



## Drumbeat: December 24, 2009

Posted by [Leanan](#) on December 24, 2009 - 9:16am

Topic: [Miscellaneous](#)

### [Pockets of Promise in Natural Gas and Oil](#)

TER: Given what you just said, you are a contrarian to the peak oil pundits?

PS: Absolutely. Peak oil is an economic impossibility and so it kind of makes me chuckle. It's the kind of story told to get people to pay way too much for oil resources, as they've been doing over the last decade. For example, Chesapeake Energy Corp. paid way too much for its natural gas resources precisely because its CEO is a complete believer in peak oil. Chesapeake Energy is going to do terribly over the next 10 years and will, I believe, go bankrupt.

TER: Why do you describe peak oil as an economic impossibility rather than a supply impossibility?

PS: It was the same way when people worried that the national phone networks would never survive the incredible demand for copper, because surely we couldn't find enough copper to string telecommunications networks over the entire world. Okay, maybe there isn't enough copper for that-but about 40 years ago people figured out how to use fiber optics instead of copper. Even before that, people figured out how to communicate wirelessly.

Oil is a valuable commodity because it provides us with energy. Energy is really the key issue. It does not naturally follow that a limited supply of oil would limit our production of energy. The idea that we would lose the ability to create energy in an economic way, in my mind, is absurd. The entire history of the human population is nothing but falling prices for valuable commodities-not measured in dollars, but measured in real terms. I have no doubt in my mind that by the time I'm dead the price of energy in real terms will be far less than it is today.

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project in Russia's Urals region, pointing to an upswing in business ties between the two largest oil producing countries.

### [Russia Transneft oil shipping fee to rise 15.9 pct](#)

The oil shipping fee is the only source of profit for the pipeline monopoly, which has new pipeline projects and needs to maintain its infrastructure.

## [Chevron agrees to \\$45 million royalty settlement](#)

WASHINGTON — Chevron Corp. will pay \$45.5 million to resolve claims that it underpaid natural gas royalties to the government and Native Americans, the Justice Department announced Wednesday.

## [James Hansen: Good Riddance, Copenhagen. Time for Better Ideas.](#)

The proposals discussed in Copenhagen were like the indulgences of the Middle Ages. The sinners are the developed countries, which are responsible for most of the excess greenhouse gases in the atmosphere. They want to continue business as usual, by buying off the developing countries.

If developing countries can get a hundred billion dollars a year, that's enormously attractive. But both parties are thumbing their noses at young people and future generations.

## [Naomi Klein: Copenhagen's failure belongs to Obama](#)

Contrary to countless reports, the debacle in Copenhagen was not everyone's fault. It did not happen because human beings are incapable of agreeing, or are inherently self-destructive. Nor was it all was China's fault, or the fault of the hapless UN.

There's plenty of blame to go around, but there was one country that possessed unique power to change the game. It didn't use it. If Barack Obama had come to Copenhagen with a transformative and inspiring commitment to getting the US economy off fossil fuels, all the other major emitters would have stepped up. The EU, Japan, China and India had all indicated that they were willing to increase their levels of commitment, but only if the US took the lead. Instead of leading, Obama arrived with embarrassingly low targets and the heavy emitters of the world took their cue from him.

## [Pockets of Promise in Natural Gas and Oil](#)

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### [Oil rises above \\$77 after US crude supply drop](#)

Oil prices hit a three-week high above \$77 a barrel Thursday before surrendering most of its gains as a larger than expected drop in U.S. crude supplies fueled investor optimism that consumer demand is improving.

By early afternoon in Europe, benchmark crude for February delivery was up 21 cents to \$76.88 in electronic trading on the New York Mercantile Exchange amid light volume, Christmas Eve holiday trading. Earlier in the session, it peaked at \$77.48, its highest price since Dec. 4.

### [Energy prices to rally with no end in sight](#)

Debate over the exact timing of peak oil (the point when the world reaches a maximum rate of petroleum extraction, after which production will always be declining) adds an interesting dimension to energy price forecasts. Some experts think we're past this point, and others think it won't arrive until 2020.

But whether you think we are near, at, or past peak oil is largely irrelevant. Oil is becoming increasingly scarce and the rate of adoption of alternatives is nowhere near the rate of increasing oil demand. The discrepancy is even more exaggerated in emerging markets than it is here in the U.S.

### [The Link Between The Economy And Oil Prices Strengthens](#)

Crude moved above \$77 today and it seems to be going higher. OPEC said it would hold

production flat, a sign that it believes that demand can move prices up and that it can be blameless because it has taken a laissez-faire position in the market. The International Energy Agency reports that it expects demand to rise modestly next year, but that does not take into account a potential sharp improvement among the largest economies. "Peak oil" is only a theory, but most analysts believe that the supply and production of oil will begin to fall off within the next decade or two.

### [Iraq resumes oil exports after pipeline sabotage](#)

Oil exports from northern Iraq resumed on Thursday after a temporary halt due to the weekend sabotage of the pipeline to the Turkish port of Ceyhan, the oil ministry said.

"The pumping of oil to Ceyhan resumed today with a total of 250,000 to 300,000 barrels per day (bpd) after repairs were carried out on the sabotaged pipeline and we hope that within hours it will reach its full capacity of 600,000 bpd," ministry spokesman Assem Jihad told AFP.

### [Transneft Concerned Bulgaria May Back Out of Bosphorus Pipeline](#)

(Bloomberg) -- OAO Transneft, Russia's state-run pipeline operator, is concerned that Bulgaria's new government will back out of a proposed oil pipeline designed to relieve tanker congestion in the Turkish Bosphorus Straits.

"This government has made an unambiguous announcement that this project is not profitable to Bulgaria," Chief Executive Officer Nikolai Tokarev said in an interview with Russian state television station Vesti-24 today.

Bulgaria's opposition to the link is a "worry" to Transneft as the government hasn't come up with any alternatives, he said.

### [Russia's post-crisis revival to be slow - Medvedev](#)

MOSCOW (Reuters) - Russia's exit from the economic crisis will be slow and the world's biggest energy exporter will remain extremely vulnerable unless it can kick its dependence on oil and gas sales, President Dmitry Medvedev said on Thursday.

In an end-of-year television interview, Medvedev said Russian gross domestic product was likely to have contracted by at least 8.7 percent this year, though he said economic growth could total 2.5 to 5.0 percent in 2010.

### [Glencore Considers IPO After Crisis 'Wakeup Call'](#)

(Bloomberg) -- Glencore International AG, the world's largest commodity trader, is considering an initial public offering after the credit crisis and tumbling commodity prices threatened to curb its funding.

### [Sinopec Says Business Conditions to Stay Challenging](#)

(Bloomberg) -- China Petrochemical Corp., Asia's largest refiner, expects business conditions to stay challenging next year as crude oil prices rise while fuel demand growth lags behind expansion in processing capacity.

The domestic oil-product market will be oversupplied next year when new refining facilities come on-stream and independent plants increase output, said President Su Shulin in an on-line newsletter today.

### [Lukoil sees profits plummeting by 45%](#)

Lukoil, Russia's second biggest oil producer, expects net profit to fall this year by 34% to 45% because of weaker oil prices, the company's chief executive, Vagit Alekperov, told state television channel Vesti.

### [Russia's Gazprom inks deal to develop central Iraq field](#)

BAGHDAD — An Iraqi official says a business partnership led by Russia's Gazprom has signed an initial deal to develop a small oil field in central Iraq.

Oil Ministry spokesman Assem Jihad says Turkey's TPAO, Korea's KOGAS and Malaysia's Petronas are teaming up with Gazprom to develop the Badra field in Wasit province.

### [CNOOC teams up with Pdvsa](#)

State-owned China National Offshore Oil Corporation (CNOOC) and Venezuela's Pdvsa have signed a deal to jointly develop oil and gas reserves in the Latin American country.

### [Indian Oil Says No Word From State on Compensation](#)

(Bloomberg) -- Indian Oil Corp., the nation's biggest state-refiner, has yet to hear from the government on a cash compensation for selling fuels below cost, Chairman Sarthak Behuria said in an interview on CNBC-TV18.

"We are waiting to hear whether it will be bonds or cash," Behuria said, adding that the

refiner expects to lose 190 billion rupees (\$4 billion) this year on sales of subsidized kerosene and cooking gas.

### [China urges electricity supply ahead of widespread temperature plunge](#)

BEIJING (Xinhua) -- China's State Electricity Regulatory Commission (SERC) Thursday called for more efforts to ensure electricity supply and safe operation of power system ahead of widespread temperature plunge after a strong cold snap.

The cold snap, which already caused strong winds, heavy snow and temperature plunge between 10 and 25 degrees Celsius in northern parts of Xinjiang Uygur Autonomous Region, was set to sweep across more than two thirds of the country's territory, China Meteorological Administration (CMA) forecast Thursday.

### [City Officials Say Drilling in Watershed Has Risks](#)

New York City environmental officials said Wednesday that months of scientific research had indicated that hydraulic drilling for natural gas upstate could contaminate the watershed serving the city.

The study, undertaken by the city's Department of Environmental Protection, also showed that the drilling could damage infrastructure, including aqueducts, the officials told the city's water board at a briefing.

In a forceful letter to the State Department of Environmental Conservation on Tuesday, the city's acting environmental commissioner, Steven W. Lawitts, called on the state to withdraw its draft regulations approving the drilling.

### [REDI-ing Your Portfolio for a Low-Carbon Economy](#)

Since Colorado Governor Bill Ritter recruited my friend Morey Wolfson for the Colorado Governor's Energy Office (GEO) he's had a lot less time to socialize with the rest of us in the clean energy community, but we caught up over lunch during the International Peak Oil Conference in October where I was speaking on investing for a peak oil world, and he is on the advisory board of the sponsoring organization, ASPO-USA.

Morey told me he had spent the last few months working on a report for GEO on the improvements needed in Colorado's energy infrastructure. Even though Colorado is in the top ten states for several renewable energy resources (Wind, Solar, and Geothermal,) it will be difficult to achieve significant emissions reductions in the fast-growing state, and I find government reports an excellent place to look for a clue to future government action.

## [On the move: Species face race against climate change](#)

PARIS (AFP) – Land ecosystems will have to move hundreds of metres each year in order to cope with global warming, according to a letter published on Thursday in Nature, the British-based science journal.

## [The old world ended at Copenhagen](#)

Throughout my 35 years in sustainability it has always seemed odd that while so-called economic rationalism reigned over our political, economic and business worlds, rational thought wasn't applied to issues like climate change. The risks were always clear, as defined by rational science, while a logical analysis of the economics showed acting early was cheaper than acting late. Yet a strange kind of religious and ideological zealotry took hold, as otherwise sensible, educated people ignored rational thought. It was a failure of reason.

## [Obama says climate discontent is 'justified'](#)

WASHINGTON — President Barack Obama said disenchantment over the Copenhagen climate talks was "justified" but defended the chaotic outcome as the top UN envoy urged an end to post-summit recriminations.

## [Kurt Cobb: Why climate change adaptation could make things worse](#)

Perhaps the most widely agreed consequence will be a rise in sea level that will threaten low-lying coastal areas around the world. The consensus rests at around 1 meter by 2100, but the numbers are highly uncertain. What will countries do in response? Naturally, they will spend enormous sums of money to defend their coastlines. In the process they will create vast additional greenhouse gas emissions. Why? Because 86 percent of the world's energy comes from the burning of fossil fuels. Until that changes, adaptation strategies that involve energy expenditures will only reinforce climate change.

## [Global warming hike may be steeper: research](#)

PARIS — Global temperatures could rise substantially more because of increases in carbon dioxide in the atmosphere than previously thought, according to a new study by US and Chinese scientists released Sunday.

The researchers used a long-term model for assessing climate change, confirming a similar British study released this month that said calculations for man-made global warming may be underestimated by between 30 and 50 percent.



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