



Drumbeat: November 16, 2009

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Topic: [Miscellaneous](#)

[Reader Q&A with Dr Fatih Birol, IEA chief economist](#)

Q. When will global oil production peak? How grave will be the impact upon different societies in the world? How should we prepare?

A. As I have already said, we do not project total oil production (including crude oil, natural gas liquids and unconventional oil) globally to peak before 2030 in either of our scenarios – provided that adequate investments are made in exploration and development. But the uncertainties with respect to remaining oil resources and investment are so great that we cannot be entirely confident that it will be possible to continue to increase world production. Most of the increase in output we project over the next two decades will probably have to come from OPEC countries and they may not be willing or able to make all of the required production growth. This is an important issue we have highlighted several times in the past. Under-investment could lead to much higher prices, exerting a heavy burden on the world economy. That is one reason why we need to act now to curb the growth in demand for oil; lower oil use would not just contribute to meeting climate goals, but would bring enhance our energy security and bring long-term economic benefits.

tic discoveries of oil in the 1960s and, as icing on this cake, immense natural gas discoveries during the 1970s. We have been drenched in fossil energy and today's globalised economy is completely dependent on this torrent. Today when you sit down at the dinner table and enjoy your food you should realize that it is soaked in crude oil and natural gas. The fact is that we, the world's 6.8 billion inhabitants, would never survive without enormous quantities of fossil energy.

[Russia, EU sign memo on energy supply early warning](#)

MOSCOW (Reuters) - The European Union and Russia on Monday agreed to an "early warning" mechanism to shield Europe from potential energy supply cuts and protect consumers in the event of a repeat of last year's Russia-Ukraine gas dispute.

The agreement requires both sides to notify the other of any likely disruption to supplies of oil, natural gas or electricity and to work together to resolve the problem. Third parties would also be allowed to participate, the European Commission said.

[Steve LeVine: Gazprom Comes to the U.S.](#)

Last month, the company's Houston office opened with the main aim of marketing liquid natural gas from Sakhalin II (recall that Gazprom strong-armed its way into a controlling share of the project in 2007), on Russia's East Coast, in California. This goal hasn't gone off so well as yet, and probably won't soon -- U.S. gas prices are simply too low, and because of a glut of shale gas, prices aren't likely to rise much at least in the medium term. So Gazprom has sold all its LNG so far in Asia.

But a companion component of the strategy has succeeded remarkably. It's in pure gas trading. Though the trading side of the U.S. market is crowded with sophisticated actors stepping on one another to find and sell the fuel, Gazprom managed to corral and sell 350 million cubic feet a day in its first month of operation. That's a fraction of its goal -- the sale of 6 billion cubic feet a day. But it's a respectable start.

[6 double dip warning signs](#)

Few would argue that the chaos in the financial markets in the fall of 2008 helped send the economy into its worst period of decline since the Great Depression. But the oil price shock earlier that summer, which sent prices to a record high of more than \$145 a barrel, may have had an even bigger impact on consumers.

[Repsol Cuts 5-Year E&P Spending to 8.8 Billion Euros](#)

(Bloomberg) -- Repsol YPF SA, Spain's biggest oil company, cut its five-year exploration and production investment plan to reduce costs as the economic slowdown saps earnings.

Repsol will invest an estimated 8.76 billion euros (\$13.1 billion) in E&P from 2008 through 2012, down from an earlier plan to spend 9.3 billion euros, the Madrid-based company said today in a regulatory filing. The program totals 12.3 billion euros when projects such as refinery work are included.

[Kurt Cobb: Amelia Earhart and the complexity problem](#)

Earhart lost her way on the final leg of her journey because of multiple breakdowns: The direction finder on the naval ship stationed near the island where she was to land and refuel lost battery power; the radio operators on the ship could hear Earhart, but she could not hear them; the antennae of Earhart's plane may not have been well-suited to the needs transocean flights; a flight pattern meant to bring her plane over the island may have been incorrectly calculated.

Like her, our civilization does not realize that it may not have enough fossil fuel to make

the transition to a renewable energy economy. To build such an economy we will have to use current energy sources which are mainly fossil fuels. If we squander that patrimony on current consumption and continued growth, we may find our energy infrastructure inadequate to our needs as the fossil fuel age winds down. And, like Earhart, we are not getting the proper feedback to tell us what to do, she from her radio and we from the market economy which fails miserably to anticipate and properly signal us concerning long-term challenges such as global warming and fossil fuel depletion.

[Gross National Income per liter of oil consumed](#)

As peak oil sets in while the world is growing thirstier for oil, what benchmark should be used to assess if you are weaning yourself from oil? I propose it should be your income divided by the amount of oil you consume.

Why? Because this will measure how truly oil independent you are and how much purchasing power for 'other stuff' you will ultimately have, once oil becomes truly expensive (and I am assuming here it will be expensive, not unavailable).

[AltaRock Geothermal Gets New Boost](#)

As part of a newly announced \$338 million boost for 123 geothermal energy projects nationwide, the Department of Energy will sink \$25 million into what is called an "enhanced" or "engineered" geothermal demonstration project in Oregon being developed in part by AltaRock Energy Inc., which recently halted work on a similar venture in California due to drilling problems.

[Electric vehicles, infrastructure power 2009 Beyond Oil conference](#)

Shiny new electric vehicles, emitting only low-whirring sounds, glistened as they darted among the few sun breaks in Seattle outside a Cascadia Center conference titled Beyond Oil: The Sustainable Communities Initiative.

The all-electric Ford Focus made its debut at the late-October event, co-sponsored by Idaho National Laboratory. Ford's Focus added to a charged atmosphere around the Department of Energy's \$100 million grant for a 36-month transportation study in five states. The Pacific Northwest is jointly pursuing a vision of electrified transportation in the I-5 corridor from Vancouver, British Columbia, to Eugene, Ore., as part of the study.

[Hope floats on eco-celebrity's recycled plastic boat, Plastiki](#)

David de Rothschild talks about his most dramatic adventure yet: He's readying a sailing vessel, Plastiki, made entirely of recycled plastic for an 11,000-mile journey west into

the Pacific. One key stop: a massive, floating plastic junkyard in the middle of the ocean that is the direct result of mankind's polluting ways.

[Dmitry Orlov: The Oceans are Coming Part II - Living on the Land](#)

In this part, we focus on two areas that are most familiar to the two authors, and also relevant to the majority of readers: Dmitry is going to look at the likely impact of future sea-level rise on the Eastern Seaboard of the USA, not just in terms of the direct effects of flooding on habitation, but the many different indirect effects that sea-level rise will have; Keith is going to do the same for the east coast of England and the Netherlands, two places that have seen their fair share of flooding in the past, and are bound to suffer in the future.

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[How the Great Recession Will Transform America](#)

Warren Buffett bought a RR anticipating a major change in America driven by high energy costs. The article Warren Buffett vs the Soccer Moms lays out the thesis that “Buffett is betting on higher energy prices and a different transport focus.” In effect, Warren is betting that the American Dream is over. Instead of living in a suburban McMansion with a green lawn, an SUV, and suburban schools, the middle class will be force to re-huddle in cities and rely on public transportation, with trains rather than trucks moving goods between city cores.

I think America will be transformed by the Great Recession, but not in such a dispirited direction.

[America is in a true crisis](#)

The "solutions" that have been implemented thus far will drive our deficits skyward, drive the dollar downward, and ultimately push the economy into a depression.

The confluence of a deepening depression with the onset of peak oil shortages in supplies and soaring prices between 2010 and 2014 will plunge the country into chaos.

As the world loses confidence in the leadership of our country, they will exit our debt and our dollar. The collapse of the U.S. currency could result in a number of calamitous scenarios.

[Will crude oil price touch \\$100 this year?](#)

The lack of planning for an oil emergency in this country could have crippling effects. Can you imagine a crunch during the farming planting season? Since most everything is tied to crude oil prices, it should be on your radar constantly. If peak oil is a truism, there are much higher prices coming in the future for most commodities.

[OPEC head: \\$75 to \\$80 a barrel a 'good price'](#)

ABU DHABI (AFP) – Seventy-five to 80 dollars a barrel is a satisfactory price for oil, the president of OPEC said Monday, adding that the cartel may leave production unchanged at its meeting next month.

"Seventy-five to 80 dollars a barrel is a good price... for the recovery of the world economy," Jose Maria Botelho de Vasconcelos, who is also Angola's oil minister, told reporters on the sidelines of a conference on Gulf energy security in Abu Dhabi.

[Oil Rises From One-Month Low on Weaker Dollar, Japan's Economy](#)

(Bloomberg) -- Oil rose from a one-month low as the dollar weakened and Japan's economy expanded at the fastest pace in more than two years, boosting confidence about the strength of the global recovery.

[Russia Dec oil export duty to rise 17 pct to \\$271.1/T](#)

MOSCOW (Reuters) - Russia will raise its oil export duty by around 17 percent to \$271.1 a tonne from Dec. 1, reflecting a rise in oil prices, Finance Ministry and Reuters calculations showed on Monday.

[Gazprom sees gas output at 530 bcm in 2010](#)

MOSCOW (Reuters) - Gazprom, the world's largest gas producer, plans to extract 530 billion cubic metres (bcm) of gas in 2010 as a gradual recovery in demand allows the Russian company to produce more than the 450-490 bcm expected this year.

However, Gazprom's forecast, released with its third-quarter results to Russian Accounting Standards on Monday, is a cut from its previous official forecast of 565-570 bcm and falls short of last year's output of about 550 bcm.

[China Coal Producers Advance Amid Deadly Snowstorms](#)

(Bloomberg) -- China's coal producers surged as the country's worst snowstorms in decades disrupted supplies and boosted demand, driving up prices of the solid fuel.

[Nabucco Doesn't Expect Costs to Rise, Mitschek Says](#)

(Bloomberg) -- Nabucco Gas Pipeline International GmbH, operator of a planned 7.9 billion-euro (\$11.8 billion) natural-gas pipe to Europe, said costs probably won't rise because they were set when materials prices were at record highs.

A higher bill for the project "isn't expected at all because when the cost was set about 1 or 1 1/2 years ago, we saw peak prices in commodity markets," Nabucco Managing Director Reinhard Mitschek said today in an interview in Budapest.

[Single EU Energy Markets Starting to Develop, Capgemini Says](#)

(Bloomberg) -- The European Union is slowly starting to show signs of having single markets for electricity and natural-gas, boosting competition and trading, according to a new report by Capgemini SA.

Electricity exchanges increased in the past year, thanks to new interconnectors and wholesale markets, said Colette Lewiner, the Paris-based global leader of energy and utilities for Capgemini. "Market coupling is increasing," she said in an interview.

[Frontier refinery plans to fight \\$6.8M EPA fine](#)

CHEYENNE, Wyo. – A Wyoming refinery says it plans to fight the U.S. Environmental Protection Agency's nearly \$7 million fine levied in late September for allegedly dumping hazardous waste into a pond designed to hold storm water.

Gerald Faudel, Frontier Oil Corp.'s vice president of government relations, told the Tribune Eagle, "We continue to believe there's a misunderstanding with that pond."

[Weapons Upgrade at the Dubai Air Show](#)

"The U.S., U.K. and France — among others — have relied on the Mideast in particular to either boost or even sustain their domestic military aircraft production because, with the obvious exception of the United States, their domestic markets are no longer large enough to do that," Ms. Ashbourne said.

Saudi Arabia, the United Arab Emirates, Kuwait, Qatar and Bahrain — members of the Gulf Cooperation Council — along with neighboring Oman, have significant national security problems. Mostly wealthy, with small populations, relatively large migrant communities, massive hydrocarbon resources to protect, and unstable or potentially nuclear-armed neighbors, the Gulf governments have plenty of reasons to look closely at the military displays and brochures in Dubai this week.

[Chavez asking Cubans to 'bomb clouds' amid drought](#)

CARACAS (Reuters) - Venezuela's President Hugo Chavez says he will join a team of Cuban scientists on flights to "bomb clouds" to create rain amid a severe drought that has aroused public anger due to water and electricity rationing.

Chavez, who has asked Venezuelans to take three-minute showers to save water, said the Cubans had arrived in Venezuela and were preparing to fly specially equipped aircraft above the Orinoco river.

[Russia says launch of Iran nuclear plant delayed](#)

MOSCOW - A nuclear power plant that Russia is building in Iran will not start operations by the end of 2009 as previously announced, Energy Minister Sergei Shmatko was quoted as saying by news agencies on Monday.

"We expect serious results by the end of the year, but the launch itself will not take place," Shmatko said, quoted by Interfax and RIA-Novosti.

[Nuclear energy high on Senate's climate agenda](#)

WASHINGTON (AFP) — With crucial global climate talks less than a month away, US senators appear to be betting on nuclear energy as the key to finally passing sweeping domestic climate change legislation.

[How reputation could save the Earth](#)

HAVE you ever noticed a friend or neighbour driving a new hybrid car and felt pressure to trade in your gas guzzler? Or worried about what people might think when you drive up to the office in an SUV? If so, then you have experienced the power of reputation for encouraging good public behaviour. In fact, reputation is such an effective motivator that it could help us solve the most pressing issue we face - protecting our planet.

Environmental problems are difficult to solve because Earth is a "public good". Even though we would all be better off if everyone reduced their environmental impact, it is not in anyone's individual interest to do so. This leads to the famous "tragedy of the commons", in which public resources are overexploited and everyone suffers.

Public goods situations crop up all over the place, including decisions on maintaining roads, funding the police and whether or not to shirk at work. This leads us to an important question: is it possible to make people care enough about such problems to do their bit?

[UN Board Predicts More 'Automatic' Approvals for CO2 Projects](#)

(Bloomberg) -- The chairman for the world's largest carbon-offset market said more emissions-reduction projects will be automatically approved after the rate plunged from a year earlier, curbing investor funding.

[Shell pushes for unfettered carbon trading markets](#)

Royal Dutch Shell Plc is calling for the removal of any restrictions on carbon credit trading and asking for derivative contracts to be allowed under cap-and-trade programs.

"You have to allow a secondary market to develop," David Hone, Shell's climate change adviser, told reporters at an energy conference in Singapore today. "You don't want to have a carbon market that's restricted from doing what other commodity markets are doing."

[APEC leaders drop climate target](#)

SINGAPORE (AFP) – Asia-Pacific leaders on Sunday vowed to work for an "ambitious outcome" at next month's Copenhagen climate talks but gave no target for reducing greenhouse gas emissions.

"We... reaffirm our commitment to tackle the threat of climate change and work towards an ambitious outcome in Copenhagen," they said in a declaration at the end of a two-day

Asia-Pacific Economic Cooperation (APEC) summit.

The 21-member grouping declared climate change "one of the biggest global challenges" but dropped a target to halve greenhouse gas emissions by 2050, a goal outlined in an earlier draft of the joint statement.

[Obama Hobbled in Fight Against Global Warming](#)

President Obama's ambitions are limited by a Congress that is unwilling to move as far or as fast as he would like.

[We are already adapting to warming](#)

THERE is an understandable imprecision in the shorthand used in the complicated climate change debate.

Addressing global warming is not about saving the planet but is about preserving our environment and our way of life. The planet will survive, even if we don't.

[Victims of climate change tell the world how it's destroying their lives](#)

Climate change is a huge threat to development in Africa. Despite contributing less than 3% of global emissions the continent will be hit hard. Scientists predict serious impacts on the production of many staple foods – with the average yields of maize in southern Africa projected to decline by 30%. The number of people without adequate access to water on the continent is predicted to triple to 600 million by 2050.

[Poor nations insist on climate treaty next month](#)

COPENHAGEN (Reuters) - Poor nations insisted on Monday that a legally binding climate treaty is still possible in Copenhagen next month even though U.S. President Barack Obama and many other leaders reckon it has slipped out of reach.

[Climate change not man-made, say majority of Britons: poll](#)

Less than half of Britons believes that human activity is to blame for global warming, according to a poll carried out for The Times newspaper and published on Saturday.

Only 41 percent accept as an established scientific fact that global warming is taking place and is largely man-made.

Almost a third, or 32 percent, believe that the link is not yet proved; eight percent say it is environmentalist propaganda to blame man and 15 percent believe the world is not warming.

[Climate change catastrophe took just months](#)

Six months is all it took to flip Europe's climate from warm and sunny into the last ice age, researchers have found.

They have discovered that the northern hemisphere was plunged into a big freeze 12,800 years ago by a sudden slowdown of the Gulf Stream that allowed ice to spread hundreds of miles southwards from the Arctic.

...“It would have been very sudden for those alive at the time,” said William Patterson, a geological sciences professor at the University of Saskatchewan in Saskatoon, Canada, who carried out the research. “It would be the equivalent of taking Britain and moving it to the Arctic over the space of a few months.”

His findings, published at a recent conference, reinforce a series of studies suggesting that the earth's climate is highly unstable and can flip between warm and cold very rapidly with the right trigger.



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