



Drumbeat: August 10, 2009

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

Topic: [Miscellaneous](#)

[Mexico gov't doubts mount on Chicontepec oil project](#)

MEXICO CITY (Reuters) - The multibillion-dollar megaproject that Mexico hopes will turn around its slumping oil industry is being questioned by some officials as results fall short, according to a source familiar with the issue.

State oil monopoly Pemex has banked on an \$11 billion plan to tap the unconventional Chicontepec crude deposit to shore up output as yields at other fields plummet, sending Mexican oil production to near 20-year lows.

However, Chicontepec was producing only 30,800 barrels per day in June, a modest rise from December. After years of missed targets and with \$3.4 billion already sunk into the project by the end of last year, grumbling about its cost is growing.

"They are coming under a lot of pressure because some people in the government are unhappy with the results. They have spent a lot of money and people are wondering why there is not more oil," the source said, echoing private remarks made recently by several government officials.

[Vast expanses of Arctic ice melt in summer heat](#)

TUKTOYAKTUK, Northwest Territories – The Arctic Ocean has given up tens of thousands more square miles (square kilometers) of ice on Sunday in a relentless summer of melt, with scientists watching through satellite eyes for a possible record low polar ice cap.

From the barren Arctic shore of this village in Canada's far northwest, 1,500 miles (2,414 kilometers) north of Seattle, veteran observer Eddie Gruben has seen the summer ice retreating more each decade as the world has warmed. By this weekend the ice edge lay some 80 miles (128 kilometers) at sea.

"Forty years ago, it was 40 miles (64 kilometers) out," said Gruben, 89, patriarch of a local contracting business.

Global average temperatures rose 1 degree Fahrenheit (0.6 degree Celsius) in the past century, but Arctic temperatures rose twice as much or even faster, almost certainly in good part because of manmade greenhouse gases, researchers say.

[Europe's Listless Quest for Energy](#)

Last month's euphoria over the European Union's agreement with Turkey on the Nabucco gas pipeline was perhaps a little premature—Brussels still has a long way to go to reduce its energy dependence from Russia. No doubt the agreement on the terms for Nabucco's construction between Turkey and the other prospective pipeline transit states—Bulgaria, Romania, Hungary and Austria—is a step forward. The problem, though, is that not a single Caspian gas-producing country has yet signed on to the project.

[Enterprise force majeure remains on US Gulf system](#)

NEW YORK (Reuters) - Enterprise Product Partners LP (EPD.N) said Monday that force majeure on its High Island Offshore System would continue, noting the Aug. 4 fire caused significant damage to its offshore natural gas platform HIA-264 in the Gulf of Mexico.

In a website posting, the company said, "HIOS has sustained significant damage to compression, power generation, communications and other facilities. HIOS' compression facilities will be unavailable for service for an indefinite time period."

[Feds to Expose Theft of Mexican Oil](#)

(CBS) U.S. law enforcement agencies will unveil details of an investigation into smuggling Mexican oil into the United States, CBS News correspondent Peter Maer reports.

The U.S. will return up to \$2.4 million to the Mexican government as a result of a year-long probe into a scheme in which stolen Mexican oil products were funneled into the United States.

[Virgin's Whitehorn burns with fury](#)

If you have tears, prepare to shed them now, for poor old Will Whitehorn. Not only is the government taking no notice of his apocalyptic warnings over falling oil supplies, he complains in the FT that the UK Department of Energy review "ignores not just our conclusions, but our very existence."

Whitehorn used to be Richard Branson's bag-carrier, but he's moved on to greater things in the Virgin empire. He's also chairman of ITPOES, a frightfully grand-sounding outfit which says, roughly, that we're all doomed because peak oil is less than four years away.

[A New Building Energy Label in the Works, Alternative to Energy Star](#)

(gigaom.com) -- The miles-per-gallon metric has gone a long way toward marketing the Prius and other fuel-efficient cars, and some are hoping a new, more detailed energy label than is currently available could do the same for buildings. That's the idea behind a program set to be unveiled this fall by the American Society of Heating, Refrigerating and Air-Conditioning Engineers, or ASHRAE, that would provide buildings with a sort of report card, or label, of their energy use.

The program would give buildings a rating from A+ to F, with the former reserved for facilities that are net zero -- meaning they produce as much energy on site as they consume -- and the latter meant for those that are "unsatisfactory." The labels would provide an easy-to-understand metric for owners and tenants to compare with other, similar buildings, such as office buildings in downtown San Francisco, for example. ASHRAE hopes the labels will help spur more energy-efficient design by making energy use a more visible characteristic of buildings, said Bruce Hunn, director of strategic technical programs for ASHRAE, a research and standards writing organization.

[How to save the world at work](#)

For-profit companies with a social mission are growing -- and hiring -- thanks to a new breed of venture capitalists.

[Oil-short Cuba returns to use of oxen on farms](#)

SAN DIEGO, Cuba -- In China it's the year of the ox -- and it could be for Cuba, too.

President Raul Castro is promoting the beasts of burden as a way for the economically strapped communist country to ramp up food production while conserving energy.

He recently suggested expanding a pilot program that gives private farmers fallow government land to cultivate -- but without the use of gas-guzzling machinery.

"For this program we should forget about tractors and fuel, even if we had enough. The idea is to work basically with oxen," Castro told parliament Aug. 1. "An increasing number of growers have been doing exactly this with excellent results."

[Global Populations to Accelerate Demands For Fossil Fuels, Renewable Energy](#)

By 2025, the world will add another 1.4 billion people creating an energy hungry workforce of the nearly 700 million new middle class people. China alone represents 350 million with India adding 100 million to the total emerging middle class population. The

rapid growth will almost triple worldwide energy demands within the next 15 years.

In order to clearly understand the urgency behind the “peak oil” issue it is useful to examine that despite trillions of dollars in debt, currently the United States still imports two-thirds of its oil at a cost that has reached over \$400 billion per year. Much of it is from politically unstable regions including South America, Africa and the Middle East; countries that control 55% of world oil supplies.

[Iran not to lower its crude price: minister](#)

TEHRAN (Xinhua) -- Iran's Minister of Oil Gholam-Hossein Nozari said Monday that Iran will not lower its crude price, the official IRNA news agency reported.

Iran has not lowered its crude price and will not lower it, Nozari told the reporters when asked about the rumors around the country's decision to lower its crude price.

[Electric car future may power a charging industry](#)

SAN FRANCISCO (Reuters) - As makers from Tesla to Nissan Motor Co jockey to dominate the next generation electric-powered cars, a fight on which companies will control the lucrative market to fuel them is just getting started.

[China to unveil plan for "new energy" by year-end](#)

BEIJING (Reuters) - Coal-dependent China will unveil a plan to foster the development of "new energy" sources, including wind, solar and nuclear, by the end of this year, state media on Monday quoted a senior energy policy official as saying.

Sun Qin, vice head of the National Energy Administration (NEA), told a forum in southern Guangzhou city that a guide for developing energy technologies would also be released, but gave no further details.

[Indonesia's Texas? Rural Java braces for oil boom](#)

BOJONEGORO, Indonesia (Reuters) - Few things seem to happen at speed in this sleepy Java town where rickshaws ply the streets. But this rural area of rice fields and teak forests is set to be transformed by Indonesia's biggest oil find in years.

Oil production could start to flow from the huge Cepu field straddling East and Central Java later this month and eventually add millions of dollars to the coffers of local governments, as well as an influx of workers and a wave of new expectations.

[At-risk teens create garden, grow job skills](#)

Shamar Armstrong dug the shovel into the hard-packed earth behind Elinor Hickey School, then jumped, the full weight of his fullback-size frame stomping the shovel into the ground, carving out an irrigation line one blade-width at a time.

"It's tiring," he said, a T-shirt wrapped around his head to soak up the sweat. "But it's kind of surprising. I didn't think this was going to be as cool as it is."

[Staving Off a Spiral Toward Oblivion](#)

The old can also create a bridge to the new through hybrid products that combine elements of each. Research on electric vehicles has been under way for many years, but a direct leap from gasoline-powered vehicles to electric vehicles has proved challenging.

"Hybrids were an easy way for carmakers to start this transition," says Felix Kramer, founder of CalCars, a nonprofit organization. Because the required shift in behavior is minimal, many drivers have been willing to make the change. Later, as these drivers become accustomed to the electric-vehicle features of hybrids — the quiet ride, for example — they will presumably become more willing to acquire a purely electric vehicle.

[Food crisis could force wartime rations and vegetarian diet on Britons](#)

The British people face wartime rations and a vegetarian diet in the event of a world food shortage, a new official assessment on the UK's food security suggests today.

Even though the nation is 73 per cent self-sufficient in food production, higher than during the 1950s, the food chain is at risk from global influences such as a worldwide increase in population, climate change bringing extreme weather patterns, higher oil prices and more crops being grown for bio-fuel instead of food.

Supplies in future may also be disrupted by animal disease outbreaks, disruption of power supplies, trade disputes and interruptions for shipping and at ports.

[Gas climbs nearly 19 cents in 20 days](#)

NEW YORK (CNNMoney.com) -- Gas prices continued to climb Monday, with the national average up nearly 19 cents over the last 20 days, according to motorist group AAA.

The national average price for a gallon of regular gasoline edged up 0.2 cent to \$2.645,

according to AAA's daily survey of up to 100,000 filling stations.

[Recession and Oil Demand: Looking to Recovery](#)

Leading indicators suggest that global oil consumption will bottom out shortly and that pricing power will return to OPEC by late summer or early autumn. Oil demand remains off long-term trends lines and is determined primarily by the continuing effects of the recession. Consequently, forecasting oil markets remains more dependent on understanding recession economics than anything to do with oil *per se*.

Therefore, any prudent analysis of oil demand and pricing must first and foremost at the course of the recession.

[US government to loan Petrobras \\$10 billion](#)

The U.S. government is prepared to provide up to \$10 billion in loans to finance the development of massive hydrocarbon reserves off Brazil's coast, a Brazilian official said Wednesday.

[Saudi to keep Sept crude supplies to Asia steady](#)

State oil firm Saudi Aramco will supply crude at 7 to 8 percent below contracted volumes in September, unchanged from August, to one buyer, one of the sources said.

[Saudi Aramco completes Khurais 1.2 million bbl/day project](#)

Saudi Aramco's Khurais field mega project added 1.2 million bbl/day of production capacity to the Kingdom's energy stream. More than 400 new wells were required including 232 oil wells and 119 water injection wells. The project also required 58 observation wells. The oil wells were treated with 12 million gallons of stimulation fluid (acid?). Coiled tubing rigs replaced conventional drilling rigs for the stimulation. Producing well were completed with electrical submersible pumps and monitors.

[Marcellus activity sizzles while Barnett interest fizzles](#)

If there's a lesson to be taken from the latest round of earnings reports from oil and gas exploration and production companies, it's this: the Marcellus Shale is the place to be.

Many of the Barnett Shale's biggest operators are shifting resources toward what they see as an amazing opportunity in the Appalachian Basin play, which runs through parts of New York, Pennsylvania and West Virginia. It appears the core area – the richest

area – is in southwestern Pennsylvania.

[Huge gas project on target](#)

THE massive Gorgon liquefied natural gas project planned for Western Australia's Barrow Island continues to gather steam, with part-owner ExxonMobil completing a deal to supply India with as much as \$19 billion worth of offtake.

Gorgon, which is expected to cost \$50bn to build and will be the nation's biggest resources project, was also yesterday given environmental approval by the West Australian government.

The two landmark agreements mean the project developers' targeted go-ahead is on track for this month or next.

[The world is already getting a little smaller](#)

The debate over rising energy prices has lately focused on how an early rise in commodities prices might stall an economic recovery. But two well-publicised books this year have focused on the effect of permanently higher energy prices on the shape of the world economy, rather than just its growth rate.

[Peak oil, energy security and food supply in the UK](#)

Are general concerns over resource depletion rising in the UK? Last week we saw the IEA peak oil story, the Wicks report on energy security, and The Economist publish an alarming cover story about the future of the country's energy supply.

[A New Angle](#)

What's the X factor that will bridge design with social change? A new website says it's journalism.

[Ecological revolution for our time](#)

With his previous books such as *Marx's Ecology* and *The Vulnerable Planet*, John Bellamy Foster established a reputation as one of the most persuasive voices arguing for fundamental social change to tackle the looming ecological catastrophe.

His new book, *The Ecological Revolution*, argues that a solution to the ecological crisis "is now either revolutionary or it is false".

Foster draws on the warnings from leading environmentalists such as Bill McKibben, James Hansen and Lester Brown among others.

[Duke Energy, Echelon team up on \\$1 billion smart grid project](#)

Last week, the nation's third-largest utility, Duke Energy filed an application for \$200 million in federal stimulus funds to bolster its \$1 billion smart grid initiative in Ohio, Indiana, and Kentucky. Today the company is announcing that it has found a partner to supply the guts for the project — and it's not who you might think.

[Six hybrid choices coming to your neighbourhood](#)

Walk into a dealer showroom in five years, and you'll be faced with up to a half-dozen options of propulsion system.

“There has been a rush to pick a winner, but the reality is there are many possible solutions to our transportation issues,” Bienenfeld explained during a recent Honda-sponsored environmental roundtable in Vancouver with Canadian journalists.

Here's a snapshot of six real-world examples of the choices that lie ahead.

[Crisis and climate force supply chain shift](#)

Manufacturers are abandoning global supply chains for regional ones in a big shift brought about by the financial crisis and climate change concerns, according to executives and analysts.

Companies are increasingly looking closer to home for their components, meaning that for their US or European operations they are more likely to use Mexico and eastern Europe than China, as previously.

“A future where energy is more expensive and less plentifully available will lead to more regional supply chains,” Gerard Kleisterlee, chief executive of Philips, one of Europe's biggest companies, told the Financial Times.

[Canada's Horn River Basin has natural gas producers envisioning another Barnett Shale](#)

The Dallas-Fort Worth area and Canada's remote Horn River Basin are more than 2,300 miles apart, but there's nevertheless a significant new link between the two highly diverse regions.

Horn River, in a heavily forested area of northeast British Columbia where subzero

temperatures are commonplace, is now drawing comparisons to North Texas' Barnett Shale, a hotbed of drilling activity recently cited as the biggest natural gas-producing field in the United States.

There's increasing talk that Horn River, scene of a budding natural gas play attracting major oil industry players, could become another Barnett Shale in terms of headline-making gas production. The two regions have very similar geologies, and both are "unconventional" gas plays requiring advanced horizontal drilling techniques and extensive hydraulic fracturing to make them economically attractive.

[Higher oil prices boost Gulf fiscal outlook: study](#)

DUBAI (AFP) – Oil-rich Gulf economies are on course to achieve better-than-projected budget figures in 2009 as higher world crude prices offset the global credit crunch, a study said.

But oil production cuts mean three of those major oil producers -- Kuwait, Saudi Arabia, and the United Arab Emirates -- will still see their overall economies contract this year after expanding rapidly in recent years on the back of record oil prices, according to the analysis.

[Don't Bet on a V-shaped Economic Recovery](#)

Another factor which will impact economic recovery is rising crude oil prices. As the global economy recovers, demand for crude oil will increase furiously even as supply is depleted irreversibly. Crude oil may face downward pressure as rumors surface that the Federal Trade Commission will impose fines on market abuse.

This will prevent excess speculation but the fact remains that we are approaching or have passed peak oil. Market forces will drive oil prices up beyond the average consumers' affordability levels and eat into the profits of businesses and discretionary income of consumers.

[BG Starts Survey in Norwegian Sea as It Expands From North Sea](#)

(Bloomberg) -- BG Group Plc, the U.K.'s third- largest natural-gas producer, started a seismic survey of its Norwegian Sea license that it got earlier this year as it expands beyond the North Sea into the Arctic.

BG expects to finish a 3D seismic survey of its Gullris license in the Norwegian Sea this month, Edel McCaffrey, a Reading, England-based spokeswoman, said in an e-mail on Aug. 7 in response to questions.

[LNG Market 'Softened' by Recession, NW Shelf Says](#)

(Bloomberg) -- The Woodside Petroleum Ltd.-operated North West Shelf Venture, Australia's biggest liquefied natural gas producer, said the global recession has "softened" the market for LNG and signs for the future are mixed.

The global economic crisis has had "a dramatic" effect, Peter Cleary, president of North West Shelf Australia LNG, told the LNG World conference in Perth today. "Severe downturns in industrial production and associated energy consumption have impacted demand for all forms of energy and LNG has not escaped."

[Kurdish faultline threatens to spark new war: The only thing keeping Arabs and Kurds from fighting is the glue of US occupation](#)

It is called the "trigger line", a 300-mile long swathe of disputed territory in northern Iraq where Arab and Kurdish soldiers confront each other, and which risks turning into a battlefield. As the world has focused on the US troop withdrawal from Iraq, and the intensifying war in Afghanistan, Arabs and Kurds in Iraq have been getting closer to an all out war over control of the oil-rich lands stretching from the borders of Syria in the west to Iran in the east.

[Clinton Meets Angolans as Minister Calls \\$70 Oil 'Not Bad'](#)

(Bloomberg) -- U.S. Secretary of State Hillary Clinton urged Angola to expand efforts to increase transparency in reporting petroleum revenue as the country's oil minister expressed satisfaction with the current price of about \$70 a barrel.

Clinton, aiming to improve U.S. relations with Africa's leading oil-producing nation, stayed overnight in Angola's capital city of Luanda, becoming the first secretary of state to do so. She called on Angola's leaders to fight corruption and hold a timely presidential election.

[Asian Oil Majors Yet to Affect Ownership in Africa, Report Says](#)

(Bloomberg) -- Asian oil companies have yet to shake the dominance of European and U.S. energy producers in Nigeria and Angola, according to a Chatham House report.

"In spite of fears expressed in Western capitals about an Asian takeover in the Nigerian and Angolan oil sector, the reality is different," said the London-based Royal Institute of International Affairs, also known as the Chatham House, in a report released today. "These fears were highly exaggerated."

[Britain wants "radical rethink" on food production](#)

LONDON (Reuters) - Britain must find ways to grow more food while using less water, energy and fertilisers to help feed a growing world population and offset the effects of climate change on agriculture, the government said on Monday.

A senior minister said last year's sharp rise in the cost of food and oil and a severe drought in Australia showed the urgent need to develop a food security plan.

"Last year the world had a wake-up call with the sudden oil and food price rises," Environment Secretary Hilary Benn said in a statement to launch a national debate on food security. "We need a radical rethink of how we produce and consume our food."

[Renewing Nova Scotia's future](#)

EVERY WEEK, as part of my job, I read hundreds of clean-technology articles, following billions of dollars flowing through every major economy — the EU, U.S., China, South Korea, Japan. That money ignores Canada because the Harper Conservatives have put all our eggs into the Alberta tarsands basket.

[German energy giant unveils huge cost-cutting plan](#)

BERLIN (AFP) – German energy giant E.ON Saturday said it had reached agreement with unions on a 1.5-billion-euro cost-cutting plan that rules out job cuts until the end of 2012.

[Clunkers program could drive used car prices up](#)

Hundreds of thousands of "clunkers" headed for scrappers may cause already rising prices for used cars to head even higher, dealers and market analysts warn.

The popular cash-for-clunkers program, extended by Congress last week with \$2 billion more in federal incentives, requires that all the old fuel guzzlers traded in are scrapped — not resold. That means up to 750,000 vehicles will never find their way into the hands of another owner. Many are at the end of their useful lives, but others, with years of life left in them, normally would be resold.

"Those are the cars that lower-income families need," says Geoff Smartt, owner of Smartt Cars in Caldwell, Idaho.

[Wyoming joins western states in growing oilseeds](#)

CHEYENNE, Wyo. – Wyoming's agriculture industry is looking at the oilseed crops camelina, canola and sunflowers as part of an effort to diversify farming and produce the seed stock for biofuel.

Researchers are testing Wyoming's ability to grow oilseed crops, which are already getting attention in nearby states such as Idaho, Montana, Oregon and Washington. Oil made from the crops can be useful as biofuel, cooking oil and in products such as natural deodorizers and lubricants.

[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.

[Downturn hits India renewables; solar plan by Dec](#)

NEW DELHI (Reuters) - The global financial crisis is hurting India's hopes of attracting about \$21 billion worth of investments in renewable energy by 2012, but a new solar plan expected to be rolled out by December could provide a boost.

Renewables energy officials said on Monday they had already received more than \$3 billion worth of investment since 2007, which could generate about 3,000 megawatts (MW) of power, almost half of it from wind energy alone.

[Greenpeace to sink boulders to stem trawling off Sweden](#)

STOCKHOLM (AFP) – Greenpeace said Saturday it will press ahead with plans to sink nearly 180 boulders into cod fishing grounds off Sweden to impede bottom-trawling, despite criticism from the Swedish government.

From Monday, the global environmental group will drop the boulders -- each weighing one to three tonnes -- into two protected areas in the Kattegat sound that separates the Swedish and Danish mainlands.

[New Zealand sets greenhouse gas emissions target](#)

WELLINGTON, New Zealand – New Zealand announced on Monday that it will cut its greenhouse gas emissions by 10 to 20 percent below 1990 levels by 2020, the country's climate change minister said.

[UN chief says climate change biggest challenge](#)

SEOUL, South Korea – U.N. Secretary-General Ban Ki-moon said Monday that climate change is the greatest challenge facing a world beset by crises and called on governments to reach a deal on the environment at a meeting in Denmark later this year.

Ban said the world has "less than 10 years to halt (the) global rise in greenhouse gas emissions if we are to avoid catastrophic consequences for people and the planet."

"It is, simply, the greatest collective challenge we face as a human family," Ban said, referring to climate change, in a keynote speech at a gathering in Seoul of the World Federation of U.N. Associations.

['Motion Picture' Of Past Warming Paves Way For Snapshots Of Future Climate Change](#)

ScienceDaily — By accurately modeling Earth's last major global warming — and answering pressing questions about its causes — scientists led by a University of Wisconsin-Madison climatologist are unraveling the intricacies of the kind of abrupt climate shifts that may occur in the future.



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