



Drumbeat: September 29, 2009

Posted by [Leanan](#) on September 29, 2009 - 9:05am

Topic: [Miscellaneous](#)

['Brighter days ahead offshore'](#)

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"Leading indicators have been improving since the beginning of the year - our view is that offshore expenditure will grow," Steve Robertson, the director of Douglas Westwood, told the Trends in the Offshore Drilling Industry conference in London today.

"From 2011 onwards, delayed projects will come back into the market."

...Robertson highlighted demand from China being a key driver for oil demand fundamentals remaining strong.

"If China follows Korea's path - as it has largely to date - oil demand will more than double in the next decade," he said.

Robertson questioned whether supply could meet this demand, with 66 out of 99 producing countries having reached their peak production by 2008.

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East. Our contention has been that oil prices are destined to slip back to their pre-stock-bounce range once economic reality sets in and demand remains persistently low. To that end, we own a hedge against falling oil prices.

However, the likelihood of military action against Iran by either the US, Israel, or both is growing, and such action would cause oil prices to spike. Let's look at the situation and chance of an attack, and why it would put upward pressure on oil prices.

[EPA ready to rejigger wild mileage claims for electric cars](#)

If you thought the only thing more outrageous than the 230 mile-per-gallon claim for the electric Chevrolet Volt was the 367-mpg claim for the electric Nissan Leaf, there's a

change afoot that may make sense to you, reports Drive On's Sharon Silke Carty:

The concept of judging fuel efficiency on electric cars by the "miles per gallon" they consume is dying a slow death. The EPA and other government agencies are working on a formula that will accurately tell people how fuel efficient electric vehicles are -- but since those cars don't use gas, miles per gallon doesn't make any sense.

[Zenn Ditches Car Production Plans to Focus on EESor Drive Train](#)

Canadian electric vehicle maker Zenn Motors has been stating its grand vision for a while: to supply a range of automakers and grid operators with energy storage technology created with partner EESor. That's what Zenn CEO Ian Clifford told us at the Fortune Brainstorm Green conference earlier this year. But this week, Clifford seems to have accelerated those plans and told Reuters and GM-Volt that Zenn no longer plans to sell its own higher-speed electric vehicle (the cityZENN car), and will also "shift focus away" from the low-speed electric it currently sells.

Instead, Zenn will now focus on acting as a supplier to the auto industry. Working with secretive EESor, Zenn plans to make an electric drive train, the ZENNergy Drive system, which can deliver those oh-so-controversial performance claims from EESor: 10 times the energy of lead-acid batteries at one-tenth the weight and half the price, with the ability to move a car 400 kilometers after a 5-minute charge.

["Land grabs" for rice production due to supply threats](#)

Los Baños, Philippines – Recent interest in "land grabs" or the international acquisition of land to produce rice is sparked by a looming threat of inadequate rice supplies.

"To put it simply, there is not enough rice to feed the world," says Dr. Robert Zeigler, director general of the International Rice Research Institute (IRRI).

"To meet the need and keep rice prices around US\$300 a ton – which allows poor rice farmers to make some profit yet keeps rice affordable for poor rice consumers – we need to produce an additional 8–10 million tons of rice more than in the previous year for the next twenty years."

[Spain says has power to spare, can phase out nukes](#)

MADRID (Reuters) - Spain's top energy official said on Monday the country had enough spare generating capacity to phase out nuclear power stations in the medium term, in line with government policy.

In recent years, Spain has subsidized renewable energy in order to cut its heavy dependence on fuel imports and reduce greenhouse gas emissions. It is now the world's

third-biggest producer of wind power and the second-biggest of solar.

Nuclear power is unpopular in Spain and both major political parties ruled out building new plants in last year's elections.

[Can Wind Power Be Stored?](#)

Wind farms typically generate most of their energy at night, when most electricity demand is lowest. So a lot of that "green" energy is wasted.

So the big question is: How do you bottle that power for air conditioners and other appliances that are busiest during the day?

[Alternate-energy scramble on across West](#)

SALT LAKE CITY (AP) -- Want some solar energy with your geothermal?

In Utah, state officials are fielding various combinations of energy proposals, a list that includes solar and geothermal installations and an energy storage project that would turn salt caverns into a kind of giant battery. The caverns would hold compressed air when they're not storing natural gas.

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[Mid-sized natural gas producers on the rebound?](#)

The past few months have been difficult for intermediate oil and gas producers in Canada, especially those with a focus on natural gas as prices have flatlined. However, as Blackmont Capital ramps up its coverage of this sector there is room for optimism.

Gordon Currie, analyst with Blackmont, continues to increase his coverage universe, adding five more mid-sized producers trying to survive and conserve capital in a period of low pricing.

[What Is Peak Oil?](#)

Peak Oil is a term that has become common currency in energy debates in last three years, due in large part to the spectacular rise in the price of crude between 2005 and the end of 2008. But what does Peak Oil actually mean and, more importantly, what do I mean when I use it in my articles?

[Mexico May Avoid Credit Rating Downgrade, JPMorgan Says](#)

(Bloomberg) -- Mexico may stave off a credit- rating downgrade, JPMorgan Chase & Co. said. "From our conversations with the rating agencies, they appear to be giving Mexico the benefit of the doubt and will likely wait to see what components of the fiscal reform are approved by Congress," JPMorgan analysts led by Joyce Chang wrote in a report to clients.

[Ecuador court lets judge leave Chevron case](#)

QUITO, Ecuador (AP) -- An Ecuadorean court has said it will allow a judge to withdraw from overseeing a \$27 billion lawsuit charging the Chevron Corp. with environmental damage in the Amazon rain forest.

The lawyer representing the plaintiffs in the lawsuit told The Associated Press on Tuesday about the court's decision to allow Judge Juan Nunez to step down. Pablo Fajardo says the case now will be heard by Judge Nicolas Zambrano.

[Nigeria's main rebel group warns Chinese oil firms](#)

ABUJA, Sept 29 (Reuters) - Nigeria's most prominent militant group on Tuesday warned Chinese oil companies not to invest in the impoverished Niger Delta until peace

was achieved in the region.

"The Chinese should be careful about investments until there is justice in that region," a spokesman for the Movement for the Emancipation of the Niger Delta (MEND), the main militant group responsible for sabotage of Nigerian oil installations, told Reuters.

"We can guarantee that if the government of Nigeria fails to address the root issues, the Chinese will regret they were negotiating with the wrong people."

[Risky business: insuring countries against climate catastrophe](#)

HONG KONG, China (CNN) -- The last fifty years have borne witness to a spate of climate related disasters across the world causing over 800,000 fatalities and \$1 trillion in economic loss.

Those stark facts come from the Economics of Climate Adaptation (ECA) Working Group, a group of NGOs and corporations that has produced a report warning that if countries do not take active steps to build resilience to climate change soon, they are likely to suffer even larger economic losses in the coming decades.

According to the ECA report published on September 14, climate catastrophes have risen in direct proportion to global temperatures over the last several years.

[Preparing for the Oil-Driven Economic Collapse](#)

Part of the problem with being an analyst is that we are expected to think as if we were living five years in the future.

While the market is undergoing a recovery at the moment, I was recently part of a massive panel of ex-Intel executives who were anticipating another collapse, this time energy-driven. It appears we have dropped into the five-year window of anticipating that.

Only China, at the moment, appears to be putting in place the resources to offset this collapse, and even it is not making the progress needed to fully offset it. However, what China is putting into place will make the problem even worse for us, and it is time to start thinking about this.

[Preparing for Peak Oil: How Our Lives Will Change Forever](#)

What do the following three cities have in common? Maracaibo in Venezuela, McCamey in Texas, and Baku in Azerbaijan (formerly part of the Soviet Union)? They are all dead ghost towns, former oil production supercenters of their respective nations, and indeed the world. They are now littered with the deteriorating skeletons of oil towers and

pumps that have long since ceased to nod their bowed heads in prayer to their subterranean god. Their landscapes, eerily silent and still, are reminiscent of World War I European battlefields – stripped of life and livelihood.

We worship oil - and while an impressive 70% of crude oil is refined into transportation energy, a whopping 98% of transportation energy comes from oil. And if all the predictions are correct, the impact on our economy and our civilization is such that any delay in our response is only going to magnify the coming cataclysm. Imagine an asteroid hitting the planet in slow motion.

[The end of the world as we know it](#)

San Francisco will face spreading poverty, possible food shortages, skyrocketing costs and increased gentrification as the production of oil and natural gas declines in coming years, according to a report issued last week.

The report by the Peak Oil Preparedness Task Force had some grim predictions, but also said that if officials begin planning now, San Francisco will be alright.

[The coming Population Wars: a 12-bomb equation](#)

News flash: the "Billionaires Club" knows: Bill Gates called billionaire philanthropists to a super-secret meeting in Manhattan last May. Included: Buffett, Rockefeller, Soros, Bloomberg, Turner, Oprah and others meeting at the "home of Sir Paul Nurse, a British Nobel prize biochemist and president of the private Rockefeller University, in Manhattan," reports John Harlow in the London TimesOnline. During an afternoon session each was "given 15 minutes to present their favorite cause. Over dinner they discussed how they might settle on an 'umbrella cause' that could harness their interests."

The world's biggest time-bomb? Overpopulation, say the billionaires.

[David Attenborough and Jonathon Porritt challenged on population growth](#)

The population explosion in poor countries will contribute little to climate change and is a dangerous distraction from the main problem of over-consumption in rich nations, a study has found.

It challenges claims by leading environmentalists, including Sir David Attenborough and Jonathon Porritt, that strict birth control is needed to reduce greenhouse gas emissions.

The study concludes that spending billions of pounds of aid on contraception in the developing world will not benefit the climate because poor countries have such low emissions. It says that Britain and other Western countries should instead focus on

reducing consumption of goods, services and energy among their own populations.

[BOOK REVIEW: \\$20 per Gallon](#)

I have to admit that when I saw the title of Christopher Steiner's new book, I scoffed a bit. *Twenty Dollars per Gallon* of gas seems like an outrageous, unfathomable price, even when you're a believer in peak oil. But part of the beauty of Steiners' book is its ability to track the effects of ever-more-scarce oil in believable detail. Whether the author's predictions of local food, high-speed trains and alternative plastics are correct, they are excellent illustrations of the pervasiveness of petroleum.

[Jeff Rubin warns of imminent rise in oil prices to triple digits](#)

Rubin offered several explanations as to why oil prices will soon rise significantly. First, he said that today's most important oil sources, like the Athabasca Oil Sands in northeastern Alberta, are far more expensive to use than prior supplies. Another problem, he said, is that prices in oil-producing countries like Saudi Arabia and Venezuela allow unhindered consumption. Finally, cheap cars in India and China, such as the \$2,200 Tata Nano, are adding to the existing explosion in world oil demand that undermines consumer cutbacks on oil use in the United States and Canada.

"Every person who gets a Tata gets a straw to start sucking at a world gasoline supply that has not grown in the last four years. The more that they suck, the less that we suck, and what we do suck and slurp up costs us increasingly more," said Rubin.

[Aramco CEO: Oil demand rebound will take time - PBS](#)

NEW YORK (Reuters) - Oil demand in the United States and Europe remains weak but the economic crisis will not lead to a permanent reduction in global consumption, the head of Saudi Arabia's state oil company said in an interview with a U.S. television station.

"It will take time to make up for the millions of barrels of lost demand that we have experienced," Saudi Aramco CEO Khalid Al-Falih said in an interview with Nightly Business Report to air Monday on PBS, adding, "But ultimately, it will come."

[Tools to Chart Mexico's Declining Oil Production](#)

For those of you who'd like to stay more up to date on the decline of Mexican oil production, a situation that is quite serious despite lack of Western media attention, today's post offers up a framework for understanding the monthly oil production figures, and then shows you how to best obtain and understand this data.

[Rising Nat. Gas Prices Could Spur Marcellus Shale Drilling](#)

Drilling in the natural gas-rich Marcellus shale formation that stretches across western Pennsylvania has been stunted by the recession, but a Pittsburgh oil and gas expert believes change is coming in 2010.

Duquesne University Professor Kent Moors, an internationally recognized authority in oil and gas policy and finance issues, predicted that the price of natural gas is on the verge of increasing to a point at which it will become profitable for companies to begin drilling.

And if Moors is correct that the price could nearly double by the middle of 2010, Pennsylvania is in store for a whole lot of drilling.

[White House to Go After Iran's Oil Income](#)

(CBS/AP) The Obama administration is planning to push for new sanctions against Iran, targeting its energy, financial and telecommunications sectors if it does not comply with international demands to come clean about its nuclear program, according to U.S. officials.

The officials said the U.S. would expand its own penalties against Iranian companies and press for greater international sanctions against foreign firms, largely European, that do business in the country unless Iran can prove that its nuclear activities are not aimed at developing an atomic weapon.

[Cnooc Holds Talks With Nigerian Government Over Oil Licenses](#)

(Bloomberg) -- China National Offshore Oil Corp., the country's third-biggest crude producer, is among companies in talks to acquire 16 production licenses in Nigeria, the president's office said today.

No decision has been taken on reassigning the licenses which were originally awarded to other producers and expired last year, Olusegun Adeniyi, a spokesman for Nigeria's President Umaru Yar'Adua, said in an e-mail today.

[TIMELINE: Resource-hungry China invests in Africa](#)

China's government and its state-controlled companies have invested billions of dollars in Africa to secure natural resources for the Asian giant's growing economy and build Beijing's political influence in the developing world.

Here is a timeline of some major deals since 2007:

[Indonesia falling short in crude output](#)

Indonesia's average daily oil production for September stood at 951,867 barrels per day, about 9000 bpd shy of its targeted 960,000 bpd, according to head of BPMigas, the country's upstream watchdog, BPMigas.

[China to Cut Fuel Prices Tomorrow by 190 Yuan a Ton](#)

(Bloomberg) -- China, the world's second-largest energy user, will cut gasoline and diesel prices by as much as 3 percent tomorrow to reflect crude oil costs, the National Development and Reform Commission said.

[KBR wins Saudi Shaybah gas contract](#)

KHOBAR, Saudi Arabia (Reuters) - U.S. firm KBR won a contract to work on a natural gas liquids project at Saudi's Shaybah oilfield, it said in a statement on Tuesday.

The award comes just a few days after after Canada's SNC-Lavalin won another deal for gas work from state oil firm Saudi Aramco. Aramco is focusing on expanding gas output as it looks to meet rising domestic demand from power plants and the petrochemical industry.

[Russia to sell off oil stakes](#)

Russia is planning gradually to reduce its stakes in big state oil companies and those in a number of other sectors, as part of its post-crisis strategy, Finance Minister Alexei Kudrin told reporters today.

[Chevron Asks Court to Remove Ecuador Judge From Pollution Case](#)

(Bloomberg) -- Chevron Corp., the second-largest U.S. oil company, asked a court in Ecuador to remove the judge presiding over a \$27 billion environmental lawsuit against the company there, saying he is biased.

[Schlumberger Presses for Shale-Gas Openness as Regulation Looms](#)

(Bloomberg) -- Schlumberger Ltd., the world's largest oilfield-services provider, is

pressing suppliers for permission to disclose the chemicals used in a drilling process that could be slowed by regulation after spurring an increase in U.S. natural-gas production.

“We have spoken with our suppliers regarding the disclosure of their chemicals,” Schlumberger spokesman Stephen Harris said. “Our suppliers do understand the need for a level of disclosure and are working to address that need.”

[On the road again: RV sales see an upswing](#)

A closely watched report Tuesday on consumer confidence is expected to show modest improvement, but some economists are heartened by a more obscure measure of buyer sentiment: recreational vehicle sales.

RV wholesale shipments jumped 16% in August from July to a seasonally adjusted annual rate of 209,800, the Recreation Vehicle Industry Association reports Tuesday.

[Houston Ship Channel reopens after oil spill](#)

HOUSTON – The Coast Guard says three miles of the Houston Ship Channel are reopened after a 10,500-gallon oil spill closed the section during the weekend.

[Kuwait oil fund eyes renewables](#)

Kuwait's oil fund, the Kuwait Investment Authority (KIA), is ready to study investment opportunities in alternative and renewable energy, it was reported today.

[RWE CEO Says Germany Should Talk About Extending All Reactors](#)

(Bloomberg) -- RWE AG Chief Executive Officer Juergen Grossmann said Germany should talk about extending the lifespan of all its nuclear reactors beyond planned early retirement dates.

[India's Nuclear Power Generation May Increase 100-fold by 2050](#)

(Bloomberg) -- India's nuclear power generation capacity may increase more than 100-fold over the next 40 years as the South Asian nation reduces dependence on fossil fuels blamed for global warming.

“If we can manage our program well,” our strategy could yield 470,000 megawatts of power by 2050, Prime Minister Manmohan Singh told a conference on peaceful uses of atomic energy in New Delhi today. “There will be huge opportunities for the global

nuclear industry to participate in the expansion of India's nuclear energy program."

[Cara Peck: Tackling the Energy Crisis at a Grassroots Level](#)

Cara Peck is a young life scientist at the Environmental Protection Agency (EPA) confronting the nation's energy crisis, air quality and ecological balance at the grassroots level.

Peck, 28, helped shepherd an EPA pilot project in the San Francisco Bay area to convert 73,000 tons of organic food waste from restaurants into electricity per year, keeping the material out of landfills and limiting greenhouse gas emissions.

[Could Sorghum Become a Significant Alternative Fuel Source?](#)

Could sorghum become a significant alternative fuel source? That's what faculty from Salisbury University's Richard A. Henson School of Science and Technology, with Solar Fruits Bio Fuels, LLC, are hoping to find out during a series of trials this fall.

Since May, eight sweet sorghum varieties have been growing on a Wicomico County farm for evaluation as potential stock for ethanol production on Delmarva.

[Ben & Jerry's, GE work on greener freezers for US](#)

WASHINGTON – Think propane and butane are just for barbecuing? Think again: The common cooking fuels can also chill your drinks and ice cream with less energy and almost none of the global warming worries of current refrigerants.

Some of the world's largest consumer product companies are promoting freezers and refrigerators in the U.S. that use propane, butane and other coolants that don't trap heat in the atmosphere as much as Freon and other conventional refrigerants.

[Kunstler: LA Almost Completely Hopeless](#)

James Kunstler came back, people. He came back to LA even though he thinks the city is hopeless and tragic and Kazakhstani! In this week's KunstlerCast, the anxiety attack-generating urbanist discusses his recent trip to Los Angeles, and can you believe he had one nice thing to say?

[What if Everyone in the World Wanted a One-Ounce Gold Coin?](#)

It's been my experience that the more emotionally one is invested in something — even if it is irrational and harmful — the more viciously one will defend it — even if it is irrational and harmful.

Auto-dependent suburbia, popular democracy, bigger government and other abusive relationships, infant sacrifice and the designated hitter rule: these things all make sense to some groups, somewhere at some time. Doesn't make any of them morally right or worth keeping.

[New book offers solutions for world's energy crisis](#)

Running on Empty: A Handbook for Understanding and Surviving the Energy Crisis, by Phillip J. Greene, seeks to provide an easy-to-understand explanation of the world's current energy crisis and practical tips on saving energy.

Greene understands the need for resource conservation. After surviving the scarcity of war rations as a young child in the 1940s and living through the energy crisis of 1973, all of the recent buzz about global warming, oil dependency and energy crises had a familiar tone for him. During his research of the 21st-century energy crisis, Greene felt there were no books out there that described what is actually happening in a constructive and useful manner.

[Kjell Aleklett: Our oily food](#)

In one of his first speeches as USA's president, Barack Obama declared that, "No single issue is as fundamental to our future as energy". This is the same viewpoint that I have had since the mid-1990s. Energy is the foundation for our daily bread, our warm home and our work. If our energy security crumbles then our society will also crack.

[Once Upon a Time, Democrats and Republicans Worked Together on the Senate EPW Panel](#)

In a speech Thursday on the Senate floor, Boxer underscored that partisan divide when she attacked a Republican-led effort aimed at halting U.S. EPA climate regulations for a year.

"The interesting thing is most of these environmental laws started with a Republican president named Richard Nixon," Boxer said. "What happened to the days when environmental laws were supported on both sides? Those days appear to be gone."

[Camco Shares Fall After Loss More Than Doubles on Writedown](#)

(Bloomberg) -- Camco International Ltd., the U.K. manager of emission-reduction

projects that has an Al Gore- linked fund as its biggest shareholder, dropped the most in more than seven months in London after its first-half loss doubled.

[Warmer weather threatens moose in Minnesota](#)

Minnesota has an estimated 7,600 moose, nearly all in the forests of northeastern Minnesota, where plentiful swamps, lakes and streams provide good habitat. Yet they're beleaguered by increasingly warm weather and parasites such as brainworms, ticks and liver flukes.

"Almost without exception all of the indicators are that the population is declining," said Mark Lenarz, a moose expert with the Minnesota Department of Natural Resources.

[Climate pact must include forest scheme: WWF](#)

BANGKOK (AFP) – A leading environmental group on Tuesday urged delegates at UN climate talks in Bangkok to include plans to reward nations for saving their forests in any deal on global warming.

[U.S.-China Climate Change Leadership: Five Ideas for a Common Agenda](#)

China and the United States--the world's two largest carbon emitters--should identify a handful of "world critical" technologies that address energy production and climate change, according to the China Reform Forum, the Chinese think tank, and the Carnegie Council, a New York-based institution. The two countries should then jointly develop the technologies under a bilateral regime that promotes private investment, project development, and shared intellectual property rights.

[Exelon to Quit Chamber Over Climate Bill](#)

Exelon, one of the country's largest utilities, said Monday that it would quit the United States Chamber of Commerce because of that group's stance on climate change. It was the latest in a string of companies to do so, perhaps a harbinger of how intense the fight over global warming legislation could become.

"The carbon-based free lunch is over," said John W. Rowe, Exelon's chief executive. "Breakthroughs on climate change and improving our society's energy efficiency are within reach."

[PG&E, Duke Energy Walkouts Show U.S. Split on Climate](#)

(Bloomberg) -- PG&E Corp. quit the U.S. Chamber of Commerce. Nike Inc. and Johnson & Johnson criticized the group for its stance. Duke Energy Corp. resigned from the National Association of Manufacturers.

Climate-change legislation is splitting the U.S. business community as few initiatives have in recent years. Groups such as the Chamber of Commerce, more accustomed to tangling with unions and environmentalists, find themselves facing off with prominent members who are defecting or joining new organizations to promote and shape legislation.



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