



## Drumbeat: February 19, 2010

Posted by [Leanan](#) on February 19, 2010 - 8:59am

Topic: [Miscellaneous](#)

### [Iceland looks to green, innovative income sources](#)

The new, more sustainable, direction is long overdue according to experts like Kristin Vala Ragnarsdottir, dean of the School of Engineering and Natural Sciences at the University of Iceland, who has been advising government ministers on sustainability.

“The financial and development outlook of the last government was all based on harnessing energy and building heavy industry like aluminium plants, but if we built both of the aluminium factories currently planned we will have used every drop of energy in the country,” she said.

“In addition, a lot of people are still predicting a world economic collapse, and we have already reached peak oil, or are approaching it, so we have to change.”

### [U.S. natural gas rig count hits 11-1/2-month high](#)

NEW YORK, Feb 19 (Reuters) - The number of rigs drilling for natural gas in the United States rose 2 this week to an 11-1/2-month high of 893, according to a report on Friday by oil services firm Baker Hughes in Houston.

It was the eighth straight weekly gain and puts the gas rig count at its highest level since March 6, 2009, when there were 916 gas rigs operating.

### [British firms could be hit in revenge for Falklands oil drilling](#)

Argentina is preparing to target British companies with links to the new oil drilling ventures off the coast of the Falkland Islands.

### [Two Oil-Field Companies Acknowledge Fracking With Diesel](#)

Two of the world's largest oil-field services companies have acknowledged to Congress that they used diesel in hydraulic fracturing after telling federal regulators they would

stop injecting the fuel near underground water supplies.

Halliburton and BJ Services acknowledged to the House Oversight and Government Reform Committee in January 2008 that they had used diesel in the controversial process that has expanded access to vast natural gas plays.

### [Venezuela Is Evaluating Colombia Electricity Offer](#)

(Bloomberg) -- Venezuela is evaluating a formal proposal from Colombia to send electricity amid nationwide rolling blackouts and a severe drought, Foreign Minister Nicolas Maduro said.

Colombia sent a proposal yesterday and the offer is being reviewed by Venezuelan Electricity Minister Ali Rodriguez and a team of technicians, Maduro said today on state television. Venezuela, which froze relations with Colombia last year, doesn't want the issue to become politicized, he said.

### [Petrobras Share Sale May Be Worth \\$75 Billion, Folha Reports](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, may issue \$75 billion of shares in what would be the world's biggest stock sale ever, Folha de S. Paulo reported.

Petrobras, as the Rio de Janeiro-based company is known, may swap shares for about \$25 billion worth of oil rights from the federal government and raise up to \$50 billion in cash from investors, Folha said today, citing unidentified investment banks involved in the operation.

### [Tougher IAEA line reflects new management](#)

The latest report on Iran by the UN's nuclear watchdog, International Atomic Energy Agency (IAEA), reflects a tougher approach by the agency under its new director-general.

But while the language is stronger, it is less clear that the evidence is. There are still more questions than answers.

### [China's Iran Dilemma](#)

The world's nuclear standoff with Iran is ratcheting ever upward. On Feb. 8, Iranian President Mahmoud Ahmadinejad (no diplomat he) matter-of-factly announced that

Iran would soon begin enriching uranium for use in a "medical reactor." That means China will have to answer the central question that confronts it, which was embedded within Yang's diplo-speak: What actually is China's long-term interest in Iran?

### [Clive Maund: Unlock Profits with Technical Analysis](#)

CM: Excesses in the fiat money system automatically lead to inflation as larger amounts of money chase the same or a finite quantity of goods and services. In an inflationary environment, money naturally gravitates to assets or commodities that are real and have intrinsic value, such as oil, gas and also uranium, and will hold that value by rising in price as the value of currencies is eroded by inflation.

TGR: Is this logic true for other sectors such as food or consumer staples? If so, what makes energy a better investment opportunity?

CM: Yes it is, but what makes energy a better investment is that it is finite and depleting and is perceived to be so, especially in a world of rising population and expanding demand. You have all heard about Peak Oil that, if true, must result in a continuing long-term uptrend in the price of oil.

TGR: What do you see for gold and silver prices for the next six months? If precious metals are being acquired more as currency and less for jewelry, do you see the typical seasonality for gold being eliminated this year or in future years?

CM: This is a difficult question to answer because if deflation breaks loose again, which could happen if there are sovereign defaults, the Chinese economy implodes or rates enter a determined uptrend, we could see another severe bear market emerge in a wide range of asset classes, including precious metals.

### [Taking Another Look at Simon vs. Ehrlich on Commodity Prices](#)

At last week's TED 2010 conference in Long Beach, California, I gave a short talk about what I called "the most important bet in history": the Simon/Ehrlich bet on commodity prices. This year marks the 30th anniversary of that bet's start date.

### [Peak Oil: Did You Know?](#)

Technocracy is the antithesis of free market individualism. It's a fallacy that has been very popular throughout history, particularly in the early days of the Nation-State. Technocrats are the modern day, scientific-looking ancestors of the Chinese mandarins, the intellectual guardians of the State's thirst for plunder. And they have always been abject failures.

So What?

So know your enemy, that's all. Technocracy is scientific socialism in real life and it fails

as spectacularly in real life as Bohm-Bawerk predicted it would when he wrote *History and Critique of Interest Theories* (1884.)

### [Vision For The Future: Consumerism Or Frugality?](#)

The energy sector is facing major challenges over the next decade with the need to “green” the energy mix and maintain security of supply while simultaneously minimizing cost to customers. The key facts mentioned in the ITPOES report were: the industry is not discovering more giant fossil fuel fields at a sufficient rate; there are concerns about the levels of reserves quoted by the OPEC countries (which are critical to the confidence levels associated with future production capacity); there are indications that underinvestment in the oil industry over the past decade has led to infrastructure and under-skilling problems that will make it particularly difficult to increase production capacity rapidly in the short-term; the net flow rate data shows that increases in extraction will be slowing down in 2011-13 and dropping thereafter. Given the long lead-times involved in developing the necessary infrastructure, this trend is unlikely to be reversed within the next five years.

### [An Energy Playbook for Team USA](#)

As players mature, they learn to play their positions and go where the ball will be, not where it is. They pass it around, executing well-rehearsed plays and setting up their shooters for scoring opportunities. Rarely do you see more than two or three people actually chasing the ball.

In short, they learn that teamwork is more important than personal performance if you want to score goals.

And so it is with energy policy.

To be precise, we don't have one. There is no playbook. We are simply hurtling at high speed toward the net energy cliff.

### [The Sustainable Expo for 2020](#)

Hawaii, the most isolated major populated area on this planet, is that canary in the coal mine of Peak Oil. The economy is so locked into the visitor industry, that the coming jump in oil prices will mean skyrocketing jet fuel prices and the end of tourism as we know it.

You would think that with this so obvious inevitability the State would by now have forged a plan to avoid this calamity? Nope. As pointed out in "We Need to Work Together, Now," politics, union-labor relations and personality clashes have overwhelmed good sense. Maybe worse, there appears to be no sense of urgency.

### [Living the dream: A former urbanite has put down green roots](#)

There was a time when the only concerns that certified financial planner Bradley Roulston had to face when setting out for his daily run was Toronto's noise, pollution and traffic.

These days, the president of Toronto-based Healthcare Financial Group Inc. has other things on his mind when he goes running: keeping an eye out for bears and cougars. That's because Roulston now lives in a close-knit community in British Columbia's Interior. Roulston still directs his financial planning business from its Toronto and Vancouver offices — and he still loves many aspects of city life. But, Roulston says, his move to Nelson (slightly less than 700 kilometres from Vancouver) has helped him achieve some much-needed balance between the artificial world of finance and the natural world he cherishes.

That balance includes participation in a number of local environmental initiatives, such as Transition Towns, a global movement that encourages communities to find their own solutions to address the issues of peak oil and climate change. Self-sufficiency and sustainability are the major themes of that movement.

### [Consumer advocate says Ohio power company should not recover costs of bulb plan it abandoned](#)

AKRON, Ohio (AP) — Ohio's consumer advocate is complaining about a utility's proposal to have its customers pay for a controversial light bulb program it scrapped.

FirstEnergy Corp. has asked the Public Utilities Commission of Ohio to let it pass along to consumers about \$772,000 in costs from its eliminated plan to mail a pair of energy-saving light bulbs to each customer. The company changed its mind following an uproar over its intention to add a surcharge onto electric bills that was more than the cost of the bulbs.

### [Obama's 'sexy stuff' creates an efficient, affordable home](#)

President Obama recently called insulation "sexy stuff" because it saves money. The above video, also available here, shows how insulation -- not solar panels or geothermal heat pumps -- can be the key to building or retrofitting affordable, ultra-efficient homes.

### [sOcket: Soccer Ball by Day, Light by Night](#)

Lin told me that the idea for sOcket grew out of a group project for an undergrad engineering class at Harvard. She and the rest of her team all had experience in the developing world, and they realized two things. First, kids are playing soccer all the time

in many parts of the world, be it with a ball, a tin can, whatever. And second, the vast majority of those kids have homes with no reliable electricity. Light sources, if they exist at all, are often provided by unhealthy sources such as wood fires or kerosene lamps. As Lin told me, "There were stories we would hear of children going out to the street and studying underneath street lamps, or literally coming to school with blackened noses because they'd been studying near kerosene lamps."

### [James Cameron: Fox didn't want Avatar's 'treehugging crap'](#)

When they read it, they sort of said, 'Can we take some of this tree-hugging, *FernGully* crap out of this movie?' And I said, 'No, because that's why I'm making the film.'

Cameron says *Avatar* doesn't provide facts about the planet's future, but its "eye candy" aims to jostle viewers out of their environmental "denial" and motivate them to work for change.

### [Reactions to Climate Group Departures](#)

BP and ConocoPhillips made "tactical" decisions to opt out in order to pursue more advantageous terms in the final version of the legislation, said Tony Kreindler, director of communications for the Environmental Defense Fund, one of the member groups. "It shows that now we're getting down to the brass tacks on these bills."

Other environmental advocates agree. "In some ways, it's a sign that people are still taking very seriously the likelihood that the legislation will move," said Daniel Lashof, the director of the climate center of Natural Resources Defense Council, another member of the Climate Action Partnership.

### [Cars Emerge as Key Atmospheric Warming Force: Study](#)

In their analysis, motor vehicles emerged as the greatest contributor to atmospheric warming now and in the near term. Cars, buses, and trucks release pollutants and greenhouse gases that promote warming, while emitting few aerosols that counteract it.

The researchers found that the burning of household biofuels -- primarily wood and animal dung for home heating and cooking -- contribute the second most warming. And raising livestock, particularly methane-producing cattle, contribute the third most.

### [U.S. January oil demand down 3.8 pct vs yr ago-API](#)

WASHINGTON (Reuters) - U.S. demand for crude oil and petroleum products fell sharply in January as the economy sputtered along the road to recovery, industry group



American Petroleum Institute said Friday.

January's total petroleum product deliveries, excluding exports, averaged 18.407 million barrels per day, down 3.8 percent from a year ago, according to its report.

Deliveries of distillate fuels, which include heating oil and diesel, fell 12.2 percent to 3.578 million bpd.

API Chief Economist John Felmy said an 11.5 percent drop in demand for low sulfur distillate fuel, which is used by trucks, is a bad sign for the economy.

### [U.S. heating oil demand hit by conservation](#)

TORONTO (Reuters) - A fresh wave of conservation efforts spurred by a government incentive may help to spark another drop in U.S. heating oil consumption and counter a decline in the number of homes switching from the fuel to natural gas.

### [Core inflation drops for first time since 1982](#)

WASHINGTON - Consumer prices rose less than expected in January while prices excluding food and energy actually fell, something that hasn't happened in more than a quarter-century.

The Labor Department said Friday that consumer prices edged up 0.2 percent in January while prices excluding food and energy slipped 0.1 percent. That was the first monthly decline since December 1982.

### [Richard Heinberg: Goldilocks and the three fuels](#)

When discussing the increasing perils of the current oil supply-demand-price balancing act, some commentators opine that the world supply of oil has peaked; others say it is demand that has peaked. It is a distinction without a difference.

There are similarities with U.S. natural gas. Current shale gas projects are tapping into an abundant supply of fuel, and there is plenty more where that came from. But the costs of getting it out combined with the per-well decline rates are high, so gas prices need to be very high to turn a profit.

Nearly everyone believes that U.S. coal supplies are virtually endless, but the Goldilocks syndrome is coming into play there, too. Coal prices just about doubled in the two years leading up to the economic crash of 2008, and high-quality coals from the eastern region of the country are depleting fast.

We will never run out of coal, oil, or natural gas—in the absolute sense. The Industrial Revolution started in British coalfields, and there is still an enormous amount of coal in

Britain; but the coal that's left there is prohibitively expensive to mine, so that nation's coal industry is virtually gone.

### [Paolo Scaroni - Remember: Their Oil, Not Ours](#)

One of the big themes of the 21st century will be how to combine population growth and sustainable economic development with the challenge of limited natural resources—food, water, metals, and, of course, energy.

This is not a new concern. Thomas Malthus raised it as long ago as 1798. But, over the years, seemingly inevitable crises have been avoided time and time again, thanks to technological advances which have increased production, reduced waste and changed the way we do things.

### [House Panel Probes Natural Gas Hydrofracking Process](#)

The House Energy and Commerce Committee said Thursday it had begun an investigation into the potential impacts of a natural gas production process called "hydrofracking" on the environment and human health.

Environmentalists and some lawmakers are pressing to give the Environmental Protection Agency federal oversight of the process, concerned that the drilling technique is contaminating water supplies.

### [Fort Hills latest oil-sands casualty](#)

Alberta's \$24 billion Fort Hills oil-sands project has been put on hold until next year so Petro-Canada and its partners can get a better handle on costs.

The project's schedule needs "breathing room," said Ron Brenneman, chief executive of the country's third-largest oil company. Shares in Petro-Canada fell more than 7 per cent yesterday after the delay was announced.

### [Russia to adopt new price strategy](#)

Russia's Gazprom, which supplies Europe with a quarter of its gas needs, has agreed to add spot gas prices to its long-term contracts with customers, according to sources.

### [Lukoil misses full reserve replacement](#)



Russia's second biggest oil company Lukoil replaced 95% of its 2009 production with new reserves, trailing behind its top rival Rosneft.

### [Apache Cites Record Production Fueled by International Growth](#)

Apache reported that international growth fueled record 2009 production of 583,000 barrels of oil equivalent per day, up 9 percent from 2008.

"Although we reduced capital expenditures by about 40 percent from 2008 levels to achieve our goal of living within our cash flow, Apache increased production by 9 percent and ended 2009 with \$2 billion in cash," said G. Steven Farris, Apache's chairman and chief executive officer. "In 2010, we anticipate continued growth of 5 to 10 percent as we ramp up drilling activity across our portfolio and commence production from earlier discoveries."

### [ConocoPhillips Replaces 141% of Reserves](#)

ConocoPhillips confirmed 2009 preliminary net proved reserve additions of approximately 1.216 billion barrels of oil equivalent (BOE), including equity affiliates. The company's reserve replacement ratio was 141 percent, based on 865 million BOE of production, including fuel gas. ConocoPhillips' total proved reserves at year-end 2009 were 10.326 billion BOE.

"Our strong reserve replacement ratio was achieved by progressing major projects during 2009," said John Carrig, president and chief operating officer. "Our reserve replacement ratio also benefited from the addition of Syncrude oil sands mining operations and net reserve additions from our LUKOIL Investment segment."

### [Battling with shortage](#)

Over the last three weeks many Egyptian families have struggled to procure the gas cylinders on which they rely for cooking. The 2,700 gas cylinder distribution outlets have daily seen queues forming as citizens gather in hope of securing the LE5 subsidised cylinders.

To combat shortages, the Ministry of Petroleum is producing 1,256,000 butane gas cylinders daily, tripling monthly production. Working hours in 50 butane gas factories have been increased to three eight-hour shifts a day so they can continue production around the clock.

### [Fuel Shortage Hits Greece as Strikes Grow](#)

Greek drivers lined up for gas at the few stations still open Friday as a customs strike against government austerity measures left many pumps running dry.

The fuel shortage was the first serious consequence of growing labor protests against the Socialist government's emergency spending cuts program, aimed at easing the debt crisis in Greece and shoring up market confidence.

### [The Philippines: Opposition urges Arroyo to use emergency powers in Mindanao](#)

OPPOSITON lawmakers on Thursday urged President Gloria Arroyo to call a special session so that Congress can declare a state of emergency in Mindanao to deal with an energy crisis that they said could doom the May elections.

### [Saudi Arabia hosts U.S. energy czar Chu but woos China](#)

Saudi Arabia's oil affair with top consumer the United States is being redefined as contracting demand in the West means the kingdom competes more fiercely for dominance in the growing Asia market, especially China.

U.S. Energy Secretary Steven Chu will visit Riyadh on Monday but it is Beijing's allure that has intensified for oil suppliers in 2008 and 2009, as demand grew more in China but contracted in the United States and Europe at the same time.

### [Iran Supreme Leader Denies Nuclear Bomb Plan, Says 'Forbidden'](#)

(Bloomberg) -- Supreme Leader Ayatollah Ali Khamenei said Iran deems nuclear weapons to be prohibited under Islam and isn't seeking to build them, after the International Atomic Energy Agency announced the country may have been working on a warhead.

"Our religious beliefs consider such weapons forbidden as symbols of destruction," Khamenei said today after he presided at a ceremony where Iran's first domestically made guided- missile destroyer was put into service from a base in the Persian Gulf. "We don't believe in atomic bombs and we do not seek one."

### [Ohio regulators didn't mean to end power discount](#)

CLEVELAND - Utility regulators in Ohio say they never intended to allow an end to discounts for all-electric homes when they approved a new rate plan for FirstEnergy.

More than 100,000 homeowners who heat with electricity were stung by the move, with some complaining that their monthly power bills doubled.

### [Horizon Wind Energy signs 20-year deal with TVA](#)

Horizon Wind Energy LLC has landed a 20-year power purchase agreement with the Tennessee Valley Authority.

Under the terms of the agreement, Horizon will sell 115 megawatts of renewable wind energy from the first phase of its Pioneer Prairie Wind Farm in Iowa to TVA. Energy from the Pioneer Prairie Wind Farm will be delivered to homes and businesses in TVA's service area in parts of seven southeastern states.

### [India: Rice millers urged to tap co-generation potential](#)

The state has 7364 rice mills, with 552 of them using modern machineries to produce rice from paddy. But only six of them have biomass based gasifiers or co-generation facility to generate power.

### [Potential for US wind energy is 10.5 GW](#)

The top state for wind energy potential is Texas, which has 435,638 km<sup>2</sup> of wind land area where the capacity factor for wind at 80 m hub height is 30%. After excluded lands (protected lands, parks, wilderness, urban area, airports, wetland, water features) are subtracted, the remaining 380,306 km<sup>2</sup> represents 55% of the state which could install 1,901,530 MW of wind turbines and generate 6,527,850 GWh a year of renewable power.

Mississippi was the only state to show no potential for wind energy, with Florida having potential for 0.4 MW of wind turbines that could generate 1 GWh per year. Other states with low wind power potential are Delaware (9.5 MW), Connecticut (26.5 MW), Rhode Island (46.6 MW) and Kentucky (60.6 MW).

### [Philippines to Boost Rice Imports to Record, NFA Says](#)

It's "possible" the Philippines, which accelerated purchases after storms last year destroyed about 1.3 million tons of rice, may buy 3 million tons this year as El Nino parches crops, Jimenez said. The government limit of 2.4 million tons on 2010's state rice purchases, set late last year, hasn't been raised yet, he said.

### [Michael Pollan: Forget Nutrition Charts, Eat What Grandma Said Is Good for You](#)

We're not aware of it, but food, like everything, is political. It is the biggest industry in

the country; it's the most essential thing. We've had the luxury of not having to think about it for the last thirty years, thanks to Earl Butz and having all this cheap food around. But you know, if we as a society have to live without gasoline, which is unimaginable, we will figure out how to do it. We did it for millions of years. We've never lived without food. Food is really essential, and when you have anything that's essential, there is enormous political and economic forces that contend about how it will be organized.

In the last thirty years, we have had this kind of agriculture industrial complex, which by some measures has worked quite well. It's kept the price of food low; it's kept the food industry healthy; it's given us a lot of power overseas--we're big food exporters--but what we're getting in touch with, I think, is that the by-products of that system, or the unintended consequences and costs, are catching up--every thing from obesity to diabetes.

### [Green Eyes On: Is Bees' Thirst Leading to Their Demise?](#)

A key discovery has strengthened the link between pesticide use and colony collapse disorder, a long considered cause of CCD. In the article, the Organic Center's chief scientist, Dr. Charles Benbrook explained that scientists in Europe have discovered a new pathway through which bees are ingesting nicotinyl insecticides (the Sierra Club is currently working on banning this class of insecticides) in virtually all intensively farmed regions.

The new pathway? Drinking water.

### [Calif. locals vs. lake of chicken waste](#)

FRENCH CAMP, Calif. - At the end of a remote road lined by houses, children play in yards just a short distance from a stagnant, 16.5-acre lagoon filled with the waste sludge of a factory egg farm.

Flies hover over the pond as chicken urine and feces get pumped daily through white pipes connected from Olivera Egg Ranch's huge laying facilities, which can house more than 700,000 caged chickens.

Residents of this town 80 miles east of San Francisco say they've complained for years to local air and environmental regulators about the waste lagoon, saying the stench and eye-burning fumes give them headaches and nausea. They say nothing changed.

Now, after the Humane Society of the United States petitioned state air regulators for an investigation last month, Olivera Egg Ranch is facing six violations for expanding and operating its facilities without proper permits.

## [New clunker deal: Get rid of that old fridge](#)

Are your appliances more than five years old? May be time to go shopping.

## [Barclays and Bank of America see looming oil crunch](#)

For oil markets, it as if the Great Recession never happened. Surging demand in China, India and the Middle East is making up for decline in the debt-crippled West, ensuring another global crunch within three or four years.

Bank of America and Barclays Capital, two leading oil traders, have told clients to brace for crude above \$100 (£64) a barrel by next year, before it pushes relentlessly higher over the decade. This is a stark contrast from recessions in the 1980s and 1990s, when it took years to work off excess drilling capacity built in the boom.

## [The Paradox of peak oil](#)

The irony goes two ways: as much as the fossil fuel economy does not end, the very knowledge of its peak and the increasing price actually create the conditions for the transition to new low-carbon solutions and unconventional sources.

This is also largely facilitated by the fact that, during the transition, peak oil creates future insecurity and is also marked by high levels of price volatility. Volatility in price will impose uncertainty in future investments in stranded, conventional or uneconomic reserve sources.

This will be disruptive and these disruptions will create an inclination to move to less volatile sources and diversification of sources to improve resource security and lower supply risk.

## [Fossil-fuel resources running out: scientist](#)

DAVID Hughes, a geoscientist who studied Canada's energy resources for 32 years with the Geological Survey of Canada, does not mince words when it comes to his views on the earth's fossil-fuel resources.

Speaking at the Future of Trucking Symposium in Winnipeg on Thursday, Hughes said production of non-renewable fossil fuels will likely peak early this century. He said some noted experts believe that happened in 2008.

That will mean the end of cheap energy to fuel the global supply chain.

"The existing paradigm is over, whether we like it or not," he said. "It is just a question of time."

### [Crude Oil Falls as Dollar Gains After Fed Raises Discount Rate](#)

(Bloomberg) -- Crude oil fell for the first day in four after the Federal Reserve raised its discount rate, pushing the dollar higher and damping investor demand for commodities.

Oil pared yesterday's 2.2 percent rally as the U.S. currency traded at a nine-month high against the euro. The Fed raised the rate it charges banks for direct loans for the first time in more than three years. Energy Department data showed U.S. crude inventories rose 3.09 million barrels last week, topping a forecast for a 1.73 million-barrel increase in a Bloomberg News survey.

### [Crude Oil May Fall on Rising U.S. Stockpiles, Survey Shows](#)

(Bloomberg) -- Crude oil may fall next week on rising U.S. inventories and speculation that demand will decline next month, a Bloomberg News survey showed.

Twenty-three of 45 analysts surveyed, or 51 percent, said oil will decline through Feb. 26. Fourteen respondents, or 31 percent, forecast a gain and eight said prices will be little changed. Last week, 50 percent of analysts predicted there would be an increase in futures.

### [BP, Shell, Noble Hire Tankers to Store Jet Fuel, List Reports](#)

(Bloomberg) -- BP Plc, Royal Dutch Shell Plc and Noble Energy Inc. hired four tankers this week to store jet fuel off northwest Europe, Lloyd's List reported, citing an Asia-based broker with freight-derivatives exchange Imarex ASA it did not name.

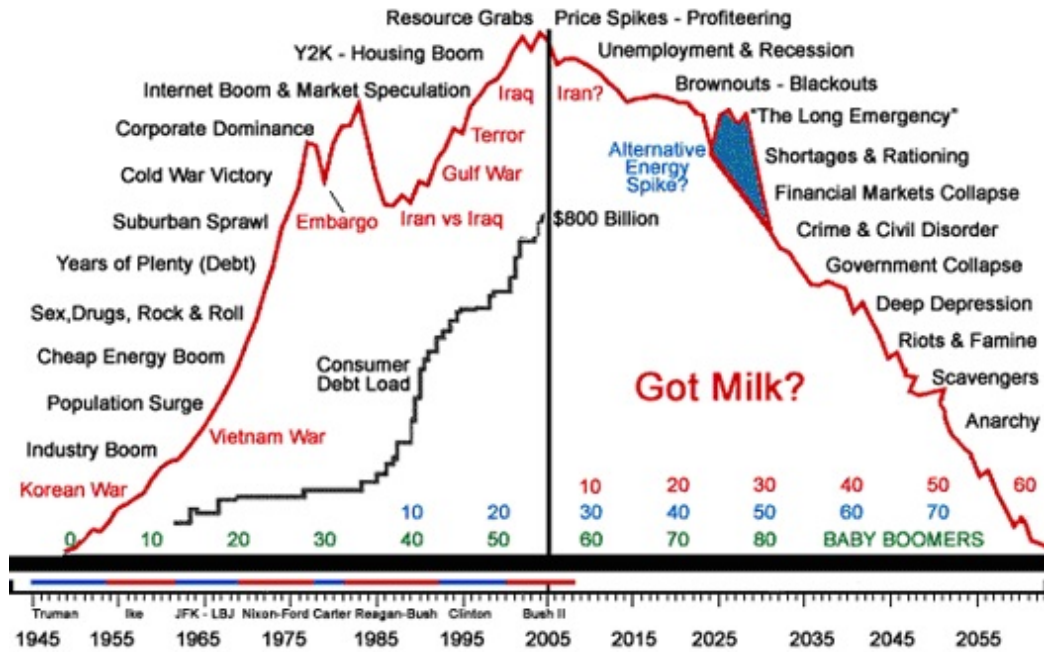
### [Oil Price vs. Non-OPEC Supply](#)

Non-OPEC crude oil supply peaked six years ago in 2004, at a sustained annual average of 42.068 mbpd (million barrels per day). Supply then fell every year thereafter through 2008, before making a small recovery in 2009. What's telling, of course, is that supply peaked in a year when the price of oil averaged only \$41.51 per barrel.

Yes, I've made this point before but it's worth making again: Non-OPEC oil supply, which accounts for 60% of total world supply, failed completely to make a response to price.

### [Blame Canada!](#)





My opinion is that we may be nearing the peak of easy production—where the large oil discoveries of the past 50 years that didn't require much work to find and develop are declining, and new discoveries are in harder-to-reach places.

And government stimulus or no government stimulus, if the price of anything goes high enough, alternatives *will* be developed.

### [The Only Way to Play Energy Now](#)

That's right, I said it ... despite a shaky economy and despite the Obama administration's likely crackdown on speculators that the Commodity Futures Trading Commission now blames for 2008's historic run-up.

Because, let's face it, over the long haul, demand for oil and gas will drastically outstrip supply. And the majority of that supply is controlled by a handful of obscenely wealthy foreign businessmen who, as old T. Boone Pickens points out, don't like us very much.

### [Gas cost increase boosts Canada's inflation rate](#)

Canada's inflation rate took its biggest jump in more than a year in January as higher prices at the pump pulled up consumer prices.

### [Inflation edges higher](#)

NEW YORK (CNNMoney.com) -- Consumer prices rose from a year ago amid climbing

gasoline prices, the government said Friday.

The Consumer Price Index, the government's key inflation reading, rose 2.6% during the past 12 months.

### [Total Workers on Strike Vow to Halt Refinery Output](#)

(Bloomberg) -- Total SA refinery workers on strike at plants across France threatened to halt crude processing operations and create fuel shortages.

The Confederation Generale du Travail union said today the disruption may spread to other refineries, including Exxon Mobil Corp. plants in Port-Jerome Gravenchon, Normandy, and Fos- sur-Mer in southern France.

### [Morgan Stanley ups US rig outlook](#)

Investment bank Morgan Stanley said it was incrementally positive on US offshore drillers, citing a surge in jacking rig demand, and named EnSCO International, Noble and Transocean as its top picks in the sector.

### [Arrow Wins Approval for A\\$550 Million Queensland Gas Pipeline](#)

(Bloomberg) -- Arrow Energy Ltd., Royal Dutch Shell Plc's coal-seam gas partner in Australia, won government approval to build a pipeline to the proposed Fisherman's Landing liquefied natural gas plant in the state of Queensland.

Construction of the link, expected to cost about A\$550 million (\$493 million), will start next year, with the first gas supplied for processing in late 2012, Arrow said today in a statement to the Australian stock exchange. The pipeline will stretch northwest from Dalby in the Surat Basin to Chinchilla, before heading north to Gladstone on the central Queensland coast, Arrow said.

### [GE to supply power generation equipment for gas-fired plants in Iraq](#)

GE has signed contracts totaling approximately \$200m to supply power generation equipment and services for two gas-fired power projects in the Kurdistan region of Northern Iraq.

### [Cnooc, Sinopec Said to Mull Devon's Caspian Oil Stake](#)

Bloomberg) -- Cnooc Ltd. and China Petroleum & Chemical Corp. are considering bidding for a Devon Energy Corp. stake in an Azerbaijan oil field that may fetch as much as \$3 billion, said two people with knowledge of the matter.

Japan's Itochu Corp. and Inpex Corp. are also among companies that may bid for the 5.6 percent holding in the Azeri- Chirag-Gunashli oil project, four people said, asking not to be identified because they aren't authorized to discuss the sale publicly.

### [Iran Says 2,000 Km of Persian Gulf Oil Pipelines Need Repair](#)

(Bloomberg) -- Iran has 2,000 kilometers of Persian Gulf oil pipelines that need to be repaired or risk leaking, which may result in "serious sea pollution," Mohammad-Javad Mohammadi-Zadeh, vice president of the country's environmental protection agency, said in the state-run Islamic Republic News Agency.

### [Technical problem curtailing production at Buzzard](#)

Nexen said yesterday the Buzzard oil field in the UK North Sea had reduced output to 30,000-50,000 barrels of oil equivalent per day (boepd) because of a technical problem.

The Canadian oil and gas company, which operates the UK North Sea's biggest field, said, in a statement with its annual results: "We are currently investigating the cause and have temporarily reduced production volumes. Preliminary findings suggest that Buzzard will be operating at these reduced rates for the next several weeks."

### [Eni Stake Sale Could Be Risky for Italy, Poli Tells Corriere](#)

(Bloomberg) -- An Italian government sale of its stake in Eni SpA could be "dangerous and problematic" for the country, Chairman Roberto Poli told Corriere della Sera.

Italy has "lost too many essential companies through pure financial operations," Poli said in an interview with the daily.

### [Brazil's Petrobras announces oil discoveries in Angola](#)

Brazil's state-owned oil and gas giant Petrobras announced on Thursday two oil discoveries in Angola.

According to the company, the discoveries were made in wells of Nzanza-1 and Cinguvu-1, which are located in Block 15/06, some 350 kilometers northwest of Angola's capital city Luanda. The oil was found in a water depth of some 1,400 meters.

### [Frantic Warning Given Before Blast At Middletown Plant](#)

Minutes before a deadly power plant explosion in Middletown, an employee monitoring natural gas levels discovered a dangerously high concentration and broadcast a frantic radio message urging workers to evacuate.

The warning came too late for five men who were killed and the dozens who were injured in the 11:17 a.m. blast on Feb. 7. Since then, a survivor, other plant workers, investigators and engineering experts have described in detail conditions at the plant that preceded the radio message — conditions they believe may have contributed to an explosion that was heard and felt for miles.

### [Falklanders 'disappointed' at Argentinian moves](#)

LONDON (AFP) – Falkland islanders are "disappointed" at Argentina's move to disrupt oil drilling in the south Atlantic archipelago, their leaders said amid a war of words between London and Buenos Aires.

In a statement posted on the Falkland Islands government website, they insisted that drilling would begin as planned next week, "weather permitting."

### [Niger leader Mamadou Tandja held after military coup](#)

Niger President Mamadou Tandja and his cabinet are being held by soldiers after a gun battle and coup attempt in the capital, Niamey.

Gunfire broke out around the presidential palace at about 1300 (1200 GMT) and continued for 30 minutes, says the BBC's Idy Baraou in the capital.

State radio is playing military music - a similar pattern to two coups in the 1990s.

Tensions have been growing in the uranium-rich nation since last year.

### [Oil Addiction: Fueling Our Enemies](#)

In Iraq and Afghanistan today, our military is facing down bullets and improvised explosive devices that are being paid for right here at home!

The U.S sends approximately one billion dollars a day overseas to import oil. While this figure is staggering by itself, the dangerous implications of our addiction are even more pronounced when analyzing where our money goes -- and whom it helps to support.

Today, the Truman National Security Project is releasing our latest report, Oil

### Addiction: Fueling Our Enemies.

As an Iraq veteran, I am joining with hundreds of my fellow veterans as part of Truman National Security Project's Operation Free to secure American with clean energy. We want to make sure Americans understand the true costs of our addiction to oil.

### [Audi A3 gets diesel right, but noises can annoy](#)

Car companies that believe they must tune transmissions to shift somewhat unresponsively to get good fuel economy should run the A3 TDI around their test tracks, then try to develop something as good as the six-speed S Tronic — a dual-clutch, automatically shifted manual. Those are growing in popularity because they are more fuel-efficient than most automatics or even conventional manuals.

### [Frost & Sullivan's view of car sharing](#)

As the population swells and clusters increasingly in urban centers, appetites for personal convenience surge and the environment suffers. The increasingly urgent need to address consequent issues, and especially the pressing need to mitigate climate change, have fuelled interest in alternative transportation modes. One of the most innovative and promising of these is car sharing, a personal transportation solution based on shared, self-service, on-demand, pay-as-you-use, short-term vehicle usage. This form of car rental slashes the fixed costs of vehicle ownership, curbs fuel costs, reduces vehicle congestion and emissions, and, importantly, provides a solid platform for the growth and acceptance of EVs.

### [From 'Pawn Stars' to 'Pickers,' America's trash is TV's treasure](#)

Historical significance and story lines aside, the lingering effects of the recession and unemployment angst appear to be behind the growing interest in salvaging treasure from castoffs and clutter, giving waste management a whole new meaning.

"Not all of us are going to hit the lottery, but all of us have something laying around the house," says independent media analyst Shari Anne Brill. "The beauty of these shows is they can help you assess if the junk you have is actually worth something."

..."Before the recession, it was about families raising money for luxury items like hot tubs," Sencio says. "But that morphed into something more practical — like raising money for a new stove."

### [World's top firms cause \\$2.2tn of environmental damage, report estimates](#)

The cost of pollution and other damage to the natural environment caused by the

world's biggest companies would wipe out more than one-third of their profits if they were held financially accountable, a major unpublished study for the United Nations has found.

The report comes amid growing concern that no one is made to pay for most of the use, loss and damage of the environment, which is reaching crisis proportions in the form of pollution and the rapid loss of freshwater, fisheries and fertile soils.

### ['Main Street' economic conditions misread by GDP](#)

Traditional gauges of economic activity severely overstate the standard of living as experienced on 'Main Street,' say University of Maryland researchers, who have worked with their state officials to apply a more accurate and greener index.

Maryland recently became the fourth U.S. state to adopt the Genuine Progress Indicator (GPI) as a supplement to the traditional state-level economic index, the Gross State Product (GSP).

"This is not merely a question of dueling statistics - the difference in the two figures can be startling and represents very different pictures of our standard of living," says Matthias Ruth, director of the University of Maryland's Center for Integrative Environmental Research (CIER), which calculated the GPI for the state.

### [Palm Oil, Sugar Cane Most Sustainable Energy Crops, Study Shows](#)

(Bloomberg) -- Sugar cane grown in Brazil and palm oil from Malaysia and Indonesia rank as the most sustainable of the current generation of biofuel crops, according to researchers at Wageningen University in the Netherlands.

Researchers at the university's plant-science department compared nine crops on criteria including soil erosion, water use for each unit of energy produced and nitrogen usage, according to Sander de Vries, author of the comparative study.

"In terms of net energy, sugar cane has the best score of all energy crops," Wageningen University's De Vries said by telephone yesterday. "A crop like corn, which scores poorly, is at 10 percent of that."

### [Electric avenue: Electric cars on a two-way street?](#)

Think of it as the end of cars' slacker days: No more sitting idle for hours in parking lots or garages racking up payments, but instead earning their keep by helping store power for the electricity grid.

"Cars sit most of the time," said Jeff Stein, a mechanical engineering professor at the



University of Michigan. "What if it could work for you while it sits there? If you could use a car for something more than just getting to work or going on a family vacation, it would be a whole different way to think about a vehicle, and a whole different way to think about the power grid, too."

### [Russia to fund Bulgaria Belene nuclear project](#)

SOFIA (Reuters) - Russia will extend funding to Bulgaria for the construction of the stalled Belene nuclear power plant project until Sofia finds a strategic investor, Bulgaria's economy and energy minister said on Friday.

### [Ormat CEO Expects to Double Power Output From Geothermal Plants](#)

(Bloomberg) -- Ormat Industries Ltd., the second- biggest owner of geothermal power plants in the U.S., expects to double its output, aided by cash from government stimulus programs, Chief Executive Dita Bronicki said.

### [Scientists, Amish to fight Chesapeake Bay pollution](#)

The latest effort to clean up one of America's most polluted waterways is focusing on an unusual target — two dozen mostly Amish farmers.

Federal and state environmental officials are working with Lancaster County, Pa., farmers to stop cow manure from draining during rainstorms into a nearby stream. That stream flows into the Chesapeake Bay, which has remained highly polluted despite \$6 billion spent over the past 25 years to clean it up.

### [Vehicle Tests on Emissions Were Faked](#)

Dozens of auto repair shops and service stations in New York City, Long Island and Westchester County faked the results of emissions tests, giving nearly 21,000 cars and light trucks passing grades, state environmental officials said Thursday.

### [Proposal calls for emissions study with new government-approved projects](#)

The Obama administration proposed rules Thursday that could affect construction of coal-fired power plants and other government-approved projects that produce large amounts of greenhouse gases.

The guidelines for the first time set uniform standards on how federal agencies consider the causes and effects of climate change during their environmental analyses. They

would require study of the greenhouse gas emissions of any project expected to emit at least 25,000 metric tons of carbon dioxide a year -- roughly 4,600 cars' worth.

### [Climate pact appears increasingly fragile; U.N. official quits](#)

Just two months after patching together a climate deal in Copenhagen, the world's biggest emitters of greenhouse gases are trying to figure out how to keep the fragile accord together, while the United Nations, which has played a central part in 15 rounds of climate talks, seems destined for a smaller role in the future.

### [Climate sceptics are recycled critics of controls on tobacco and acid rain](#)

The fact is that the critics — who are few in number but aggressive in their attacks — are deploying tactics that they have honed for more than 25 years. During their long campaign, they have greatly exaggerated scientific disagreements in order to stop action on climate change, with special interests like Exxon Mobil footing the bill.

### [U.S. Climate Data Reliable](#)

A study by scientists from the U.S.'s National Climatic Data Center refutes claims from climate change skeptics that data from U.S. weather stations was seriously flawed and exaggerated the rate of temperature increases.

The study, published in the Journal of Geophysical Research, says that U.S. weather stations may have actually slightly underestimated temperature increases.

### [Missing 'Ice Arches' Contributed to 2007 Arctic Ice Loss](#)

PASADENA, Calif. — In 2007, the Arctic lost a massive amount of thick, multiyear sea ice, contributing to that year's record-low extent of Arctic sea ice. A new NASA-led study has found that the record loss that year was due in part to the absence of "ice arches," naturally-forming, curved ice structures that span the openings between two land points. These arches block sea ice from being pushed by winds or currents through narrow passages and out of the Arctic basin.

Beginning each fall, sea ice spreads across the surface of the Arctic Ocean until it becomes confined by surrounding continents. Only a few passages -- including the Fram Strait and Nares Strait -- allow sea ice to escape.

"There are a couple of ways to lose Arctic ice: when it flows out and when it melts," said lead study researcher Ron Kwok of NASA's Jet Propulsion Laboratory in Pasadena, Calif. "We are trying to quantify how much we're losing by outflow versus melt."



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