



Drumbeat: August 22, 2009

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[The big drill](#)

What energy crisis? Despite what you may be hearing about a global peak in oil production, waning reserves, and \$100-plus oil prices, North America is suddenly awash in fossil fuel.

Sophisticated new drilling methods and a shared epiphany among exploration companies about the vast potential for new natural gas production from deep underground shale deposits have overturned decades of gloom about waning gas supplies.

“Natural gas will displace coal. It will displace oil,” said Mike Graham, Canadian foothills division president for Calgary-based gas giant EnCana. “There is no reason North America shouldn’t be energy self-sufficient if we can displace a lot of the oil with natural gas.”

[Crude Oil Must Clear \\$73 or Face 25% Drop: Technical Analysis](#)

(Bloomberg) -- Crude oil risks a decline of as much as 25 percent in the coming weeks if the market’s bulls are unable to break chart resistance above \$73 a barrel after repeated attempts, according to Cameron Hanover Inc.

Oil settled above \$72 a barrel in the past two days, the closest test of its technical upside this month, and will sustain a rally only if prices rise above the June 30 peak, also the highest this year, said Peter Beutel, president of the New Canaan, Connecticut-based trading adviser. The gains of about 25 percent made since the mid-July drop to below \$59 may unravel because of a failure to break resistance.

“Crude needs to settle over \$73.38 to initiate a new leg higher,” Beutel said in an e-mail. “If we fail, we should drop all the way back to \$58.20 to \$59.25.”

[Oil May Fall as Jobless Claims Rise, Survey Shows](#)

(Bloomberg) -- Crude oil futures may fall on speculation that a rise in U.S. jobless claims signals the economy will be slow to improve, a survey of analysts showed.

Twenty-one of 38 analysts surveyed by Bloomberg News, or 55 percent, said futures will decline through Aug. 28. Eight respondents, or 21 percent, forecast that the market will rise and 9 said prices will be little changed. Last week, 50 percent of analysts said oil would drop.

[Oil diplomacy in Megrahi release?](#)

Libyan suggestions that the UK released convicted Lockerbie bomber Abdelbaset Ali al-Megrahi in exchange for trade considerations has raised the spectre of Tripoli engaging in oil diplomacy.

[At GM, Dreams of an Electric Cadillac](#)

Despite opposition from the Treasury Dept. and others, some GM execs still want to put the Chevy Volt engine in a luxury vehicle.

[Garbage in, energy out](#)

In harnessing that energy, Plasco chemically transforms Ottawa's residential garbage into a synthetic gas that is used to generate electricity – without emitting greenhouse gases. The process also produces some commercial byproducts such as sulphur, water and solid aggregate.

It's a 21st-century form of alchemy: garbage in, energy out. In a time when municipalities are desperate to reduce greenhouse gases and relieve overflowing landfills, gasification has the potential to be a world-changing technology.

But as with many green energy technologies, success depends on another modern dark art: raising capital.

[World Bank Funds Energy, Agriculture In Nepal](#)

KATHMANDU (Bernama) -- Nepali government and the World Bank signed two agreements on Friday here, to boost the nation's development especially in energy and agriculture sectors, China's Xinhua news agency reported, citing Saturday's newspaper as saying.

The agreements amounting to US\$109.2 million.

[Bangladesh unveils plan to end power crisis](#)

DHAKA — Energy-starved Bangladesh will invite tenders next month for a six-billion-dollar power plant building program to end a chronic fuel shortage in the fast-growing economy, an official said Saturday.

Most of the power needed to end Bangladesh's electricity shortfall would be produced at plants built by private companies to be selected by the government through competitive bidding, the official said.

...Kabir said most of the power would be generated by coal and diesel and furnace fuel, ending the country's long reliance on natural gas.

[Huntington User Fee Paving Underway](#)

HUNTINGTON, W.Va. (WSAZ) – People who work in Huntington are now seeing the payoff of that recent \$1 increase in the user fee.

Crews began paving 6th Avenue from 9 1/2 to 13th Street Thursday afternoon.

About \$800,000 of the fee increase is being used to pave streets in Huntington. Other monies from the increase are going towards hiring additional police officers. Three new officers were sworn-in Thursday afternoon.

(The user fee is a weekly tax on people who work in the city.)

[EU Carbon Gains to 14-Week High as Oil Rises, Utilities Buy](#)

(Bloomberg) -- European Union carbon-dioxide permits rose to a 14-week high after oil prices climbed and utilities bought credits. German power prices advanced.

[Shipping giant feeling effects of recession](#)

Danish container-shipping, oil and gas, tanker and retail giant AP Moller-Maersk said yesterday the economic crisis had a severe negative impact on its business in the first half of 2009.

The group, whose oil and gas division is strongly represented in Aberdeen, from where it runs its UK North Sea business, said container-shipping freight rates and volume were down by 30% and 7% respectively on a year earlier, and average rates for tanker activities were considerably lower than in the first half of 2008.

[Petrobras, Teikoku to Return Venezuela Gas License](#)

(Bloomberg) -- Petroleo Brasileiro SA and Teikoku Oil Ltd. will return a license for the Tinaco natural-gas field to Venezuela's government, three years after the companies reported that an exploration well was dry.

The companies said in 2006 they failed to find "important volumes" of gas, the Energy and Oil Ministry said today in the Official Gazette, the formal record of government actions. The state accepted the return of the 2001 gas production license on May 8, the ministry said.

[Mexican States to Get 26 Billion Pesos From Oil Fund](#)

(Bloomberg) -- Mexico's federal government will tap a rainy-day fund and sell bonds to provide states and municipalities with 26 billion pesos (\$2 billion) to shore up their budgets, Finance Minister Agustin Carstens said today.

[No change in Iran gas pipeline project route: Qamar](#)

KARACHI (APP)- Minister for Petroleum and Natural Resources, Syed Naveed Qamar said Saturday that there will be no change in the original alignment (route) of \$ 1.2 billion Iran Gas Pipeline project. He was talking to media after chairing the meeting of sub-committee/steering committee of the ECC of the Cabinet on Iran Pakistan Gas pipeline. The meeting was also attended by the Chief Minister, Balochistan, Nawab Aslam Raeesani, Finance Minister, Shaukat Tarin and senior officials of the Ministry of Petroleum.

"The meeting has decided to maintain the original route of the pipeline via Coastal Highway to Nawabshah," he said adding that about 90 percent of the project is in Balochistan.

[Arafat's costly Gulf War choice](#)

On August 10, 20 Arab League countries at an emergency summit in Cairo drafted a final statement that condemned the Iraqi invasion of Kuwait and supported the UN resolutions.

Twelve Arab states supported the use of force while the remaining eight, including the Palestine Liberation Organisation (PLO), rejected a military solution to the Iraqi invasion.

For the PLO, this was a precarious gamble. Since its creation in 1969, the PLO had enjoyed considerable financial backing from both Iraq and Kuwait.

Yasser Arafat, the PLO leader, realised that it was impossible to satisfy his two backers; he believed he was left with no alternative but to support Baghdad.

[Chevron building solar-steam plant to produce oil](#)

Chevron Corp is building a solar plant to create the steam that boosts production at an aging California oilfield, in a pioneering project the company aims to replicate elsewhere if it works.

Chevron outlined the previously undisclosed plan at a city council meeting in Coalinga, a city halfway between Los Angeles and San Francisco that started as a coal outpost, boomed with oil gushers, and is now a potential solar energy hub.

[ConocoPhillips spent nearly \\$3.3M lobbying in 2Q](#)

Oil company ConocoPhillips spent nearly \$3.3 million in the second quarter lobbying Congress on proposed climate-change and health care reform legislation, among other issues, according to a recent disclosure report. That was more than double what it spent in the year-ago period.

[BP America spent \\$4M lobbying gov't in 2Q](#)

BP America Inc., the U.S. arm of the British oil major, spent \$4 million to lobby the federal government in the second quarter, a 54-percent increase from a year ago reflecting several potentially costly measures facing the oil industry.

A climate-change bill that passed the House this summer would, as written, raise operating costs significantly for BP's refining operations. The industry is urging the Senate to rewrite the legislation this fall.

[Global forest destruction seen overestimated](#)

The amount of carbon emissions caused by world forest destruction is likely far less than the 20 per cent figure being widely used before global climate talks in December, said the head of the Brazilian institute that measures Amazon deforestation.

Gilberto Camara, the director of Brazil's respected National Institute for Space Research, said the 20 per cent tally was based on poor science but that rich countries had no interest in questioning it because the number put more pressure on developing countries to stem greenhouse gases.

[Climate change: Now Uganda faces a food shortage crisis](#)

With famine still raging on, analysts warn that the government needs to work out a plan on how to let farmers know about the predicted weather if the population is to be assured of constant food supply. Saturday Monitor's Jenny Vaughan explores the idea:

Ms Victoria Kakoko Ssebagereka has lost her entire crop. In July she planted pineapples, vanilla, maize and beans but the rains never came and neither did the harvest. Her cows and goats are emaciated. "I have never seen my animals looking as horrible as they do now," she says.

Ms Ssebagereka has been cultivating on her 32 acres of land in Kayunga for more than two decades and she has never experienced such a devastating spell of drought.

[Report: Wood best clean energy resource for Wash.](#)

SEATTLE - A University of Washington report says woody biomass may be the state's best opportunity to develop biofuels and reduce greenhouse gas emissions.

The report by the UW School of Forest Resources say woody biomass is the most abundant and sustainable state resource that can be converted into liquid fuels to replace gasoline and diesel.

[Oil will hit \\$150 again: Herrera, Simmons: The question is when, not if, but too many variables in play to predict](#)

Whether peak oil is in the recent past or near future, the decline of world oil supplies is imminent and inevitable, Herrera said.

"It's too late for huge oil discoveries to delay peak oil," he said. "The only thing that can help now is conservation — at least it can make a difference in the short term."

A very slow recovery from the recession would not stimulate demand for oil to a great degree and put pressure on prices. Instead, it would result in stable oil supply/demand conditions, Herrera said.

If this happens, "it will string out the peaking of oil," he said. "Prices would be affected only by inflation plus the impact of moderate growth, and they could remain under \$100 a barrel for a decade."

[Oil could be setting an inflation time bomb for autumn](#)

With oil prices back above \$73 a barrel, anyone who regularly fills a gas tank has to be hoping that this isn't the start of a new surge.

Carl Weinberg, chief economist at High Frequency Economics, says there's a reason

beyond the personal pocketbook issue to worry about another jump in oil prices: The effect on inflation gauges worldwide.

[Drilling Rates Down Dramatically From Last Year](#)

DURANGO, Colo. (AP) — The number of oil and gas drilling rigs operating in Colorado is at its lowest level since 2003, dropping to about 40 rigs in July from roughly 140 a year ago.

Drilling across the state has dropped dramatically as the recession wears on and natural gas prices remain low. Industry officials have also blamed Colorado's new oil and gas rules.

[Hurricane Bill to Pass East Coast, Head to Canada](#)

Some refineries in Nova Scotia and New Brunswick may be at risk, including closely held Irving Oil's Saint John plant that processes about 300,000 barrels of oil a day, according to Olivier Jakob, an analyst with research group Petromatrix GmbH in Zug, Switzerland.

"The marine environment on Sunday and Sunday night is going to be a harsh environment," Bowyer said. "It is too uncomfortable a scenario to take a chance on."

[Pemex Output Fell 7.8% in July as Cantarell Plunged](#)

(Bloomberg) -- Petroleos Mexicanos, the state-owned oil company, said oil output in July fell 7.8 percent to 2.561 million barrels a day as production from its Cantarell field kept sinking.

...Pemex plans to spend a record \$19.5 billion this year to discover deposits and develop wells to help offset the fastest drop in output since 1942. Production has fallen every month on a year-over-year basis since July 2006, according to Bloomberg and Pemex records.

[Nigerian militants give up weapons to police](#)

YENAGOA, Nigeria -- A top militant commander and his followers in Nigeria's oil-rich Delta region have surrendered rocket launchers, gunboats, guns and bullets in the biggest hand-over of weapons since a government amnesty began two weeks ago.

[Why Is Afghanistan So Important?](#)

A glance at a map and a little knowledge of the region suggest that the real reasons for Western military involvement may be largely hidden.

Afghanistan is adjacent to Middle Eastern countries that are rich in oil and natural gas. And though Afghanistan may have little petroleum itself, it borders both Iran and Turkmenistan, countries with the second and third largest natural gas reserves in the world. (Russia is first.)

[Electric vehicles aren't the solution - yet](#)

AS THE SEARCH for climate solutions hastens, urgency should not undermine long-term sensibility. Ever-mounting climate change concerns and oil-driven foreign policy challenges, in the wake of \$4-per-gallon gasoline, have generated a stampede toward electric vehicles. If one listens to clean-energy advocates, recovery-bill architects, electric utilities, and eager start-ups and their investors, one might think an electric vehicle silver bullet is just around the corner. But electric vehicles will not provide an easy or quick answer to environmental and economic woes. Forcing an electric vehicle solution too soon may preclude more thoughtful actions that would improve electric vehicle technology and reduce its cost.

[Current population growth not sustainable](#)

Inhabitants of the United States literally eat oil. Oil is necessary to make the fertilizer and pesticides used on our crops; to irrigate them; and to fuel the machinery used to plant, cultivate, and harvest them. In one study conducted in 1994, it was calculated that feeding each American each year required the equivalent of 400 gallons of oil, exclusive of the energy, mainly oil, needed for packaging, refrigeration, transportation, and cooking. The authors calculated that for every calorie of food energy delivered to the consumer, 10 calories of other energy, mostly oil, are required. The lesson is clear: Without oil we starve.

So how fares the oil basket into which we have put so many eggs? Well, it's looking quite frail. Oil is a limited resource. Each successful well exhibits an early rise in production, a tapering off as production reaches a maximum (peak), and a decline until it is no longer economical to pump more. As with each well, so with entire fields and world production as a whole. U.S. production peaked in 1970.

[In Brazil, Paying Farmers to Let the Trees Stand](#)

QUERENCIA, Brazil — José Marcolini, a farmer here, has a permit from the Brazilian government to raze 12,500 acres of rain forest this year to create highly profitable new soy fields.

But he says he is struggling with his conscience. A Brazilian environmental group is offering him a yearly cash payment to leave his forest standing to help combat climate change.

Mr. Marcolini says he cares about the environment. But he also has a family to feed, and he is dubious that the group's initial offer in the negotiation — \$12 per acre, per year — is enough for him to accept.

“For me to resist the pressure, surrounded by soybeans, I’ll have to be paid — a lot,” said Mr. Marcolini, 53, noting that cleared farmland here in the state of Mato Grosso sells for up to \$1,300 an acre.

[Review of Cleveland rainfall records indicates climate change has arrived](#)

A climate change storm isn't coming. It's already here.

That's the conclusion drawn by some climate scientists -- and supported by an independent analysis of National Weather Service rainfall records by The Plain Dealer.

The rainfall records reveal an increasing number of days each year with heavy storms -- those quick, violent bursts that drop a large amount of rain in a short time. Those types of storms more often also lead to damaging and expensive suburban flooding -- and conversely, dangerously dry periods or even drought in between.

[Climate change opens Arctic route for German ships](#)

BERLIN (Reuters) - Two German ships set off on Friday on the first journey across Russia's Arctic-facing northern shore without the help of icebreakers after climate change helped opened the passage, the company said.

Niels Stolberg, president and CEO of Beluga Shipping GmbH, said the "Beluga Fraternity" and "Beluga Foresight" left the Russian port of Vladivostok on the historic and cost-saving journey with cargo picked up in South Korea bound for Holland.

The melting of Arctic ice as a result of climate change has made it possible to send Beluga's multi-purpose heavy lift ships along the legendary Northeast Passage, Stolberg said.

[Demand for tariffs in global-warming legislation splits allies](#)

The tariff demand has placed a group of often-reliable allies for President Obama -- including Sens. Sherrod Brown of Ohio, Russell D. Feingold of Wisconsin and the newly installed Al Franken of Minnesota -- squarely at odds with the president, who has said that he doesn't want to send "protectionist" signals with the climate change bill.

But Brown said shortly before convening a climate summit earlier this month in Perrysburg that the tariff provision "has to be in" to win the votes of factory-state senators.

[Nile Delta: 'We are going underwater. The sea will conquer our lands!': The Nile Delta is under threat from rising sea levels. Without the food it produces, Egypt faces catastrophe](#)

"The Delta is a kind of Bangladesh story," says Dr Rick Tutwiler, director of the American University in Cairo's Desert Development Centre. "You've got a massive population, overcrowding, a threat to all natural resources from the pressure of all the people, production, pollution, cars and agricultural chemicals. And on top of all that, there's the rising sea. It's the perfect storm."



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