



Drumbeat: November 3, 2009

Posted by [Leanan](#) on November 3, 2009 - 8:51am

Topic: [Miscellaneous](#)

[Shale gas row gets nasty](#)

Today Daniel Yergin, author of the seminal oil industry tome 'The Prize', wrote in the Wall Street Journal that shale gas is a game changer for US energy. Those who follow natgas will have heard it all before: more advanced and affordable technology, mainly hydraulic fracturing or fracking, has opened up an abundant supply of gas that could satisfy US needs for many, many decades to come. Yergin's point that this has happened with 'no great fanfare,' however, probably stands true for the average person who isn't an avid follower of energy news.

Shale gas not only promises to relieve the US of a potential energy security headache, but there's the oft-quoted environmental angle, too: as a source of electricity, natural gas can give off 50 per less CO₂ than coal, when burnt in the modern plants. It's not just for the US, either: suggestions are that Europe and Asia might have huge supplies of shale gas, too (although Yergin notes that development of such resources could be some way off).

But there's a persistent bunch of doubters about the shale gas story. The explosion in shale gas is new, and the horizontal wells that are being drilled furiously by Chesapeake are widely known to decline in output fairly rapidly after the first 12 months. This has led some respected resource watchers, including Matt Simmons, to voice scepticism that the shale gas is really about to revolutionise supply.

[Crisis averted?](#)

The drop in oil demand due to the world economic downturn, and recent oil exploration successes in Brazil, the US and west Africa, may have allayed fears that the world is running out of oil, but prices could rise once again as the economy recovers and demand outstrips supply.

That is exactly what happened in the summer of 2008, when oil prices surged to records of \$147 a barrel as oil producers pumped as much oil as they could, but still failed to quench the thirst of the growing Chinese economy.

Despite the recent drop in demand, Christophe de Margerie, chief executive of Total, the French energy group, warns of more upheaval. "We are running the risk of another oil crisis when demand outstrips supply around 2014 or 2015," he told Le Parisien

newspaper in September.

[Copenhagen talks could leave oil industry with a sinking feeling](#)

Vast amounts of oil lie in the bitumen-rich sands of Northern Canada, but whether oil companies choose to spend billions extracting them will hinge on decisions made 6,000 miles away in Denmark next month.

Even at the best of times, squeezing crude from Alberta's tar sands is an environmentally fraught process that is economic only with very high oil prices. The cost of oil production can be \$70 (£43) per barrel compared with only \$5 for the onshore oilfields of Saudi Arabia or Kuwait.

The prospect of a successful climate deal in Copenhagen threatens to hit the industry with a cost that could drive it out of business: international carbon regulation. Like all big economies, Canada will be expected to agree to make cuts in its CO₂ emissions of at least 20 per cent by 2020 and up to 80 per cent by 2050.

[Peak oil, peak transport](#)

In my view, the key to oil demand lies with transport, not really with overall energy demand. Over the past 35 years the percentage of the usable barrel of oil (oil less processing energy less bitumen/asphalt demand) going to transport has risen from 41% to 61% and continues to increase (see figure). Increasing amounts of the heavy end of the barrel are being upgraded to transport fuels even as heavier and more difficult crudes make up more of the overall oil supply available. The only real transport fuel that "leaks" out of the system and into the broader energy arena is gasoil. Its use is split between residential, commercial and agricultural sectors for heating, small generators, construction equipment and so on. Some gasoil is also used for electricity generation but with pressure from the transport sector this will slowly be returned, although it only represents about 5% of global demand for gasoil in transport.

[Gazprom Finds 'Big Accumulation' of Gas Off Venezuela](#)

(Bloomberg) -- OAO Gazprom discovered "a big accumulation" of natural gas off of Venezuela's northwest coast, marking what may be the second major find in the area in two months, the country's oil and energy minister said.

Gazprom was "authorized under their license to drill another well and this has confirmed a big accumulation of gas," Minister Rafael Ramirez told reporters today in the Venezuelan city of Porlamar. Gazprom is Russia's largest energy producer.

[Iraq-Turkey Oil Pipeline Pumps at Limited Rates After Breakdown](#)

(Bloomberg) -- An Iraqi pipeline carrying crude oil from the north of the country to Turkey continues to pump with limited flows after a breakdown, Turkish Energy Ministry deputy spokesman Kerem Eskigun said.

Volume through the line has reached as much as 7 cubic meters an hour from 4 cubic meters an hour yesterday, Eskigun said in a telephone interview from Ankara today.

[Chevron Defends Use of Tapes by American With Felony Conviction](#)

(Bloomberg) -- Chevron Corp., facing a \$27 billion pollution lawsuit in Ecuador, said revelations that an American who secretly recorded the judge overseeing the case was convicted of a drug-smuggling conspiracy won't affect its reliance on information in the recordings given to the company.

Chevron, the second-largest U.S. oil company, said Aug. 31 that California resident Wayne Hansen was an "American businessman" whose tape recordings of meetings in Ecuador in May and June show that the judge is biased against the company and may have been involved in a \$3 million bribery scheme.

[A tragedy waiting to happen](#)

RANCHI: Hardly a stone's throw away from a prestigious residential school and an army residential colony, the Indian Oil Corporation (IOC) fuel storage depot at Namkom it appears is yet to learn lessons from the Jaipur inferno.

In a reality check, ToI found huge oil leakage on the tracks from railway oil tankers. As a result, the drains in and around the depot are thick with oil making it vulnerable for a Jaipur-like tragedy waiting to happen.

[Tribe: Wind farm would harm sacred rituals](#)

MASHPEE, Mass. - From a blustery perch over a Cape Cod beach, Chuckie Green gestures toward a stretch of horizon where he says construction of the nation's first offshore wind farm would destroy his Indian tribe's religion.

The Wampanoag — the tribe that welcomed the Pilgrims in the 17th century and known as "The People of the First Light" — practice sacred rituals requiring an unblocked view of the sunrise. That view won't exist once 130 turbines, each over 400 feet tall, are built several miles from shore in Nantucket Sound, visible to Wampanoag in Mashpee and on Martha's Vineyard.

[Things to consider in setting up a CSA](#)

Farmer's interested in setting up a CSA in their local community might be a bit mystified about where to start.

CSAs are like a farming club for consumers, and like all clubs the first priority is to find members. Local networking is an essential step. One of the ways is to approach local groups representing people who might be interested.

[Daniel Yergin and Robert Ineson: America's Natural Gas Revolution](#)

The biggest energy innovation of the decade is natural gas—more specifically what is called "unconventional" natural gas. Some call it a revolution.

Yet the natural gas revolution has unfolded with no great fanfare, no grand opening ceremony, no ribbon cutting. It just crept up. In 1990, unconventional gas—from shales, coal-bed methane and so-called "tight" formations—was about 10% of total U.S. production. Today it is around 40%, and growing fast, with shale gas by far the biggest part.

The potential of this "shale gale" only really became clear around 2007. In Washington, D.C., the discovery has come later—only in the last few months. Yet it is already changing the national energy dialogue and overall energy outlook in the U.S.—and could change the global natural gas balance.

[Are Higher Prices the 'New Normal' for Oil?](#)

Oil prices have bounced more than 150 percent off of December 2008 lows but inventory levels remain at historically high levels despite a healing global economy.

However, Goldman Sachs says robust 2010 oil demand growth will deplete these inventories over the next 12-to-18 months and diminishing production rates in key areas around the world will create a supply/demand imbalance.

[The Irrationality Of Not Preparing Contingency Plans For Peak Oil](#)

With all the credible evidence that peak oil is real, not a "theory" as some would have us believe, why is it that organizations such as the Federal government have steadfastly refused to draw up contingency plans to deal with the impacts of peak oil? There is no doubt that, as a society, we have dragged our feet way too long, and because it takes years to change many elements of our energy infrastructure, many of the desirable transitions to alternative energy cannot now be achieved. So now we are forced to do the

best we can, now we must deal with the repercussions of our extensive dependence on petroleum (fully 50% of America's energy comes from petroleum). At the same time, that same vital substance will soon get very expensive, will get increasingly scarce, and the delivery systems for providing it will become increasingly unreliable. So at the very least, we should get real, and do a risk assessment and figure out how we will be affected, and then draw up situation-specific contingency plans. To refuse to undertake this important activity is illogical, as the numbers provided below clearly indicate.

[The Changing Face of National Oil Companies \(NOCs\)](#)

National oil companies (NOCs) of major resource holding countries driven by the aim of developing domestic oil and gas reserves will account for a major part of the investments in the oil and gas sector during the next five years. Major oil and gas producing national oil companies have announced huge investment programs for the next five years, a major part of the investment being diverted towards the development of the country's oil and gas sector. Six major NOCs namely Petrobras, PDVSA, Kuwait Petroleum Corporation, Sonatrach, Saudi Aramco and National Oil Corporation will together invest over \$540 billion in the energy sector over the next five years.

[BP, CNPC to Triple Output from Super-Giant Rumaila Field](#)

BP, and China National Petroleum Corporation (CNPC), have signed a technical service contract with Iraq's state-owned South Oil Company (SOC) to expand production from the Rumaila oil field, near Basra in southern Iraq.

[Outcry against 'colonial' takeover by BP of Rumaila oilfield in Iraq](#)

The British oil giant BP will today take control of Iraq's biggest oilfield in the first important energy deal since the 2003 invasion. The move has created uproar among local politicians invoking resentful memories of their nation's colonial past.

[Putin warns Europe about winter gas supply amid more rows with Ukraine](#)

Russia has warned the European Union that a new gas conflict is brewing with Ukraine, reviving memories of a previous dispute that led to fuel shortages across a swath of Central and Western Europe.

Moscow is pointing the finger at internal politics in Kiev and is complaining about disputes over bills owed by Ukraine.

[Construction on Aramco's Karan gas project well under way](#)

HOUSTON -- Saudi Aramco's Karan gas project swung into full speed last month as all four contract packages began construction, according to a company announcement.

Following the awarding of program contracts in March, the offshore platforms and subsea pipeline package began fabrication in September. The units involved 30,000 tonnes of steel for 38 structures, said an announcement from the company in mid October.

The three onshore packages—Karan gas facilities, pipeline utilities and cogeneration, and the Karan sulfur recovery and Manifa gas facilities—have all begun initial construction at Khursaniyah (OGJ, June 22, 2009, p. 50).

[Mexico reopens one of three Gulf oil ports](#)

MEXICO CITY (Reuters) - Mexican oil exporting port Cayo Arcas reopened on Monday afternoon but two of the country's other main oil ports remained closed due to bad weather, the government said.

The Dos Bocas, Cayo Arcas and Coatzacoalcos ports, which ship out the majority of Mexico's crude exports, all closed on Saturday as a cold front moved into the Gulf of Mexico.

[Mexico Has 'Long Way to Go' on Budget, Garza Says](#)

(Bloomberg) -- Mexico has a "long way to go" in its effort to strengthen the economy by reining in its budget deficit and boosting investment in the oil industry, said Tony Garza, former U.S. ambassador to the Latin American country.

[Dominicans look to Pemex for help](#)

The Dominican Republic has asked Mexico for help with efforts to explore for oil and gas in its territory, the Caribbean nation's economy minister said.

Temistocles Montas said his country is totally dependent on foreign suppliers of gas and oil and therefore the search for these resources is an urgent policy matter.

[The Philippines: Fuel price cap to stay as long as Luzon is in a state of calamity, Palace says](#)

A presidential edict capping fuel prices will remain in force as long as Luzon, the Philippines' largest island, is still in a state of calamity.

This was emphasized by deputy presidential spokesman Lorelei Fajardo on Tuesday

after the Joint Foreign Chambers (JFC) asked the termination date of Executive Order 839.

[China OGP halts coverage of crude, products stockpiles](#)

BEIJING (Reuters) - China OGP, an oil industry newsletter issued by Xinhua news agency, will no longer publish data on China's stockpiles of crude oil, gasoline and diesel, it said on Tuesday.

The move removes the only public source of information on Chinese crude and fuel stockpiles, key information for oil traders trying to assess the real level of demand in China, the world's second-biggest oil consumer.

[Recent gasoline price spikes seem to level off](#)

Gasoline's post-summer ascent leveled off over the weekend, just as consumers begin to decide whether the money they pour into their tanks will force them to cut back on holiday spending.

[Sinopec expects over 50 mln T Saudi crude supply in 2010](#)

BEIJING (Reuters) - Top Asian refiner Sinopec Corp (0386.HK) expects to buy more than 50 million tonnes of crude from Saudi Aramco next year, Sinopec's president Wang Tianpu said on Tuesday.

Wang told reporters that Saudi Basic Industries Corp 2010.SE will supply 10 million tonnes crude to Sinopec's Tianjin refinery now being expanded.

[Putin requests EU credits for Ukraine](#)

MOSCOW — Russian Prime Minister Vladimir Putin urged the European Union on Monday to lend Ukraine at least \$1 billion to help it pay for natural gas supplies from Russia and avoid another disruption of flows to Europe.

Europe gets 20 percent of its gas from Russia via pipelines that cross Ukraine and has an interest in helping prevent a repeat of the January gas crisis. When Russia cut off gas shipments via Ukraine for nearly two weeks as a price and payment dispute between the two neighbors escalated, more than 15 European countries were sent scrambling to find alternative sources of energy.

Putin said Russia had done its part by paying transit fees of \$2.5 billion in advance.

[BP In Iraq's 1st Big Post - Invasion Oil Deal](#)

BAGHDAD (Reuters) - Oil major BP and China's CNPC on Tuesday signed Iraq's first major new oil deal since the 2003 U.S. invasion, snapping up a development contract for the Rumaila oilfield, one of the world's biggest.

The 20-year development contract for the southern oilfield is the first of several deals that Iraq expects to sign in the coming weeks and months as it tries to catapult itself to third place from 11th in the league of oil-producing nations.

[Iraq's oil wealth eludes the poor](#)

The Iraqi government has been busy signing a series of billion-dollar deals with major international oil companies who are attempting to gain access to Iraq's vast oil wells.

But in poverty-stricken areas of the oil-rich southern city of Basra, residents say they have not seen any of the wealth generated by the deals.

[Yemen Said to Export First Liquefied Natural Gas Cargo Nov. 7](#)

(Bloomberg) -- Yemen will export its first cargo of liquefied natural gas on Nov. 7 as it seeks to expand oil and gas revenue, two people familiar with the matter said.

[PTTEP Stopped Oil Spill, Blaze on Rig Off Australia](#)

(Bloomberg) -- PTT Exploration & Production Pcl has plugged a well that has been leaking oil and gas off northwestern Australia for 10 weeks, and extinguished the main blaze engulfing a drilling rig.

Experts on board a nearby rig pumped about 3,400 barrels of heavy mud down a relief well to stop the leak, PTTEP said in an e-mailed statement. The main fire at the Montara well head platform has been put out, although some material on the rig may still be ablaze, the company said.

[Archer Daniels Midland profit falls on weak demand](#)

ST. LOUIS — Archer Daniels Midland says its first-quarter profit tumbled 53 percent as the global recession dragged down demand for crops and ethanol.

[Global Warming: The Wrong Argument](#)

There are many arguments in favor of clean energy that are far more difficult to argue against than global warming. First, consider pollution. It is undeniable that spewing contaminants into the air harms human health. Anyone who has been in Los Angeles understands this well. The smog, benzene, and other products of combustion are poisonous. This is very believable, but the impact and reason for urgency of pollution pales in comparison to global climate change.

There are, however, other reasons that do have the same brutal imagery. Look at the risk for resource wars. As oil supplies dwindle, economic and security interests will dictate the need to secure oil resources. States have used, continue to use, and will use their military power to secure oil resources. Saddam Hussein attempted to expand his oil empire by invading Kuwait. China's involvement in Sudan is almost certainly linked to the latter's oil. According to the Energy Information Administration, Sudan has five billion barrels of proven oil reserves, which is enough to warrant China's military involvement in the region.

[The future of planning in the UK](#)

UK energy legislation has changed greatly over the last few years to reflect the country's necessity to meet projected energy demands as well as carbon emission reduction targets. With the UK Energy Act 2008, the Climate Change Act 2008 and the Planning Act 2008 all now published, these important legislative changes indicate the country's commitment to the UK's 2006 Climate Change Programme, which sets a framework for domestic policy initiatives in the final years of the Kyoto agreement to 2012.

[Renewable Energy is Here to Stay](#)

In October, I told you that when the new president moved into the White House, our entire energy infrastructure would begin a major transition from one based almost entirely on fossil fuels to one that would finally include a significant contribution from renewable energy.

Well, my friends—that transition has begun.

Thanks to a crumbling electric infrastructure, the threat of peak oil, and global climate change (whether you believe it's real or not), the move to integrate more renewable energy has not been the hard sell so many had expected.

[The End Of Electricity](#)

There seems to be a consensus that the depletion of fossil fuels will follow a fairly

impressive slope. What may need to be looked at more closely, however, is not the "when" but the "what." Looking at the temporary shortages of the 1970s may give us the impression that the most serious consequence will be lineups at the pump. Fossil-fuel decline, however, will also mean the end of electricity, a far more serious matter.

[What to do with the digital refuseniks?](#)

In the greater scheme of things, Enders admits, accessing government services from a home PC will start to make a lot of sense. "One or two years past peak oil," she says, "the future involves people working more in the local space".

Yet she also warns that Whitehall has "a completely optimistic view about the transition in the case of digital have-nots".

"Ultimately, what they're talking about is health and education," she says. "But the poor and the elderly, like everyone else, want a doctor who is going to feel them, touch them, comfort them."

[Responding to Alex Steffen's Critique of Transition at WorldChanging](#)

I have been following with interest the discussions surrounding Alex Steffen's piece at WorldChanging in which he critiques Transition. I am honoured that someone so widely respected as a writer on sustainability issues saw fit to engage in discussions around Transition, but, as a critique of Transition, it leaves a lot to be desired. It is a confusing piece in which, in spite of Alex's protestations in the comments thread to have read everything about Transition that is out there, seems to have somewhat missed the point. I'll go through some of Alex's main points, but an overall reflection is that it appears to me that what Alex does is to describe Transition as something it isn't, criticise it for being that, and then propose something to replace Transition which is actually what Transition was all along. An odd approach. Carolyn Baker has already posted an articulate response to Alex's piece, but here's mine.

[Cnooc Group May Set Up Electric-Car Battery Network](#)

(Bloomberg) -- China National Offshore Oil Corp. may build a network of battery-changing stations for electric cars in China, the world's second-biggest automobile market.

Cnooc Group is considering the plan after the company invested 5 billion yuan (\$732 million) in July for a stake in closely held Tianjin Lishen Battery Joint-Stock Co., a mainland battery maker for electric vehicles, Shan Lianwen, director of corporate strategy at China's third-largest oil producer, said in an interview today.

[Is hydrogen the future? This car goes 0 to 60 in 12 seconds](#)

Yongin, South Korea – When the US government cut funding for hydrogen-fueled cars last May, Energy Secretary Steven Chu said such vehicles will not be practical for another decade or two.

Lim Tae-won thinks he can prove Secretary Chu wrong.

Dr. Lim runs the team at Hyundai-Kia Motors that is developing hydrogen fuel cell technology. And they are on course, he says, to mass produce hydrogen cars in six years.

[Harvard Univ. to buy power from Maine wind farm](#)

CAMBRIDGE, Mass. – Harvard University has entered into a 15-year agreement to buy power and renewable energy certificates from a wind energy farm to be built in Maine.

Harvard officials announced Monday that Stetson Wind II facility near Danforth, Maine, expected to go online in the middle of next year, will eventually provide more than 10 percent of the university's electricity needs. Federal environmental regulators say that will make Harvard the largest purchaser of wind power by a university or college in New England.

[Turkey Aims for Second Nuclear Tender Next Year, Star Reports](#)

(Bloomberg) -- Turkey plans to be ready to tender for the construction of a second nuclear power plant in September next year, Star newspaper reported, without saying how it got the information.

[A Defense of Meat Goes Too Far](#)

The American diet is so meat-based compared with the rest of the world that questioning how much meat we eat, and what kinds, is a very good place to start the conversation.

[Allianz Says Climate Change Battle Needs 'Enormous Investments'](#)

(Bloomberg) -- Allianz SE, Europe's biggest insurer, said "enormous investments must be mobilized" to fight global warming and that financial markets may be able to fund those efforts.

"To reach the ambitious reduction targets for CO2 emissions, the rebuilding of the

energy sector alone would require” \$1 trillion in additional investments annually in low-emission technologies by 2050, Joachim Faber, the management board member in charge of Allianz’s asset-management business, said today in an e-mailed statement.

[Religion gets behind fight against climate change](#)

PARIS (AFP) – Leaders from nine major faiths meet at Windsor Castle on Tuesday in an exceptional initiative that supporters predict will harness the power of religion in the fight against climate change.

[The models are unreal](#)

The Jaccard study assumes no external capital inflows or outflows occur, dampening some of the mechanisms for economic shocks. As for other components of their model, the reader is simply unable to judge. There is some evidence that energy elasticity estimates are lower now than they were a decade ago. The lower the elasticity, the larger the price shocks that must be imposed to achieve the same change in consumption. During the massive oil price hikes of 2005 and 2006, one of the surprising things was how little the level of consumption changed given the size of the price change. If the elasticities in the CGE model are not up to date, they may predict unrealistically smooth and painless policy responses.

[Kjell Aleklett: The EU’s climate change offer to the USA and a railway around the coast of Africa](#)

Until 1 January 2010 Sweden holds the presidency of the EU. This means that Sweden’s Prime Minister Fredrik Reinfeldt is head of the EU-delegation that today travels to the USA for a summit on climate between the EU and the USA on Wednesday. Reinfeldt will meet president Obama today and can then present the offer that the EU nations agreed on last week.

In terms of emissions the offer is: The EU nations commit to, as a whole, reduce emissions by 30% by 2020 as calculated from the level of emissions in 1990. But there is one condition – other nations must make equivalent commitments in a climate change treaty that is binding under international law.

[Africans boycott meetings at UN climate talks](#)

BARCELONA, Spain – African countries boycotted meetings at U.N. climate talks Tuesday, saying that industrial countries had set carbon-cutting targets too low for reducing global greenhouse gas emissions.

The action forced several technical meetings to be canceled. Delegates to this week’s U.N. climate talks in Barcelona warned that, unless the African protest was settled, it

could set back the timetable for concluding a new climate change pact at a major U.N. conference next month in Copenhagen.

[E.P.A. Lawyers Challenge 'Cap and Trade' for Climate](#)

When an economist at the Environmental Protection Agency rejected the Obama administration's stance on global warming by writing an unsolicited report challenging the scientific consensus on greenhouse dangers, groups fighting restrictions on greenhouse gases hailed him as a courageous maverick. Climate campaigners said he was irrelevant and ill informed.

Now two more functionaries at the agency — Laurie Williams and Allan Zabel, who are lawyers and a married couple — have sharply criticized the core element of climate legislation pushed by Democratic lawmakers and President Obama.

[Flurry of lobbying cash obscures US climate debate](#)

WASHINGTON (AFP) — When it comes to the debate in the United States over what to do about climate change, cash has clouded the issue.

Lobbying groups for both the energy and environmental sides have boosted their spending by double digits over last year as the US Senate is poised to debate key legislation ahead of global climate change talks next month.

But science and specifics are hard to find in the barrage of ads and messages about green jobs, alternative energy and the dangers of pollution.

[Viability of Welsh coastal defences questioned](#)

People living in high flood risk coastal communities in Wales may have to leave as a report says the nation's flood defences cannot keep up with environmental change.

[Snow cap disappearing from Mount Kilimanjaro](#)

WASHINGTON — The snows of Kilimanjaro may soon be gone. The African mountain's white peak — made famous by writer Ernest Hemingway — is rapidly melting, researchers report.

Some 85 percent of the ice that made up the mountaintop glaciers in 1912 was gone by 2007, researchers led by paleoclimatologist Lonnie Thompson of Ohio State University report in Tuesday's edition of Proceedings of the National Academy of Sciences.

And more than a quarter of the ice present in 2000 was gone by 2007.

[Battle over the causes of Kilimanjaro's melt hots up](#)

Yet a study, published yesterday, is a serious blow to the sceptics. It not only supplies new evidence that global warming is contributing to the melting but it is co-authored by Doug Hardy, a climatologist previously quoted by sceptics as supporting their case.



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