produce food for growing populations without large supplies of manufactured fertilizers, the science of a hundred years ago is going to be back in vogue. Even if we don't run out of fertilizers, advanced manure science will be very useful for anyone wanting to avoid the high costs of commercial fertilizer. (Don't laugh at the term, "manure science"— agricultural colleges are now conducting what they called Manure Science Review days.)

[Senate Democrats Tie Climate Effort to National Security](#)

Senate Democrats are increasingly relying on the connection between global warming and national security as they craft legislation to curb greenhouse gas emissions.

At an Environment and Public Works Committee hearing yesterday, former Sen. John Warner (R-Va.) urged quick action on cap-and-trade legislation as a way to prompt a larger global response to climate change. Absent congressional action, Warner, a former secretary of the Navy, warned of more climate-induced migration and other environmental stresses that put U.S. national security at risk.

"There's a building base of evidence that global warming is contributing to much of the instability of the world today," Warner said. "If we do nothing, we can be sure nothing else is going to be done of any consequence."

[Chevron puts land-based natural gas drilling on hold](#)

NEW YORK » Chevron said yesterday that its second-quarter profit fell 71 percent, and the second-largest U.S. oil company put its entire land-based natural gas drilling operation on hold, citing dismal demand.

"By the end of the year, we will not have a single gas land-rig running," George Kirkland, Chevron's executive vice president for global upstream and gas, said in a conference call.

With natural gas plunging to about a quarter of its value last year, "it really doesn't make sense right now to be drilling those gas wells," he said.

[Sixty jobs face axe at oil service company](#)

Oil service firm Schlumberger has dealt the north-east another jobs blow, warning that nearly 60 positions are at risk in Aberdeen.

Yesterday's revelation by the Houston-based firm came just days after oil giant Shell said "substantial" staff cuts were likely among its global workforce.

Other companies have already axed posts or hinted at redundancies in the north-east as the combined impact of the global recession, weaker energy demand and a plunge in oil prices from last year's record high takes its toll on the wider sector.

[Some Calgary gas stations running on empty](#)

Some Calgary service stations have run out of gas on the cusp of a busy long weekend.

A bad storm last week cut power to two Edmonton-area oil refineries. While both returned to normal operations this week, Imperial Oil and Petro-Canada are still trying to replenish dealers that have run dry.

"We are curtailing the volume of gasoline delivered so we can equitably allocate what gasoline is available to our customers across the entire province," said a spokesperson for the company, Sneh Seetal. "We are also bringing in product from outside the region."

[Bring urgency to Arctic plans](#)

Escalating temperatures, ice cap meltdown, threatened livelihoods and disappearing species. As if the assault of global warming on Canada's Arctic weren't enough, the laser beam of world attention on its oil and gas riches and future marine transport prospects has brought a new set of challenges to the boil.

Not a moment too soon, Prime Minister Stephen Harper's government has relaunched its northern strategy, identifying four priorities for action: exercising Canada's Arctic sovereignty, protecting our environmental heritage, promoting social and economic development, and improving and devolving northern governance.

[88 months and counting](#)

Picture the scene. It's the beginning of the second world war. Germany's industrial war machine is in full production and Hitler is advancing across Europe. Back in England, the government decides that the cost and planning complications of building tanks and aircraft are just too great and lets the factories – who would be willing to build if there was a demand for them – close. In compensation, it offers the firms a grant from an already existing budget to carry out research and development.

As bizarre as it sounds, a rough equivalent of this otherwise unimaginable scenario is playing itself out at the Vesta wind turbine factory on the Isle of Wight – the subject of a high-profile sit-in protest by some of its workforce. The company says that the government has failed to make the domestic market happen, and so plans to shut up shop. The government, for its part, braces to endure a crushing symbolic failure just as it publishes its strategy for a transition to a low-carbon economy, and it is reported that it has offered the firm a little compensatory R&D money (£6m).

[Have Renewables Really Eclipsed Nuclear Power?](#)

Wow, have renewables really become more important than nuclear power in America's energy mix? Yes and no—it depends what you are counting.

[Pickens Plan in a pickle](#)

Clean-energy investments have dried up during the recession, threatening the former oilman's plans for a wind-powered renaissance. But he isn't giving up yet.

[Wise Words with Deb Harper](#)

Peak oil is going to be reached really soon, and we use oil for more than just making our cars and airplanes go. We use it for making polyester, like the skirt I'm wearing. We use it to make insecticides, which you can argue whether that's a good thing or bad thing, and fertilizer. (Oil) is going to be running out and it will run out in my children's time. I realize we're finding new (sources) of oil, but we have to stop being so crazy about using energy. We'll know we're healed when we become more sane about wastefulness about energy.

[Letters on Climate Bill Were Forged](#)

A grass-roots lobbying firm has acknowledged forging letters opposed to the climate bill that were sent to a Virginia lawmaker. The office of Representative Tom Perriello discovered that a half-dozen letters it received had nearly identical language signed by a made-up person at Creciendo Juntos, a Latino group, and five fake members of the Albemarle-Charlottesville branch of the N.A.A.C.P.

[Climate Crock of the Week: What's Up with Anthony Watts \[take 2\]](#)

Peter Sinclair producer of the well-known "Climate Crock of the Week" video series, posted a video debunking weatherman Anthony Watts who runs a Climate Denier Den also known as his Watt's Up With That blog.

The video was auto-scrubbed by YouTube after Watts claimed the video broke YouTube's copyright rules. The video has since been reviewed by a number of US copyright experts and (big surprise) there appears to be nothing that could be construed as anything but fair use.

[Exxon Spends More on Lobbying than Entire Clean Energy Industry Combined](#)

Guess it pays to be the biggest oil company in the world--even though their profits are at the lowest they've been in six years, Exxon still managed to spend more money on lobbying efforts for the climate bill than the entire clean energy industry combined.

[Scientists hit back at climate scepticism](#)

FIFTEEN senior Australian climate scientists have hit back at the resurgence of climate scepticism among the nation's politicians and the media, warning that the threat from climate change is real, urgent and approaching a series of "tipping points" where it will feed on itself.

[India wants climate change pact at Copenhagen](#)

NEW DELHI (AFP) – India insisted Friday it wanted to reach a global agreement on fighting climate change at the upcoming UN summit in Copenhagen but reiterated its opposition to binding carbon emission cuts.

"We are not defensive, we are not obstructionist. We want an international agreement in Copenhagen," Environment Minister Jairam Ramesh Ramesh told reporters in New Delhi.

But India "simply is not in a position to take on legally binding emissions reductions targets," he said, while pressing rich nations to provide technical and monetary aid to help developing countries fight global warming.

[Where Europe Buries Carbon](#)

Carbon capture and storage (CCS) made its world debut in Northern Europe in 1996, when Norway's state-owned oil and gas company started burying carbon dioxide that had been stripped out of natural gas at its Sleipner West offshore field. Rather than venting the CO₂ —and paying Norway's punishing US \$50 per metric ton carbon tax —the firm pumped it into a saline aquifer 1 kilometer below the seabed. Sleipner has sequestered over 11 million metric tons of CO₂. Extensive testing says that the gas is staying put.

[In pictures: How global warming is changing the face of the northern hemisphere](#)

Slowly but surely the Breidamerkurjokull glacier is melting away.

This 60 mile long expanse of ice has edged from the mountains into a lagoon and over the past 30 years has shown no sign of moving back.

Over this time professional photographer Ragnar Sigurdsson has been documenting the alarming phenomenon that has been taking place.



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