Drumbeat: August 13, 2009

Posted by Leanan on August 13, 2009 - 10:09am
Topic: Miscellaneous

OPEC Spare Capacity May Stymie Oil's Rally

> (Bloomberg) -- Crude oil prices, which have surged 60 percent this year, may not rise above $80 a barrel because spare production capacity among OPEC members has swollen.
>
> The CHART OF THE DAY shows the relationship between crude oil futures traded in New York and excess output capacity of the Organization of Petroleum Exporting Countries this decade. Prices climbed to a record $147.27 on July 11, 2008, when OPEC members had the ability to bring fewer than 3 million barrels of additional production online.
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> In March the 12-member group could have produced 6.84 million barrels a day above its actual production, if needed, the most since 2001, according to a monthly Bloomberg News survey of oil companies, producers and analysts. That margin was 6.11 million barrels last month.
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> "The numbers have gotten much larger over the past year," said Rick Mueller, a director of oil markets at Energy Security Analysis Inc. in Wakefield, Massachusetts. "The Saudis alone probably have close to 3 million barrels excess capacity. The excess shows how effective OPEC's been in managing the market."

Precision CEO sees gas supply and demand tightening

> CALGARY, Alberta (Reuters) - Natural gas supply and demand should start coming back into balance in North America by this winter as severe cuts in drilling lead to a drop in available volumes, the head of Canada's largest contract driller by rig count said on Thursday.
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> Major reductions in capital spending among energy companies in response to weak gas prices are prompting steep production declines in Canada and the United States, Precision Drilling Trust Chief Executive Kevin Neveu said.
>
> "We think this aggressive decline rate in both Canadian and U.S. gas is catching up right now with the demand side," Neveu said at an investor conference in Denver, Colorado.
>
> "We expect to see clear evidence of this decline early in the 2009-10 winter ... season."

Bombs in the bush: *A gas boom triggers rural resentment*

> Long a bucolic place of fertile farms, the Peace valley has become the centre of the hottest natural-gas boom in North America. New drilling technology has unlocked two vast pockets of shale gas with recoverable reserves of about 70 trillion cubic feet (2 trillion cubic metres). A stampede of energy companies has snapped up exploration rights, drilling more than 700 wells last year alone, and building pipelines. They have brought a bonanza of jobs and wealth to the area and to the province. In 2008 the provincial government netted C$2.66 billion in sales of land and drilling rights, and a further C$1 billion in royalty payments.
>
> To the mysterious bomber this represents the destruction of a rural arcadia. The police take the threat seriously. They have beefed up local units and called in a national counter-terrorism squad. A decade ago more than 160 sabotage attacks took place in next-door Alberta, in protest at the energy companies' alleged disregard for farmers, and particularly their practice of flaring gas to eliminate toxic impurities. This was blamed for causing stillbirths in animals and humans. The police have interviewed one of those responsible for that outbreak of vandalism (who was jailed for two years) but have eliminated him from the current investigation.

Mexico's Pemex placed 200 mln euros debt last week

> The company has already raised approximately $7 billion this year to fund its business plan and meet upcoming maturities. But executives have said they may issue more debt to prefund 2010 requirements if borrowing conditions are attractive.

Filthy SF power plant to close

> San Francisco's dirty power plant on the eastern waterfront would shut down by end of next year, under a legal agreement announced today between Mirant Corp. and City Attorney Dennis Herrera.

July sees big jump in fuel efficiency of new cars

> WASHINGTON - Cars and light trucks sold in July got more miles per gallon than those sold in previous months, say researchers, who credit the Cash for Clunkers program.
>
> The average mileage for new vehicles rose from 21.4 miles per gallon in June to 22.1 mpg in July. That may not sound like much, but it's the highest mileage that researchers at the University of Michigan have seen since the Environmental Protection Agency reconfigured mileage estimates in October 2007. It's also the biggest one-month jump.

[Natural gas stocks grow less than expected]

> NEW YORK -- Natural gas stockpile levels rose less than expected last week, but they're still well above last year's levels, the government said Thursday.
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> The Energy Department's Energy Information Administration said in its weekly report that natural gas inventories held in underground storage in the lower 48 states grew by 63 billion cubic feet to about 3.15 trillion cubic feet for the week ended Aug. 7.
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> Analysts had expected a build of between 65 billion and 69 billion cubic feet, according to a survey by Platts, the energy information arm of McGraw-Hill Cos.

[ExxonMobil pleads guilty to killing birds]

> WASHINGTON (AP) -- Exxon Mobil Corp. pleaded guilty to killing migratory birds in five states, and will pay about $7,000 for each bird killed, Justice Department officials said Thursday.
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> ExxonMobil pleaded guilty to causing the deaths of approximately 85 migratory birds, most of which died after exposure to natural gas well reserve pits and waste water storage facilities. Birds died in Colorado, Wyoming, Kansas, Oklahoma and Texas between 2004 and 2009.

[Safest hybrid cars]

> These five ultra-efficient vehicles have earned the Insurance Institute for Highway Safety's Top Safety Pick Award.

[Vandals destroy Portland community gardens]

> In her 35 years as director of community gardens, Leslie Pohl-Kosbau had never seen anything like it: wooden trellises shattered, cornstalks cut down and trampled, tomato plants ripped out by the roots.
>
> Vandals had struck the garden several times during the week, but in the wee hours of Tuesday they wrought the most damage. "They took some tools that were stored there and chopped the heck out of the gardens," says Pohl-Kosbau, who works for the Portland Bureau of Parks & Recreation. "It was wanton destruction."
>
> Water spigots were turned on full blast and left to flood the gardens for hours. It was the fifth -- and most devastating -- strike since late April.
>
> Neighbors who witnessed the vandalism refused to talk, saying they feared retribution.

[Breaking the barriers to bicycling in Washington County]

> Craig Dirksen, Tigard's mayor, hadn't ridden a bike in 20 years. But spurred by high gas prices and the nagging thought that he should exercise more, Dirksen bought an electric bicycle in June. He does most of the pedaling -- saving the battery for long trips or hills -- and now bikes to his job, in his work clothes.
>
> Washington County Commissioner Dick Schouten wants to see more people using bicycles for shopping, errands and work. He wants to see more jeans and khakis than lycra, more "bike riders" than "cyclists," more women, seniors and others who "look less like Lance Armstrong and more like regular people."
>
> Schouten thinks this is important because greater bicycle use could reduce traffic congestion, greenhouse gases and foreign oil use while improving people's health.

[Make every job a green job]

> The aspiration to create "green jobs" should really be seen as shorthand for two public priorities -- immediate job creation and long-term transformation of the economy for sustainability and prosperity -- and both goals can be addressed simultaneously. However, in judging our progress, a simple tally of jobs in "green sectors" is only a partial indicator of the impact and thus can be misleading.

[Apocalypse Later? I'm Going Local Now.]

> Suddenly the end of globalization and other apocalyptic visions of the planet's near future, once the purview of Idaho survivalists, are prime-time stories on CNN. Mainstream suburban friends of mine who used to say that my experiment in neo-rugged-individualism was radically subversive have abruptly changed their minds. Now they just say it's radically unfeasible. Yet everyone seems to sense that 69-cent plastic garden buckets might one day be difficult to come by.
>
> I have a fiancee and a son to provide for, so I decided to take a hard look at our prospects for survival if our consumer safety nets went away. For now, my green lifestyle choices at my remote 41-acre outpost in the American Southwest are optional. You know, growing lettuce instead of buying Chilean. Using organic cotton diapers instead of buying Pampers. But what if one morning in, say, 2049, I wake up to milk my goats and find out that supplies are no longer streaming in from China and California? What would I do if both big-box stores and crunchy food co-ops suddenly were no more?
>
> In other words, I'm examining my place in a hypothetical post-oil, post-consumer society 40 years in the future.

Food crisis: Fields of gold

> A bumper crop of corn set to come in at harvest in the U.S. this year. A global recession hogging all the attention. That's all it took, and all of a sudden the Global Food Crisis, such a topic of conversation last year, is nowhere to be seen.
>
> The quick disappearing act has some wondering where good sense has gone. "One good year and the problem is over? That's ridiculous," says Donald Coxe, a well-known commodity fund manager. His latest work of art, the Coxe Commodity Strategy Fund (TSX: COX.UN), was the biggest IPO on the TSX last year (raising $297 million from investors). So you know where his interests lie. Nevertheless, he is concerned that we are still just one bad crop away from another round of volatile food prices. "We've just had the worst deflation in the postwar period, and yet the prices of food are still high," says Coxe. "We're still right on the edge."

Invest in Africa, invest in the whole world

> Africa will feel the worst effects of rising food prices. But with greater investment in agriculture from governments and donors, the continent could become the bread basket of the world.

Grow your own sausages

> Ruth Lees's large town-centre garden in Wilmslow, Cheshire, was, until recently, home to four young porkers. "The pigs looked very excited when we walked them out of the garden; it was almost like they were expecting to be taken on a lovely trip," she says.
>
> "I felt a bit mean knowing that their destination was the local abattoir. But they'd gone by the Tuesday, were back in pieces by the Friday and, to be honest, the homemade sausages tasted so good that none of us – not even the boys – felt in the slightest bit squeamish when we sat down for supper."

Debunking the meat/climate change myth

> If I butcher a steer for my food, and that steer has been raised on grass on my farm, I am not responsible for any increased CO_2. The pasture-raised animal eating grass in my field is not producing CO_2, merely recycling it (short term carbon cycle) as grazing animals (and human beings) have since they evolved. It is not meat eating that is responsible for increased greenhouse gasses; it is the corn/ soybean/ chemical fertilizer/ feedlot/ transportation system under which industrial animals are raised. When I think about the challenge of feeding northern New England, where I live, from our own resources, I cannot imagine being able to do that successfully without ruminant livestock able to convert the pasture grasses into food. It would not be either easy or wise to grow

arable crops on the stony and/or hilly land that has served us for so long as productive pasture. By comparison with my grass fed steer, the soybeans cultivated for a vegetarian's dinner, if done with motorized equipment, are responsible for increased CO_2.

Hedges Pay Off for Natural-Gas Producers

For oil and natural-gas companies, the budding crackdown on U.S. energy markets comes at an awkward time.

Producers are relying more than ever on the futures markets to hedge the risk that prices will fall, even as regulators take aim at energy traders in an effort to blunt the sort of spikes that hit consumers last year.

Pemex Needs Oil at $70/Barrel to Sustain Projects

(Bloomberg) -- Petroleos Mexicanos, Mexicos's state-run oil company, needs oil to average above $70 a barrel to sustain a $19.5 billion investment plan this year aimed at developing deep sea wells, Energy Minister Georgina Kessel said.

"Pemex needs to maintain its current levels of investment to develop its reserves," said Kessel, the oil producer's chairwoman, in an interview yesterday. "Prices above $70 to $75 a barrel are appropriate to help develop those projects."

Firms Tied to Stolen Oil Products

U.S. authorities have linked two Texas companies to a cross-border organized-crime operation that smuggled stolen oil products from Mexico into the U.S.

Government officials seized money from the bank accounts of two small fuel distributors earlier this year in connection with the sale of stolen natural-gas condensate from Mexico, court documents show. Some $100,000 was taken from San Antonio-based Valley Fuels Ltd., and about $40,000 from Houston-based Continental Fuels Inc.

U.S. case highlights Mexico's rampant oil theft

Tapping into state oil monopoly Pemex's pipelines to steal gasoline, diesel and even jet fuel has generated hundreds of millions of dollars of profits for Mexican criminals for years.

The lost fuel is a significant cost for Mexico, which relies on imports for more than 40 percent of its gasoline despite being one of the world's largest oil producers and

> exporters.
>
> Pipelines buried beneath farms and in other rural areas are frequently dug up by the thieves who attach valves to allow them to drive up tanker trucks to the line and siphon off the fuel.
>
> For the most part, stolen fuel is sold to corrupt service station owners and companies that operate large fleets of vehicles in Mexico.

[Mexico to build $9 billion refinery in Tula]

> MEXICO CITY -- Mexico's state-owned oil company says it will build a $9 billion oil refinery in the city of Tula in central Hidalgo state.

[Petrobank losses widen]

> Canada's Petrobank Energy and Resources posted lower second-quarter results as the oil and gas company was hurt by a drop in world oil prices, but said production rose 72%.

[Cap-and-Trade's Unlikely Critics: Its Creators]

> Economists behind original concept question the system's large-scale usefulness, and recommend emissions taxes instead.

[Climate culture wars]

> With the global economic crisis pushing unemployment higher and an international climate change deadline looming, the old jobs-versus-the-environment dichotomy was bound to get a bit of a workout.
>
> Despite the best efforts of many governments to link together economic stimuli, environmental measures and 'green jobs', those tensions are still welling up.

[The wildebeest river is running dry]

> The animals' stampede through the Mara river is one of nature's most spectacular events. But now the watercourse is drying up, a sign of the damage being done to Africa's fragile eco-system.

[A Wind Boom in Missouri?]

Figures released last month by the American Wind Energy Association show that Missouri's wind power supply grew far more quickly than that of any other state in the second quarter.

Wind power capacity increased 90 percent in Missouri; the next closest states were Pennsylvania (28 percent) and South Dakota (21 percent).

Act now for better energy efficiency

Rashkin quoted Wayne Gretsky, who once said, "A good hockey player skates to where the puck is. A great hockey player skates to where the puck is going to be." Rashkin then laid out an interesting scenario, explaining just where our energy "puck" is likely to be in the not-too-distant future.

The story was about the future cost of electricity but Rashkin started by explaining the link between the price of oil and corn. When oil prices recently rose so drastically, it became more profitable for many U.S. farmers to sell their corn to ethanol producers to be used as an alternative fuel rather than as a food crop. The corresponding shortage of corn on the open market led to a rapid tripling of the price. As we turned food into fuel for cars, the price of corn became linked to the price of oil. There were repercussions to this linkage, including strong protests in Mexico dubbed the "tortilla wars" since many people could no longer afford the corn tortillas that are a staple part of their diet.

Many things are similarly affected when linked to the price of oil, which is a finite resource. We need alternatives to fossil fuel and there is no doubt that plug-in hybrid and pure-electric cars are inevitable. As Rashkin emphatically pointed out, "They are coming!" This transition will reduce our need on dwindling reserves of foreign and domestic oil which is a very good thing, but it also means that the value of electricity will become linked to the price of oil.

Oil refiners investment in complex plants backfires

LONDON (Reuters) - Oil firms that invested in complex refineries to process the most difficult crude and in theory generate big profits have inadvertently forced up the cost of feedstock, wrecking the economics of their plans, especially in Europe.

An increase in the cost of high quality lighter crude, which began about seven years ago, first inspired investment either in complex new plants or in adding cokers and residual hydrocrackers to existing refineries so they can process heavier oil.

What the refiners did not predict was the extent to which heavy crude costs would be driven higher by increased demand from more complex refineries and the plunge in refined products that followed the end of the oil market rally last year.

As profit margins have diminished, some new projects, particularly in Europe, are likely to be shelved, raising the prospect of supply tightness when demand recovers and as heavy crude supplies are expected to outstrip availability of lighter oil.

BUY OR SELL: Should heavy crude cost as much as light?

NEW YORK (Reuters) - Heavy, sour crude has rallied against light, sweet crude in recent months, bringing grades like Mexico's Maya and U.S. Mars sour into close range with light-sweet crudes, such as West Texas Intermediate.

Oil May Fall Below $10 in Next Decade, Prechter Says

(Bloomberg) -- Crude oil may plunge to less than $10 a barrel in the next decade after surging to a record $147 last year, said Robert Prechter, who achieved fame for cautioning on Oct. 5, 1987, that stocks would crash.

“I expect crude oil prices to fall below $10 a barrel sometime over the next decade,” Prechter, founder of Elliott Wave International Inc., said in an e-mail yesterday. “It took many years for it to achieve $147.50, and it will take a long while for the full retreat to occur.”

Oil should fall to between $4 and $10 a barrel based on a technical analysis called Elliott Wave principle, Prechter said in the Elliott Wave Theorist report last month. The forecast rests on a “supercycle” theory, which through a series of five waves from last century suggests a decline from last year’s peak.

IEA Bearish on 2009 Oil Demand, Overlooks U.S., Barclays Says

(Bloomberg) -- The International Energy Agency remains too bearish on its outlook for oil demand this year and has overlooked U.S. industrial output that will boost consumption in the coming months, Barclays Plc said.

The IEA, energy adviser to the Organization for Economic Cooperation and Development, yesterday raised its forecast for global oil demand after increasing the estimate for the second quarter. By maintaining its prediction for the latter half of 2009, the IEA isn’t accounting for signs of an economic recovery in the U.S., the largest oil-consuming nation, Barclays Capital commodities research analysts led by Paul Horsnell said in a weekly report yesterday.

“The potential for some strong demand signs in the middle of the demand barrel is one reason we continue to believe the International Energy Agency is still being far too bearish on 2009 demand,” the analysts said, referring to increased demand for transportation fuels, including diesel.

Oil rises above $71 as IEA boosts demand outlook

VIENNA – Oil prices rose to near $71 a barrel Thursday after the International Energy Agency boosted its global crude demand forecast.

Investors brushed off evidence of weak crude demand in the U.S. The Energy Department's Energy Information Administration said crude inventories rose last week by 2.5 million barrels and were up 7.5 million during the last four weeks.

"There is now enough crude oil on hand to cover the next 24.2 days of demand," wrote trader and analyst Stephen Schork, in his Schork Report. "That is the largest amount of forward cover for the month of August since Saddam sent his tanks rolling into Kuwait in 1991."

[The Influence of "Peak Oil"]

An article in the Washington Post this weekend, together with a must-read interview in The Independent, a paper I used to read regularly when I lived in London, reminded me of an observation I made several years ago concerning the similarities between Peak Oil and Y2K. Having spent a fair amount of time in my former corporate role planning for the serious outcomes the latter might have produced, I don't intend this as a slam on the former. Without rehashing the technical arguments behind either phenomenon, it's worth spending a few minutes thinking about the consequences of a growing belief that we might be only a few years away from the end of oil, as we know it. Whatever one's take on the validity of the Peak Oil argument, it has already evoked noteworthy consequences, both positive and negative.

[Mexican Oil Output May Fall to 2.6 Million Barrels]

(Bloomberg) -- Mexico may pump as little as 2.6 million barrels a day of oil this year amid declines at the country's largest field, Energy Minister Georgina Kessel said.

Production will be between 2.6 million barrels and 2.7 million barrels, Kessel said today in an interview in Mexico City. State-owned producer Petroleos Mexicanos on July 30 cut its production forecast to 2.65 million barrels a day for this year, from an earlier estimate of as much as 2.8 million.

Mexico's output is slumping as production at Cantarell, the company's largest field, drops at a rate twice as fast as forecast by Pemex, as the company is known. Last year, production slumped at the fastest rate since 1942.

[Kuwait May Receive Three LNG Cargoes at First Import Terminal]

Kuwait is importing gas chilled to liquid form to burn in its power plants after failing to obtain the fuel by pipeline from neighbors Iran and Qatar.

[Aramco seeks yard for new jack-up]

> The final value of the newbuild contract however, is likely to be lower than that for a similar unit a year ago given the falling material costs and reduced global rig demand.
>
> Steel prices have decreased by 20% to 30%, while drilling packages are also experiencing price reductions, said an analyst who prefers to remain anonymous.

[Russian army drills to defend oil, gas exports]

> MOSCOW (Reuters) - The Russian army is holding its first major training exercises to protect against what Moscow sees as possible terrorist attacks on its vital oil and gas export routes, the military and media said Wednesday.
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> Sweeping drills in the Siberian Military district, covering a theater of operations spanning hundreds of miles (km) from Irkutsk to Buryatia near Lake Baikal, started Monday and entered their main phase Wednesday.

[Suncor Shuts Alberta Refinery for 2nd Time in a Month]

> (Bloomberg) -- Suncor Energy Inc. shut units at its Edmonton oil refinery in Canada for the second time in a month and Royal Dutch Shell Plc reported a fault at its Alberta plant, cutting fuel supply just as the region recovers from shortages.
>
> Suncor shut units yesterday after the facility lost steam and hydrogen, the Calgary-based company said in a message on a community hotline. Black smoke was released from the “upset,” the message said. Hydrogen is essential for diesel production.

[Shell to build plant at Pernis refinery]

> AMSTERDAM (Reuters) - Royal Dutch Shell (RDSa.L) will build a new plant costing $500 million (302 million pounds) at its Pernis refinery in the Netherlands to increase production of cleaner fuels, it said on Thursday.
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> The plant, a hydrodesulphurisation unit, is expected to come onstream in the second half of 2011 and will produce low-sulphur fuels at Europe's biggest oil refinery, which has a capacity of about 400,000 barrels per day.

[China calls halt to Gwadar refinery]

QUETTA, Pakistan - Cash-strapped Pakistan, which has had to accept more than US$11 billion from the International Monetary Fund, is threatened with the loss of a huge foreign investment after China said it had shelved its multi-billion dollar coastal oil refinery project at Gwadar, in southwest Balochistan province.

Citic Resources May Double Oil Production With Field

(Bloomberg) -- Citic Resources Holdings Ltd., the Chinese metals producer turned oil supplier, started drilling an offshore oilfield in northeastern China that could potentially double its petroleum output by 2014, boosting sales.

Peak oil production at Yuedong field in Bohai Bay may reach about 1.8 million metric tons a year, Chief Executive Officer Sun Xinguo told reporters in Panjin city, Liaoning, yesterday. That's equivalent to 36,150 barrels a day, compared with the company's total output of 33,500 barrels daily this year.

Turkmenistan lines up Iran gas pipe

Turkmenistan, Central Asia's largest gas producer, will launch a new gas pipeline to Iran in December this year to diversify exports, Turkmen state media said today, following a row with its main partner Russia.

Turkmenistan, which produces over 75 billion cubic metres of gas per year, used to sell about 50 Bcm to Russia and just 8 Bcm to Iran. Exports to Russia were halted in April after a pipeline explosion, reported Reuters.

The pipeline is operational now but Moscow, faced with falling demand for gas in Europe and struggling with a recession, demanded a review of the sales terms. The two sides have yet to agree on the new terms.

Yanzhou Coal to Buy Felix for About A$3.5 Billion

(Bloomberg) -- Yanzhou Coal Mining Co., China's fourth-biggest producer of the fuel, agreed to buy Australia's Felix Resources Ltd. for about A$3.5 billion ($2.9 billion) to secure supplies.

Automakers charged up over EVs ... again

After a century of vain attempts, the race towards "electrification" is back on and it's heating up among automakers large and small.

Transit: Tax gas

To the applause of mass transit advocates, Gov. Martin O'Malley announced his support for the light-rail option of the Purple Line on Aug. 4. While completion of the Purple Line sometime late next decade will be a positive step forward for our state, the cuts to transit in the last year alone amount to a comparable step backward.

U.S. court blocks plan to curb mountaintop mining

WASHINGTON (Reuters) - A U.S. court on Wednesday blocked an attempt by the Obama administration to overturn a Bush administration rule that made it easier for coal mining companies to dump mountaintop debris into valley streams.

The Peak Oil Crisis: A Disruptive Technology

Every now and again there comes along a new technology that changes civilization. Gunpowder, steam engines, electricity, internal combustion, nuclear energy, transistors, and the integrated computer circuits readily come to mind.

Looming just over the horizon is the possibility that another such disruptive technology may, and I emphasize *may*, be in the offing. This technology would be a capacitor with the ability to store large amounts of high-voltage electricity as a static charge in a relatively small and inexpensive device. No chemical reactions - just electrons in and electrons out.

Using renewable energy in the Pacific

Driving north along the coast of New Caledonia's main island, the profile of the surrounding hills suddenly changes when you pass the town of Kone. Silhouetted against the sky is a forest of wind turbines, twirling in the afternoon sun. The islands of New Caledonia have an extensive programme of wind power, using new technologies that are being exported to other Pacific islands nations.

At a time of concern over energy prices, peak oil and greenhouse gas emissions, countries around the region are looking to cleaner and cheaper sources of renewable energy. Kiribati and other small islands states are boosting the use of solar power for rural households.

Cameco Says Utilities in China Stockpiling Uranium

(Bloomberg) -- Cameco Corp., the world's second- largest uranium producer, said power utilities in China are continuing to stockpile uranium, making them the market's single-largest group of buyers.

Utilities in China have bought an estimated 8 million pounds of uranium, the raw material in nuclear-reactor fuel, on the spot market this year, said George Assie, Cameco's senior vice president of marketing.

"Keep in mind they have 13 reactors under construction," Assie said today on a conference call with investors and analysts. "The stockpile there is for a very specific reason and that is to feed those reactors under construction."

Drive for atomic energy adds to nuclear challenge: US

GENEVA (AFP) – A senior US official acknowledged on Wednesday that the growing demand for atomic energy in response to climate change was adding to the challenges of preventing the spread of nuclear weapons.

"Some people are calling this a nuclear renaissance, it's very much in vogue," said Susan Burk, the US president's special representative for nuclear non-proliferation in what she termed her first public presentation.

Pertamina May Spend $3 Billion Building Geothermal Power Plants

(Bloomberg) -- PT Pertamina, Indonesia's state oil company, may spend $3 billion on building geothermal power plants to meet the country's growing electricity demand.

Pertamina plans to construct geothermal plants with a total capacity of 1,000 megawatt within five years, Abadi Purnomo, president director of PT Pertamina Geothermal Energy, a Pertamina unit, told reporters in Jakarta today.

"We will seek commercial loans of $800 million to $1 billion," Abadi said, adding that the company is also in talks to borrow from the World Bank.

The Biofuel Future

The only way that biofuels will add up is if they produce more energy than it takes to make them. Yet, depending on the crops and the logistics of production, some analyses suggest that it may take more energy to make these fuels than they will provide. And if growing biofuels creates the same environmental problems that plague much of large-scale agriculture, then air and water quality might not really improve. Prized ecosystems such as rain forests, wetlands and savannas could be destroyed to grow crops. Biofuels done badly, scientists say, could go very, very wrong.

Next-Generation Biofuels: Field of Dreams, or Feasible?

The U.S. pinned a big part of its hopes for future transport fuel on cellulosic ethanol, something that doesn't even exist commercially today.

How feasible is the idea of producing 90 billion gallons of ethanol per year in 2030—enough to displace well over one-third of U.S. gasoline consumption—and keep it affordable? That's what Sandia National Laboratories set out to answer.

The upshot? There are no theoretical barriers, but a host of practical ones, the laboratory found in a study soon to be published in Bioresource Technology.

Germany's first offshore wind farm starts working

FRANKFURT (Reuters) - Germany's first offshore wind power park, Alpha Venture in the North Sea, has begun the gradual commissioning of the first three of its total 12 turbines, a spokesman for the venture said on Wednesday.

CU hosts first major 'biochar' conference in U.S.

In the last several years -- as world leaders have continued to debate how to stem the consequences of global warming -- an ancient farming method has begun to gain traction with scientists as a possible new-world solution for climate change.

Thousands of years ago, the indigenous people of the Amazon River basin turned relatively infertile soils into nutrient-rich dirt by adding biochar -- a type of charcoal they called terra preta, which means "dark earth" in Portuguese.

This week, the University of Colorado's law school is hosting the first major biochar conference ever held in the United States. U.S. Secretary of Agriculture Tom Vilsack gave the keynote address for the conference Monday afternoon.

Denmark: Oil depletion hastens green energy race

The opposition is echoing calls from the Danish Energy Agency for the country to become entirely free of its fossil fuel dependency by 2050, reports Politiken newspaper.

In a report released this week, the agency indicated that the country's oil and gas reserves in the North Sea would run dry by 2018 and 2020, respectively.

Steven Chu, A Political Scientist

"What the U.S. and China do over the next decade," declared Energy Secretary Steven Chu, the Nobel Prize – winning physicist who is leading President Obama's push for a

> clean-energy economy, "will determine the fate of the world."

[China signals long-term plans to curb greenhouse gases]

> BEIJING (Reuters) - China will make "controlling greenhouse gas emissions" an important part of its development plans, the government said, as pressure on the world's top emitter grows ahead of global talks on tackling climate change.

[How does China deal with climate change and environmental problems?]

> China has taken global financial crisis as an opportunity to consolidate its measures in reducing green house gas emission, readjusting industrial mix and changing the mode of growth as well as promoting China's environmental protection cause, said Dr. Zhou Guomei from China Environmental Protection Research Institute at a forum in Stockholm when China's Trade Promotion Delegation visited Sweden recently.
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> China has set its goal of reducing energy consumption by 20% per GDP unit and pollutant discharge by 10% from 2006 to 2010.

[Goldman, JPMorgan Face Carbon Market Curbs in Senate Proposals]

> (Bloomberg) -- Goldman Sachs Group Inc. and JPMorgan Chase & Co. would be barred from a planned U.S. carbon- emissions market or face trading restrictions under proposals by Democratic senators crafting climate change legislation.
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> At least nine members of the majority party say speculation by Wall Street banks may cause excessive price swings in the cap-and-trade system of pollution allowances at the center of President Barack Obama’s plan to curb global warming.

[Lobbyists elbow for influence on U.S. climate bill]

> NEW YORK (Reuters) – Manufacturers and energy companies sent squads of lobbyists to the U.S. Congress earlier this year to influence the climate bill, an indication the U.S. Senate will face pressure to adjust the legislation ahead of its vote, a nonprofit investigative group said.

[Australian Senate Rejects Rudd’s Cap and Trade Emissions Plan]

> (Bloomberg) -- Australia’s Senate rejected the government’s climate-change legislation, forcing Prime Minister Kevin Rudd to amend the bill or call an early election.

> Senators voted 42 to 30 against the law, which included plans for a carbon trading system similar to one used in Europe. Australia, the world's biggest coal exporter, was proposing to reduce greenhouse gases by between 5 percent and 15 percent of 2000 levels in the next decade.

Second Warmest July on Record Globally, according to NASA

> NASA's Goddard Institute of Space Studies (GISS) has determined that July of 2009 was the second warmest July globally, since records were kept going back well over a hundred years.

Climate change turning Aussie birds smaller: study

> MELBOURNE (AFP) – Australian birds have shrunk over the past century because of global warming, scientists have found.
>
> Using museum specimens, researchers measured the size of eight bird species and discovered they were getting smaller in an apparent response to climate change.

Bjorn Lomborg: The cheap, effective solution to global warming

> Global warming will mean that more people die from the heat. There will be a rise in sea levels, more malaria, starvation, and poverty. Concern has been great, but humanity has done very little that will actually prevent these outcomes. Carbon emissions have kept increasing, despite repeated promises of cuts.
>
> We all have a stake in ensuring that climate change is stopped. We turned to climate scientists to inform us about the problem of global warming. Now we need to turn to climate economists to enlighten us about the benefits, costs, and possible outcomes from different responses to this challenge.

Trucking industry making eco-friendly strides

> Driving techniques designed to conserve fuel and curb emissions of greenhouse gases are catching the fancy of the Japanese trucking industry, Kyodo News reported.
>
> Called "eko-doraibu" (eco-driving) in Japanese, its proponents say it contributes to cost cutting, leads to safer driving and is friendly to both humans and the planet.

India depleting key water source, study finds - *Farming collapse and severe drinking water* *shortages possible*

> NEW DELHI - Excessive irrigation and the unrelenting thirst of 114 million people are causing groundwater levels in northern India to drop dramatically, a problem that could lead to severe water shortages, according to a study released Wednesday.
>
> Levels have dropped as much as a foot a year between 2002 and 2008, for a total of 26 cubic miles of water that vanished — enough to fill Lake Mead, the largest manmade reservoir in the United States, three times.
>
> The study comes as India's struggles with water have become a major political issue. The problem reaches across the country's vast class divide, touching everyone from residents of elite neighborhoods where the taps regularly go dry to poor farmers in desperate need of irrigation to grow their crops.