



Drumbeat: October 20, 2009

Posted by [Leanan](#) on October 20, 2009 - 9:18am

Topic: [Miscellaneous](#)

[Transcript: Energy, Security & The Long War of the 21st Century](#)

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A. We're close. Hubbert had predicted that the U.S. would peak in 1970. He was only off by a year. Thus his approach is credible. Oil production has peaked in a number of places in the world. The Saudis are reluctant to share information on their reserves; it will take some detective work to figure them out. See Matt Simmons' claim that they have peaked already. Oil is cheap in Saudi Arabia, but their production costs will increase. There's increasing demand from China, India, and other countries. The Saudis can't make up for a drop in production elsewhere this time as they did back in 1983. Prices will go up.

t of available oil onto the market. And that this has extremely big geopolitical consequences, and governments have neither acknowledged this, and neither have they seemingly put together any kind of policies that would seek to move us away from the potential crunch of having insufficient oil coming onto the market.

[OPEC and corporations disagree as oil hits 12-month high of \\$80 per barrel](#)

Abdalla Salem El-Badri , secretary-general of OPEC, blamed governments for failing to keep speculators in check, pointing out that there was no shortage of oil supplies around the world.

"I'm not an advocate of banning speculation, but they should not be going wild," he said. "If they go wild, everybody goes wild."

[Gazprom to Sell as Much as 90% of Shtokman LNG in North America](#)

(Bloomberg) -- OAO Gazprom, the world's biggest natural-gas producer, plans to ship

80 to 90 percent of the fuel from its Shtokman project in the Arctic to North America as recovery of the world's largest economy spurs energy use.

The Moscow-based company plans to sign 20-year contracts in 2010's first half to use gas-import terminals on the U.S. Gulf and East coasts, said John Hattenberger, head of Gazprom's energy-trading unit in Houston. Shtokman will produce an estimated 1 billion cubic feet of liquefied natural gas a day starting in 2014, followed by an additional 2 billion cubic feet a day in about 2016 and 1 billion cubic feet in 2018, he said.

[The return of oil price shock](#)

NEW YORK (CNNMoney.com) -- Oil prices are back around \$80 a barrel for the first time in nearly a year. But is that good news or bad news for the economy? Let the debate begin.

Of course, the knee-jerk reaction is to declare that rising oil prices must be a bad sign. After all, increased energy prices could be considered the equivalent of a big fat tax increase for an already cash-strapped consumer.

[Grandma's greener than you](#)

While the federal government is urging Americans to pay for energy efficiency upgrades to their homes, the family of Cornelius Votca, 94, of Mankato, Minn., closed off the upstairs bedrooms and the front parlor in their home during winter months to save heat from the coal or wood stove. It had to be dark before anyone could turn the lamps on, and with no radio or TV, no one was using electricity late into the night. You don't need a carbon tax when people lack the funds to pay the going rate for energy anyway.

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[US coal peak production: Point and counterpoint](#)

A timely debate on "United States Coal Peak Production" will enliven the annual meeting of the Geological Society of America in Portland, Oregon, today. Highly regarded experts David B. Rutledge of the California Institute of Technology and Robert C. Milici from the U.S. Geological Survey will be keynote speakers presenting opposing views.

[Russia Clears Pipeline Hurdles](#)

MOSCOW -- Russia this week moved a step closer to realizing its two major export gas pipeline projects under the Baltic and Black seas to Europe, after receiving long-awaited approval from Denmark and Turkey.

Tuesday, Denmark gave the green light to construct the Nord Stream in its section of the Baltic Sea, becoming the first country to clear the project.

[Students build green cars for \\$7.5M in prizes](#)

The kids at West Philadelphia High School's Academy of Automotive and Mechanical Engineering are a driven bunch, and that's good news for everyone. What's driving them is their effort to design a 100-mpg passenger sedan that could go a long way — on very little fuel — toward helping to fight America's oil habit.

[Rolling toward a resurgence in train travel](#)

Seems the airlines aren't the only ones suffering from a decline in business travel.

Last week, Amtrak announced that 27.2 million passengers rode its trains during the previous 12 months, a drop of 5.4 percent attributed primarily to a decline in business travel along the busy Northeast Corridor.

Nevertheless, the numbers represent the second-highest passenger load in Amtrak history, and proponents of rail travel maintain that even more people would ride the rails if service were more convenient.

[Producer Prices Fall, Indicating Sluggish Wholesale Demand](#)

Even as investors were bidding up the prices of commodities like oil and gold last month, wholesale prices in the United States were falling, reflecting weak demand at home.

The government's Producer Price Index fell 0.6 percent in September after rising by 1.7

percent a month earlier, the Labor Department reported Tuesday. The figures show that, despite a weakening dollar, inflation remains a remote concern as the American economy struggles to pull itself out of a deep recession.

“The demand for goods is still very soft; the United States economy is just barely recovering,” said Allen Sinai, president of Decision Economics. “In a weak economy where consumer spending is weak, businesses have been slashing left and right. This surprisingly deflationary result reflects that.”

[No moves to shift oil from dollar: OPEC sec-gen](#)

LONDON (Reuters) - OPEC Secretary-General Abdullah al-Badri said on Monday he knew of no plans to shift international oil trade away from its dollar denomination.

When asked if he was aware of any such moves, Badri said: "No, no, this is a 100 percent member country policy."

[Chevron Says No Currency Can Challenge Dollar in Oil Trading](#)

(Bloomberg) -- No currency can challenge the dollar's dominance in oil trading, Chevron Corp. Chief Economist Edgard Habib said today.

[Petrobras Sets Monthly Oil Production Record in Brazil](#)

Petrobras' average oil production in Brazil in September, 2,003,940 barrels per day, set a monthly record, surpassing the previous mark set in March 2009 by 12,000 barrels. This mark was 5.6% higher than a year ago and 1.2% more than August 2009.

The 24,000-barrel difference, compared to August, resulted from the resumption of activities on Platform FPSO Cidade de São Vicente, in the Tupi area, in the pre-salt area of the Santos Basin, and on platform P-19, in the Marlim Field, in the Campos Basin. Other factors that figured-in were a well going on stream at the Piranema Platform, in the Sergipe sea, and increased production at the wells interconnected to the P-48 (Caratinga) and P-51 (Marlim Sul) platforms, in the Campos Basin.

[EDF, Gazprom Agree on U.S.-Europe Five-Year Natural-Gas Swap](#)

(Bloomberg) -- Gazprom Marketing & Trading and EDF Trading agreed on a five-year swap of natural gas between the U.S. and European markets.

[Key report aims to tackle global peak oil crisis](#)

The Bristol Partnership and Bristol City Council have welcomed the report of the Peak Oil Study, presented at the Partnership board meeting on Thursday 15th October.

The study was commissioned by the Bristol Partnership and the city council to consider the implications for Bristol once global oil production has peaked and production is in decline. The comprehensive 108 page report spells out the potential impact of 'peak oil' on every aspect of Bristol life - transport, food, healthcare, public services, the economy, power and utilities.

The report can be downloaded [here](#).

[The Ecotechnic Future \(book excerpt\)](#)

Modern industrial civilization is simply a form of technic society that gets its nonfood energy from fossil fuels and maximizes production of goods and services in the usual R-selected way at the cost of vast inefficiency. At the other end of the spectrum is the climax community, the ecotechnic society, which gets its nonfood energy from renewable sources and maximizes the efficiency of its energy and resource use in the usual K-selected way at the cost of more restricted access to goods and services.

If this is correct, our own civilization is pursuing a wholly misguided image of what advanced technology looks like. Since the late 19th century, when science fiction writers such as Jules Verne began to popularize dreams of future technologies, "advanced technology" and "extravagant energy use" have been for all practical purposes synonyms, and Star Trek fantasies still dominate discussions of what a mature technological society might resemble. If the model just outlined has any validity, though, a truly mature technology may turn out to be something very different from our current R-selected expectations — and this requires a radical rethinking of most ideas about the future.

[Feed hungry, then help them feed themselves](#)

I've seen what chronic hunger does to people in places such as the Cite Soleil slum in Port-au-Prince, Haiti. The long-term strategy for reducing the widespread hunger there and elsewhere in the world is to give poor nations the resources they need to sharply increase their production of food. That won't be easy.

For example, there is little arable land in Haiti, a once lush-green Caribbean nation. The country's poor vandalizes the landscape by using trees for fuel, which robs the soil of vital nutrients needed for agriculture and condemns millions of Haitians to a life of hunger. A part of the answer to Haiti's food shortage is biotechnology — which includes the use of scientifically altered seeds to improve food production — that Clinton and Vilsack said the U.S. will share with other nations to jump-start their food production.

[The Economic Case for Slashing Carbon Emissions](#)

Amid a growing call for reducing atmospheric concentrations of CO₂ to 350 parts per million, a group of economists maintains that striving to meet that target is a smart investment — and the best insurance policy humanity could buy.

[6 simple ways to save energy at home](#)

Seal electrical outlets in the exterior walls of your house. Foam insulating gaskets (less than \$1 each) "act as a barrier so conditioned air stays in, rather than leaking out," says Jonathan Passe of the Environmental Protection Agency.

Just unscrew the outlet cover, install the gasket, and replace the cover.

[PetroChina adds 1.5m cu m of oil storage capacity](#)

China National Petroleum Corp (CNPC), the country's leading oil and gas producer, added 1.5 million cu m of oil storage capacity in the first three quarters of this year, the company said yesterday.

CNPC had also completed early-stage works for 24 oil storing projects from January to September, the company said in a statement on its website, without elaborating.

China's leading oil companies like CNPC and Sinopec have all accelerated the construction of their own commercial oil stockpile. Sinochem Corp is likely to complete a 2-million-cu-m oil reserve in Zhoushan in Zhejiang province next year, sources close to the project earlier told China Daily.

[China eyes 11 mln bpd oil refining capacity by 2015](#)

BEIJING (Reuters) - China will raise its crude processing capacity to 550 million tonnes or 11 million barrels per day (bpd) by 2015, and lift output of refined oil products to over 300 million tonnes, according to an industry plan released on Tuesday.

The crude capacity target would be a quarter higher than the 440 million tonnes of capacity in 2011 planned by Beijing.

[Byron King: Can the Oil Market Keep Up With Oil Prices](#)

It might be a comforting thought to believe that world oil output can increase. Indeed, many policymakers in the U.S. and Europe apparently dream themselves to sleep at

night pondering how the current oil volume of about 85 million barrels per day could move upward to, say, 95 million barrels per day – ‘if only the world oil industry were more efficient.’

Yeah, right. Except the global oil industry is not that model of dreamland efficiency. Sure, there are some bright spots. The big internationals like Exxon Mobil , Chevron, BP, Shell, etc. are good. There are some really good state oil firms like Brazil’s Petrobras and Norway’s StatoilHydro. Saudi Aramco is outstanding. These guys are all doing great work to keep the world’s pipelines and tankers filled.

But much of the rest of the world’s oil industry lacks the knack for capital discipline and crisp project execution. Venezuela’s oil industry is a basket case, what with the Chavez-led nationalizations and mass firings of recent years. Output is falling in Venezuela, and this from a nation with among the largest hydrocarbon reserves anywhere in the world.

[Crude Oil Falls From One-Year High as Dollar Pares Decline](#)

(Bloomberg) -- Crude oil fell from a one-year high as the dollar pared losses against the euro and OPEC Secretary- General Abdalla El-Badri said prices above \$80 will hamper economic growth.

Oil traded above \$80 as the dollar index, which measures the U.S. currency against six major currencies, fell to its lowest since August 2008, boosting the appeal of commodities as a currency hedge.

“The oil price going further up from here is perhaps the biggest risk to the global economic recovery,” said Kaha Kiknavelidze, a managing partner at London-based Rioni Capital Partners LLP, a hedge fund that specializes in emerging markets.

[U.S. gasoline price up 8.5 cents to 5-week high: government](#)

WASHINGTON (Reuters) – The price U.S. drivers paid to fill up at the gasoline pump soared to the highest level in five weeks thanks to rising crude oil costs, the Energy Department said on Monday.

The national average price for regular unleaded gasoline increased 8.5 cents over the last week to \$2.57 a gallon, down 34 cents from a year ago, the department's Energy Information Administration said in its weekly survey of service stations.

[Oil Breaks Resistance, May Climb to \\$90: Technical Analysis](#)

(Bloomberg) -- Crude oil has breached a key resistance level of \$76.28 a barrel, giving it the “capacity” to rise to just under \$90 based on Fibonacci retracements, Australia & New Zealand Banking Group Ltd. said.

Oil, which is trading near a one-year high in New York, is “taking a pause” to consolidate before moving up toward \$89.85 a barrel, said Geoff Clear, the Singapore-based head of Asian commodities at ANZ.

[Oil: "Black Gold" or "Fools Gold"?](#)

While it can be conceded that forecasting the price of oil will always remain challenging, several indicators and trends are leading us to believe that the price of this ‘black gold’ could well retrace in the medium term. Thus any investor chasing the stratospheric highs reached temporarily last year may well find only “fool’s gold” instead.

[Oil is cheap at \\$78 a barrel and we should increase gas usage for cars.](#)

There are two main drivers of last week's temporary record: the value of the US dollar, which makes every commodity more expensive and the ever increasing US consumption of gasoline and distillates. The guzzlers on US roads are increasing, and powering vehicles with natural gas is not pursued vigorously enough. The “Peak Oil Theory” is no longer a theory and finding oil will continue to be more and more difficult and expensive.

[OPEC Isn't Comfortable With Oil Going Back to \\$100](#)

(Bloomberg) -- The Organization of Petroleum Exporting Countries isn't comfortable with oil prices returning to \$100 a barrel, said the group's secretary-general, Abdalla El-Badri.

El-Badri said he doesn't expect prices to reach three figures in the near future as there is “no shortage of oil supply.” The rally to a one-year high above \$80 a barrel today is driven by higher equities, the sliding dollar and speculation, he told reporters today.

[Oil and gas producers spent \\$35.6B last year, expected to spend \\$34B this year](#)

The Canadian oil and gas extraction industry spent \$35.6-billion in 2008, up 12.5% from 2007, according to Statistics Canada. The economic downturn hit the oil-patch hard last year, but did not kick in until later in the year. Despite budget cuts, the Canadian Association of Petroleum Producers expects spending in the non-conventional and unconventional petroleum sectors to reach \$34-billion in 2009, Statistics Canada said.

[Yergin vs Simmons 2: Battle of the IEA data interpretations](#)

There's a little bit of irony in this, surely. Last year's World Energy Outlook marked for

many observers the point at which the IEA adopted a tone far more favourable of peak oil theory. The inclusion of data from that very set of 800-odd fields saw the IEA revise its decline rate for post-peak fields from 3.7 per cent to 6.7 per cent. Enough to set off headlines all around the world about the decline of oil.

[OPEC Wants Floating Storage to Disappear Before Raising Output](#)

(Bloomberg) -- OPEC wants to see oil stored at sea disappear before it considers raising production to stem the rally in prices, Secretary-General Abdalla El-Badri said.

The Organization of Petroleum Exporting Countries sees “no shortage of oil in the market” El-Badri told reporters at the Oil & Money conference in London today. The rally to a one-year high above \$80 a barrel today is driven by higher equities, the sliding dollar and speculation, he said.

[Shell May Order at Least Three Floating LNG Ships, Says Technip](#)

(Bloomberg) -- Royal Dutch Shell Plc may order at least three floating liquefied natural-gas plants for about \$5 billion each as Europe’s biggest energy producer seeks to be first in the race to tap so-called stranded deposits using the untested technology.

“There will be a minimum of three units and maybe more,” said Bernard di Tullio, chief operating officer of Technip SA, hired by Shell along with Samsung Heavy Industries Co. to build the ships. “We could see the first ones floating within four or five years,” he said in an interview from Paris.

[Reliance Ind eyeing refineries in U.S., Europe - report](#)

NEW DELHI (Reuters) – Indian energy giant Reliance Industries is in preliminary talks with U.S.-based Valero Energy, Sunoco and Flying J to buy refineries, the Business Standard newspaper reported, citing unidentified sources.

Royal Dutch Shell's three refineries in Europe are also on the company's radar, the sources told the paper.

[Conoco sees little case for big oil mergers](#)

LONDON (Reuters) - The chief executive of U.S. oil major ConocoPhillips (COP.N) said he does not expect another round of consolidation in the oil and gas industry as happened in the 1980s and 1990s.

Jim Mulva said oil companies were leaner than in the past, which meant there was little

room for synergies from putting companies together, and that politicians could also oppose big tie-ups.

"I don't see a really compelling case for consolidation like we saw in the 1980s or 1990s," Jim Mulva told the Oil and Money conference in London.

[Conoco sees oil surplus being eroded before long](#)

"We are unlikely to have long production surpluses and weak oil prices," Jim Mulva told the Oil and Money conference on Tuesday.

Mulva added that the cost for oil companies of replacing the oil they pump with new reserves had fallen in the past year, but not as much as the drop in oil prices.

[Kuwait plans to spend 63 bln dls on mega projects](#)

The daily did not name any project but Kuwait, awash with cash from oil revenues, has been planning a new business hub dubbed Silk City as well as a new modern harbour, a railway and metro system.

[Nigeria looking for ways to help poor Delta region](#)

ABUJA, Nigeria -- The managing director of Nigeria's state oil company has told The Associated Press the government is looking at ways to empower impoverished communities in the country's oil-producing Niger Delta, which has been rocked by an insurgency.

The government says more than 8,000 militants disarmed under a recent amnesty program and that now development must take place.

[Some State Senators Ready to Take on Oil Lobby](#)

TALLAHASSEE | The aggressive push for oil drilling off Florida's shores is backed by a coalition of powerful, well-financed business interests who are determined to succeed where they failed before: the state Senate.

But even as proponents insist they'll corral the votes they need, Senate skeptics are multiplying - including the chamber's presiding officer and several key Republicans who sound increasingly hostile to the idea.

[Toyota unveils new hybrid-only model](#)

TOKYO – Toyota Motor Corp. has unveiled a more expensive and bigger hybrid-only model than its hit Prius, underlining the Japanese automaker's ambitions to make green technology more widespread.

The "Sai" sedan is Toyota's second hybrid-only model after the Prius. Toyota offers hybrid versions of other car models.

[Could America Tax Gasoline More \(And Fund Clean Tech\)?](#)

Since the United States' addiction to oil is widely documented and recognized as a threat by both sides of the political spectrum, why shouldn't it tax oil more to curb the consumption?

This could effectively stimulate efficiency, decrease the amount of oil the country consumes each day and also help to curb greenhouse gas emissions. One dollar per gallon would bring \$140 billion to the Federal government each year. One dollar per gallon would amount to 39 euro cents per litre. Even with such a tax, the United States would keep on taxing less heavily gas than most OECD countries.

[Five Technologies That Could Change Everything](#)

It's a tall order: Over the next few decades, the world will need to wean itself from dependence on fossil fuels and drastically reduce greenhouse gases. Current technology will take us only so far; major breakthroughs are required.

What might those breakthroughs be? Here's a look at five technologies that, if successful, could radically change the world energy picture.

[Fuel-Thirsty U.S. Navy Pledges 50% Cut in Oil Use by 2020, and More](#)

The United States Navy is taking a big leap forward in "greening" its 50,000-strong, gas-guzzling fleet of vehicles, committing to a 50 percent cut in oil use by 2015, the Secretary of the Navy Ray Mabus declared in a speech at the Naval Energy Forum.

That's not all. Mabus said the Navy will attempt to get 50 percent of its total energy from alternative sources by 2020, including its ships, aircraft, tanks, vehicles and bases. Currently, that figure is at 17 percent.

[German Coalition Plans New Solar-Power Legislation by Dec. 31](#)

(Bloomberg) -- German Chancellor Angela Merkel's incoming government intends to cement proposed cuts in solar- power subsidies in legislation passed this year, a coalition paper says.

Lawmakers from the coalition of Free Democrats and Merkel's Christian Democrats want to reduce power costs that are partly driven by the subsidies as soon as possible, according to the document, which calls the costs an "unjustified burden."

[Freakonomics Guys Flunk Science of Climate Change](#)

(Bloomberg) -- Steven D. Levitt and Stephen J. Dubner are so good at tweaking conventional wisdom that their first book, "Freakonomics," sold 4 million copies. So when Dubner, an old friend, told me their new book would take on climate change, I was rooting for a breakthrough idea.

No such luck. In "SuperFreakonomics," their brave new climate thinking turns out to be the same pile of misinformation the skeptic crowd has been peddling for years.

[Global Warming in SuperFreakonomics: The Anatomy of a Smear](#)

They have given the impression that we are global-warming deniers of the worst sort, and that our analysis of the issue is ideological and unscientific. Most gravely, we stand accused of misrepresenting the views of one of the most respected climate scientists on the scene, whom we interviewed extensively. If everything they said was actually true, it would indeed be a damning indictment. But it's not.

[Geoengineering wars: another scientist teases out surprising effect of global deforestation](#)

AUSTIN—A new and unpublished analysis of the regional impacts of a hypothetical scheme to mitigate global warming via radical deforestation was unveiled here Sunday at a gathering of science journalists and writers, on the heels of a blogging firestorm about geoengineering and climate change in anticipation of the release of *Superfreakonomics: Global Cooling, Patriotic Prostitutes, and Why Suicide Bombers Should Buy Life Insurance*.

[Shoppers drive greener supply chains](#)

Consumer demand will be a major factor in tracking and reducing supply chain carbon emissions in the future, according to the latest study by PricewaterhouseCoopers (PwC).

[Copenhagen Failure to Hurt CO2 Investments, IETA Says](#)

(Bloomberg) -- December's global climate summit in Copenhagen won't produce clear policy and will discourage investors in projects to cut greenhouse gases, according to the International Emissions Trading Association.

Many investors "will be seriously disappointed, and that will reverberate through the market," Henry Derwent, chief executive officer of Geneva-based IETA, said today at the Carbon Finance conference in London.

[Climate change the 'sin' of rich countries: Cambodian PM](#)

PHNOM PENH (AFP) – Cambodian Prime Minister Hun Sen on Monday urged rich countries to take more responsibility for causing climate change, saying poorer nations were the ones to suffer the fall-out.

"All of us poor countries do not cause climate change. (We) would like rich countries to take a bit more responsibility than before," Hun Sen said, branding it a "sin".

[8 South Asian nations resist binding emission cuts](#)

NEW DELHI – Eight South Asian countries have agreed they can't be part of any climate change deal that sets legally binding limits on their emissions, an Indian official said Tuesday.

[Is India's climate stance weakening?](#)

With less than two months to go until the big-ticket UN climate change conference in Copenhagen from 7-18 December, are cracks appearing in the tough-as-nails approach that has characterised Indian officialdom?

[September Global Surface Temperature Second Warmest Since 1880](#)

The northeast is getting snow already, and low temperatures. Does this mean global warming is a myth? Not necessarily. A new analysis of global temperatures show that the combined global land and ocean surface temperature was the second warmest September on record, according to NOAA's National Climatic Data Center in Asheville, N.C. Based on records going back to 1880, the monthly National Climatic Data Center analysis is part of the suite of climate services NOAA provides.

[Rising seas threaten Shanghai, other major cities](#)

SHANGHAI (AP) — This city of 20 million rose from the sea and grew into a modern showcase, with skyscrapers piercing the clouds, atop tidal flats fed by the mighty Yangtze River.

Now Shanghai's future depends on finding ways to prevent the same waters from reclaiming it.

Global warming and melting glaciers and polar ice sheets are raising sea levels worldwide, leaving tens of millions of people in coastal areas and on low-lying islands vulnerable to flooding and other weather-related catastrophes.



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