



## Drumbeat: August 7, 2009

Posted by [Leanan](#) on August 7, 2009 - 10:20am

Topic: [Miscellaneous](#)

### [The next big breakthrough in oil extraction?](#)

Oil executives are fond of saying, "Tell me when technology can no longer be invented or improved, and I will tell you when the world has reached peak oil."

The point is that as that, as long as new technologies can be invented, then there are going to be new ways to get increasing amounts of oil and natural gas out of the ground. The best example of this is in the US natural gas industry.

It was all but left for dead until a few years ago, when suddenly the US independents came up with new ways to get natural gas out of ground. The US natural gas industry took off, and estimates have grown from 30 years' worth of supplies in the country to more than 100 years' worth.

Indeed, Rod Lowman, president of America's Natural Gas Alliance, says that while there are five major shale plays in the US now providing most of the natural gas, there are over 20 other shale formations that the industry believes "hold a lot of potential".

Same goes for oil, as shown time and time again.

### [Peak Oil Driving Crude Prices](#)

With better than expected unemployment numbers today, one would think that the supply and demand spread for crude oil would begin to narrow in upcoming months. After all, economic improvement means more demand for oil, right?

But while the market celebrates the jobs report this morning, crude oil prices are dropping. Oil traders do not appear to be moved by the new economic indication. That should be a clue that crude oil prices are being driven by other ideas, namely, the idea of peak oil.

### [Militants meet Nigeria leader after laying down guns](#)

ABUJA (Reuters) - Members of the main militant group in Nigeria's Niger Delta met

President Umaru Yar'Adua on Friday after accepting an amnesty offer but warned failure to develop the oil-producing region would lead to a resumption of violence.

Thirty-two members of the Movement for the Emancipation of the Niger Delta (MEND) led by the group's leader in Bayelsa state -- Ebikabowei Victor Ben, known locally as Boyloaf -- met Yar'Adua at the presidential villa in the capital Abuja.

### [Big Oil Sweats As Brazil Debates New Controls](#)

HOUSTON -- Brazil, one of the most hyped new oil frontiers, is expecting a gusher of production offshore. Big Oil and other global companies have flocked, investing billions in technical plays. Newfound resources have also drawn a growing sense of national pride for Brazilians--who want to keep more of the profit at home.

The future got cloudier this week for oil companies with word the government was quietly debating increasing state control over the most promising reservoirs, which are in deep water buried under a rugged blanket of salt more than a mile thick.

### [Brazil, Peru May Invest \\$15 Billion in 5 Hydro Dams](#)

(Bloomberg) -- Brazil and Peru are studying five hydroelectric projects that would cost as much as \$15 billion, Brazilian Energy Minister Edison Lobao said.

Peru may consume 20 percent of the electricity from the dams and ship the rest to Brazil, Lobao told reporters today in Rio de Janeiro. Brazil and Peru aim to start operating the dams, which could generate 6,000 megawatts, in 2015, he said.

### [The Homely Costs of Energy Conservation](#)

Snowmass, Colo. - A quarter-century ago, in the wake of America's first energy crisis, a young scientist named Amory Lovins came to the Rocky Mountains and built himself a radical house based on a radical idea. The country could save both energy and money, he believed, by combining common sense and unconventional technology.

Mr. Lovins did achieve substantial energy savings, and many of his innovations, from better insulation to multiple-pane windows to more-efficient refrigerators, eventually became familiar fixtures in American homes.

But on the second part of Mr. Lovins's ambition -- saving money -- the calculus has been more complicated. The advances that allowed him to create a roomy home with a tiny carbon footprint came with a hefty upfront cost.

Now, Mr. Lovins has completed a renovation that he hopes will demonstrate how much more energy-efficient houses can become. But the project also serves as a reminder of

the still-enormous gulf between what is technologically possible and what society is able or willing to pay for.

### [Baker Hughes Releases July 2009 Rig Counts](#)

Baker Hughes reported that the international rig count for July 2009 was 974, up 7 from the 967 counted in June 2009, and down 118 from the 1,092 counted in July 2008. The international offshore rig count for July 2009 was 275, up 6 from the 269 counted in June 2009 and down 37 from the 312 counted in July 2008.

### [Peak oil: Should I be worried?](#)

Imagine one of those fine hotel buffets, with lots of food and places to sit, drinks to order and generally a good old time is being had by all. You've probably been there. Imagine the people just keep streaming into the restaurant steadily and the food just keeps being renewed, replaced, new tables get set up outside, upstairs and everything just keeps getting bigger and better. More people, more tables, more food, more eating, more waiters, more drinks.

This is how many people have experienced the world in the last century, myself included.

### [China top refiners to trim Aug crude runs from record](#)

BEIJING (Reuters) - Top Chinese refineries will trim crude oil processing in August as demand fails to keep pace with production, although runs will still be near record levels seen in July after fuel price hikes boosted incentives for refiners, a Reuters poll showed.

Twelve major plants accounting for more than a third of China's capacity, most of them on the eastern and southern seaboard, will process 2.63 million barrels per day (bpd) of crude oil in August, down marginally from 2.65 million bpd in July.

The August volume would represent around 88 percent of their total refining capacity.

### [Aramco in second naphtha deal](#)

The higher premium was due to dwindling supplies in Asia caused by a lack of new European imports next month.

Traders had also been poised to divert Middle Eastern naphtha to the West early this week to capitalise on European naphtha demand for gasoline production, as the continent is short on supplies of the auto fuel due to run cuts and recent outages.

But that has so far yet to happen, as traders are not convinced that the European demand could be sustained, while freight costs have been prohibitive because trading firms are once again taking up tankers to store gas oil at sea.

### [Nigeria: Rising cost of diesel](#)

The consistent rise in the cost of buying diesel oil to power electricity generating plants in businesses and homes across the country is alarming. The effect on the cost of doing business in Nigeria is particularly disturbing and needs to be urgently addressed by the government. The deplorable state of the power sector has meant that many businesses and homes which have for long relied on diesel to power their electricity generating plants are on the in despair.

While home owners can afford to abandon their generating plants and either adopt cheaper options like solar energy and converters or even abandon the generating sets, business owners have little choice in the matter as they cannot afford to simply watch their investments go to waste. The alternative of switching to gas for power also presents no succour due to the incessant disruptions to gas supply by the activities of the militants in the Niger Delta region.

### [Calderón announces crackdown on fuel theft during Reynosa visit](#)

REYNOSA — Mexican President Felipe Calderón visited Reynosa on Thursday afternoon and announced an ongoing effort against criminal organizations that have stolen fuel from Pemex for years.

The president was here to mark the opening of two cryogenic plants that will increase Mexico's gas production — reducing the country's dependence on Texas.

### [Sustainable energy set for growth in Gulf region](#)

GCC states are among the worst polluters in the world, and they are global leaders in per capita carbon dioxide emissions. Yet several states are trying to reposition themselves as leaders in green research and technology, with a specific focus on alternative energy. All of them have signed the Kyoto Protocol, and Abu Dhabi has recently outbid Germany to become the host of the International Renewable Energy Agency (Irena).

The Gulf has significant potential for carbon capture and storage, but its attractiveness will depend on how the international market for emissions certificates will be structured.

### [Indonesia mulls cut in fossil fuel subsidies](#)

Indonesia may cut subsidies on fossil fuels within a year in order to bolster the competitiveness of renewable energy sources, according to an environment official.

The head of Indonesia's National Council on Climate Change, Agus Purnomo, told Reuters news agency last week that the government is also considering introducing policies that would oblige national power company PLN to obtain a portion of its electricity from renewable sources.

### [Boom in hydropower pits fish against climate](#)

The renewable energy could ease global warming, but the dams and turbines could result in mass killings.

### [Pricing Unscheduled Electricity Could Facilitate Financing of GE Turbines](#)

India has implemented a bulk power pricing plan for unscheduled electric generation. The real time price uses a negatively sloped formula driven by system frequency. When there is a shortage of power, the physics of the electric system results in a decline in system frequency and an increase in the price for electricity. This type of pricing formula could provide a revenue stream for some of the GE turbines, a revenue stream that would support third party financing of the GE turbines.

### [India pays couples to put off having children](#)

Thousands of couples in India who agreed to put off having babies for at least two years after their wedding will collect cash payments this month as health officials attempt to curb the country's rapidly growing population.

While neighbouring China shows the first signs of relaxing its strict policy of one child per couple in the face of an ageing population, India is searching for a way of restricting the size of families as the battle over scarce resources grows.

### [Iowa Environmental Council: Richard Heinberg to speak at IEC](#)

The world is changing before our eyes—dramatically, inevitably, and some say irreversibly. With the rapid decline, depletion and despoiling of the earth's natural resources and climate instability, we are all being urgently called to change the way we live. There is good news to be conveyed: a sustainable society is still possible. Join us at our annual conference to hear how people around the world can and are responding to current and impending environmental and economic changes with compassion and

intelligence, in a way that minimizes human suffering over the short term and, over the long term, enables future generations to develop sustainable, materially modest societies that affirm the highest and best qualities of human nature.

Richard Heinberg, from Santa Rosa, CA, has been writing about energy resource issues and the dynamics of cultural change for many years. A member of the core faculty at New College of California in Santa Rosa, he is an award-winning author of nine books including, *Powerdown: Options and Actions for a Post-Carbon World*, and *The Party's Over: Oil, War and the Fate of Industrial Societies*.

### ['Eco-Therapy' for Environmental Depression](#)

A new and growing group of psychologists believes that many of our modern-day mental problems, including depression, stress and anxiety, can be traced in part to society's increasing alienation from nature. The solution? Get outside and enjoy it.

### [Rule issued to police oil price manipulation](#)

NEW YORK - The Federal Trade Commission said Thursday it would begin policing the petroleum industry with new penalties for anyone attempting to manipulate energy prices.

The rule, which will go into effect in November, targets anyone dealing with crude oil, gasoline and petroleum distillates. It prohibits market distortions through false or misleading statements about stockpiles, prices or crude and fuel output.

As part of its new powers, the FTC will monitor reports from petroleum refiners on the amount of gas held in storage by refiners. Those figures, which are collected and published by the Department of Energy each week, can push prices up or down.

*See also:* [FTC Issues Rule to Block Manipulation of Oil Market](#)

### [Oil Rises to 5-Week High After U.S. Unemployment Rate Unexpectedly Drops](#)

Crude oil for September delivery gained 0.6 percent to \$72.35 a barrel in electronic trading on the New York Mercantile Exchange.

### [Crude Oil May Climb to \\$95 in Early 2010: Technical Analysis](#)

(Bloomberg) -- Crude oil may reach \$95 a barrel by early next year after rising to a seven-week high this week, according to technical analysis by Auerbach Grayson.

Oil is set to reach \$83 a barrel, which corresponds with the 38.2 percent Fibonacci

retracement of the range generated by the September contract's high of \$145.96 on July 14, 2008, and the low of \$44.28 touched on Feb. 18. The next target of \$95 would be a 50 percent retracement.

### [Oil, Copper May Jump, Deutsche Bank's Grenfell Says](#)

(Bloomberg) -- Commodities from oil to copper are poised to climb as government spending worldwide spurs a recovery in demand and companies curtail investment in mines and rigs, said Deutsche Bank AG's Simon Grenfell.

"We're building up to have a really strong price move" over the next two years, Grenfell, head of Asian commodities for Germany's biggest lender, said in an interview yesterday in Singapore. The risk of a "super-spike" has increased, he said, expressing his own opinion.

### [Heavy Crude Price Discount to Widen, Bernstein Says](#)

(Bloomberg) -- Saudi Arabia may boost heavy crude oil output over the next 12 months as global demand recovers, widening the price difference between more expensive, light crudes and cheaper, heavy grades, Sanford C. Bernstein said.

Increased "swing production" from Saudi Arabia is expected to meet rising demand as non-OPEC output declines, Bernstein Research analysts, Neil McMahon and Alexander Inkster, said in a report today.

"Towards the end of this year and into next year, as oil demand recovers and non-OPEC production declines, Saudi Arabia, as the main global swing producer, should have to increase production of heavy crudes which would also support wider differentials and reduce OPEC spare capacity," McMahon said.

### [Saras Quarterly Profit Falls 77% on Lower Fuel Demand](#)

(Bloomberg) -- Saras SpA, owner of the Mediterranean region's biggest oil refinery, posted a 77 percent drop in second-quarter profit and said processing margins will remain "challenging" for the rest of the year.

### [Are we about to hit Peak Oil?](#)

*Is oil the only thing that's running out?*

Far from it. The recession may have bought us some time as global growth slows. However, says Jeremy Grantham of US fund manager GMO, beyond our debt problems

"lurks another longer-term and more important factor affecting future growth – the increasing limitations on resources. We're simply running out of everything at a dangerous rate".

The planet's metal supply is fast depleting, and the quality of what's left is lower: "where 30 tons of copper ore once produced a ton of copper, it now takes 500 tons". Even water's running out.

As the planet's population soars, says Grantham, "we must prepare ourselves for waves of higher resource prices and shortages unlike anything we've faced outside wartime".

### [Warning: Oil Supplies Are Running Out Fast](#)

The monetary elite has every reason to develop and sustain the meme that oil is running out. The wealth to be garnered by controlling such a basic substance is phenomenal. The perception that such a substance is rare and getting rarer only adds to its value.

Yet there is plenty of oil in the world, we have come to believe. We think, in fact, it may be abiotic - a naturally reoccurring substance (why else the reports of oil fields filling back up?). In any event our suspicions are based on a variety of factors. Here's another: Those involved in the production of oil, and its analysis, have gone out of their way to label it a "fossil fuel."

### [Doug Casey on Energy, Optimism, and Opportunity](#)

You have to keep in mind that oil is just a hydrocarbon. What does that mean? It means that it's a compound made of hydrogen and carbon. Carbon is very common on the surface of the earth, there's plenty of oxygen in the atmosphere, and hydrogen is the most common thing in the universe – with the possible exception of stupidity. There are lots of hydrocarbons in the world – plants, including algae, contain them. Transforming hydrocarbons into useful fuel is simply a matter of applied technology.

### [Radio host and author Thom Hartmann talks about \*Threshold\*](#)

Thom Hartmann, a former Air America radio host, currently hosts The Thom Hartmann Program, which claims to have more listeners than any other progressive talk show in the nation. Hartmann's book, *The Last Hours of Ancient Sunlight*, inspired Leonardo DiCaprio's movie *The 11th Hour*. I talked to Hartmann about his most recent book, *Threshold: The Crisis of Western Culture* (Viking, \$22.95).

### [Peak Oil: Another Leftist Plot?](#)



I have come late to the climate change game, but the more I learn about the interlinking of issues the more interesting and ominous things look. Population is a case in point. Another is peak oil.

### [Peak coal: Coming to Appalachia sooner than you think?](#)

Peak coal is an important topic for coalfield communities, and one that we've covered many times on this blog. See previous posts [here](#), [here](#), [here](#), and [here](#).

For years, one of the major problems with coal policy has been the lack of reliable estimates for how much coal there is left that is mineable. Coal industry backers like to say there are hundreds of years of coal left. But the National Research Council warned a few years ago that there was not reliable information available to support such conclusions.

### [Natural Gas Stocks: Opportunity or Pitfall?](#)

Resource doomsayers were touting peak gas and peak oil theories, saying that production levels for these commodities had already reached their peaks and were in a steady decline towards an ultimate depletion of these vital resources. As it turned out, production levels had not peaked but rather grew, once again pointing out that production rates reflect economic decisions rather than simple depletion curves.

Now we are in the midst of a worldwide economic recession, and natural gas prices have crashed to less than half of their peak levels. Reflecting the collapse in commodity prices, share prices of gas companies have suffered a similar decline. A near-term recovery seems highly unlikely, but do the low share prices signal a buying opportunity, or warn of continued market weakness?

### [B.C. and Alberta in a natural gas poker game](#)

CALGARY -- British Columbia fired the latest round Thursday in the North American battle to woo natural gas producers, unveiling miniscule royalty rates and millions of dollars in fresh infrastructure incentives in a move that may force neighbouring Alberta to respond to in kind.

In an effort to prod natural gas production in its Montney and Horn River shale plays, B.C. reduced the royalty rate on wells drilled between September and June 2010 to 2% for one year. Producers now pay an average royalty rate of about 20%.

### [Crude Oil May Decline on Ample U.S. Stockpiles, Survey Shows](#)

(Bloomberg) -- Crude oil futures may fall on speculation that U.S. fuel inventories will be sufficient to meet demand that's been cut by the recession.

Twenty-one of 36 analysts surveyed by Bloomberg News, or 58 percent, said futures will decline through Aug. 14. Eight respondents, or 22 percent, forecast that the market will rise and seven said prices will be little changed. Last week, 69 percent of analysts said oil would fall.

### [Senate OKs expansion of cash-for-clunkers program](#)

The Senate bolstered the popular cash-for-clunkers program Thursday by giving it an extra \$2 billion in hopes of extending a wave of trade-in deals that buoyed car sales and boosted demand for fuel-efficient vehicles in July.

The vote was 60 to 37.

But some skeptics say the additional money won't have the same impact as the first \$1 billion, because many people who qualified for the program already have bought new cars and the supply of eligible vehicles is waning.

### [Diesel's time has come, but is anybody ready?](#)

SAN FRANCISCO — It may be cheaper, more efficient and cleaner than in years past, but diesel still seems to be a dirty word to the typical American.

Hybrids rule the alternative powertrain arena, led by the Toyota Prius. And electric vehicles are starting to pop up on the industry radar, with sexy cars like the Tesla Roadster and the upcoming Chevy Volt stealing headlines.

But diesels, despite an intriguing crop of new choices, are only just beginning to show signs of life. Why? Well, from a U.S. consumer perspective, it doesn't make much business sense, according to some top industry executives. Count Bob Lutz, General Motors Co.'s outspoken design czar, among diesel's detractors.

### [Will Health Care Slip on Oil?](#)

America's way of providing medical care has an Achilles' heel — not in the operating room or the pharmacy, but at the oil well and the refinery.

### [No one ever went to war over a windmill](#)

Malcolm Wicks, Gordon Brown's special representative for energy security, gently

reminded the Government his week that the UK needs to think more strategically about how to ensure that the lights don't go out. Among his recommendations was a new department sitting between the Foreign Office and the Department for Environment and Climate Change with a specific remit of safeguarding the energy security of the UK.

Most other big nations, he pointed out, have a state-run energy authority. The age of letting the market sort out our supply of vital resources like oil and gas is over: the state needs to encourage energy and utility companies to store more gas offshore for the UK only, lock in more long-term contracts and think about increasing our dependence on nuclear.

### [Greens agree with BCUC assessment](#)

The BC Green Party agrees with the BC Utilities Commission (BCUC) in their assessment that the public interest is not served by the current method of stimulating green power projects in BC, says Green Party Leader Jane Sterk.

She said the party supports the BCUC opinion that BC Hydro has not adequately determined the contribution conservation can make to projected increases in demand.

### [Energy underlies all the hot issues](#)

People argue about climate change, about peak oil, biofuels, carbon footprints, about, well, almost everything. But at the core seems to be energy — its generation, transmission and use.

The grandest house in the grandest suburb in the country isn't worth much without energy to heat it or cool it. The grandest car ever made is only a curiosity without the energy needed to operate it.

So many of the things we hear or read about have energy as a subtext.

It's energy that's behind a lot of the fuss about the warming Arctic — easier access to the oil and gas we believe to be buried there, and who might own it.

### [Wind Promises Blackouts as Obama Strains Grid With Renewables](#)

(Bloomberg) -- President Barack Obama's push for wind and solar energy to wean the U.S. from foreign oil carries a hidden cost: overburdening the nation's electrical grid and increasing the threat of blackouts.

The funding Obama devoted to get high-voltage lines ready for handling the additional load of alternative supplies is less than 5 percent of the \$130 billion that power users, producers and the U.S. Energy Department say is needed.

Without more investment, cities can't tap much of the renewable energy from remote areas, said Jon Wellinghoff, chairman of the Federal Energy Regulatory Commission. He serves as the administration's top official on grid issues and recognizes the dilemma it faces.

### [Oil-rich Brunei to have solar power plant](#)

BANDAR SERI BEGAWAN (AFP) – Brunei, one of the world's top oil and gas producers, is venturing into alternative energy with the construction of Southeast Asia's largest solar power plant, officials said Thursday.

The plant will supply 1.2 megawatts of electricity to the national grid, the equivalent of powering about 400 homes, according to Japan's Mitsubishi Corporation which is fully funding the project.

### [NASA Steps Closer to Nuclear Power for Moon Base](#)

NASA has made a series of critical strides in developing new nuclear reactors the size of a trash can that could power a human outpost on the moon or Mars.

### [China nuclear chief in graft probe: report](#)

BEIJING (AFP) – China's top nuclear power official is being investigated for allegedly squandering public funds and accepting bribes valued at up to 1.8 billion yuan (260 million dollars), state press said Friday.

Authorities are probing the possibility that Kang Rixin took bribes from French nuclear power giant Areva to win a contract for a nuclear power project in southern China's Guangdong province, the Chongqing Times reported.

### [Unelected Colo. Democrat a Wild Card on Energy, Climate Issues](#)

Bennet, a Colorado Democrat appointed to his seat in January when Ken Salazar vacated it to become Interior secretary, has said he hopes to support a climate bill. He offers in an interview that some of his priorities include "a greater focus on renewables, like wind and sun," as well as incentives for natural gas.

Bennet does not list specifics, however, about what help he would want for those industries, whether legislation should include protections for coal, or how he would want to protect consumers from rising prices. His answers can be interpreted in any number of ways. And because he came to the Senate without serving in any legislative office, he lacks any voting record that could offer clues.

That makes him a key target of industry lobbyists, environmental groups and Democratic leaders who will need every vote to pass climate legislation.

### [Copenhagen May Help Set Warming Cap, Munich Re Says](#)

(Bloomberg) -- Munich Re, the world's largest reinsurer, is more convinced than ever that the Copenhagen climate-change summit in December will successfully set the course for capping the most harmful effects of global warming.

"If China, India and the U.S. stand by their commitments, I'm really optimistic," Peter Hoeppe, chief scientist at the Munich-based reinsurer, said in an interview. "The 2-degree goal includes all the actions that need to be taken."

### [Ships Spraying Sea Water May Offer Climate Quick Fix](#)

(Bloomberg) -- A fleet of sail-powered, ocean-going vessels spraying sea water in the air could save billions of dollars and allow the world to continue emitting carbon dioxide like it does by burning oil and coal.

Marine cloud whitening, which allows solar radiation to bounce off water vapor, at \$9 billion would be more cost-effective than reducing CO2 emissions, according to a study by the think tank headed by Bjoern Lomborg, a professor at the Copenhagen Business School.

### [Plan urged to save national parks from global warming effects](#)

The federal government must take decisive action to avoid "a potentially catastrophic loss of animal and plant life" in national parks, according to a new report that details the effects of global warming on the nation's most treasured public lands.

### [Glacier melt accelerating, federal report concludes](#)

The federal government Thursday released the most comprehensive study of melting glaciers in North America -- and the results show a rapid and accelerating shrinkage over the last half a century because of global warming.

One of the glaciers in the study, the South Cascade Glacier in Washington state, has lost nearly half of its volume and a quarter of its mass since 1958, scientists from the U.S. Geological Survey said. The two others in the study, the Wolverine and Gulkana glaciers in Alaska, have both lost nearly 15% of their mass.



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