



Drumbeat: January 20, 2010

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Topic: [Miscellaneous](#)

[Jeff Rubin: Why the U.S. needs all the tar sands oil it can get](#)

Governor Arnold Schwarzenegger and his Midwestern colleagues had better think twice before banning carbon-dirty fuels such as the oil made from Canadian tar sands. If they don't like the fuel Canada has to offer, their only other choice is to get off the road entirely.

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American oil demand may be diminishing as more and more drivers take the exit lane, but available supply is shrinking even faster. Domestic production, formerly 10 million barrels per day, is already down by half. The longer the U.S. economy has run on oil, the more dependent it has become on energy imports. Only finding those imports is becoming more challenging all the time.

enough to propose an entirely different basis for economics. First, they point to the impossibility of perpetual economic growth. Since the economy is a subset of the environment, it cannot grow larger than that environment. Yes, we may learn to do things more efficiently and more intelligently over time. But at some point the physical throughput of the economy will cease to grow. We simply cannot process more material than is contained in the entire biosphere. And, the limit of what we can process is undoubtedly only a fraction of the total biosphere since human life depends on the proper functioning of many other ecosystems which must have access to resources from the biosphere as well.

[Crude Oil Falls as China May Curb Credit, U.S. Supplies to Rise](#)

(Bloomberg) -- Crude oil fell in New York on concern China may step up efforts to curb credit growth and on a forecast stockpiles in the U.S. will increase.

Oil also pared some of yesterday's gains as the dollar strengthened against the euro, reducing the appeal of commodities as investments. Chinese regulators asked some of the nation's banks to limit lending after banks lent a record 9.59 trillion yuan last year and stocks surged. U.S. crude inventories probably climbed for a third week through Jan. 15, according to a Bloomberg News survey before an Energy Department report tomorrow.

[Chevron's Richmond refinery likely to close - paper](#)

SAN FRANCISCO (Reuters) - Chevron Corp is likely to close its oldest refinery, in Richmond, California, in a wider restructuring of downstream operations, the local newspaper's business editor wrote in a column on Wednesday.

The major U.S. oil company halted work on a \$1 billion upgrade of Richmond last July after a state judge ordered it, agreeing with environmentalists who brought a lawsuit that the refinery's environmental impact report was incomplete. The company later filed an appeal.

[ConocoPhillips reorganizing trading, supply arms](#)

HOUSTON (Reuters) - ConocoPhillips, the third largest U.S. oil major, is restructuring trading and supply operations to form a global organization, the company said on Wednesday.

[Peak Oil Exploration Stocks](#)

Tullow's decision this week to exercise pre-emption rights over two Heritage-controlled blocks for up to \$1.5 billion, subject to Ugandan government approval, will allow it to consolidate its hold over one of Africa's most exciting new oil provinces. Independents like Tullow have benefited from the majors' recent focus on developing existing fields, downstream projects and returning cash to shareholders.

That has enabled the juniors to fill the exploration gap, making big onshore and offshore discoveries from Brazil to India. In the case of the vast Jubilee oil field offshore Ghana thought to hold 1.8 billion barrels of crude, more recent exploration suggests similar fields may exist along a 1,100-kilometer stretch of the West African coast.

[Court Sides With Energy Department in Efficiency Dispute With LG Electronics](#)

A United States district court has sided with the Energy Department's decision to strip the Energy Star label from about 40,000 refrigerator-freezers manufactured by LG Electronics.

D.O.E. announced in December that it was taking action against LG after determining 20 of the company's French-door models use significantly more energy than is permissible under the Energy Star program.

[Speed Bumps Ahead for Electric-Vehicle Charging](#)

Plugging in cars, even overnight, will strain local grids and could boost pollution.

[Clean, green electric bus to debut in Toyama](#)

TOYAMA--Hokuriku Electric Power Co. says it will introduce an electric bus on a route in Toyama on an experimental basis in mid-February.

Total emissions created by running the electric bus, including the carbon emitted at power plants to produce the required electricity, will be only one-third of that emitted by diesel buses, officials from the Toyama-based firm said.

[Loser: Why the Chevy Volt Will Fizzle](#)

Sometimes a project fails even though the technology it pioneers is destined to conquer the world. Take Babbage's steam-era computer, Pioneer Electronics' LaserDisc home video system, or Apple's Newton—technically brilliant, yet business failures all.

Better yet, take General Motors' Chevrolet Volt, a car known as a plug-in hybrid because it will get most of its power from the wall socket in a garage. The Volt is bold, cool, and technically feasible. It appeals to early adopters, and it's catnip for the automotive fan mags. To cap it off, a little creative accounting gives it the sheen of sky-high mileage, the better to offset GM's gas-guzzlers and thus meet future fuel efficiency targets.

[Solar salvation for Haiti?](#)

Sometimes the news is terrible. Paul Munsen, president of Sun Ovens International, is struggling to get hundreds of stand-alone solar-powered ovens from the company's factory in northern Haiti to Port-au-Prince.

"Unfortunately, the people we were working with [in Port-au-Prince] are trapped in the rubble and presumed dead," Munsen told me. "Some of the infrastructure we had in place that would have been ideal for us to get the ovens into people's hands is severely damaged."

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[Controlling the Pace of Alberta Oil Sands Development](#)

It seems that the current lull may allow the pace of oil-sands development, from an economic perspective, to be balanced with environmental concerns.

[You can be sure of shale](#)

How often it seems that time and technology make a seemingly intractable problem irrelevant.

European capitals spent much of the noughties fretting about energy security and the continent's over-reliance on Russia, especially for its gas, which Moscow used to great effect as political leverage in its dealings with European governments. Like a chess grandmaster, the Kremlin plotted two, three moves ahead of the plodding Europeans, leading to worries that the EU could end up shivering in the dark if it didn't offer the necessary obeisance to Moscow.

But now the prospect of being able to develop huge unconventional sources of gas using new technology, at the same time as gas demand is falling and the use of renewables is rising, could well render the decade-long fight for control over the huge pipelines that bring the gas to Europe from Russia and beyond ultimately meaningless.

[Pakistan: Aviation fuel consumption soars 38.5pc](#)

KARACHI - The consumption of the aviation fuel has soared by 38.5 per cent to 0.67 million tons during the 1st Half of 2010 mainly due to the ongoing military operation along the tribal belt bordering Afghanistan, experts said.

[A dangerous connectivity](#)

There are a series of events unfolding, seemingly delinked from each other, but in reality connecting to form a larger picture which bodes ill for Pakistan. First, there is the Pakistan-Iran relationship which is being undermined by US pressure. For instance, when Iran has already built the gas pipeline up to the border with Pakistan, why are the Pakistanis delaying the project - and, that too, at a time when this country is in the grip of a growing gas shortage? Some argue that the price has become too high but the pricing mechanism had been agreed to and incidentally Iran is already supplying gas to Europe including Turkey and a Gulf state as well. There seems to be no logic beyond US pressure which already worked on India and led her to back out of the Iran pipeline project. But for India the pressure was feasible because the US was providing nuclear fuel and plants to help India overcome its energy deficit. In the case of Pakistan, it is simply pressure with no alternate commitments in terms of a lucrative nuclear deal. Although given how the US has yet to pay up what it owes Pakistan in terms of the Coalition Support Fund, US commitments for Pakistan have a declining credibility. So why would our leaders give up a concrete gas project for vague US promises in the conventional energy sector?

[Iran in billion-euro gas deal with Germany: company chief](#)

(TEHRAN) - Iran has signed a one-billion-euro (1.44-billion-dollar) deal with a German firm to build 100 gas turbo-compressors, an industry official said in newspapers on Wednesday.

The contract provides for the unnamed German firm to transfer the know-how to build, install and run the equipment needed to exploit and transport gas, said Iran's Gas Engineering and Development Company head, Ali Reza Gharibi.

[Venezuela oil exports fall in December-govt data](#)

NEW YORK (Reuters) - Venezuelan oil exports in December fell by 51,330 barrels per day, dropping for the fifth month in a row, according to data from the OPEC nation's oil ministry sent to Reuters.

[Venezuela's Oil Auction on Track](#)

Final registration has ended for Venezuela's Carabobo oil-drilling auction, bringing the long-delayed bidding that's set for next week a crucial step closer.

The Carabobo auction is for the most-touted oil drilling project in this petroleum-rich South American nation since the 1990s, when Venezuela invited global oil majors to take part in its hydrocarbon sector under the Apertura, or "Opening" program.

[Neb. Corn Board speaks out against LCFS](#)

California's low carbon fuels standards were given final approval by the state's Office of Administrative Law last week and are set to have a major negative impact on Nebraska corn ethanol should the rules be rolled out as planned, according to the Nebraska Corn Board.

The Nebraska Corn Board estimates that 27 percent of Nebraska's ethanol with a value approaching \$1 billion goes directly to California's fuel market.

[U.S. says wind could power 20 percent of eastern grid](#)

WASHINGTON (Reuters) - Wind energy could generate 20 percent of the electricity needed by households and businesses in the eastern half of the United States by 2024, but it would require up to \$90 billion in investment, according to a government report released on Wednesday.

For the 20 percent wind scenario to work, billions must be spent on installing wind towers on land and sea and about 22,000 miles of new high-tech power lines to carry the electricity to cities, according to the study from the Energy Department's National Renewable Energy Laboratory.

[Return to slop bucket as homes face ban on sending food waste to landfill](#)

Householders will soon have to keep food waste in the modern equivalent of a slop bucket, the Government said yesterday.

Hilary Benn, the Environment Secretary, said that instead of being thrown away on landfill sites, food waste would be used for composting or turned into energy.

[Face up to natural limits, or face a 1970s-style energy crisis](#)

None of the various technofixes on offer alter that fact that humanity has to learn to stop living on the last drops of cheap energy, and to start living within its means

Britain has a serious problem with its energy supply. After examining this issue for a few years now I perceive that the greatest difficulty we face is not that we lack energy resources (arguably we do), or that we are becoming precariously dependent upon imported energy (which we are), or that our large demand for energy makes reforming our economy extremely difficult (as evidently it does); the most significant problem is that the political and business community cannot accept that natural systems impose physical limits upon human society.

We may be told that our present problems can be solved through measures such as 'green growth', 'low carbon energy' or 'carbon markets', but such a view ignores the

growing body of evidence concerning the relationship between the way the economic system operates and the physical nature of energy and material resources that the economy relies upon.

[Oil Falls on Forecasts of U.S. Supply Increase, Dollar Strength](#)

(Bloomberg) -- Oil fell in New York before a report forecast to show U.S. crude inventories climbed for a third week, and as a stronger dollar curbed oil's appeal for hedging inflation.

Oil pared some of yesterday's gains on speculation China, the second-biggest oil user, may step up efforts to curb credit growth, damping energy demand. The euro fell to the lowest level in five months against the U.S. currency, making dollar-priced assets like oil appear more expensive to foreign investors.

"U.S. inventories still need to come down," said Andrey Kryuchenkov, an analyst with VTB Capital in London. "The market doesn't have much impetus as it awaits the data, with the dollar capping gains across commodities."

[U.S. gasoline price falls from 15-month high: report](#)

WASHINGTON (Reuters) – After soaring to the highest level in 15 months, U.S. gasoline prices fell over the past week on cheaper crude oil costs, the Energy Department said on Tuesday.

The national average price for regular unleaded gasoline declined 1.2 cents during the week to \$2.74 a gallon, which was still up 89 cents from a year earlier, the department's Energy Information Administration said in its weekly survey of service stations.

[Crude Oil to Extend Gains, \\$80 'In the Bag': Technical Analysis](#)

(Bloomberg) -- Crude oil, which snapped a five-day decline yesterday, is set to extend gains because technical support in the mid-\$70 level has proven resilient, according to National Australia Bank Ltd.

Oil's rebound from below \$77 a barrel yesterday kept intact a "constructive-looking" uptrend that started in February 2009, when prices slipped below \$34, said Gordon Manning, a Sydney-based technical analyst at Australia's fourth-largest bank. With traders taking their cues from rising stock markets, a move past \$80 this week may already be "in the bag," he said.

[China depending more on imported oil](#)

China's oil imports will continue to see solid growth this year, with more than half of the country's total oil consumption coming from abroad, industry insiders said.

It is inevitable for the country - the world's second largest oil consumer - to see a robust increase of imports, as domestic production cannot keep up with rising demand, they said.

China's oil dependency reached alarming levels last year with imports accounting for 52 percent of total consumption, China Business News reported yesterday, citing Zhang Xiaoqiang, vice-minister of the National Development and Reform Commission.

Importing more than 50 percent is a globally recognized level for an energy security alert.

[Exxon's Tillerson Says XTO Gas Drilling Won't Hurt Environment](#)

(Bloomberg) -- Exxon Mobil Corp.'s \$30 billion bid for XTO Energy Inc. will expand natural gas production in shale formations, boosting the U.S. economy without harming the environment, Rex Tillerson, Exxon's chief executive officer, plans to tell Congress today.

[The Coming Oil Conflict In Iran](#)

Newsmakers and even the oil markets have learned to get used to tensions between the West and Iran. Last week, an Iranian physics professor linked to the country's nuclear program was assassinated. Iran blamed Israel and the United States for the remote control bombing of the man's car. Iran, for once, was probably right.

Foreign spies in Iran are likely trying to help make it clear to the Iranian government that Israel and the United States will not tolerate Iran's nuclear program. The bombing forces many scientists in Iran think twice about their profession.

Next door, in neighboring Iraq, the country is accepting 100 billion in foreign investment that will update Iraq's aging oil production capabilities, possibly allowing them to produce much more oil and become a more important player for the oil market. Some peak oil analysts now even see a risk in the idea that oil production has hit its peak due to the new investments. Others contend that cheap oil production has still hit its peak but more expensive production will continue to help meet demand.

[Japan warning to China 'has domestic cause'](#)

Domestic political uncertainty in Japan caused the country's foreign minister to threaten on Sunday that "action" would be taken against China over Chinese exploration of the Chunxiao oil and gas fields in the East China Sea, Chinese experts said.

[Q&A: 'Crossing the Energy Divide'](#)

According to Robert Ayres and Edward Ayres, brothers and co-authors of the recently published book, "Crossing the Energy Divide," the American economy uses energy with only 13 percent efficiency.

This means for every unit of fuel burned, only 13 percent of the potential energy is actually converted as useable output to power machines, and illuminate and heat buildings.

Most of the remaining energy is discarded, typically in the form of waste heat that, with the right application of technology, could be used for electricity generation or space and water heating.

(As just one example of the potential, two large American steel companies together generated 190 megawatts of electricity from recycled waste heat in 2005. This was more than the entire United States production of solar-photovoltaic electricity that year.)

[NTPC to Spend \\$5.5 Billion Next Year to Cut Blackouts](#)

(Bloomberg) -- NTPC Ltd., India's biggest power producer, plans to spend 250 billion rupees (\$5.5 billion) building generation plants next fiscal year to reduce blackouts in the nation. The stock rose.

New Delhi-based NTPC will borrow about 70 percent of the planned expenditure, which is a 39 percent increase over the estimated spending of 180 billion rupees in the year ending March 31, Chairman R.S. Sharma said in an interview. "We will contribute the equity portion from our internal accruals and the debt has all been tied up, mostly from Indian banks," he said.

[Petronet May Resume Spot LNG Imports as Demand Rises](#)

(Bloomberg) -- Petronet LNG Ltd., India's biggest buyer of liquefied natural gas, may resume buying the fuel from the spot market to meet increased demand in Asia's third-biggest energy consumer.

[Solar Power Advocates Hopeful for 2010](#)

Between 500 and 600 megawatts of solar power will be built this year across the United States — about double the figure of last year — according to Larry Sherwood, who compiles and studies such data as a consultant to the Interstate Renewable Energy

Council, a nonprofit industry group.

He said some analysts were projecting even higher figures.

[Korea Electric in Nuclear-Plant Talks With 5 Nations](#)

(Bloomberg) -- Korea Electric Power Corp. is in discussions with at least five countries to build nuclear-power plants after winning a \$20 billion order from the United Arab Emirates last month, a company official said.

“We’re in serious talks with Turkey, Jordan and Malaysia and we’ve attracted China and India’s interest,” Chung Kun Mo, a nuclear adviser to the South Korean state-run utility, said in an interview at his office in Seoul yesterday. “There are many countries knocking on our door. Even Kenya is interested.”

[GS Engineering to Construct World’s Largest Tidal Power Plant](#)

(Bloomberg) -- GS Engineering & Construction Corp. will build the world’s largest tidal power plant in South Korea, as the country boosts investments in renewal energy on environmental concerns.

[Merkel’s CDU May Press for Deeper Solar-Subsidy Cuts](#)

(Bloomberg) -- Chancellor Angela Merkel’s Christian Democratic Union may press for deeper cuts in solar-power subsidies than previously sought by the government, the party’s energy spokesman in parliament said.

[Small wind turbines slammed](#)

Small wind turbines, such as those attached to buildings, will not help the UK meet targets to cut home and office carbon emissions, engineers have warned.

A Royal Academy of Engineering (RAE) report, written by Professor Doug King, said far greater cuts could be achieved in new buildings and in “retrofitting” old buildings by focusing on bringing energy use down through efficiency measures.

[Japan's 'cash for clunkers' to allow U.S. cars](#)

DETROIT — The Japanese government on Tuesday agreed to let American-branded cars participate in the government's "cash for clunkers" plan, a move that could

momentarily boost U.S. makers' tiny sales there.

[Is a Run on the U.S. Dollar Starting Soon?](#)

The possible scenarios are endless and much depends on the political will of Obama and Congress as to how much control they can exert over the financiers. I am hesitant to predict total gloom and doom, though it is certainly a possibility. One thing that could trigger it would be if the U.S. can no longer buy oil from abroad. That depends also on whether "Peak Oil" really exists or not. But clearly big changes are coming. Our country has become so fragile. Most of our population is a month away from starvation when you look at the food pipeline.

[Jumpstarting Energy Independence](#)

David Goodstein, professor of physics at Caltech, in his 2004 book, *Out of Gas: The End of the Age of Oil*, looked at Hubbert's research and more recent data and concluded that global demand for black gold will shortly exceed the world's ability to produce it. Goodstein also predicts that alternative energy sources - of the type DOE is funding in this latest round of grants - may be too little and too late to stave off serious disruptions to our way of life.

"Civilization as we know it will come to an end sometime in this century unless we can find a way to live without fossil fuels," Goodstein cautions.

In the face of such a calamitous possibility, DOE's decision to fund innovative, early career scientists - to the tune of \$150,000 a year for five years in the case of university researchers, and \$500,000 a year for the same period for DOE's up-and-coming, in-house talent - is an important step in the right direction. But we need to free up more bright young thinkers to tackle other looming crises - global shortages of clean water, potential pandemics, catastrophic climate change, and disruptions and shortages in food production.

[Modern Homesteading Today for Living off the Land and Self-Sufficient Living](#)

Why bother with Self-Sufficient Living? After all, everything you need is right down the road or across your street at your local supermarket. But where has your food come from? Can you trust the source? Does it come laced with insecticides and herbicides that have been banned in your own country, but not from where your food is coming from? Is the food you are eating making you sick? Worst of all, will you know how to grow your own food when the oil runs out and you are no longer able to get your food from the local supermarket?

[Birth Of Production and The End of Life](#)

The historical contradiction of agriculture has always been how its proliferation destroys the ecological conditions which made its existence possible. As civilization has expanded, it has converted wilderness into grazing and farm land, and ultimately, barren desert. The natural world takes the form of a cycle, but civilized man has turned this cyclic process into a resource to exploit. Instead of a cycle, the nature-human relationship becomes a linear transfer of life and energy one way, and pollution and destruction the other way. "Agriculture is the birth of production... The land itself becomes an instrument of production and the planet's species its objects."

Unsurprisingly, this one-way conversion of life into production cannot last forever. Agriculture depletes the soil quickly, sometimes even depleting millennia old topsoil within 2 generations of farming. The inevitable decline of soil productivity has led to the mass adoption of hydrocarbon-based (natural gas) fertilizers. American capitalism (personified by the Rockefeller and Ford foundations, who hoped to squelch socialist upheavals) spread this practice to the "underdeveloped" world under the term Green Revolution, along with chemical pesticides, herbicides, hybrid seeds and more recently, biotechnology. Here capitalism averted agricultural and social disaster by piggy backing agriculture onto the ever more important energy resource, fossil fuels. As industrial-capitalism further developed, it became apparent that fossil fuels were just as finite as soil fertility, and the importance of peak oil (and natural gas) stems from our food system's dependence on fossil fuel.

[Play Oligarchy and drill, baby, drill!](#)

Oligarchy is a fantastic Flash game anyone can play online where you're asked to take the reins of an oil company and explore, drill and invade your way across the global markets. For such a simple game, it sure packs a lot of interesting game play.

[We must make major changes to help save the Earth](#)

After the failure of our leaders in Copenhagen to achieve a binding treaty to reduce emissions, many of us are feeling a more urgent need to act.

Pat Murphy, the author of Plan C: Community Survival Strategies for Peak Oil and Climate Change, wants to take those urges and point them in the right direction. When Murphy spoke in Guelph in November, I asked what he believed was the number one thing he felt needed to be conveyed to people. His response: numeracy.

[New Rule Would Bar Illegal Fishing Vessels From Ports](#)

The United States is looking to shore up its abilities to bar vessels involved in illegal fishing from entering its ports.

Under a rule proposed by the National Oceanic and Atmospheric Administration, its assistant administrator for fisheries would be able to deny entry to a ship that had been

listed for engaging in “illegal, unreported and unregulated” fishing by one of the world’s eight international fishery management organizations.

[Carp DNA Is Found in Lake Michigan](#)

CHICAGO — Genetic material from the Asian carp, a voracious invasive species long feared to be nearing the Great Lakes, has been identified for the first time at a harbor within Lake Michigan, near the Illinois-Indiana border, ecologists and federal officials said Tuesday.

[Fox & Friends funnels Exxon-funded NCPPR press release claiming CIA is "spying on icebergs instead of terrorists"](#)

Attacking a CIA program providing climate data to scientists, *Fox & Friends* accused the Obama administration of “[s]pying on icebergs instead of terrorists” and “[t]racking climate change instead of Al-Qaeda,” which echoes a press release from the conservative and ExxonMobil-funded National Center for Public Policy Research that claimed the program “diverts intelligence assets to climate research.” In fact, federal officials have reportedly said that the program, which allows the scientific community to gather data from CIA equipment, “has little or no impact on regular intelligence gathering.”

[Senate not seen passing climate bill in 2010](#)

WASHINGTON (Reuters) – The Senate is unlikely to pass climate change legislation this year after going through the contentious health care debate, and will focus on a separate energy bill that has more bipartisan support, a key Democratic senator said on Tuesday.

[Why Hasn't Earth Warmed as Much as Expected? New Report on Climate Change Explores the Reasons](#)

ScienceDaily — Planet Earth has warmed much less than expected during the industrial era based on current best estimates of Earth's "climate sensitivity" -- the amount of global temperature increase expected in response to a given rise in atmospheric concentrations of carbon dioxide (CO₂). In a study to be published in the *Journal of Climate*, a publication of the American Meteorological Society, Stephen Schwartz, of Brookhaven National Laboratory, and colleagues examine the reasons for this discrepancy.



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