



Drumbeat: October 7, 2009

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Topic: [Miscellaneous](#)

[The Peak Oil Crisis: \\$75 a Barrel](#)

Last week Saudi oil minister Ali al-Naimi revealed the secret for economic recovery, everlasting happiness and you-name-it. The secret -- keep oil prices at \$75 a barrel -- turned out to be so simple it is surprising we didn't think of it ourselves.

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hout us: that our descendants will continue to compose music, invent tools, refine scientific knowledge, and write histories, extending into the indefinite future the cumulative, constantly evolving universe of signs, symbols, and skills that have enriched our lives. Cultural death—the passing of the wisdom, artistic creations, and practical knowledge of an entire people, painstakingly built up over many generations—is a loss almost too wrenching to contemplate.

Yet cultural death happens. The examples from history are legion. Anthropologists and archaeologists have identified well over 10,000 distinct human cultures, of which most have perished, many by absorption into one multi-ethnic civilization or another. Linguists have catalogued over 6,000 human languages; again, most are extinct or endangered, often for a similar reason—absorption of indigenous populations into multi-ethnic urban civilizations. But civilizations are also mortal: about 24 are known to have existed over the past 5,000 years, and again most are now dust.

[Arctic Region Beckons As North Sea Fields Decline](#)

The North Sea has long held Western Europe's richest trove of hydrocarbons, but now 50 years after the first major discovery in the region, production has been in decline.

In a prime example of the challenge that aging oil fields present for energy giants, North Sea production is expected to drop by about 300,000 barrels a day in 2009 and 2010, a scenario that would put daily output below 4 million barrels.

[CFTC May Tighten Enron Loophole on Natural Gas. Power](#)

(Bloomberg) -- The U.S. Commodity Futures Trading Commission may impose new rules on 17 natural gas and power contracts offered on the Intercontinental Exchange Inc., further tightening the so-called Enron loophole that exempted some contracts from regulation.

['Dollar's role will decline'](#)

The US dollar will be a reserve currency for a long time but will gradually "give place" for other currencies, Algeria's Oil Minister Chakib Khelil said today.

"The same trend that happened to the pound sterling, which used to be the major currency for commodities and reserves, has left its place to the dollar, so it is normal that the dollar will slowly leave space for the euro, maybe for the yuan, for the yen and so forth," Reuters quoted Khelil saying at a news conference.

[Shell: North American Natural Gas Production Will Grow](#)

Royal Dutch Shell plans to increase its natural gas production in North America, said Marvin E. Odum, head of the company's U.S. unit.

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Though gas prices are now very low, Mr. Odum said in a Monday interview with The Wall Street Journal, Shell believes long-term prices will recover, justifying the company's interest.

[ConocoPhillips plans to sell assets, cut spending](#)

ConocoPhillips, the third-largest U.S. oil company, plans to sell \$10 billion of assets in the next two years and cut capital spending in 2010 to reduce debt and increase returns on capital.

The divestitures may include oil and natural-gas properties and refineries, Houston-based ConocoPhillips said today in a statement. Proceeds will be used to help the company achieve its target debt-to-capital ratio of 20 percent to 25 percent, according to the statement.

[Pickens predicts oil prices to soar](#)

NEW YORK (Reuters) -- Texas oil tycoon T. Boone Pickens said Tuesday he has increased his long oil and natural gas position in recent weeks.

"It's not my personality to be short," said the billionaire who has made his fortune investing in the oil sector.

[Suncor Says Oil Sands Increasingly Important in Energy Industry](#)

(Bloomberg) -- Suncor Energy Inc. Chief Executive Officer Rick George said Alberta's oil sands are increasingly important as a supplier of energy.

[Shell, Halliburton Push the Limits of Extreme Well Conditions](#)

Halliburton has recently deployed its new Hostile Sequential Formation Tester II (HSFT-II™) tool. This latest formation evaluation tool allows operators to evaluate formations at increased pressures and temperatures, up to 30,000 pounds per square inch (psi) and 450°F, respectively, and in boreholes as small as four inches. No other commercially available formation testing tool is rated for such operating conditions.

[Key Nigerian Militants Taking Part in Amnesty Deal](#)

ABUJA, Nigeria (AP) -- Key Nigerian militants have agreed to disarm and a government spokeswoman said that is improving the country's oil production. Analysts, though, warned Wednesday that militant attacks could resume after a cease-fire expires next week.

[Russians to Pay \\$600MM, Not \\$1B, to Start Venezuela Oil Drilling](#)

A Russian oil consortium will only have to pay \$600 million, not the \$1 billion Venezuela previously said, as a down payment for its participation in exploiting Venezuela's Orinoco oil fields, a top lawmaker indicated Tuesday.

[Petrobras to unveil rig tender details](#)

Brazilian state-run Petrobras plans to issue tender details next week for 28 deep-sea and ultra-deep-sea drilling rigs, Guilherme Estrella, executive for exploration and production, said today.

Estrella said the first eight rigs would be contracted for Petrobras ownership and exclusive use, while the other 20 would be freighted to other companies.

[Judge upholds Ky. price gouging statute](#)

FRANKFORT, Ky. (AP) - A judge in Frankfort has upheld the constitutionality of Kentucky's law against price gouging.

The ruling by Franklin Circuit Court Judge Thomas Wingate on Monday allows a lawsuit by Attorney General Jack Conway against two oil companies to continue.

[Don't Stop with Fossil Fuels: End Energy Subsidies Altogether](#)

Ending subsidies for fossil fuels is a good idea but it should be coupled with policy that eliminates subsidies provided to all energy sources. Subsidies create complacency within the industry and direct money that could be used more efficiently elsewhere. The private sector investment in energy research is actually larger than many might think. True breakthroughs in energy technology take time but the private sector has been generating marginal improvements in efficiency for decades.

[Automation runs on energy, not on politics](#)

Hofmeister reminded ISA EXPO attendees that automation devices do not run on political aspirations, they run on electrons. "You need coal, uranium, gas molecules; you have to have reliable electrons. It affects you directly—your company and your personal well-being. We can't let political talk determine what the future looks like," he said.

In the last five years, this country has shelved or delayed or stopped the plans for 100 electricity pulverized coal generating facilities—to begin to replace an aging generation of 600 coal plants where the age is 35 years, Hofmeister said.

[The "Double Dip" Recession, Foreign Oil, and a National Rail Network](#)

Economist Nouriel Roubini recently advanced the proposition that higher oil prices, rising government debt, and a lack of job growth will throw us right back into recession once we finally start to escape from the current one. Roubini labeled this potential phenomenon a "double-dip recession." In essence, it's a giant "Catch-22" --- we can't have continued prosperity without cheap oil and we can't have cheap oil without a bum economy. This unfavorable scenario presents itself to us precisely because American policymakers over the past few decades have ignored our nation's most pressing concern: the energy crisis.

Undoubtedly, we're all aware of America's massive reliance on foreign oil. Instinctively, we all realize this is most likely a detrimental thing. Yet, very few people have ever laid out much in the way of a comprehensive plan to deal with the crisis. There have been some attempts, however.

[Peak Oil and the Necessity of Transitioning to Regenerative Agriculture](#)

As global energy availability begins to decline over the next several decades, energy-intensive industrial methods of food production will have to be transitioned to regenerative practices that 1) sponsor their own energy, 2) build soils and 3) produce in abundance. There are successful examples of regenerative systems that meet these three imperatives. The foundational principles of existing regenerative systems should be used in the development of new practices unique to each individual ecosystem. While borrowing principles from traditional agricultural systems, it is important that modern knowledge of biological dynamics be used in conjunction with appropriate scale technologies to enhance traditional practices and meet the three policy imperatives. The transition to regenerative agriculture is necessary to avoid being locked into a system that depletes our soils and is dependent upon an energy resource in decline (fossil fuels).

[U.S. Department of the Interior Climate Change Response Strategy: Secretarial Order Addresses Climate Change Impacts on U.S. Lands and Oceans](#)

On September 14, 2009, Secretary of the Interior Ken Salazar launched the Department of the Interior's first-ever coordinated strategy to address current and future impacts of climate change on America's land, water, ocean, fish, wildlife, and cultural resources.

"Across the country, Americans are experiencing first-hand the impacts of climate change, from growing pressure on water supplies to more intense droughts and fires to rampant bark beetle infestations," said Salazar. "Because Interior manages one-fifth of our nation's landmass and 1.7 billion acres on the Outer Continental Shelf it is imperative that we tackle these impacts of a failed and outdated energy policy. This secretarial order is another milestone in our continuing effort to change how Interior does business to respond to the energy and climate challenges of our time."

[Transition Town Somerville calls for energy crisis plan](#)

The climate crisis, the energy crunch and economic instability are three main forces that have caused communities to start thinking about how they can be more resilient, including Somerville.

A group of citizens are taking this a step further by working to make Somerville a Transition Town, a concept that originated in Ireland and is taking hold around the world.

[Cities of the future](#)

There's nothing like a bleak and frugal present to get us all contemplating what the future will hold. Will it be brighter? Will it be better? And, of course, will there be

jetpacks? As in the 1950s, when atom-obsessed Google architecture arose from the postwar psyche, today's visionaries are letting their imaginations run wild as they plan the cities of the future—even if some of their current projects have been scuppered by the recession.

Indeed, there's a serious edge to some of the innovative designs we discovered, particularly when it comes to environmental appeal: a revolving building that produces its own energy, a lobby waterfall that helps cool the air. We can't guarantee that all the projects featured here will get the green light, but if you want to see what our future cities might look like, read on.

[The Peak Oil Crisis: \\$75 a Barrel](#)

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[Pickens Power Makes Al Gore Convenient Truth in U.S. Oil Policy](#)

(Bloomberg) -- Trim and tanned at 81, T. Boone Pickens leans forward in his swivel chair to better hear Al Gore exhort solar and wind power. It's a scorching August day at the National Clean Energy Summit in Las Vegas. Pickens, who has made and lost billions betting on energy in his boom-and-bust career, waits with Democratic Party bigwigs for his turn to speak. His topic: why the U.S. must wean itself from foreign oil.

It's a far cry from the wildcatter turned corporate raider and backer of fellow Republican oilman George W. Bush, who downplayed global warming as U.S. president. Now Pickens has ingratiated himself not only with environmentalists but with the Democrats who derided him. The reason: his Pickens Plan, which embraces natural gas and wind power and which proponents say would cut oil imports and curb air pollution in the process.

[Kuwait says plan to boost oil production on track](#)

KUWAIT CITY — Kuwait's oil minister says the OPEC member's plan to boost crude output capacity to 4 million barrels a day is on track for the year 2020.

Shaikh Ahmed Al Abdullah Al Sabah's comment to the official Kuwait News Agency on Wednesday came a day after he said the output plan had been pushed back by a decade, to 2030. He had cited a weak market and a lack of skilled workers as the reasons for the

change in the timeline.

[SPE: Oil recovery takes NOC, IOC, service company collaboration](#)

NEW ORLEANS -- Recovering the world's remaining oil resources will require a collaborative effort of national oil companies, international oil companies, and service companies, according to Mohammed Al-Qahtani, executive director, petroleum engineering and development of Saudi Aramco.

[Report: Exxon Mobil buys stake in African field](#)

COLUMBUS, Ohio — Exxon Mobil has bought Kosmos Energy's stake in oil blocks offshore the West African country of Ghana in an area that contains huge crude discoveries, The Wall Street Journal reported Tuesday.

The deal would be the first by one of the world's largest oil companies in the area, the newspaper said, citing a person familiar with the matter.

[Is Exxon Betting on \\$100 Oil?](#)

But Exxon's \$4 billion says they aren't betting on \$50 oil, the long term average. They need \$100 a barrel to make Jubilee a risk-free investment with 10% annual return in my opinion.

[Kashagan costs spiral to \\$38bn](#)

The cost of developing Kazakhstan's huge Kashagan oilfield will rise by \$7 billion to \$38 billion, head of state oil & gas company KazMunaiGas, Kairgeldy Kabyldin, said today.

In July, Kazakh Energy Minister Sauat Mynbayev said the costs would fall by at least \$1 billion from an estimate of \$31 billion.

[Iran Says It Is Ready for Foreign Investment in Energy Industry](#)

(Bloomberg) -- Iran, holder of the world's second- largest gas reserves, is open to foreign companies investing in its energy sector, the country's deputy oil minister said.

“Many companies that belong to the government now will become private very soon,” Azizollah Ramazani, deputy Iranian oil minister, said yesterday in an interview in Buenos Aires. “I think the Iranian energy sector in very interesting for foreign

companies, including American companies.”

[Natural Gas Executives Put Faith In Industry's Long-Term Outlook](#)

BUENOS AIRES -(Dow Jones)- The global financial and economic crisis has taken its toll on the natural gas industry, with sharp declines in prices and consumption, but industry executives on Tuesday expressed their faith in the long-term outlook.

"Primary gas consumption's share in the energy matrix is expected to be stable or rising in the next 25 years, at around 22%; historically that share in the matrix has never stopped increasing," said Antonio Brufau, chairman and chief executive of Spain's Repsol YPF (REP), in a speech to the World Gas Conference.

Emerging countries are going to be the main drivers of future natural gas demand, especially as incomes start to rise in places such as China or India, he said.

[Oil Remains in Downtrend, Faces Resistance: Technical Analysis](#)

(Bloomberg) -- Crude oil remains in a downtrend, even as it rises for a third day, and will face multiple layers of resistance before any approach toward a September high of more than \$73 a barrel, according to Societe Generale.

Oil will need to rise above the \$71 a-barrel “selling level” before the upswing can be extended, said Stephanie Aymes, a London-based commodity technical analyst at the bank. Prices yesterday touched \$71.97, the highest in October, as the dollar’s decline bolstered the investment appeal of commodities.

[Turkmenistan to renew gas supplies to Russia in Oct](#)

ALMATY (Reuters) - Turkmenistan hopes to renew gas supplies to Russia by the end of this month, Torge Yagshymuradov, head of the Central Asian state's geological institute, told Reuters on Wednesday.

Supplies from Turkmenistan, Russian gas giant Gazprom's main source of natural gas in Central Asia, were suspended in April after a pipeline explosion, which connects Russia and the former Soviet Union country.

[Exxon Mobil Regains Top Ranking as PetroChina Falls](#)

(Bloomberg) -- Exxon Mobil Corp. regained its ranking as the world’s most valuable company, overtaking PetroChina Co. after Chinese price controls failed to keep pace

with rising crude costs, squeezing profits on refined fuels.

State-controlled PetroChina's Shanghai-traded shares have dropped 2.2 percent since Sept. 2, when the Chinese government last raised domestic prices for gasoline and diesel. Exxon Mobil rose 0.7 percent in the same period to a market capitalization of \$330 billion, compared with \$325.5 billion for PetroChina.

[Typhoon bears down on Japan; car plants shut](#)

Some oil firms halted shipments although the storm has not so far affected refinery production.

Nippon Oil Corp said it had halted marine oil product shipments at its Mizushima and Osaka refineries in western Japan Wednesday afternoon.

Idemitsu Kosan Co said it has halted marine oil shipments at its Tokuyama and Aichi refineries Wednesday afternoon. Overland oil shipments have been also put on hold at the Tokuyama refinery, a company spokeswoman said.

Japan Energy Corp, the nation's sixth-biggest oil refiner, said it would halt overland oil shipments from its Mizushima refinery in western Japan during the night hours. Nansei Sekiyu KK's refinery in Okinawa said high seas were delaying some ships.

[Leaked Iran paper exposes IAEA rift](#)

WASHINGTON - Excerpts of the internal draft report by the staff of the International Atomic Energy Agency (IAEA) published online last week show that the report's claims about Iranian work on a nuclear weapon is based almost entirely on intelligence documents which have provoked a serious conflict within the agency.

Contrary to sensational stories by the Associated Press and The New York Times, the excerpts on the website of the Institute for Science and International Security (ISIS) reveal that the IAEA's Safeguards Department, which wrote the report, only has suspicions - not real evidence - that Iran has been working on nuclear weapons in recent years.

[How Israel Was Disarmed](#)

The U.S. abstention is sending shock waves through the international community, which has long been accustomed to the U.S. acting as Israel's de facto protector on the Council. It also appears to reverse a decades-old understanding between Washington and Tel Aviv that the U.S. would acquiesce in Israel's nuclear arsenal as long as that arsenal remained undeclared. The Jewish state is believed to possess as many as 200 weapons.

[Keeping warm should be a bit cheaper this winter](#)

WASHINGTON — Staying warm won't be quite as expensive this winter. People who heat with natural gas should do especially well, seeing their lowest bills in five years.

But no matter what fuel is used, heating costs are expected to take less of a bite out of household budgets in the coming months — from \$20 to as much as \$280 lower than last winter depending on what fuel is used, the government says.

[Sunoco idling Eagle Point plant, furloughing 400 workers](#)

Sunoco Inc. said Tuesday it is indefinitely idling its Eagle Point refinery in Westville, N.J., and furloughing all 400 workers there.

The Philadelphia-based oil refiner and gasoline retailer also said it is halving its quarterly dividend to 15 cents from 30 cents, starting with the first quarter of next year.

[More motorists die on rural roads](#)

The focus on rural highway deaths comes at a time when traffic fatalities in general — even those on country roads — are dropping. Overall U.S. traffic deaths dropped last year amid record-high gas prices and the recession.

The decline was less on rural roads even though drivers there cut travel more sharply. Rural traffic fatalities have declined steadily to 20,905 last year from 25,896 in 2002.

In every state — even Massachusetts, which has the lowest percentage of rural fatalities — there are more rural deaths per 100 million miles traveled than urban fatalities.

A key reason: People drive faster on rural roads, which are not as well-engineered as urban highways, increasing the likelihood of death or severe injury in crashes, Munnich says. Other factors: behavioral differences, including more drunken driving and less use of seat belts in rural areas, and slower delivery of acute medical care.

[After the peak](#)

To prepare for the inevitable decline in fossil fuel production, San Francisco's Peak Oil Preparedness Task Force has concluded the city needs to rapidly implement the community choice aggregation and its related renewable energy projects, beef up "buy local" programs, convert unused land (including some park and golf course property) into public food gardens, and consider implementing city carbon, gas, vehicle, and fast food taxes.

[The U.S. Bets a Billion on New High-Tech Automakers](#)

Don't think the billions in government subsidies for automobiles are all flowing to Detroit. The U.S. Department of Energy (DOE) is ready to loan nearly \$1 billion to Tesla Motors and Fisker Automotive, two fledgling automakers with deep roots in Silicon Valley and Southern California.

[Colo. company looks to salvage Neb. ethanol plants](#)

LINCOLN, Neb. — A Colorado-based company could be in the market for abandoned ethanol plants in Nebraska.

Gevo Inc. of Englewood, Colo., would retrofit the plants to make an alternative fuel called biobutanol.

[AES wind farm kicks off in Bulgaria](#)

SOFIA — AES Geo Energy, a Bulgarian unit of US energy giant AES Corporation, launched on Tuesday the largest 156-megawatt wind farm in Bulgaria, the company said.

[Canadian Hydro plans offshore wind farm](#)

Ontario's green-energy Klondike is spreading offshore, and in a big way.

Canadian Hydro Developers Inc., the country's largest independent developer of wind-energy projects, said on Monday it plans to erect enough wind turbines in Lake Erie to power two million homes.

[Bad air quality could trigger appendicitis: study](#)

OTTAWA (Reuters) - Short-term exposure to air pollution could trigger appendicitis in adults, possibly because pollutants cause inflammatory responses, according to a Canadian study published Monday.

Researchers found that people exposed to nitrogen dioxide for a week during June, July and August -- when levels of the pollutant are at their highest -- were almost twice as likely to come down with the potentially deadly condition as those who had no exposure.

[Energy reports will examine markets' effects](#)

The Energy Information Administration will issue a series of reports on the effects of financial markets on energy prices, the agency's director, Richard Newell, said Tuesday.

The reports will evaluate the effect of financial markets on energy prices within the context of other factors, such as storage capacity, physical inventories and geopolitical factors, Newell said. He did not say when the reports will be issued.

[Obama orders feds to cut energy use, emissions](#)

WASHINGTON -- President Barack Obama on Monday ordered the federal government -- the nation's largest energy user -- to cut its greenhouse gas emissions and to reduce its impact on the environment.

The president's executive order also requires all agencies to conserve water, reduce waste and use the government's enormous purchasing power to buy more environmentally sound products. Once the changes in place, they could touch everything from the kinds of vehicles in federal fleets to the use of recycled paper and non-plastic utensils in government cafeterias.

[Feds award \\$2.7M for Wolverine carbon project](#)

TRAVERSE CITY, Mich. — An electric power co-op that wants to build a coal-fired plant in northern Michigan has received a \$2.7 million federal grant for a project designed to prevent industrial carbon dioxide from contributing to climate change, officials said Tuesday.

The Wolverine Power Supply Cooperative Inc. project is among 12 funded by the Department of Energy to test technologies that capture carbon dioxide and store it underground instead of releasing it into the atmosphere, where it traps heat and warms the planet.

[E.U. Plan to Curb Co2 Would Favor Solar Power](#)

BRUSSELS — The European Commission is expected to introduce a plan to reduce greenhouse gas emissions that directs the largest slices of €50 billion available for research and development to solar power and capturing and burying emissions from coal plants.

[India's thirst is making us all wet](#)

ONE nation's thirst for groundwater is having an impact on global sea levels. Satellite measurements show that northern India is sucking some 54 trillion litres of water out of the ground every year. This is threatening a major water crisis and adding to global sea level rise.

[Green roofs offset global warming, study finds](#)

Filling rooftops with plants and dirt can help pull a modest amount of heat-trapping carbon dioxide out of the atmosphere, found a new study.

While green roofs certainly won't solve the global warming problem, their ability to sop up greenhouse gases — even just a little bit — bolsters the case for planting them on city buildings, despite extra costs on the front end, said lead researcher Kristin Getter, of Michigan State University in East Lansing.

[Volcanic eruptions may have thawed ice age](#)

A little melting ice can touch off a firestorm.

As ice sheets thawed toward the end of the last ice age, Earth responded with a fit of volcanic eruptions that spewed CO₂ into the air and created the balmy climate we know today, according to a new study.

[Bill McKibben: The Science of 350, the Most Important Number on the Planet](#)

350 is the most important number on the planet.

Which is odd, because until about 22 months ago no one even knew it mattered.

But that's when, in December of 2007, NASA's Jim Hansen gave a slide show at the American Geophysical Union annual meeting in San Francisco. He'd been thinking about what it meant that we'd just come through a summer of very rapid ice melt in the high Arctic, and that researchers were reporting "ahead of schedule" changes in dozen other of the earth's big physical features--melting glaciers, acidifying oceans and so on.

[UN climate chief hails Bangkok talks](#)

BANGKOK — UN climate talks in Bangkok are the most constructive since the 2007 launch of negotiations to deliver a planet-saving pact on global warming, the UN climate chief told AFP on Wednesday.

"This is the first time over the past two years that we have seen this kind of

constructive focus on how we are actually going to make this thing work," said Yvo de Boer, executive secretary of the UN Framework Convention on Climate Change (UNFCCC).

[Climate a Bigger Challenge Than Recession, China Says](#)

(Bloomberg) -- China, the world's biggest polluter, said climate change is a challenge that it shares with the world and is a more formidable one than the global recession.

The world's third-largest economy is committed to helping fight climate change and has taken "responsible" steps, Vice Minister of Science and Technology Liu Yanhua said at a conference in Hong Kong today, reiterating the stance of President Hu Jintao.

[C.I.A. Climate Center Irks Barrasso](#)

Senator John Barrasso, a conservative freshman Republican from Wyoming, said on Tuesday that he would try to stop the Central Intelligence Agency from opening a new climate change center by choking off its funding.

"The C.I.A. is responsible for gathering foreign intelligence information for the United States," Mr. Barrasso said in announcing an amendment to a 2010 spending bill to block any money being spent by the agency on the new office. "I don't believe creating a center on climate change is going to prevent terrorist attacks."



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