



Drumbeat: August 31, 2009

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Topic: [Miscellaneous](#)

[A little shale gas skepticism from Matt Simmons](#)

Matt Simmons, (he of *Twilight in the Desert*) believes the excitement of huge domestic reserves of natural gas in shale is overblown and outright incorrect.

"In the 40 years I've followed the industry I've been continuously amazed at the tangent people are willing to go off on without any data, or by getting the data wrong," Simmons said.

When producers tap natural gas in shale formations the output is very high at first, with as much as 70 percent of the reserves tapped in the first year, Simmons said. Another 20 percent of the total is tapped in the second year while the remaining 10 percent, in theory, plays out over the next decade or more.

[Chávez ratifies oil sales to the US](#)

Venezuelan President Hugo Chávez said that his country would keep on exporting oil to the United States; otherwise, Venezuelan interests would be endangered.

Chávez told daily newspaper *El Comercio* that "many people do not know" that Venezuela has seven large refineries and over 10,000 gas stations in the United States.

"Venezuela cannot make a decision against us. We send this oil to our refineries in the United States."

[The Arab maverick](#)

Colonel Gaddafi has long lost interest in the Arab world, has insulted many of its leaders and is now looking to the West for some protection against Islamist extremists. He complains that the West has not rewarded him for his recent co-operation. What he fails to understand is that, as long as he refuses all reform, democracy or basic political rights to his long-suffering people, Libya will never emerge as a regional power.

[Brazilian president aims to eradicate poverty with oil billions](#)

Brazilian president Luiz Inácio Lula da Silva today vowed to pump billions of petrodollars into the war on poverty in the wake of one of the world's biggest oil discoveries this decade.

Speaking on his weekly radio show, president Lula said: "Monday, 31 August, represents a new independence day for Brazil.

"We are talking about a discovery of oil that is almost 6,000m [under the sea], huge reserves that place Brazil among the biggest oil producers in the world."

[Cairn abuzz at prospect of Greenland oil](#)

Speaking just days ahead of yesterday's ceremony, which officially began production from Cairn's giant Rajasthan fields, Watts wasn't even talking about India. Instead, his thoughts were thousands of miles away, in the northernmost reaches of the Atlantic Ocean.

Based on another hunch, Watts now believes it might be on the verge of an even bigger mine of black gold, this time in a country where no one has found a single barrel of oil – Greenland. Despite having no domestic oil industry, Greenland is believed to have massive undiscovered reserves. The US Geological Survey puts it on its list of top 10 countries in the world for undiscovered oil.

[Germans hoard energy-guzzling bulbs ahead of EU ban](#)

BERLIN (Reuters) - Germans, who sometimes see themselves as guardians of the environment, are hoarding energy-guzzling incandescent light bulbs ahead of a looming European Union-wide ban, the GfK market research agency said.

The Nuremberg-based GfK reported sales of incandescent bulbs had soared about 35 percent in the first half of the year ahead of a ban that starts on Tuesday -- even though it was proposed by German Environment Minister Sigmar Gabriel in 2007.

Some German retailers said they have seen sales of 100-watt incandescent bulbs soar 600 percent since the end of July.

[Australia Alert to Mega - Fires as Summer Nears](#)

CANBERRA (Reuters) - An Australian state introduced on Monday a "mega-fire" alert level that will warn people to flee approaching wildfires and leave homes undefended as unseasonal winter bushfires point to a searing summer ahead.

[China May Boost Solar-Power Output Capacity 13-Fold by 2011](#)

(Bloomberg) -- China may boost its solar-power output capacity by more than 13-fold by 2011 as the world's second-largest energy consumer increases the use of renewable energy, an industry official said.

The country may raise its solar-power capacity to 2,000 megawatts by 2011 and 20,000 megawatts by 2020, from 150 megawatts at the end of last year, Cui Rongqiang, head of the Shanghai Solar Energy Society, said by telephone today.

[Kurt Cobb: Burning Picassos for Heat](#)

Burning natural gas to extract and process oil from the Canadian tar sands has been likened by one industry insider to burning Picassos for heat. But the bidding at the "Picassos for heat" auction may go even higher as those involved in tar sands and oil shale development push for nuclear power to fuel their projects.

[Chevron Restarts 8 Inlet Platforms, Has New Plan for Oil Transport](#)

Chevron Corp. has restarted oil production on eight Cook Inlet platforms the company operates.

Chevron-operated platforms Anna, Bruce and Granite Point were restarted Aug. 9, the King Salmon and Dolly Varden platforms Aug. 11, the Monopod platform on Aug. 15 and Grayling platform on Aug. 17, Chevron spokeswoman Stephanie Price said.

[Kenya: Fuel dries out as firms feud](#)

A blame game has ensued between the national electricity distributor and Mombasa-based oil refinery, Kenya Petroleum Refineries Ltd (KPRL), over the shortage of petrol that has gripped the country.

Kenya Power and Lighting Company (KPLC) said KPRL ought to publicly state the real cause of the shortage of petrol, instead of citing electricity interruptions.

[PEMEX Petroquimica to shutter 3 petrochemical plants](#)

Deteriorating demand triggered by the ongoing economic downturn has pressured petrochemical subsidiary of PEMEX Petroquimica (PPQ) to reconsider plant options at multiple sites.

[Iran to Put 14 New Oil, Gas Fields for Tender](#)

Iran is to put 14 new oil or gas fields for tender in the near future, an Iranian news agency said Saturday, amidst increased uncertainty for the country's oil industry.

[Assassin Hid Explosives in Body](#)

The man who tried to assassinate Saudi Arabia's anti-terror chief last Thursday managed to get past security in a Jeddah palace by hiding explosives in his rectum.

Details of the assassination attempt, the first against a member of the Saudi royal family in decades, were revealed to the pan-Arab Al-Arabiyya.

The method of hiding explosives inside the body is unprecedented among Al-Qa'ida terrorists, and may draw a re-examination and alteration of security arrangements around sensitive facilities and individuals in the Saudi kingdom.

[Whack!](#)

Whack! The soil, such as it is, gives way to my mattock.

What if I'm right? What if the industrial age comes to its overdue close, taking the love of my life with it? What if she's stuck in Tucson, unwilling or unable to escape when the taps run dry at the gas stations and, more importantly, in her rental house?

[There's still work to do](#)

Yes, the recession is ending, but there is much work to be done in finance, alternative energy and transportation to ensure the recovery is long-lasting.

[Credit-wary investors put green projects in red](#)

Green projects, which have become the buzzword in the past few years, are not only currently struggling for financing, the sense of urgency in pursuing them has also been affected considerably.

Due to the distressed financial market conditions, the flow of equity and debt investment into renewable energy projects has been disrupted since the fourth quarter of 2008.

[Enabling Wind, Sun To Be Our Main Power Supplies: Quest for Storage -- "Holy Grail" of New Energy Economy -- Nears Goal](#)

The flaw in the nuclear path, beyond its tremendous cost, long lead times, and imported fuel, is that nuclear is not actually "dispatchable" power. Nuclear plants are designed to run all the time at fairly steady output -- meaning nuclear power *cannot provide the "peaking power"* now provided by gas turbines. Thus, a nuclear path would still rely heavily on fossil fuel power plants to "ramp up" on a daily basis to provide the power needed during these daily swings.

A truly dispatchable system providing over 80% reductions in carbon emissions, therefore, must rely on some form of energy storage. The energy storage can allow us to fully utilize wind and sunlight as our main power sources -- supplying both "base load" power and dispatchable daily peaking power with energy from these inexhaustible supplies.

[As hybrid cars gobble rare metals, shortage looms](#)

LOS ANGELES (Reuters) - The Prius hybrid automobile is popular for its fuel efficiency, but its electric motor and battery guzzle rare earth metals, a little-known class of elements found in a wide range of gadgets and consumer goods.

That makes Toyota's market-leading gasoline-electric hybrid car and other similar vehicles vulnerable to a supply crunch predicted by experts as China, the world's dominant rare earths producer, limits exports while global demand swells.

[US Miner Digging for 'Rare Earth' Metals To Fuel the Boom in Green Technologies](#)

The future of wind farms and hybrid cars may well hinge on what happens to a 22.3-hectare hole in the ground at the edge of California's high desert.

The open-pit mine at Mountain Pass, California, holds the world's richest proven reserve of "rare earth" metals, a family of minerals vital to producing the powerful, lightweight magnets used in the engines of Toyota's Prius and other hybrid vehicles, as well as generators in wind turbines.

[Powerful Ideas: Bacteria Clean Sewage and Create Electricity](#)

Batteries made with microbes could help generate power by cleaning up organic waste at the same time.

Sewage is loaded with energy-rich sugars that researchers have struggled for years to convert into useful power. To do so, investigators have experimented with nature's

experts on breaking down waste — bacteria.

[Some Buildings Not Living Up to Green Label](#)

Builders covet LEED certification — it stands for Leadership in Energy and Environmental Design — as a way to gain tax credits, attract tenants, charge premium rents and project an image of environmental responsibility. But the gap between design and construction, which LEED certifies, and how some buildings actually perform led the program last week to announce that it would begin collecting information about energy use from all the buildings it certifies.

[Going, going, Do I hear 450? 350?](#)

When the Industrial Revolution started, the atmosphere of our home planet had a carbon dioxide concentration of roughly 280 parts per million. That has, of course, increased. We're now at about 385 parts per million.

The big question is: How high can we go before things get really, really bad? Before things are irreversible?

[There won't be any separate peace](#)

Last week the Oil Drum featured an article about the very wealthy making preparations for whatever catastrophe the post-peak future has in stock. Many commentators have pointed out that mercenaries understand very quickly there is more money to be had by cutting their rich but helpless employers' throat than by defending them. The very fact that some people — including a few billionaires, apparently — believe a doomsday gated community is a viable response to peak energy speaks volumes about the preconceptions and fantasies which stand in the way of a successful adaptation to the changes peak oil heralds.

[Daniel Yergin: Why Oil Still Has a Future](#)

Why this debate about the single most important source of energy—and a very convenient one—that provides 40% of the world's total energy? There are the traditional concerns—energy security, diversification, political risk, and the potential for conflict among nations over resources. The huge shifts in global income flows raise anxieties about the possible impact on the global balance of power. Some worry that physical supply will run out, although examination of the world's resource base—including a new analysis of over 800 oil fields—shows ample physical resources below ground. The politics above ground is a separate question.

[The Four-Day Workweek Is Winning Fans](#)

After 12 months, Utah's experiment has been deemed so successful that a new acronym could catch on: TGIT (thank God it's Thursday). The state found that its compressed workweek resulted in a 13% reduction in energy use and estimated that employees saved as much as \$6 million in gasoline costs. Altogether, the initiative will cut the state's greenhouse-gas emissions by more than 12,000 metric tons a year. And perhaps not surprisingly, 82% of state workers say they want to keep the new schedule.

[Kuwaiti official: OPEC output cuts are unlikely](#)

KUWAIT CITY - OPEC is unlikely to announce a new production cut during its meeting next week, a senior Kuwaiti oil official said in remarks published Sunday.

Imad al-Atiqi, a member of the Supreme Petroleum Council, told the Al-Seyassah daily newspaper that oil prices were stable. Oil ministers from the 12-member Organization of the Petroleum Exporting Countries will instead focus on compliance with current output quotas, he said.

[Adnoc Reduces October Term Crude Oil Supply by 15% on OPEC Cuts](#)

(Bloomberg) -- Abu Dhabi National Oil Co. will cut crude oil supply under term contracts by 15 percent in October, after reductions of 19 percent in September and August, the United Arab Emirates state-owned company said.

The cuts will apply to Murban, Lower Zakum, Umm Shaif and Upper Zakum, the four export grades supplied by Adnoc, as the company is known. July shipments were lowered by 18 percent.

[Revealed: how Shell won the fight for Libyan gas and oil](#)

At least a dozen meetings - and possible more than double this number - were held in Tripoli and London between major Foreign Office officials and Shell top brass with Libya's energy on the agenda. David Miliband and even Lord Kinnock discussed Shell's business in the region and helped promote the UK's wider energy agenda.

The Shell deal did not go down well with US rivals who felt barred from contact with Libya. ExxonMobil had particular reason to be miffed because the Texan giant used to run the Marsa el-Brega LNG facility in the 1960s and 1970s.

[Bulgaria to Dissolve Energy Group, List Companies, Djankov Says](#)

(Bloomberg) -- Bulgaria will disband Bulgarian Energy Holding, which groups the main state-run energy utilities, and sell shares in National Electricity Co. EAD and Bulgargaz as part of a plan to cut budget deficits.

[US dollars and the tyranny of oil](#)

Recessions can be a good thing — they wring the excesses out of the economy and focus people's attention on public policy mistakes that often are the root causes of investment bubbles. Many people thought that this particular recession would offer another kind of benefit. By bringing oil prices back to earth, it was supposed to debilitate the autocracies, from Russia to Iran to Venezuela, that depend on them. This has not happened. Oil prices dropped 80 percent in the early stages of the recession, but had climbed back to \$70 a barrel by June. Their sails have since lost a bit of wind, but the prospects, even if the recession lasts long, point to sustained high prices.

[Nippon Oil, Idemitsu, Cosmo Halt Waterborne Shipments on Storm](#)

(Bloomberg) -- Nippon Oil Corp., the nation's largest oil refiner, Idemitsu Kosan Co. and Cosmo Oil Co. halted shipments by sea from refineries near Tokyo as Tropical Storm Krovanh increased its strength.

[Pressuring Iran on Nukes: Would a Gas Embargo Help?](#)

While the Obama Administration may think that a gasoline embargo, even a partial one, would pressure the Iranian regime to suspend its nuclear activities, Tehran may be hoping for just that sanction to help it with one of its longtime goals: reducing gasoline consumption. Indeed, the Iranian government, which has been subsidizing pump prices for years and keeping them well below the international market price (at a huge burden to the national budget), would love the U.S. to take the political hit for helping to end the subsidies.

[Shipping Rates Seen Falling 50% on China, Fleet Size](#)

(Bloomberg) -- Just as global trade starts to recover, the shipping market is crashing for the second time in a year as China reduces raw-material imports and record numbers of new vessels set sail.

The rate for leasing capesize ships, boats three times the size of the Statue of Liberty, will drop about 50 percent from the current price of \$37,865 a day to as low as \$18,000 before the end of the year, according to the median in a Bloomberg survey of six analysts and fund managers. Forward freight agreements traded by brokers show the fourth-quarter average price will be 7 percent lower.

[Nigerian Second-Quarter Oil Output Drops to 1.7 Million Barrels](#)

(Bloomberg) -- Oil production in Nigeria, which vies with Angola as Africa's biggest producer, fell to 1.7 million barrels per day in the second quarter from 1.78 million barrels in the first quarter.

[Lula Presents Pre-Salt Plan; to Create Company Called Petrosal](#)

(Bloomberg) -- Brazilian President Luiz Inacio Lula da Silva today presents new oil exploration rules to officials as his government seeks to increase control over pre-salt fields that may more than double the country's reserves.

The proposal, scheduled to be shown to state governors, mayors, artists and athletes in Brasilia today and sent to congress, will include the creation of a new state company called Petrosal, Energy Minister Edison Lobao said today.

[Oilfield Services Company Buys Rival for \\$5.5 Billion](#)

HOUSTON (AP) — The oilfield services company Baker Hughes said Monday that it would buy a rival, BJ Services Company, in a cash-and-stock deal valued at \$5.5 billion that the company said would allow it to expand internationally and compete for projects with companies engaged in all phases of the oil business.

[Shell Starts Building First Russian Lubricants Plant](#)

(Bloomberg) -- Royal Dutch Shell Plc started construction of its first lubricants plant in Russia as Europe's largest oil company seeks to build on an increase in country sales last year.

[Lotos, Orlen Say Profit Fell on Refining Margins](#)

(Bloomberg) -- PKN Orlen SA, Poland's biggest oil refiner, said second-quarter net income declined 33 percent as an economic slowdown hurt refinery output and margins.

Orlen and No. 2 refiner Grupa Lotos SA beat analyst estimates, helped by gains on foreign currency as the zloty strengthened in the quarter and gains on the value of oil in their tanks.

[Battle lines on energy emerge](#)

Groups on both sides of the energy and climate legislation "are not just watching health care closely, but calibrating how we go about doing this based on what we see happening out there," said Matt Bennett, vice president for public affairs at Third Way, a centrist Democratic think tank engaged in both the health care and climate fights.

Supporters of the climate bill are particularly intent on avoiding what some see as the Obama administration's biggest stumble in the health care debate: its failure to convince voters, particularly middle-class workers, that the legislation would tangibly improve their lives.

[Societe Generale Expects to Double Commodity Financing Business](#)

(Bloomberg) -- Societe Generale SA, France's second largest bank by market value, expects to double the size of its commodity trade financing business in Asia next year on the region's appetite for oil and metals, company officials said.

[A good chance to sidetrack high-speed rail boondoggle](#)

OFTEN THERE IS a wide gap separating a concept from reality. Such is the case with California's high-speed rail project. Conceptually, fast, comfortable, fuel-efficient, intercity, passenger rail transportation makes a lot of sense as fuel prices rise and reductions in carbon dioxide emissions are mandated.

However, there are a number of inconvenient realities that come between California's dream of high-speed rail service and actually constructing it.

[\\$1 million prize will fuel cleaner stoves for poor](#)

A Colorado group concerned that wasteful wood burning by the world's poor could doom efforts to slow global warming has won a \$1 million prize for its work distributing tens of thousands of high-efficiency cook stoves.

[UN seeks better data on hurricanes, droughts](#)

GENEVA – The United Nations opened talks Monday on setting up a better weather surveillance system worldwide so all nations can get earlier, more accurate warnings about hurricanes, droughts and floods.

[Delta levee projects must now prepare for rising sea level](#)

Levee projects in the Sacramento-San Joaquin Delta will have to account for rising sea

levels under a new federal policy aimed at shoring up the region's main line of defense against climate change.

It's the first comprehensive policy by the U.S. Army Corps of Engineers to require that projects under its jurisdiction be designed with higher sea levels in mind.

[Japan Carmakers, Utilities Say DPJ Carbon Plan May Not Work](#)

(Bloomberg) -- Japan's carmakers led by Toyota Motor Corp., refiners and utilities said carbon-emission targets set by the Democratic Party of Japan may hurt their industries.

The DPJ, which swept to power yesterday, promised during the election that it would cut the country's carbon emissions by 25 percent by 2020 compared with the level of 1990. Japan is the world's fourth-largest energy user.

[Are climate change deniers like creationists?](#)

If the Chamber is indeed taking a shot at creationism, they're probably alienating many core supporters.

[UGANDA: Carbon Trading Scheme Pushing People off Their Land](#)

MOUNT ELGON, Uganda (IPS) - With the world's attention focused on climate change, one of the methods suggested to reduce global carbon emissions is causing the displacement of indigenous persons as western companies rush to invest in tree-planting projects in developing countries.

[Australia: Companies 'may have lied' over emissions trading](#)

The Greens say they want the Senate Privileges Committee to investigate whether a number of companies gave misleading evidence to a parliamentary inquiry into the Government's emissions-trading scheme.

[New Zealand: Transport Minister shuts door on reducing carbon](#)

The Government has rejected one of the simplest and most effective ways of reducing New Zealand's carbon emissions, the Green Party said today.

"Stephen Joyce's announcement that work will stop on fuel economy standards for vehicles coming into New Zealand condemns motorists to high fuel costs and rising emissions," Jeanette Fitzsimons, Spokesperson on climate change and transport, said.

[Acclimatise report finds few energy companies prepared for global warming](#)

Energy firms worldwide over are increasingly aware of the threat posed to their business by global warming, but few are actively preparing for the likely impact of rising temperatures and increasingly extreme weather.

[Why emission trading schemes are not the answer - a left critique](#)

Direct regulation is the only answer. Imagine if we had introduced a CFC emission trading scheme when faced with the threat to the ozone layer. Does anyone seriously think that we would have seen worldwide cessation of the use of chlorofluorocarbons?

What about when we wanted to remove lead from petrol, would a lead trading system have reduced lead in petrol?



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