



## Drumbeat: February 15, 2010

Posted by [Leanan](#) on February 15, 2010 - 9:03am

Topic: [Miscellaneous](#)

### [Demand for Oil Set to Rise Anew](#)

NEW YORK — Chinese oil demand is once more growing fast, rebel militants are threatening to attack pipelines in Nigeria, and tensions are again rising in the Gulf. Recent headlines are increasingly making it seem like 2003 all over again.

In recent times, oil has taken a back seat while the world has focused on the recession. As economies slowed, oil demand fell for two consecutive years, the first time that has happened since the early 1980s.

Now, as much of the world emerges from recession and as geopolitics and threats to energy supplies return to the fore, oil consumption is expected to rebound again, driven mostly by Asia and the Middle East.

But the market is better equipped to handle the stresses this time around.

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e poor quality of data available to them and a lack of transparency from oil producers and corporate interests as the main reasons for why the picture remains clouded.

“It gets worse for where it really matters, such as the big Middle Eastern producers and the OPEC countries,” says Steve Sorrell, the chief author of a separate report last year by Britain’s biggest research center on sustainable energy systems, which claimed conventional oil production is likely to peak before 2030, with a significant risk of a peak before 2020. “It’s also certainly the case that those industry bodies that do have the data may deem it not to be in their interests to be fully transparent.”

### [Why Natural Gas Vehicles Won't Decrease Oil Dependence, Part IV](#)

There was a remarkable divergence in 2007 from the usual Residential-NGV spread. From 1990-2000, the spread averaged \$2/MMBtu. Natural gas prices were 50% dearer to the residential customer than the NGV customer. Then, in 2007, the spread widened to \$6, or 75% dearer than NGV prices. The EIA doesn't offer the data for 2009 yet.

Even with this 50% difference, though, for the majority of the states in Figure 1, the differential between gasoline & CNG obtained via a Phill would vanish, and it would actually be more expensive per mile than gasoline. When you couple this with decreased

range, slightly increased maintenance, about \$5,000 more expensive car costs, a couple of \$'000 on the Phill, the long recharge times & the volatility in the residential gas price, I'm not sure where the value for the residential customer is.

### [Environmentalists launch low-carbon 'churches in transition'](#)

Christian Ecology Link have launched a support network for "Churches in Transition", part of the Transition Towns movement, and has held a major national conference on the transition to low carbon lives.

At their bi-annual gathering in Scarborough this weekend, 50 participants from across the Christian spectrum came together to explore the implications of climate change and 'peak oil'.

### [IPCC errors: facts and spin](#)

Currently, a few errors –and supposed errors– in the last IPCC report (“AR4”) are making the media rounds – together with a lot of distortion and professional spin by parties interested in discrediting climate science. Time for us to sort the wheat from the chaff: which of these putative errors are real, and which not? And what does it all mean, for the IPCC in particular, and for climate science more broadly?

### [Rate of ocean acidification the fastest in 65 million years](#)

(PhysOrg.com) -- A new model, capable of assessing the rate at which the oceans are acidifying, suggests that changes in the carbonate chemistry of the deep ocean may exceed anything seen in the past 65 million years.

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### [Aramco to inject CO2 into biggest oilfield by 2012](#)

JEDDAH, Saudi Arabia (Reuters) - State oil giant Saudi Aramco plans to inject carbon dioxide into the world's biggest oilfield by 2012, a year ahead of previous plans, a government official said on Monday.

The giant field Ghawar pumped 5 million barrels per day (bpd) in 2008, more than half of top oil exporter Saudi Arabia's output. The kingdom announced plans last year for a pilot project to pump the climate-warming gas into the field to both improve production and reduce emissions.

### [Gains in Global Wind Capacity Reported](#)

The Global Wind Energy Council, a trade association based in Brussels, estimates that wind power capacity grew by 31 percent worldwide in 2009, with 37.5 additional gigawatts installed, bringing global wind power capacity to 157.9 gigawatts.

China accounted for a third of the new capacity, and the Chinese market experienced more than 100 percent growth.

### [Mass transit for Motor City](#)

DETROIT (CNMMoney.com) -- Can Motor City combat its economic ills by becoming Rail City?

Along Detroit's Woodward Avenue, a downtown stretch that seems permanently stuck in the "emerging" phase of business development, community leaders are hoping a new light rail system will help spark a renaissance. The city plans to break ground this year on stage one of a \$420 million project: the first modern, mass-transit initiative in a city long synonymous with automobiles.

### [Canada's dirty secret](#)

Conventional oil sources are dwindling and Canada's tar sands may provide a solution. But at what cost?

### [Euroland, the Horror Movie](#)

Europe is a sad case, really poignant, because it became such a darn nice corner of the

world after the convulsions of the mid 20th century. Who, for instance, can spend two weeks walking the lovely ancient streets of Bruges or Orvieto, or Lisbon and not fall to their knees in overwhelming despair on return to the slum of Kennedy Airport? Europe rebuilt itself so beautifully after the war while America became a utopia of overfed clowns riding in clown cars around the plasticized cartoon outskirts of our ruined cities. Europe had wonderful public transit while America let its railroads rot away. European men went about their business in grown-up clothing while Americans men dressed like five-year-olds and got flames tattooed on their necks as though contemplating a barbarian invasion of Akron, Ohio.

But history, that prankster, in the awful melodrama of industrial capital's demise, now seems to have backed lovely, reformed Europe into a corner as an early object-lesson in the agonies of de-complexifying and re-localization. The monetary union seemed like a great idea as long as the members appeared to play straight in the revolving credit racket. Europe had never been so peaceful and happy for so long. But the financial crisis has opened a yawning black hole in the operating system, and into it has been sucked all the elaborately constructed abstract markers of wealth -- in the form of credit-gone-bad -- and now the sad truth is that there really isn't enough wealth to go around. Places like Greece, Portugal, Spain, and Ireland have to return to their previous condition as narcoleptic economic backwaters. Either that or Germans and Frenchmen have to work an extra seventeen hours a week to prop these places up, and somehow that seems unlikely to happen.

### [Kurt Cobb: Climate change deniers and our human nature](#)

The reason such sloppy critiques of climate science have gained so much traction with the public has less to do with their scientific logic--which is almost nonexistent--and more to do with human psychology. Humans tend to be heavily influenced by recent events and by their social milieu. For example, they tend to give more credence to something they heard last week at a party with friends than something published in a scientific journal last year even if it was given broad media play. Hence the effect on the public mind of the not-so-coincidental release of the above mentioned hacked emails right before the Copenhagen climate summit--and the ongoing viral campaign on the Internet, perfect for getting people to transmit disinformation person to person: "I read on the net that..."

### [Climate Catastrophe: Surviving the 21st Century](#)

The scale of human and physical resources needed to turn our current suicide economy into a green economy is daunting, but absolutely necessary and achievable. The only viable roadmap for survival--an 80-90% reduction in fossil fuel use and greenhouse gas (GHG) emissions by 2050--means we must force a drastic reduction in military spending (current wars and military spending are costing us almost one trillion dollars a year). We must tax the rich and the greenhouse gas polluters, and bring our out-of-control politicians, banks, Federal Reserve System, and corporations to heel.

### [At Shared Offices, How Green Is My Work Space](#)

Hunched over their computers on a recent afternoon, two brothers were sketching plans to build a green roof for an elementary school in Brooklyn. One row and three desks away, a woman was working on an environmentally friendly fashion project, a little black dress that can be worn 365 ways.

Nearby, an information technology consultant was briefing a client on how cloud computing could save her money while also saving the environment. And in a corner toward the end of the long room of desks and chairs, a young man was surrounded by stacks of jeans mailed in to his company for repair and reuse.

### [Saudi Arabia Says Peak Demand for Oil Is an 'Alarm'](#)

(Bloomberg) -- Saudi Arabia must be "very serious" about any possible peak in oil demand, which is an "alarm" for OPEC's biggest exporter to diversify its economy, a Saudi oil ministry adviser said.

Saudi Arabia is making a push into renewable energy and is starting its first carbon capture project, Oil Ministry adviser Mohammad al-Sabban said today at the World Economic Forum in the Saudi city of Jeddah. The country will start injecting carbon dioxide into Ghawar, the world's largest oil field, in 2012, he said.

Oil demand in some developed industrialized nations is contracting, partly as a result of the economic slowdown. Those concerns are different to so-called "peak oil" theorists who say oil production has already reached maximum levels and will inevitably decline.

### [Saudi Arabia Pumps 8 Million Barrels a Day Now, Official Says](#)

(Bloomberg) -- Saudi Arabia is producing about 8 million barrels of crude oil currently, and has excess capacity of about 4 million barrels a day.

### [Saudi Arabia's Debt Rating Raised to Aa3 by Moody's](#)

(Bloomberg) -- Saudi Arabia's credit rating was raised by Moody's Investors Service, which cited "strong" government finances that have withstood volatile oil prices and the global recession.

### [BP sees steady 2010 oil price](#)

Oil is set to hold in its current range during 2010, although some upwards movement could be possible, oil major BP's chief economist Christof Ruehl said today.

"We would expect oil prices for the remainder of the year in the current range, perhaps with a slight upwards drift but no dramatic spikes," Ruehl said in an interview with Reuters Insider television on the sidelines of an industry conference in London.

### [Mining industry warns of another energy price spike](#)

The Industry Taskforce for Peak Oil and Energy Security is predicting a sustained rise in the oil price to more than \$100 within five years.

This is a perfectly reasonable assumption, particularly because new sources of oil – such as deepwater Brazil and the freezing tundra of Siberia – are very expensive to develop. Each barrel of oil produced in the future will be more expensive to get out of the ground. It is clear prices will have to rise. However, it's not just oil that is likely to see price rises over the next decade. It looks likely that virtually everything is going to get more expensive.

The global population is expanding rapidly and, in plenty of cases, gentrifying too. So demand for everything from toothpaste to packaging to foodstuffs is going to rise significantly over the next decade.

### [Delivery due](#)

It was a seductive story for the new millennium. Popularised in the heady days before the financial crisis by Jim Rogers, the author and investor, the so-called commodity super-cycle promised a period of spectacular demand for commodities of all kinds following the emergence of a big new industrial power.

This, it was claimed, was what happened with Britain in the 19th century and the US in the early 20th. So now it was China's turn to drive the cycle. "If history is any guide," said Mr Rogers in a widely quoted statement that fired investors' imaginations, "this bull market is going to last until between 2014 and 2022 and everything is going much higher."

Global warming and population pressure added a twist to the argument by reviving interest in the catastrophe theory of the economist Thomas Robert Malthus, who argued in the late 18th century that the world's food supplies would run out. Further impetus came from "peak oil" theory, which held that the rate of oil production was about to go into terminal decline.

Yet a compelling tale in 2007 about strong demand and short supply looked like snake oil in 2008 as commodities crashed, with the notable exception of gold. Even after their recovery in 2009, most commodity prices are still well short of their peaks. With prices wobbling again as investors have become more risk-averse over the past month, faith in the super-cycle is being put to yet another severe test.



## [Oman Sees Rising Oil Output on Hard-to-Develop Fields](#)

(Bloomberg) -- Oman, the largest Arab oil producer that's not a member of OPEC, aims to raise crude output to about 900,000 barrels a day by using new techniques and technology to boost the rate of recovery from its deposits.

The country will reach that level as a long-term plateau for oil production within two years, Nasser bin Khamis al- Jashmi, under-secretary in the Oil Ministry, told reporters today. Oman expects to pump about 860,000 barrels of oil a day this year, up from 812,000 barrels a day last year.

## [Natural Gas Producers: Is There Profitless Prosperity Ahead?](#)

Today I want to try to make the analogy to the semiconductor industry, which is one I have followed more closely over the years. Semiconductors have proliferated in recent years, with very strong unit growth in all segments. On top of very robust demand, the supply has gone up as well, and Moore's Law has continued to rule.

While it may surprise you, worldwide semiconductor billings are very near their all-time high, which is well above the bubble high from 2000. If you look at the earnings, though, in the industry, it is clear that only a handful of companies have been able to prosper. Most have endured what many have called a "profitless prosperity", where everyone is busy working but not making money.

## [Shipping Adds 32% as Boats Await Coal From Newcastle](#)

(Bloomberg) -- The fastest expansion in world trade in three years is clogging up ports from Australia to Brazil, driving a 32 percent jump in charter rates by December.

## [Gazprom Moves to Methane Output](#)

Gazprom started coal-bed methane production in Russia after U.S. success in developing unconventional fuel reserves spurred global interest.

## [BP weighs \\$1.3-billion oilsands deal](#)

LONDON—British oil major BP PLC is in talks to pay about \$1.3 billion to buy a majority stake in a privately held Canadian company with large reserves of Alberta oilsands deposits, the *Sunday Times* reported.

### [U.K. Issues Gateway License for Gas Storage Under Irish Sea](#)

(Bloomberg) -- The U.K. Department of Energy and Climate Change issued a license to Gateway Storage Co. to build a natural-gas storage site in salt caverns under the Irish Sea as the country seeks to increase its fuel reserves.

### [Russia is Focus of Oil And Gas Acquisitions](#)

Russia accounted for 10 percent of total worldwide mergers and acquisitions in the oil and gas exploration and production sectors, consulting firm Wood Mackenzie said in a report published Friday.

A total of \$16 billion was spent on M&A by Russia firms, more than 10 percent of the total \$150 billion worth of deals conducted in 2009, up significantly from the \$2 billion spent in 2008, said Luke Parker, a researcher at Wood Mackenzie who contributed to the report.

### [Moscow cuts export duty as prices dip](#)

Russia will cut its oil export duty by around 6% to \$253.60 per tonne (7.9 barrels) from 1 March to reflect a fall in crude prices, the country's Finance Ministry said today.

### [E.ON Says U.K. Power Prices Must Reflect Cost of Backup Plants](#)

(Bloomberg) -- E.ON AG, the second-largest power producer in Britain, said U.K. energy prices must reflect the cost of backup supply as the country boosts output from renewable sources.

Utilities need to keep running gas-fired plants because sources of alternative generation such as wind can fluctuate, E.ON's Director of Regulation and Energy Policy Sara Vaughan said in a telephone interview. The battery technology that's used to store power from wind remains in its infancy, she said.

### [Iraq mulls over Kurdistan expense claims](#)

Iraqi Oil Minister Hussain al-Shahristani said today the federal government could end up paying exploration and extraction costs of oil companies working in Iraqi Kurdistan but not their profits.

### [India Ministry Seeks Monthly Change in Fuel Prices](#)



(Bloomberg) -- India's oil ministry recommended that auto fuel prices be freed from government control and revised monthly to reduce losses at state-owned refiners including Indian Oil Corp.

The coalition federal government is seeking political consensus on freeing gasoline and diesel prices, as recommended by a panel, an oil ministry official said in New Delhi today, asking not to be identified because the decisions aren't final.

### [Renewables can ensure energy security](#)

Peak oil has been around for a while now. Energy specialists in India, specially those working in the renewable energy space, are now talking the same about coal: not quite peak coal but an increasing likelihood that coal will not always be available to run power plants.

Will this mean that development as we know will come to a halt, given that energy production and consumption are regarded internationally as a major cause for climate change? For India, a net importer of fossil fuel, including gas, and increasingly of coal, energy security is a compelling reason to go green, G M Pillai, director general, World Institute of Sustainable Energy (WISE) believes.

### [The public transport dilemma](#)

There is a popular assumption that the great bulk of passenger trips in our major cities need to be shifted to public transport in order to deal with the twin issues of climate change and peak oil. It seems that each time a new road is proposed, there is an automatic presumption that public transport would be a better solution.

Yet this 'single solution' mentality is both improbable and unnecessary. The reality is that there is no single solution to the transport needs of Australia's major cities - all modes are important.

### [Massive lithium reserves could make Bolivia a key energy supplier](#)

SALAR DE UYUNI, Bolivia - On the edge of an evaporated sea, where the cracked white earth spreads for hundreds of miles over a desolate horizon, wood scaffolding surrounds the first buildings of a project that could transform South America's poorest nation into the world's key energy supplier.

Beneath this high desert in the Andes is about half the planet's supply of lithium, dwarfing all other known sources of the rare mineral, which has experienced a surge in demand in recent years. It is used in making batteries to power everything from cellphones to electric cars.

The Bolivian government is about to launch a multimillion-dollar pilot project to bore into the pristine salt flats and mine the briny liquid below for the valuable element. The US Geological Survey estimates at least 5.4 million tons of lithium could be extracted from the Salar de Uyuni, compared with just 410,000 tons of reserves in the United States.

### [Cities Prepare for Life With the Electric Car](#)

SAN FRANCISCO — If electric cars have any future in the United States, this may be the city where they arrive first.

The San Francisco building code will soon be revised to require that new structures be wired for car chargers. Across the street from City Hall, some drivers are already plugging converted hybrids into a row of charging stations.

### [Electric vehicles key to EU energy policy., says Galán](#)

Power companies have a key role to fulfil in the deployment of electric vehicles due to their responsibilities in ensuring power supplies and developing smart grids, according to Iberdrola Chairman Ignacio Galán.

### [GE Energy Finance Unit May Expand B.C. Wind Farm](#)

(Bloomberg) -- General Electric Co.'s energy finance unit said it may double the capacity of a wind farm in British Columbia, increasing its bet on renewable-power in Canada's westernmost province.

### [Nuclear 'tweaks' could be a deal-breaker](#)

When is a "tweak" in a legislative bill a deal breaker?

Maybe, just maybe, when the change is to an already controversial section on nuclear power that's part of the proposed Clean Energy Jobs Bill for Wisconsin.

### [Pinpointing Emissions at Their Source](#)

SAN FRANCISCO — The recent Copenhagen climate talks faltered in part over how to verify that nations are actually reducing their carbon emissions. Likewise, the integrity of emissions trading markets, like the one under consideration by the U.S. Congress, will depend on the ability to accurately measure greenhouse gases.

That's creating a burgeoning global business for Picarro, a Silicon Valley company that makes portable analyzers that take precise real-time measurements of carbon dioxide, methane and other greenhouse gases. The machines also allow scientists to pinpoint the source of emissions.

### [Global Warming Skeptics Lambaste Plan to Increase Funding for Climate Change Research](#)

Global warming skeptics are agog that President Obama is seeking to dramatically increase federal funding for global warming research in the wake of the Climate-gate scandals that have emerged during the last three months.

The federal budget for 2011 proposes \$2.6 billion for the Global Change Research Program, a 21 percent boost over 2010. It will bring funding to a level higher than under any administration dating back to 1989 -- when global warming first attracted federal budget funds.

### [Greenland's glaciers disappearing from the bottom up](#)

Water warmed by climate change is taking giant bites out of the underbellies of Greenland's glaciers. As much as 75 per cent of the ice lost by the glaciers is melted by ocean warmth.

"There's an entrenched view in the public community that glaciers only lose ice when icebergs calve off," says Eric Rignot at the University of California, Irvine. "Our study shows that what's happening beneath the water is just as important."



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