



Drumbeat: February 10, 2010

Posted by [Leanan](#) on February 10, 2010 - 9:03am

Topic: [Miscellaneous](#)

[We're running into oil rather than running out](#)

Oil pessimists explain that given its finite nature, the world's growing reliance on oil could soon lead us into a cold, 21st century Dark Age. They are far from the first to believe that they are Cassandra. When Jimmy Carter was in the White House, he warned that the world's reserves would run dry by the turn of the millennium.

The "peak oil" frenzy of the 1970s has reared its head again. The world's increasing demand and a fixed, finite supply should have led us to a point of no return by now. So what happened?

The gross demand for oil has remained well below the amount of the world's oil reserves. In 1971, the demand for oil was at 49.4 billion barrels per year and world reserves were estimated to hold 521 billion barrels, according to the US department of energy. According to the theories of the oil pessimists, this would mean that the world would be out of oil in a little more than a decade. Instead of facing doom in the 1980s as the depletionists predicted, the amount of oil in reserves increased to approximately 700 billion barrels as demand increased. Since 1971, when reserves held 521 billion barrels, the world has consumed 900 billion barrels of oil, and today, reserves are currently at an estimated 1.36 trillion barrels.

leading business figures including Sir Richard Branson.

Following the launch of the report, which claims UK oil will peak in five years leaving the country exposed to rising prices, Chris Barton from the Department for Energy and Climate Change gave the government side.

[Peak oil or "oil crunch": Richard Branson puts the case for UK business](#)

When Richard Branson starts talking about peak oil, it would be only natural to react with suspicion. He has no qualifications in this area, and his principal business depends on burning huge volumes of oil-based fuel.

As my colleague Kate Mackenzie observes, if you believe we are facing an "oil crunch", should you really be investing a lot of money into space tourism? (The Virgin Galactic space plane is a rocket, not a jet, but it needs to be launched from a aircraft, and the

rocket fuel needs to be manufactured.)

[Oil Success Could Herald Sea Change for Falklands, Lift UK Firms](#)

With a new drilling campaign about to kick off in the Falkland Islands, a leading lawyer believes a major oil find could bring fresh business opportunities for the UK's oil and gas sector.

Gavin Farquhar said the arrival of the Ocean Guardian drilling rig, due to arrive in the South Atlantic fresh from the Cromarty Firth on Valentine's Day, could herald the beginning of a new love affair between the UK and the Falklands.

[US EIA raises 2010 world oil demand growth forecast](#)

WASHINGTON (Reuters) - The U.S. Energy Information Administration on Wednesday said it expected world oil demand to rise 1.2 million barrels per day in 2010 from a year earlier.

[2 U.S. firms won't use tar sands oil](#)

WASHINGTON-Canada's controversial tar sands industry took its first retail blow Wednesday as two Fortune 500 companies announced plans to eliminate the high-carbon Alberta fuel from its supply chain.

The U.S.-based firms Whole Foods Market Inc. and Bed, Bath and Beyond Inc. both unveiled new fuel policies designed to wean themselves off "higher-than-normal greenhouse gas footprints" inherent in feedstock from the Alberta tar sands.

[Colombian gas exports to Venezuela collapse in January](#)

Exports of Colombian gas to Venezuela declined to 60 million cubic feet per day (cbpd) in January compared with an average of 179 cbpd last year, the US oil company Chevron reported on Tuesday.

The sharp decline in gas supply could further increase energy problems in the western region of Venezuela. This part of the country has been affected by serious power outages that may last seven hours, due to the energy crisis.

[Venezuela to OK first major oil deals under Chavez](#)

CARACAS (Reuters) - Venezuela was to award the largest oil investment of President Hugo Chavez's 11-year rule on Wednesday, drawing tens of billions of dollars of much-needed foreign finance to the Orinoco Belt just three years after the leftist leader nationalized operations there.

[Power struggle could portend a cold, dark winter in Gaza Strip](#)

Reporting from Ramallah, West Bank - The Gaza Strip's beleaguered residents face worsening power outages, even as winter temperatures drop, because of a financial dispute between the Ramallah-based Palestinian Authority and Gaza's electricity distributor.

[Is China stalling over Hummer buy?](#)

BEIJING/NEW YORK (Reuters) - A Chinese machinery maker's acquisition of General Motors Co's loss-making Hummer brand could be stalling as Beijing frets that a failure to turn around the macho gas-guzzler may dent China's image abroad.

Chances for regulatory approval of the deal have dimmed in recent weeks, according to three sources with links to Chinese regulators, GM and the buyer, Sichuan Tengzhong Heavy Industrial Machinery -- a little-known company with no experience in either making cars or managing a foreign company.

[Oil attack halves production at Baghdad refinery](#)

BAGHDAD -- Attackers bombed a frequently targeted oil pipeline north of Baghdad, slowing production at a refinery in the capital by half, Iraq's oil ministry said Wednesday.

['Another fire' at Suncor worries analysts](#)

Suncor Energy Inc. has been on fire lately, but for all the wrong reasons.

Yesterday, the country's largest energy company had another fire at its oil sands operations, its third in five months. Analysts were not impressed, with some now questioning the company's reliability.

[India may hike fuel prices on Thursday](#)

NEW DELHI: The Union Cabinet is likely to discuss tomorrow a Petroleum Ministry proposal for freeing petrol prices from government control and a moderate increase in

diesel, cooking gas and kerosene rates, ahead of which Oil Minister Murli Deora held consultations with key allies DMK and Trinamool Congress on the subject.

[Job Losses Push Need for Energy Bill](#)

The solution to this jobs vs. savings conundrum is to invest money now, into projects that when completed will help us individually and as a nation to save more.

For instance, an investment now into energy efficient buildings would create desperately needed construction jobs, but pay for itself with increased energy savings.

[Out of this world: are we running out of materials?](#)

Next time you go hospital for a scan, spare a thought for the machine itself: the materials on which its function depends, are running out, and very few people seem to know or care. The former chief scientific officer, Professor Sir David King cares. He will tell anyone who asks, that we are about to enter a period of history where resources wars are a distinct possibility. He claims that there are just not enough of certain materials on planet to sustain the growing use of hospital equipment, electronics, and many other new technologies.

[Plan B 4.0 by the Numbers – Data Highlights on the Global Food Supply](#)

World agriculture today faces pressure from many sources. On the production side, the amount of unused arable land worldwide has dwindled. Overworked soils are becoming eroded and degraded, and overpumped aquifers are being depleted. Meanwhile, as the global population grows and increasing biofuel production converts grain into fuel for cars, demand for food continues to climb. In Chapters 2 and 9 of *Plan B 4.0*, Lester Brown discusses these challenges. Here are some highlights from the supporting data:

In Nigeria, Africa's most populous country, human populations increased threefold from 1961 to 2007, while livestock populations grew 12-fold. Increasing foraging needs and human food needs have placed excessive demands on soils. The country is losing 867,000 acres of cropland and rangeland to desertification each year.

[Climate 'Tipping Points' May Arrive Without Warning, Says Top Forecaster](#)

(PhysOrg.com) -- A new University of California, Davis, study by a top ecological forecaster says it is harder than experts thought to predict when sudden shifts in Earth's natural systems will occur -- a worrisome finding for scientists trying to identify the tipping points that could push climate change into an irreparable global disaster.

"Many scientists are looking for the warning signs that herald sudden changes in natural

systems, in hopes of forestalling those changes, or improving our preparations for them," said UC Davis theoretical ecologist Alan Hastings. "Our new study found, unfortunately, that regime shifts with potentially large consequences can happen without warning -- systems can 'tip' precipitously.

"This means that some effects of global climate change on ecosystems can be seen only once the effects are dramatic. By that point returning the system to a desirable state will be difficult, if not impossible."

[The Story of Coal's Dirty, Deadly Legacy](#)

Most of us take it for granted that when we flip the switch, the lights will go on. Sure, we write the electric company a monthly check, but otherwise lend no thought to the source of the power — like urban kids clueless that chicken originates someplace other than the freezer aisle of chain groceries.

But this month, an energetic author from the rugged, coal-laden hills of southern Illinois hopes to relay the message — utterly apropos in a country where coal generates nearly half the electricity — that a consequence of that national dependence is the outright decimation of the communities surrounding the mines.

[Post-Carbon Schools: Back from Hell](#)

SUMMARY: Creeping corporate influence on K-12 education promises to corrupt what little soul remains of our disintegrating industrial culture. As an alternative in the coming post-carbon era, I suggest here a curriculum centered on morals, community, and the Land Ethic -- with emphasis on practical skills -- as the foundations of our schools. Long live the sacred!

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the depletionists predicted, the amount of oil in reserves increased to approximately 700 billion barrels as demand increased. Since 1971, when reserves held 521 billion barrels, the world has consumed 900 billion barrels of oil, and today, reserves are currently at an estimated 1.36 trillion barrels.

[Jeremy Leggett: Society ignores the oil crunch at its peril](#)

With modern economies geared to their rivets on just-in-time supply of copious amounts of affordable oil, society surely ignores this risk issue at its massive peril.

But that is what BP, Exxon, Saudi Aramco and many other institutions of the hydrocarbon era would have us do. And theirs is the perceived wisdom. I do not know of a single company, outside the taskforce group, where peak oil is on the agenda as a serious risk issue. As for government, Whitehall's official line is typical, as things stand: there is 40 years of oil supply, no need to worry, and certainly no crisis. To be fair, that view may be in the process of changing, in the light of recent events in the energy markets.

[Policies 'must anticipate' oil price rises](#)

A group of business leaders are calling for urgent action to prepare the UK for peak oil, the point at which supply can no longer meet world demands ending cheap oil.

John Miles, global leader for energy resources and industry at Arup and one of the report's authors, analyses the prospect of peak oil.

[Peak oil warnings turn up in the strangest places](#)

It's always intriguing to see how companies come out on the big - and often controversial - questions of energy future.

[Readers Respond on "Squeezing More Oil from the Ground"](#)

In "Squeezing More Oil from the Ground," Leonardo Maugeri, director of strategies and development of an international oil company, expresses the conventional view of his profession, assuming a world of near-infinite oil resources to be produced under market forces. Maugeri is particularly dismissive of our *Scientific American* article "The End of Cheap Oil" [March 1998]. It is difficult to find fault with at least its title, considering that the average price of oil over the preceding 10 years was \$28 a barrel but rose to \$45 over the ensuing decade to reach a peak of almost \$150 in 2008.

[Think further ahead about oil, buyers told](#)

Fossil fuel buyers need to buy further in advance and reduce their dependency on oil-based fuels if they are to cope with an impending oil crunch.

The advice follows mounting fears over “peak oil” – the point at which the world's oil output reaches a maximum, and either plateaus or goes into terminal decline.

[North Dakota Production Surprises](#)

One of the canons of the peak oil crowd is that a decline in oil production from the "mature" United States is a given that no amount of exploration and development can arrest.

An examination of recent developments in North Dakota indicates that the application of new technology renders this claim suspect. Oil production in North Dakota had been declining for years, peaking in the mid 1980s at close to 150,000 barrels per day, and then beginning a 20 year decline to approximately 80,000 barrels per day by 2003.

[Oil near \\$74 as weak dollar offsets high supplies](#)

Oil prices rose to near \$74 a barrel Wednesday, boosted by a weaker dollar but held back by a report showing unexpected growth in U.S. crude inventories, casting more doubt on the recovery in the world's biggest economy.

[OPEC: Global oil demand will be higher than forecast](#)

OPEC expects the world will need more of its crude oil this year than previously forecast, as the organization lowered its outlook for production of natural gas liquids.

The Organization of Petroleum Exporting Countries, responsible for 40 percent of global supplies, predicted in a monthly report today that consumers worldwide will need 28.75 million barrels a day of OPEC crude in 2010. While that's 150,000 barrels a day more than anticipated in last month's report, the resulting “call on OPEC” in 2009 is unchanged from last year.

[New report: Consumers spent modestly in January](#)

NEW YORK — Americans backed off from holiday spending in January, but retail sales rose for a third month in a row compared with a year earlier, largely because of gas price hikes, according to figures released Wednesday by a key data service.

[Kuwait Holds Oil Price Discount on Weak Asian Demand](#)

(Bloomberg) -- Kuwait Petroleum Corp. maintained a discount for its official crude oil price to Asia as refiners kept processing rates low amid weak fuel demand.

[Iraq Offers Indian Refiners More Crude on Planned Output Gain](#)

(Bloomberg) -- Iraq is offering to supply more crude oil to Indian refiners on long-term contracts as the Middle Eastern country boosts output.

Iraq is offering to increase crude sales to India by as much as 60 percent, said an oil ministry official who was at the meeting between India's Oil Minister Murli Deora and Iraq's Industry and Minerals Minister Fawzi Hariri in New Delhi today. Indian Oil Corp., the nation's second-biggest refiner, currently buys about 11 metric million tons, or about 220,000 barrels a day, of Iraqi crude, Chairman Sarthak Behuria said.

[Saudi Arabia keeps March crude supplies steady](#)

TOKYO/LONDON - Top oil exporter Saudi Arabia will supply steady volumes to most customers in March as demand recovers and prices stay in its comfort zone.

Sources at seven of the Asian term buyers said on Wednesday state oil firm Saudi Aramco told them they would continue to receive fully contracted crude volumes for March, something it did for January and February for most of the region.

[Commodities Are Poor Inflation and Currency Hedges](#)

Just because the value of paper money is declining doesn't mean the value of a static asset has to increase.

[Saudi Arabia, Angola, Iran remain top 3 oil suppliers to China](#)

Saudi Arabia, Angola and Iran remained the three largest oil sources for China in 2009, with the three supplying 47.7 percent of China's total imports, according data released Wednesday by the General Administration of Customs (GAC).

[Georgia to Build Black Sea Oil Port to Boost Caspian Flows](#)

(Bloomberg) -- Georgia plans to build another Black Sea port to boost transit fees from cargo shipments such as crude oil from the Caspian Sea region.

The Supsa port will cost “half a billion dollars” and take less than two years to build once the government gives the final okay, said Shalva Tsakadze, head of Black Sea Product Ltd., the developer of the project.

[Scrap UK's wind farm plans, says Gazprom boss](#)

Plans to build thousands of wind farms in the UK are irrational and should be scrapped in favour of more gas plants, according to the deputy chairman of the Russian energy firm Gazprom.

[Warsaw nears Russia gas deal](#)

Poland's government may finally approve a long-awaited gas deal with Russia later today, Treasury Minister Aleksander Grad said.

[Kazakhstan halts oil exports to Slovakia, Hungary](#)

MOSCOW (Reuters) - Kazakhstan has halted Urals crude oil supplies to Slovakia and Hungary via the Druzhba pipeline amid a trade dispute with Ukraine, prompting Russian oil firm LUKOIL to intervene to compensate for the loss, traders said on Tuesday.

['Kurdistan taps back on in days'](#)

Oil exports from Iraq's northern Kurdistan region should resume in the "coming days", Iraq's Oil Minister Hussain Shahrastani told reporters today.

[Shell takes proposed Philippines seizure to nation's high court](#)

The Philippines won't seize oil imports belonging to Royal Dutch Shell Plc until the nation's high court issues a final ruling, Executive Secretary Eduardo Ermita said.

“Shell brought the case to the Supreme Court,” Ermita told reporters today in Malolos, Bulacan north of Manila. “We will observe status quo.”

[Nigeria oil rebels say watching political developments](#)

LAGOS (Reuters) - The main militant group in Nigeria's oil-producing Niger Delta said on Wednesday it was monitoring developments after Vice President Goodluck Jonathan

assumed presidential powers, but declined to comment further.

"We are monitoring the unfolding drama and will react at the appropriate time," the Movement for the Emancipation of the Niger Delta (MEND) said in an email to Reuters.

[Bangladesh to Deploy Floating Unit for LNG Imports](#)

(Bloomberg) -- Bangladesh, which has delayed exploration awards to ConocoPhillips and Tullow Oil Plc after disputes with neighbors, may deploy a floating liquefied natural gas unit this year to plug a shortage of gas, an official said.

[Toyota recalls new Prius in latest safety fix](#)

WASHINGTON/DETROIT (Reuters) – The spiraling crisis at Toyota Motor Corp deepened on Tuesday as the automaker said it would recall thousands of Camry sedans as well as nearly half a million new Prius and other hybrid cars to fix steering and braking problems.

U.S. regulators also said they are reviewing dozens of complaints about potential steering problems in newer Toyota Corollas.

[High-speed rail: Skipping your town](#)

NEW YORK (CNNMoney.com) -- Most of the \$8 billion in high-speed rail funds that President Obama awarded last month will not be used for high-speed projects, but rather to improvements designed to make existing lines faster.

Only \$3.5 billion is being spent on truly high-speed rail, a sum that's not remotely close to what's needed to build a 21st century rail network. The money is going toward two projects -- one in California and the other in Florida -- that have yet to begin construction.

[Obama Pushes Sanctions to Block Iran's Path Toward Nuclear Bomb](#)

(Bloomberg) -- President Barack Obama said the U.S. is shifting toward sanctions pressure on Iran to prevent the development of a nuclear weapon, when asked about the Iranian regime's move to step up uranium enrichment.

[Kuwait projects huge deficit in next fiscal year](#)

Spending is expected to reach 56.1 billion dollars, a rise 33.5 percent from the current year's estimates of 42.1 billion dollars.

The draft budget projects an oil income of 29.9 billion dollars for the coming fiscal year, with the oil price forecast raised from 35 dollars a barrel this year to 43 dollars in 2010/2011.

[Jeff Rubin: Why Obama has fallen from grace](#)

There are many factors associated with Barack Obama's plunging popularity. Botched health care reform certainly hasn't helped. Neither has a near-double-digit national jobless rate, nor a \$1.6-trillion budget deficit. But what outrages American voters most is the billions of dollars given to Wall Street investment bankers, who continue to live la dolce vita and flaunt their arrogance in taxpayers' faces.

As I've argued before in this blog and in chapter 7 of my book, it wasn't too-big-to-fail financial institutions but the interest rate shock from soaring oil prices that deep-sixed the economies of both the US and the rest of the oil-guzzling world. Interest rates didn't just rise from around one per cent to almost six per cent because no one was minding the store at the Federal Reserve Board. It was soaring oil prices that did all that heavy lifting.

[Eastern Syria faces 'catastrophe'](#)

DAMASCUS // Free market economic reforms have helped create a "catastrophe" in eastern regions of Syria, greatly exacerbating the effects of a devastating drought, according to leading critics of government policy.

Speaking at a weekly meeting of the Syrian economics society, a group of high-profile academics said a decision to end fuel and seed subsidies just as the drought was at its peak had destroyed the livelihoods of hundreds of thousands of farmers.

[Robert Kenner: Big Food will do everything to stop you talking about this](#)

LS: What do you hope people will take away from the film?

RK: That the system is unsustainable. We've created a world where we're using up our natural resources and, in doing so, robbing our children and our grandchildren. We have to think about growing and producing food in a fairer way.

[Agricultural Commodities in Light of Peak Oil](#)

The subject of Peak Oil seems timely this week, as it has been pointed to in a number of news-worthy articles and video interviews. It is imperative to stay informed on this issue. This article hopes to provide some of the latest pertinent information on the subject while tying together how agricultural and oil commodities may relate to Peak Oil.

[New Santa Cruz action group tackles affordable housing as larger concern about peak oil](#)

SANTA CRUZ -- Transition Santa Cruz, a new grass-roots group working to reduce the local demand for fossil fuels, has re-energized the decades-old debate about creating more affordable housing.

The group, which has attracted about 500 members, is examining affordability and development in the context of creating self-supporting communities to prepare for "peak oil," or the point at which global demand for oil surpasses the supply. That means also advocating for jobs, more public transit and more locally produced food -- all with a light footprint on the environment.

[Solutions for a Post Carbon World](#)

With the avalanche of opinions on the challenging issues that face Montanans and the world today, it's hard to know where to get reliable information. We know the conundrums of climate, energy, resource depletion, and the economy are complex and interrelated, but it can be difficult to grasp exactly how they fit together. And just what are we going to do to slow these run-away trains?

I recently got some clarity on this subject when I attended a gathering for the Fellows of the Post Carbon Institute. The Fellows are a think-tank focused on today's interconnected sustainability crises -- a one-stop shop for cutting edge thinking on the transition to a post-carbon world.

[Chinese farms cause more pollution than factories, says official survey](#)

Farmers' fields are a bigger source of water contamination in China than factory effluent, the Chinese government revealed today in its first census on pollution.

Senior officials said the disclosure, after a two-year study involving 570,000 people, would require a partial realignment of environmental policy from smoke stacks to chicken coops, cow sheds and fruit orchards.

[For L3C companies, profit isn't the point](#)

NEW YORK (CNNMoney.com) -- When organic dairy farmer Vaughn Chase received a

letter informing him that processor H. P. Hood would no longer be taking his milk, he feared he'd be forced out of business.

Three years earlier, he had invested \$25,000 in converting his 600-acre family farm to meet the U.S. Department of Agriculture's organic certification standards. But now he couldn't find another organic processor willing to take the milk from his remote farm in Maine. With the price of non-organic milk plummeting below production costs, returning to conventional farming wasn't an option either.

[Japan's Solar Panel Sales Rise to Record on Subsidy](#)

(Bloomberg) -- Japan's solar-panel sales by capacity rose to a record in 2009 led by domestic demand after the government offered incentives to switch to renewable power.

Sales increased 21 percent to 1,387.03 megawatts last year, the Japan Photovoltaic Energy Association said today. The figure is the highest since 1981, when the group started releasing data. Domestic sales more than doubled to 483.96 megawatts, while exports fell 2.4 percent to 903.07 megawatts.

[Ecuador May Develop \\$6 Billion Dam Project After Shortages](#)

(Bloomberg) -- Ecuador may develop a \$6 billion hydroelectric project to create energy supplies for new mines and avert power shortages similar to the ones the South American country experienced in 2009.

[U.S. Officials Plan \\$78.5 Million Effort to Keep Dangerous Carp Out of Great Lakes](#)

CHICAGO — Federal authorities on Monday presented a \$78.5 million plan intended to block Asian carp, a hungry, huge, nonnative fish, from invading the Great Lakes.

[The Rise of 'Green' Modular Homes](#)

Kevin Clayton, the chief executive of Clayton Homes, a modular home manufacturer based in Maryville, Tenn., predicted last year that his company's "i-house" — a solar modular home — would command 10 percent of its profits.

That prediction hasn't quite panned out, but the manager of Clayton's i-house division, Brandon O'Connor, says it is raising production of the energy-efficient model — even as other builders are cutting projects in the down economy.

[When Coal Flows Between Countries, Who 'Owns' the CO2?](#)

Once emitted, carbon dioxide is a “globally well mixed gas” that knows no borders. Every year, commerce becomes increasingly “globally well mixed” as well. So if the world moves toward a system for tracking emissions, who is responsible for a particular batch of carbon dioxide — the company that mined and sold the coal, the power plant that burned it, the consumer who buys the exported widget made with the electricity generated by that combustion, or...?

[Another Snowstorm: What Happened to Global Warming?](#)

As the meteorologist Jeff Masters points out in his excellent blog at Weather Underground, the two major storms that hit Philadelphia, Baltimore and Washington, D.C., this winter — in December and during the first weekend of February — are already among the 10 heaviest snowfalls those cities have ever recorded. The chance of that happening in the same winter is incredibly unlikely.

But there have been hints that it was coming. The 2009 U.S. Climate Impacts Report found that large-scale cold-weather storm systems have gradually tracked to the north in the U.S. over the past 50 years. While the frequency of storms in the middle latitudes has decreased as the climate has warmed, the intensity of those storms has increased. That's in part because of global warming — hotter air can hold more moisture, so when a storm gathers it can unleash massive amounts of snow. Colder air, by contrast, is drier; if we were in a truly vicious cold snap, like the one that occurred over much of the East Coast during parts of January, we would be unlikely to see heavy snowfall.



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