



Drumbeat: October 5, 2009

Posted by [Leanan](#) on October 5, 2009 - 9:10am

Topic: [Miscellaneous](#)

[Top court rejects U.S. govt's oil royalty appeal](#)

WASHINGTON (Reuters) - The Supreme Court rejected on Monday an Interior Department appeal of a ruling that the government says will likely cost it at least \$19 billion in lost oil royalties from energy companies.

The justices declined to review a ruling by a U.S. appeals court that Anadarko Petroleum Corp (APC.N) did not have to pay about \$350 million in royalties for drilling on federal leases in the Gulf of Mexico issued between 1996 and 2000.

buybacks and under-investment by big oil-producing nations. That spells a looming supply crunch.

...The big driver? The coming-of-age of electric and hybrid vehicles, which promise massive fuel-economy gains for short-hop commuting but which so far have not been economic.

Deutsche Bank expects the electric car to become a truly “disruptive technology” which takes off around the world, sending demand for gasoline into an “inexorable and accelerating decline.”

[Don't Fill Up on ConocoPhillips](#)

Sankey's note takes a new spin on "peak oil," a term used to describe the point of maximum production, after which extraction rates decline. Sankey, however, sees oil demand reaching a climax in 2016, followed by a drastic fall-off in use of oil, first in the U.S., then globally.

"The end is nigh for the age of oil," writes Sankey, who likens our time to the rapid decline in whale oil in the 1860s, after kerosene was developed as a more desirable "disruptive technology" for lighting lamps.

[Betting on Commodities, Especially Crude Oil](#)

In 2008, prices of oil, natural gas, gold, silver, copper, corn, wheat, and most other commodities reached multi-year, and in some cases multi-decade, highs. They've fallen

sharply since then, but commodities aren't going out of business. Another peak is coming, and it will be far higher, especially for oil.

[The Climate Agenda](#)

Today, *The Washington Post* launches The Climate Agenda, a special report that invites readers to explore Washington Post climate change news and tools and debate global climate change policy with a panel of environmental leaders.

[Top court rejects U.S. govt's oil royalty appeal](#)

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[ANALYSIS - UAE could spur regional nuclear power rush](#)

DUBAI/LONDON (Reuters) - The United Arab Emirates' huge nuclear power programme could trigger a race among Gulf Arab states for limited atomic energy resources to meet surging electricity demand and free up more oil for export.

[US consumers to pay lower winter natgas bills - AGA](#)

WASHINGTON (Reuters) - U.S. consumers are expected to pay lower natural gas bills this winter compared with last year due to above-normal gas supplies and cheaper energy prices, the American Gas Association said on Monday.

"Plentiful domestic natural gas supplies and lower wellhead prices will drive bills down this winter and provide relief for natural gas customers struggling in a trouble economy," the AGA said in its annual winter outlook.

[Nigeria assuming \\$50 oil price for 2010 budget](#)

ISTANBUL (Reuters) - Nigeria is currently basing its budget plans for 2010 on an oil price assumption of \$50 a barrel although the figure could be raised higher if energy prices remain resilient, Finance Minister Mansur Muhtar said on Monday.

"For 2010 in the medium-term framework ... we have adopted a very conservative estimate of \$50 per barrel," Muhtar told reporters in Istanbul.

[Nigeria militants fight amnesty](#)

Hours after an amnesty for Nigeria's oil militants expired, the original group that began the unrest has gone to court, arguing the move is illegal.

The 60-day amnesty offered cash and training for fighters who disarmed.

[TransAlta: The greening of a coal giant](#)

Once TransAlta absorbs the Canadian Hydro assets - 21 hydro, wind and biomass plants in four provinces - the combined company will generate 22 per cent of its power portfolio from renewable sources.

TransAlta already has a number of renewable power projects in its portfolio, generating about 15 per cent of its total power output.

[Capital gains](#)

Certain 'traditional' forms of social capital, such as church-going, Women's Institutes, party membership and trade union memberships, have almost universally declined. But while in the US and the UK this seems to have been associated with a trend towards privatisation and disengagement, in other countries it was associated with the rise of 'solidaristic individualism', to use a phrase coined by Swedish sociologist Bo Rothstein.

In essence, we Anglo-Saxons have spent the past few decades using our growing personal wealth to escape from the inconvenience of other people. To use an everyday example, we buy several TVs so that even our own children don't have to negotiate with each other about what to watch. We use our wealth to ensure that we can do what we want, when we want to. In contrast, our Scandinavian neighbours seem to have used their wealth to see more of one another – to go out with friends, to join more reading groups and so on.

[Jeremy Leggett Interview—Culture Problem in the Oil Industry?](#)

I think there's a cultural problem in the oil industry at the top tables. There is just simply a social silence. It's what the anthropologists studying the financial crunch have called a social silence that was erected around the bonus system. They discouraged, institutionally in individual conversations right through to institutional behavior, any

discuss of the risk of these financial issues. In the same way, the leadership in the oil industry really frowns, in most cases, on any sensible discussion about peak oil. Former colleagues in BP tell me that it's almost like an act of treason to talk about peak oil in that company. And so I think that's a real issue.

[Black Market Shows Iran Can Adapt to Sanctions](#)

WASHINGTON — President Obama has vowed to keep the pressure on Iran over its nuclear program after last week's meeting in Geneva, and his advisers said the United States was intensively recruiting other nations to join in a harsher economic embargo against Tehran should diplomacy fail.

But as the focus on sanctions intensifies, a review of the United States' experiences in enforcing its own longstanding restrictions on trade with Iran suggests it would be difficult to truly quarantine the Iranian economy.

[Dark world of declining oil supplies expected by peak oil community](#)

A recently conducted survey of members of the global 'Peak Oil Community' has revealed wide-ranging negative expectations for the world in the twenty first century but also optimism on an individual basis. 'The Global Peak Oil Survey 2009', carried out by the UK focused peak oil group Powerswitch, consisted of 150 questions on the most controversial areas of discussion around peak oil.

The findings show a view of the world drastically affected by declining global supplies of oil, expected to occur from 2007 to 2013. The effects of peak oil suggested will be wide ranging, with increases in crime, war and nationalism, and decreases in urban working, health and global population levels. A strong concern about climate change exists but the view is that peak oil will have much more of an impact on society over the next twenty five years.

[Frozen in the future?](#)

The city's mayor this week painted an apocalyptic vision for a community quickly running out of energy supplies to heat and light homes. It was bleak and a little scary. But even scarier is that after talking to dozens of people familiar with the natural gas pipeline system feeding the city and the region's main electrical powerplants, one can easily get the idea that Mayor Dan Sullivan might actually have understated the danger.

[U.K. Refinery, Power-Station Workers Reject Employer Proposals](#)

(Bloomberg) -- Workers at seven U.K. oil refineries and power stations, including the Sellafield nuclear complex and a facility on BP Plc's Forties pipeline, have rejected a pay

offer and are seeking to reopen talks with employers.

The majority of union members polled voted against the proposal, the GMB and Unite labor unions said in e-mailed statements today. The measure included a pay increase and the creation of a national register of unemployed workers, which would be used to fill vacancies.

[Turkey to invest \\$450 mln in oil exploration in Black Sea](#)

ANKARA (Xinhua) -- Turkey's Energy Minister Taner Yildiz said Monday that Turkey would make an investment of around 450 million U.S. dollars in oil exploration in the Black Sea, the semi-official Anatolia news agency reported.

Yildiz said a giant offshore oil platform will set off from Norway this month and is expected to arrive in Turkey's northern coast in mid-December.

[Flurry of oil patch deals expected](#)

The blockbuster transactions that dominated Canada's oil patch this year are expected to trigger a cascade of other deals in the coming months, industry experts and bankers say.

[Coal India May Complete Mine Acquisition This Year](#)

(Bloomberg) -- Coal India Ltd., the nation's monopoly producer of the fuel, said it expects to complete a mine acquisition in the year ending March 31, and has hired Royal Bank of Canada to carry out due diligence on a deposit in Australia.

The state-owned company is seeking mines in the U.S., Australia, South Africa and Indonesia and as many as 52 companies want to be its partners, Chairman Partha S. Bhattacharyya told reporters in New Delhi today.

[Atomic power safety questions still unanswered](#)

Ten years after a nuclear accident killed two plant workers and shattered the "safety myth" surrounding atomic power generation, Japan still has much work to do in improving responses to cases of radiation exposure.

Experts and officials say the number of doctors and facilities that can provide emergency care is still insufficient, while more has to be done to prevent and respond to radiation emergencies.

[Kurt Cobb: National parks and the idea of conservation in the fossil fuel age](#)

The age in which the national parks were established was an age in which people could be made to believe that saving a few wild areas would in no way hamper the continued material progress of humankind. There have always been those who wanted to exploit the ready riches which lie in such landscapes. But today in the face of escalating energy prices, it has been all too easy for the American Petroleum Institute to succeed at convincing the American public and the Congress that the United States must open as much area as possible to oil drilling.

As the fossil fuel age winds down, will the public be so amenable to setting aside additional landscapes, keeping them out-of-bounds to extractive industries? Will it even be willing to defend the national parks we already have? I wonder.

[Emissions from tar sands seriously underestimated](#)

Greenhouse gas emissions from tar sands operations are being significantly under-reported according to new research by Global Forest Watch Canada.

The report, 'Bitumen and Biocarbon', says oil companies and governments are not accounting for emissions from deforestation. It says that when boreal forest is destroyed for tar sands development, significant amounts of greenhouse gases are emitted.

[Oil May Pass \\$100 on 'Loose' Policy, Merrill Says](#)

(Bloomberg) -- Oil may jump above \$100 next year as emerging market demand rises and "loose" monetary policy weakens the U.S. dollar, Bank of America Corp.'s Merrill Lynch unit said.

The global economy will grow 4.2 percent next year and spare global oil production capacity is 5 percent of current demand, Merrill analysts led by Francisco Blanch said in the bank's Global Energy Weekly. There are "upside risks" to Merrill's \$82 a barrel forecast for the fourth quarter of 2010, according to the report.

"Without firm policy action to reduce global oil demand or an unexpected expansion in supplies, a continuation of extremely loose monetary policy in OECD economies next year could ultimately bring about another spike in oil prices well above \$100 a barrel as we approach 2011," the report said.

[Total mulls dismantling of Dunkirk refinery-report](#)

PARIS (Reuters) - Total's 160,000 barrels-per-day Dunkirk refinery, which

temporarily stopped in mid-September due to poor fuel demand, is likely to be dismantled, a French weekly said on Monday. Total declined to comment on the press report from the economical and political newsletter, La lettre de l'Expansion, which did not identify sources.

The French major said at the start of the month a lack of fuel demand had forced the temporary closure of the Dunkirk refinery without specifying the duration.

[China's apparent oil consumption down in 1st 7 months, but at slower pace](#)

BEIJING (Xinhua) -- China's apparent oil consumption in the first seven months this year was down by 0.6 percent year on year, but at slower pace, according to the China Petroleum and Chemical Industry Association (CPCIA).

The apparent oil consumption represents net imports and output, and could be taken as an index for the real oil consumption excluding inventory.

[Black Sea could compete with Russia as EU gas supplier](#)

EUOBSERVER / BUCHAREST – The geopolitics of pipelines between Russia and Europe could change dramatically if non-conventional oil and gas reserves in the Black Sea area were to be tapped, energy experts at a high-level conference said last week.

"The Black Sea resources are very big and could even replace gas supply from Russia," Dinu Patriciu, a Romanian oil man and investor who has already bought up large chunks of the country's maritime plateau, said at the "Black Sea energy and economic forum" in Bucharest on Friday (2 October).

[Enbridge Energy to sell non-core assets](#)

TORONTO (Reuters) - U.S. pipeline operator Enbridge Energy Partners LP (EEP.N) said on Monday it planned to sell some natural gas assets outside of Texas, resulting in a \$65 million impairment charge.

The U.S.-based arm of Enbridge Inc, Canada's largest pipeline operator, said the proceeds from the sale would be used to fund expansion projects.

[Woodside strikes initial deal on LNG hub](#)

Woodside Petroleum has signed a preliminary agreement with the government of Western Australia for the development of a liquefied natural gas processing precinct at

James Price Point in the state's north-west.

The government said today that the agreement will accelerate key studies and planning into the project and will see Woodside appointed as the foundation commercial proponent for the precinct.

[Gazprom May Resume Turkmen Gas Import](#)

MOSCOW—Gazprom is likely to resume gas purchases from Turkmenistan that were halted in April after a pipeline blast this month or next month, VTB Capital investment bank said after a meeting with Gazprom's management.

Supplies from Turkmenistan, Gazprom's main source of natural gas in Central Asia, were suspended in April after an explosion at the pipeline, which connects Russia and the former Soviet satellite.

[Commodity Swaps Would Be Regulated by U.S. Under Frank's Plan](#)

(Bloomberg) -- Legislation aimed at tightening oversight of the \$592 trillion derivatives market would give the Commodity Futures Trading Commission new authority to police over-the-counter commodity swaps as well as derivatives traded on foreign exchanges.

The commission would get the power sought by Chairman Gary Gensler to regulate bilateral swaps in commodities such as wheat and natural gas, and may impose position limits on speculation that takes place outside of regulated exchanges, according to a 187-page draft measure released Oct. 2 by House Financial Services Committee Chairman Barney Frank.

[Open Interest Surge Signals Peak as Traders See Slump](#)

(Bloomberg) -- Investors are snapping up commodities at the fastest pace in 18 months just as stockpiles of raw materials rise and shipping rates plunge, signaling that prices may be poised to fall.

Open interest, or contracts yet to be closed, liquidated or delivered, rose 6.6 percent in the third quarter for the 20 most-traded U.S. commodities, exchange data compiled by Bloomberg show. That's the steepest gain since the first three months of 2008, just before the credit-market freeze sent prices plunging from records.

[Natural Gas Futures May Rally Toward \\$5: Technical Analysis](#)

(Bloomberg) -- Natural gas is poised to rally toward \$5 per million British thermal units based on a jump in the 10-day moving average in the past week, according to a technical analysis by Mike Fitzpatrick, vice president of energy with MF Global in New York City.

"The chart gives a very bullish look with the 10-day moving average now over the 40- and 200-day, a very strong signal," he said in a note to clients on Oct. 2. "There is also an active buy signal, which kicked in two weeks ago."

[Chevron Kazakh venture boosts output](#)

Kazakhstan's largest oil producer, the Chevron-led venture Tengizchevroil, will produce 22.5 million tonnes of oil this year, up from 17.3 million tonnes in 2008, a senior Kazakh official said today.

[Heating aid could fall short of needs](#)

Record numbers of low-income people and senior citizens who can't afford to heat their homes are applying for help, say some local agencies that distribute aid and struggle with the recession's fallout.

"The overwhelming need we have (for heating aid) far surpasses any of our resources," says Dave Dexheimer of Douglass Community Services in Hannibal, Mo., which is getting 25% more calls than a year ago. It has \$60,000 in state heating funds, down from \$100,000 last year.

Savings from a drop in some fuel prices "is being canceled out by increasing numbers of families who are losing their jobs," says Mark Wolfe of the National Energy Assistance Directors' Association.

[Negligence factor in Russian power plant accident](#)

MOSCOW — Russia's top industrial safety oversight official said Saturday that negligence was a major factor in a devastating accident at the country's biggest hydroelectric power plant, and hinted that high-level officials could face trial over the disaster that killed 75 workers.

Outlining a report on the causes of the Aug. 17 accident at the Sayano-Shushenskaya plant in southern Siberia, Rostekhnadzor director Nikolai Kutin described it in chilling detail. Part of an overstrained turbine unit weighing 1,500 tons snapped off its restraining bolts and sailed 14 meters (45 feet) into the air, he said, unleashing flooding, short circuits and wreckage that crippled the plant and doomed dozens of workers in seconds.

While the direct causes were essentially technical, he said, bad decisions, misuse and

neglect stretching years back set the stage for a catastrophe that could probably have been avoided.

[German solar panel makers in trouble: federation](#)

FRANKFURT — German solar energy firms are in a bind, the head of a federation said in a report due out on Monday amid concern that the new German government will abandon the sector.

"German solar energy companies are earning almost no money because demand has collapsed" with the economic crisis, Joerg Sutter told the magazine Wirtschaftswoche.

[Emirates leader signs law to develop nuclear power](#)

DUBAI, United Arab Emirates — The president of the energy-hungry United Arab Emirates has signed a law regulating the development of a civilian nuclear program, clearing the way for construction of a nuclear power plant with help from the United States.

Washington has promoted its plan to help the Emirates' develop peaceful nuclear power as a model of the kind of cooperation it would like to achieve with Iran, which the U.S. and its allies suspect is using a civilian program as a cover to develop an atomic weapons capability.

['Crash Course' provides lessons on economy, beyond](#)

Martenson uses the economy as a lens to view the world; he explains exponential money, a bursting credit bubble, demographics and a national failure to save in a way laypeople can easily understand. He goes on to explain how our economy, energy systems and environment interact, and how they will impact the future.

His main message is that the next 20 years are going to be completely unlike the past 20 years. The predicament we find ourselves in is the result of an unsustainable, debt-ridden, exponentially growth-based economy bumping up against the realities of peak oil, shrinking natural resources, and an already degraded and stressed environment. As a result of his research, Martenson believes it will be a time of massive change that might overwhelm our society's ability to adapt.

[Global warming has us on thin ice](#)

If global warming is occurring then sea-surface temperature should also be increasing,

hurricane frequency should be on the rise, and polar sea ice should be melting.

Figures show that the trends for all three processes seem to be consistent for at least the short term.

[Why Climate Change Legislation Is Turning Corporate America Green](#)

What's the "green" driving some high-profile corporations to break with the country's largest business lobbyist over climate change? Hint: It's not the environmental kind.

[British public refuse to fly less to reduce their carbon footprint](#)

The extent of the public's refusal to fly less often has been revealed by research that suggests attempts to slash greenhouse gas emissions from aviation will struggle to get off the ground.

Fewer than one in five people are trying to reduce the number of flights they take for environmental reasons, warns the study from Loughborough University. The findings come after the aviation industry vowed to halve emissions by 2050 and the government's climate advisers called for a deal at UN climate talks in Copenhagen to cap emissions from flying.

[The Carbon Effect](#)

What happens when using the Internet is no longer free?

Raising the cost of Internet service has been threatened for years, largely because some of the fiber backbone carriers want more money for all the data and high-bandwidth video traffic moving over their lines. But given the distributed nature of Internet infrastructure and rampant competition among phone and cable companies, that scenario now appears less likely to unfold than ever before. Competition continues to drive down prices for access, which means the only way providers can get higher monthly fees is by boosting the speed of that access.

What is new, however, is the idea of taxing the infrastructure used to store, send and retrieve data over the Internet, and it seems to be gaining ground. Environmentalists and policy makers see carbon taxation as an effective way to cut carbon emissions and reduce the effects of global warming. Bills have been introduced in Europe and the United States, and more are likely to surface as climatic changes continue. Even China reportedly is considering a carbon tax bill.

[16 arrested in Canada Greenpeace protest](#)

MONTREAL — Authorities arrested 16 people Sunday after Greenpeace activists scaled three smoke stacks at a Shell operation in their latest action protesting the exploitation of Canada's vast oil sands.

Activists from Canada, France, Australia and Brazil occupied part of an upgrader machine Shell is building at its Scotford site in Fort Saskatchewan, Alberta to convert oil sands into fuel, the group said in a statement.

[Europe bids to tax personal fuel consumption](#)

GOTHENBURG (AFP) — A Europe-wide tax on personal or household fuel consumption was proposed on Friday as EU finance ministers met to discuss who should pay what in the fight against global warming.

Detailed European Commission plans will be put before member states next year but an outline proposal was raised by the EU's taxation and customs union commissioner Laszlo Kovacs at the Gothenburg gathering.

[UN warns of 70 percent desertification by 2025](#)

BUENOS AIRES — Drought could parch close to 70 percent of the planet's soil by 2025 unless countries implement policies to slow desertification, a senior United Nations official has warned.

"If we cannot find a solution to this problem... in 2025, close to 70 percent could be affected," Luc Gnacadja, executive secretary of the United Nations Convention to Combat Desertification, said Friday.

[The high stakes of melting Himalayan glaciers](#)

(CNN) -- The glaciers in the Himalayas are receding quicker than those in other parts of the world and could disappear altogether by 2035 according to the 2007 Intergovernmental Panel on Climate Change (IPCC) report.

The result of this deglaciation could be conflict as Himalayan glacial runoff has an essential role in the economies, agriculture and even religions of the regions countries.



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