



## Drumbeat: September 4, 2009

Posted by [Leanan](#) on September 4, 2009 - 10:03am

Topic: [Miscellaneous](#)

### [China and the Buzz of a Pending Bank Default](#)

Let's put the pieces together here. Just this past weekend China announced that State Owned Enterprises (SOEs) will be allowed to default on commodity derivative contracts. Think of that. China has given the green light and authorized the defaulting on commodity derivative contracts.

...Some of the State Owned Enterprises that stated their potential intentions to default were Air China, China Eastern and Cosco. Mainly in part because they took major derivatives losses over the past year but also, concerns are arising that the derivatives that they were sold by these foreign institutions are garbage, underwater and may never see the light of day. So why continue to pay for them? So the concern in the financial world is that holders of these losing products may just walk away, not unlike a home owner with a \$600,000 mortgage on a home valued at \$475,000 deciding to just hand in their keys. However, read on...**this has nothing to do with mortgage backed products. This time, the concern may be over Oil.**

### [Contango And Inventory: Clues To Oil's Trend](#)

Because most of our oil supply resides below ground (or under the ocean), oil prices historically reflect shortage. More often than not, the oil price curve is inverted, or "backwardated." Backwardation occurs when futures are priced lower than the spot price. Since 1985, in fact, the average quarterly discount from the nearby NYMEX West Texas Intermediate (WTI) crude oil contract is 16 cents a barrel.

Why is this? Think of the ownership of oil reserves as granting a sort of call option to a producer. When futures are priced higher than spot prices—a condition called "contango"—a producer has the option of leaving oil in place, rather than bearing the costs of extraction and above-ground storage. If the majority of producers withhold oil, though, shortage is created, which in turn causes the spot or nearby delivery price to rise.

Thought of this way, you could say that weak backwardation is a necessary condition to stimulate current production.

## [Peak oil or is it that oil has peaked](#)

Peak oil or is it that oil has peaked. What a week in energy as history was made in more ways than one. Oh sure, you can focus on prices and economic fears in a week where risk aversion became the flavor of the day, yet if you do that, you might miss some of the more interesting stories that surround the complex. This was a week we saw the good side of high energy prices and how the quest for energy and profits inspired minds to take steps to solve some of the greatest challenges facing the energy industry today.

## [ConocoPhillips May Buy PDVSA's Half of Sweeny Unit](#)

(Bloomberg) -- ConocoPhillips, which left Venezuela after assets were seized in 2007, exercised an option to buy Petroleos de Venezuela SA's stake in a U.S. coking unit after accusing the state oil company of defaulting on a supply accord.

ConocoPhillips, based in Houston, plans to take full control of the unit at its Sweeny, Texas, refinery at a price set under the companies' partnership agreement, Rich Johnson, a ConocoPhillips spokesman, said in an e-mailed response to questions today. He declined to state the price.

## [Ecuadorean judge recuses himself from Chevron case](#)

QUITO (Reuters) - An Ecuadorean judge presiding over a \$27 billion lawsuit against Chevron Corp recused himself from the case on Friday after state prosecutors opened an investigation into accusations of bribery and misconduct.

## [Solar panels to boost property prices](#)

The survey of 2,700 UK adults, the full results of which are to be released later today, found that half of respondents are interested in finding out whether their home is suitable for renewable energy systems, such as solar panels or micro wind turbines.

Meanwhile, over a third said they would be willing to pay more for a house where some of the energy was supplied by renewable sources, suggesting that those investing in microgeneration systems will be able to recoup some of the cost through increased house prices.

## [ANALYSIS - After record August, can Russia pump more oil in 2009?](#)

LONDON/MOSCOW (Reuters) - Official opinion conflicts with analysts' views over whether production from Russia's new oil fields can replace the fall from older deposits

after record August output.

Analysts say the recent uptick might not be enough to offset stagnating western Siberia deposits, and it could be decades before sufficient infrastructure is in place to exploit new reserves in eastern Siberia.

"The real question is going to be how steep the decline comes...and what steps the Russian government is willing to take to improve investment in those fields," said senior energy analyst Julian Lee at the Centre for Global Energy Studies.

### [Mexico energy ministry unhappy with Pemex results](#)

MEXICO CITY, Sept 4 (Reuters) - Mexico's energy minister said on Friday she is concerned about state-run oil company Pemex's poor financial results and the company's board is reviewing possible actions to halt the decline.

The minister's comments about Pemex, led by Chief Executive Officer Jesus Reyes Heróles, come as President Felipe Calderón is promising a shake-up in his administration.

"Unfortunately, the financial situation has not improved as it should be improving and we are analyzing what are the things we can do to reverse the situation," Energy Minister Georgina Kessel said in an interview with broadcaster Televisa.

### [U.S. natgas rig count climbs for a seventh week](#)

NEW YORK (Reuters) - The number of rigs drilling for natural gas in the United States rose two this week to 701, the seventh straight weekly gain after sinking in mid-July to the lowest level in more than seven years, according to a report on Friday by Baker Hughes in Houston.

U.S. natural gas drilling rigs are still down sharply since peaking above 1,600 September last year, and now stand at 885 rigs below the same week last year.

### [Shell to cut jobs in core exploration unit-website](#)

LONDON (Reuters) - Royal Dutch Shell Plc (RDSA.L) is planning job cuts of around 15 percent in its core exploration and production unit, a Shell protest website reported on Friday, citing sources inside the oil major.

An announcement on a restructuring of the unit, which generates most of Shell's profit, is due on Monday, website [RoyalDutchShellPlc.com](http://RoyalDutchShellPlc.com) said. Shell declined comment.

### [Oil data suggests no need for OPEC output change](#)

LONDON/DUBAI -- Oil demand and supply data reviewed by a panel of OPEC economists before the group's Sept. 9 gathering indicate no need for it to change output policy, two OPEC delegates said on Friday.

### [Advisers to Obama Divided on Size of Afghan Force](#)

WASHINGTON — The military's anticipated request for more troops to combat the insurgency in Afghanistan has divided senior advisers to President Obama as they try to determine the proper size and mission of the American effort there, officials said Thursday.

### [New Solutions for Oil's 'Produced Water'](#)

"Produced water," as it is known in the oil industry, is briny fluid trapped in the rock of oil reservoirs. It is by far the largest toxic byproduct produced by the oil industry, and in addition to salt, it is often loaded with chemicals, residual oil and heavy metals.

As oil fields age, water production increases. By one estimate, the volume of water produced by oil fields worldwide exceeds petroleum by a factor of three. According to Department of Energy figures, at the most "mature" oil fields in the United States, the amount of water extracted may exceed oil by more than 50 times.

### [BP Finds 'Giant' Oil Source Deep Under Gulf of Mexico](#)

Bob MacKnight, a senior consultant with the Washington consulting firm PFC Energy, cautioned that while the big new discoveries were welcome news, they might not boost overall U.S. oil output because other Gulf of Mexico fields are expected to decline. "We really need this," he said. "After 2012, given current developments, we will see production start to decline. Without continued discoveries . . . that decline could be steep."

### [Mexico's Calderon: BP's Deepwater Find A Wake-Up Call](#)

Mexico needs more reforms to rapidly tackle the deep waters of the Gulf of Mexico and shore up plummeting domestic oil production, President Felipe Calderon said Thursday.

Calderon said BP PLC's giant deepwater oil discovery in the Tiber field, announced Wednesday, should serve as a wake-up call for Mexico. State-run Petroleos Mexicanos is legally blocked from teaming up with foreign oil companies that have more experience in the area.

"I hope this sign from the Gulf of Mexico tells us something," said Calderon in a radio interview. "It's very likely we have similar [oil] wealth, but we don't have, whether or not you want to admit it, the technology or the organizational and operational capacity to do it by ourselves."

### [BP's Tiber Find: Fodder for Oil Optimists or Pessimists?](#)

What's really interesting about BP's "giant" Tiber discovery in the Gulf of Mexico is how it provides ammunition for both people optimistic about the future of the oil business and those that are a lot gloomier.

### [Petrobras: Still a Sure Thing?](#)

Proving my point at how little is stable over any long term period of time - we have had some rumblings out of Brazil of late which could take the long term shine off of Petrobras. Some of the language is downright "Putin-like". This despite the fact Brazil is moving into the top 10 world's producers of black gold.

### [Nigeria produces 2.3 mb/d of crude oil](#)

GROUP Managing Director of the Nigerian National Petroleum Corporation (NNPC) Mohammed Sanusi Barkindo said on Tuesday that the country now produces 2.3 million barrels of crude oil per day against the Organization of Petroleum Exporting Country's (OPEC) figure of about 1.6 barrel per day.

...He attributed the increase in crude oil production by the country to the Nigerian federal government's amnesty program for militants in the Niger Delta.

### [Pemex to Boost Power Supplies to Largest Oil Field](#)

Petroleos Mexicanos will spend about \$120 million to increase electricity supplies to its biggest oil field, Pemex said Thursday.

### [Mideast fuel oil up on demand and tight supply](#)

DUBAI: Middle East fuel oil premiums rose about 5 percent as traders continued to grapple with strong regional summer and marine fuels demand, amid tight supplies. Premiums were pegged at about \$10 a tonne, up \$1 from the previous week.

"The market here is tight because of a number of reasons, you have Iran limiting their spot sales and then you have usual summer demand," a trader said. "That has given the

market a momentum for the upside, I'm not sure if we've hit the peak possibly could go higher."

### [Blackout fears after power station strikes loom over 'British jobs for British workers' row](#)

Britain risks fuel shortages and power cuts following a decision by workers at some of the country's biggest oil refineries and power stations to strike.

The action is the latest offensive by British workers who are angry that employers have opted to bus in cheap foreign labour rather than use locals.

### [Nationwide blackout hits DomRep, 10 detained](#)

Authorities in the Dominican Republic have detained 10 people for questioning following a countrywide blackout.

Power company superintendent Francisco Mendez said Thursday that the suspects are workers who were found in front of a power plant that failed.

...Protesters who demand improved service have clashed with police in recent months.

### [Libya's Top Oil Official Ghanem Offers to Resign, MEES Reports](#)

(Bloomberg) -- Shokri Ghanem tendered his resignation as chairman of Libya's National Oil Corp., the Middle East Economic Survey reported, citing a person in Tripoli it didn't identify.

### [Holiday weekend to see spike in motorists](#)

Americans will get behind the wheel this Labor Day weekend for what AAA forecasts will be the biggest travel holiday of the year — another sign of economic recovery.

Even though the holiday is late this year and many students are back in school, more miles will be driven than over the traditionally busier July 4th holiday, the auto club forecasts.

### [...for Jeff Rubin](#)

The central premise of the book is that triple digit oil prices will reverse globalization and bring about the reemergence of local economies.



When suddenly distance costs money, it will no longer make any economic sense to produce something in one end of the world and sell it at the other end. Whether you are moving those goods by air, ship, train or truck you are burning lots and lots of oil. And very soon the savings on labour costs from importing goods around the world will be dwarfed by the transport costs of moving those goods around. Hence many industries that have long disappeared in our economy may soon be returning home.

### [Mondragón Worker-Cooperatives Decide How to Ride Out a Downturn](#)

Here's how it played out when one of the Mondragón cooperatives fell on hard times. The worker/owners and the managers met to review their options. After three days of meetings, the worker/owners agreed that 20 percent of the workforce would leave their jobs for a year, during which they would continue to receive 80 percent of their pay and, if they wished, free training for other work. This group would be chosen by lottery, and if the company was still in trouble a year later, the first group would return to work and a second would take a year off.

The result? The solution worked and the company thrives to this day.

### [Lester R. Brown: How on Earth Can We Feed 8 Billion People?](#)

How China ended its dependence on food aid, almost overnight, and become the world's third largest food aid donor.

### [Solving SA'S Food Crunch](#)

High food prices are being investigated. Land reform as a means to decrease rural poverty and increase food security through farming is not working. Are South Africans under threat? What is government's response?

### [How to Grow Democracy](#)

"Food democracy" has become the rallying cry of an emerging grassroots movement. It certainly sounds good--but what exactly does it mean? "Eating local," as more and more people strive to do, is part of it. At the most basic level, though, food democracy requires a transformation of the food industry, so that workers and consumers can exercise control over what they produce and eat. As the Small Planet Institute defines it, "Food democracy means the right of all to an essential of life--safe, nutritious food. It also suggests fair access to land to grow food and a fair return for those who labor to produce it. Food democracy concerns itself with the future as well: It implies economic rules that encourage communities to safeguard the soil, water, and wildlife on which all our lives and futures depend." The vision is compelling, but how can it be made concrete? What

are the obstacles to democratizing the food system, and how can they be overcome? For this forum, we asked five leading figures of this country's food movement to reflect on how food democracy can be achieved, here and now. Their responses follow.

### [My Introduction to 'Local Food: how to make it happen in your community'](#)

September 17th sees the release of the first in a series of 'how to' books published under the imprint of 'Transition Books' (due soon, guides to money, working with local government and cities). Entitled *'Local Food: how to make it happen in your community'* it is the work mainly of Tamzin Pinkerton (who was recently interviewed here at Transition Culture) with bits from me, and it is really quite brilliant. Rather than being an intellectual exercise, it is really about the nitty gritty of setting up local food projects, drawing largely (but by no means exclusively) from the successes and failures of Transition initiatives around the world. It is packed with examples, tips, links, ideas and inspiration for rebuilding food resilience where you live.

### [Johnson announces awards for 'low carbon zones'](#)

Ten London boroughs have won funding to develop "low carbon zones" with schemes ranging from "energy doctors" to solar panels for schools and electric car charging points, London Mayor Boris Johnson said.

Each borough will be awarded at least £200,000 to pioneer energy efficiency and carbon reduction measures in the capital.

### [Supertankers May Halt Oil Trading as Rates Drop, Frontline Says](#)

(Bloomberg) -- Supertanker owners may start refusing cargoes within the next three months unless rates return to a profitable level, said Frontline Ltd., the biggest operator of the ships which carry almost half the world's oil.

Ship owners' income after fuel costs from shipping Middle East crude is a negative \$703 a day, according to the London-based Baltic Exchange. Rates have been below operating costs since July. Should the losses persist, some owners may choose to idle their ships, according to Jens Martin Jensen, Singapore-based chief executive officer of Frontline's management unit.

"If you see another quarter, then I think owners have to do something," Jensen said by phone today. "We are subsidizing oil companies."

### [Saudi prince urges U.S. to recognize oil dependency](#)

MILAN (Reuters) – The United States has no alternative to oil to meet its massive



energy needs and should recognize its energy interdependence with the Middle East, Saudi Arabia's Prince Turki al-Faisal wrote in an article on Friday.

U.S. President Barack Obama has been pushing to boost green energy which cuts emissions of heat-trapping gases and reduces the use of fossil fuels. In his election campaign, Obama raised some potentially disturbing issues for the Saudis, such as ending dependence on Middle Eastern oil.

In the article translated into Italian and published by Italian newspaper Il Sole 24 Ore, Turki said energy independence was an unrealistic, groundless and harmful concept which was likely to re-emerge once economic recovery pushed oil prices up.

"There is no technology on the horizon which can replace oil to satisfy colossal needs of U.S. industry, transport and armed forces. Any future scenario will be characterized by mix of renewable and non-renewable energies whether you like it or not," Turki said.

*(I would guess this article is the same or similar to the one he wrote for [Foreign Policy](#).)*

### [IEA to Cut 2030 Emissions Forecast on Recession](#)

Bloomberg) -- The International Energy Agency plans to cut its forecast for carbon-dioxide emissions in 2030 after the recession slowed energy consumption and reduced pollution, Executive Director Nobuo Tanaka said today.

The projection "will have to be revised downward given stalled industrial activity amid the economic crisis," said Nobuo Tanaka, 59, without giving details of how much the agency will trim the forecast. Tanaka will announce the findings at a United Nations climate summit in Bangkok on Oct. 6, he said in an interview in Tokyo today.

### [Crude Oil May Decline as Refiners Shut Units, Survey Shows](#)

(Bloomberg) -- Crude oil futures may fall on speculation that demand from U.S. refineries will decline this month as units are shut for seasonal maintenance.

Seventeen of 34 analysts surveyed by Bloomberg News, or 50 percent, said futures will drop through Sept. 11. Eight respondents, or 24 percent, forecast that the market will rise and nine said prices will be little changed. Last week, 59 percent of analysts said oil would fall.

### [European Refiners to Idle More Capacity Than Usual in November](#)

(Bloomberg) -- ConocoPhillips, the second-largest U.S. refiner, is among companies that plan to shut European plants for repairs in the next several months, helping to ease a record-large glut of fuels.

At least 659,000 barrels of oil a day, or 4.2 percent of Europe's refining capacity, will be idled in October, according to data compiled by Bloomberg. Idled capacity in November will rise to a higher-than-usual 893,000 barrels a day because of maintenance, the data show.

### [Crude Oil Is on 'Slippery Slope' Toward \\$60: Technical Analysis](#)

(Bloomberg) -- Crude oil is on a "slippery slope" after failing to break through resistance and is set to test support at \$60.43 a barrel, according to technical analysis by Auerbach Grayson, a brokerage in New York.

The failure of October oil futures to breach \$75.27, the June 11 high, has made crude vulnerable to "significant decline," according to Richard Ross, a technical analyst at Auerbach Grayson. Futures dropped more than \$7 since touching \$75 a barrel on Aug. 25.

### [BP warned UK of risk in delayed Libya prisoner deal](#)

LONDON (Reuters) – British oil major BP Plc told the UK government two years ago that slow progress in concluding a Prisoner Transfer Agreement with Libya threatened a multi-billion dollar exploration deal it was negotiating.

BP, Europe's second-largest oil company, said on Friday its advice did not refer specifically to the man convicted of the 1988 Lockerbie airliner bombing, whose release from a Scottish jail last month prompted criticism of Britain.

### [China police break up angry crowds near party HQ](#)

The demonstrations are likely to further unnerve the Chinese leadership - already grappling with tens of thousands of increasingly large and violent protests every year - as it prepares for a nationwide celebration of 60 years of communist rule on Oct. 1.

The unrest shows how unsettled Urumqi remains despite continued high security since 197 people were killed in July in the worst communal violence to hit Xinjiang province in more than a decade. That rioting began when a protest by Muslim Uighurs spiraled out of control, and Uighurs attacked Han. Days later, Han vigilantes tore through Uighur neighborhoods to retaliate.

...Any trouble in Xinjiang is magnified by ethnic tensions. The Uighurs see Xinjiang as their homeland and resent the millions of Han Chinese who have poured into the region in recent decades, saying they have unfairly benefited from the strategically vital Central Asian region with significant oil and gas deposits.

## [Forest Oil shale gas discovery of 2007 back in the news](#)

Thus in spite of the attractiveness of this addition to the many shale gas discoveries in the U.S. and Canada, price remains the problem and at under \$3/million btu will retard development. Still, the world is awakening to the realization that shale gas is everywhere and it will be inexpensive for quite some long period of time, perhaps a decade. The focus today is lowering the extraction cost. If it can be reduced to less than \$1/million btu, it will be a commercial fuel. What is needed now is an expanded effort to switch from coal with a high coefficient of pollution to natural gas with an extremely low coefficient. Once the market for natural gas is broadened enough to guarantee steady development, the worry about declining avails of crude oil will disappear. "Peak Oil" will be moot.

## [Shale gas scepticism, and shale gas enthusiasm](#)

Simmons also talks about the EIA figures and says that with Barnett Shale, peak initial production "happens virtually when you come onstream".

Meanwhile Stephen Holditch, head of the petroleum engineering department at Texas A&M University, told a conference that he believes there could be nine times as much technically recoverable gas in the US as is conventionally recoverable. This would equate to 32,560TCF in the US, he said, and that this 9x rule might apply to the rest of the world's gas reserves, too.

## [The Big Question: Does BP's discovery of a giant new field prove we're not running out of oil?](#)

On Wednesday, BP, the UK energy group, announced the discovery of a "giant oilfield" in the Gulf of Mexico that could open up a huge new frontier in oil exploration. It comes less than a week after Iran announced an even larger discovery of crude oil, and is the latest in a spate of finds over the past few years. Taken together, the discoveries have emboldened sceptics of the notion that oil will soon run out, and reignited the debate on an issue with huge implications for the environment, and geopolitics more broadly.

## [World's deepest well taps giant oil find in the U.S. Gulf of Mexico](#)

HOUSTON (UPI) -- BP's announcement of a new giant oil field in the depths of the U.S. waters of the Gulf of Mexico and a series of other recent major finds offshore are setting the stage for geopolitical shifts in Central and South America but also raising key questions about the future map of world oil supplies, analysts said.

## [North Sea find validates Nexen strategy](#)

Nexen Inc.'s discovery of a major oil pool in a tricky spot below the North Sea has helped validate the company's heavy exploration spending in an area that many believe has few petroleum gems left to discover.

### [John Licata: Nat Gas to Heat Up, Crude to Climb Back Toward Triple Digits](#)

TER: Do you think we're going to be facing the downside of the peak oil before long?

JL: I think we'll again see triple-digit oil within the next two years. I've read all the theories on peak oil and they're fascinating; I think they're very credible when you consider a country like Mexico has said that in 2010 their production is going to drop off from, I believe, 2.6 to 2.5 million barrels a day. Their Cantarell Field in the Gulf of Mexico is drying up and that's one of the largest fields in the world. That should raise some eyebrows; maybe we don't have so much oil in the future.

### [Mexico May Emulate Petrobras as It Studies Changes to Oil Laws](#)

(Bloomberg) -- Mexican Energy Minister Georgina Kessel said the government may seek to emulate Brazilian state-controlled oil company Petroleo Brasileiro SA as the country considers "all" potential changes to its oil industry.

Mexico must decide what steps taken by the Rio de Janeiro-based company it can adopt, Kessel, who's also chairwoman of state-owned Petroleos Mexicanos, said yesterday in a telephone interview from Monterrey, Mexico. She'll meet Mexican lawmakers "soon" to discuss potential changes to the law, she said.

### [Former CIA Official Urges Curbs on Oil Firms Supplying Iran](#)

(Bloomberg) -- A former CIA director says companies that sell Iran refined petroleum products must be punished as the country gets closer to making a nuclear bomb.

"Any kind of dealing with companies such as Shell and Vitol, that are chiefly involved in sending gasoline and other refined petroleum products to Iran, should be cut off," former Central Intelligence Agency Director James Woolsey said in a phone interview from Harwood, Maryland Sept. 2. He said sanctions at the moment are "watered down." Iran hasn't enough refining capacity and imports 40 percent of its gasoline needs.

### [Alaska gov. urges feds to allow offshore drilling](#)

ANCHORAGE, Alaska – The federal government should allow offshore oil and gas drilling along Alaska's northernmost coastline, Alaska Gov. Sean Parnell said Thursday in a letter to Interior Secretary Ken Salazar.

Parnell called a responsible Outer Continental Shelf leasing program that respects Alaska Native concerns "vitally important to Alaska and the nation."

### [Prius top-selling car in Japan for 4th month](#)

TOKYO – Toyota's hugely popular Prius ranked as Japan's best-selling car in August, keeping the top spot for the fourth consecutive month with the help of government subsidies and tax breaks, an auto industry group said Friday.

### [Audi Chief Calls Chevy Volt “A Car For Idiots”](#)

Bring on the war of words. In a frank conversation with MSN writer Lawrence Ulrich, Audi of America President Johan de Nysschen has said that the Chevy Volt will fail and that anybody who buys the car is an idiot. Not only that, de Nysschen has lumped proponents of any type of electric car into a category of “intellectual elite who want to show what enlightened souls they are.”

### [Nuclear Energy Becomes Part of China-U.S. Talks, Official Says](#)

(Bloomberg) -- Talks between the U.S. and China, the biggest producers of greenhouse gases, are evolving to include sharing expertise in nuclear-energy technology.

Atomic reactors, which discharge far fewer heat-trapping gases than conventional power plants, will become a “very important” part of the negotiations on energy and climate change, said David Sandalow, the U.S. Department of Energy’s assistant secretary for policy and international affairs.

### [American Power and the Fall of Modernity \(Part III\)](#)

Global networks will continue, but only for those who manage to “make it” by the first decades of this early-21st century. Unable to aid the 60% left behind, humanity’s prosperous minority — whether they admit it or not — is increasingly looking to its own defense and preserving the integrity of a smaller system that is still viable. Globalization is now all about a minority living defensively within a seething non-state majority.

### [It's time to get serious about food security in Surrey](#)

The problem here is twofold. First, British Columbians cannot grow nearly enough food within our own borders to feed ourselves. Second, the conversion of agricultural land goes hand-in-hand with the expansion of suburban sprawl.

Our vulnerability to food insecurity becomes a problem if we run into peak oil and food becomes extremely expensive to transport over long distances, or if an international crisis sparks the closure of borders, making it difficult to import food.

### [Federal agency approves plan for Gulf fish farming](#)

NEW ORLEANS – President Barack Obama's administration on Thursday allowed fish farming in federal waters of the Gulf of Mexico, a move criticized by environmentalists fearful of pollution and threats to wild stocks.

### [Senator: Funding needed to cut high wildfire risk](#)

LOS ANGELES – Sen. Barbara Boxer on Thursday urged the U.S. Forest Service to dedicate more money to reduce wildfire danger in high-risk areas before another blaze threatens homes and lives.

The massive wildfire burning north of Los Angeles is being fueled by dry, overgrown brush, and similar conditions exist across the Southwest.

### [Environmental groups sue to protect ribbon seals](#)

ANCHORAGE, Alaska – Ribbon seals should be listed as threatened or endangered because global warming is quickly melting sea ice, which the seals depend on for several months each year, two environmental groups said in a lawsuit filed against the federal government in San Francisco Thursday.

### [A No-Carbon Payoff](#)

Truthfully, when I said yes to this Woody Allen-meets-Walden affair, I didn't fully think through what it would mean to live with a toddler and a dog in a one-bedroom, ninth-floor Manhattan apartment using no elevators, no electricity, no disposable diapers, no food grown more than 250 miles from home, no TV, no takeout, no beauty products, and no washing machine. Oh yes, and no buying anything; for the next year I would shop my own closet.

Little did I know that a year after the project's completion the global financial system would implode, or that the era of high-impact living -- using one's house as an ATM, jetting off on a lark -- would come to a spectacular and cataclysmic end. And here's the strange and unpredictable twist: Going No Impact for a year turned out to be sublime preparation for the post-subprime life.



## [Fall colors fade in U.S. west as aspen trees die](#)

SALMON, Idaho (Reuters) – The American West is losing its autumn colors as global warming begins to bite and there is far more at stake than iconic scenery.

Aspen, the white-barked trees with golden leaves that gave their name to the famed Colorado ski resort, have been dying off across the Rocky Mountain states. The die-off is puzzling but some foresters point to climate change.

## [Can Dirt Really Save Us From Global Warming?](#)

This month the Senate is set to take up the climate and energy bill that Congress began work on last spring. One provision will likely set up a system to pay farmers for something called "no-till farming."

The concept: When crops are planted without tilling, the soil holds more carbon, which means less goes up into the atmosphere.

But scientists aren't sure no-till really sequesters carbon any better than conventional farming.

## [Group Advocates Geoengineering Solutions to Warming](#)

The Copenhagen Consensus Center, a controversial Denmark-based think tank focused on the environment and international development, proposed Thursday that world leaders should focus on a geoengineered solution to climate change in the near term rather than mandating cuts in greenhouse gas emissions.

## [Farmers warned to get ready](#)

RALEIGH -- Even if global temperatures rise slowly, climate change could slash the yields of some of the world's most important crops almost in half, according to a new study co-authored by an N.C. State University scientist.

The study, recently published online in Proceedings of the National Academy of Sciences, looked at three frequently used scenarios for global warming. It found that the average U.S. yields for corn, soybeans and cotton could plummet 30 percent to 46 percent by the end of the century under the slowest warming scenario, and 63 percent to 82 percent under the quickest.

"There are some caveats, but this is a real cause for concern," said Michael Roberts, an assistant professor of agricultural and resource economics at NCSU.

## [Long-term Cooling Trend In Arctic Abruptly Reverses, Signaling Potential For Sea Rise](#)

ScienceDaily (Sep. 4, 2009) — Warming from greenhouse gases has trumped the Arctic's millennia-long natural cooling cycle, suggests new research. Although the Arctic has been receiving less energy from the summer sun for the past 8,000 years, Arctic summer temperatures began climbing in 1900 and accelerated after 1950.

...The new research shows the Arctic was cooling from A.D. 1 until 1900, as expected. However, the Arctic began warming around 1900, according to both the natural archives and the instrumental records.

"The amount of energy we're getting from the sun in the 20th century continued to go down, but the temperature went up higher than anything we've seen in the last 2,000 years," said team member Nicholas P. McKay of The University of Arizona in Tucson.



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