



Drumbeat: March 20, 2010

Posted by [Leanan](#) on March 20, 2010 - 9:40am

Topic: [Miscellaneous](#)

[China's Growth Shifts the Geopolitics of Oil](#)

Last summer, Saudi Arabia put the final bolt in its largest oil expansion project ever, opening a new field capable of pumping 1.2 million barrels a day — more than the entire production of Texas. The field, called Khurais, was part of an ambitious \$60 billion program to increase the kingdom's production to meet growing energy needs.

It turns out the timing could not have been worse for Saudi Arabia.

Only two years ago, consumers were clamoring for more supplies, OPEC producers were straining to increase their output, and prices were rising to record levels. But now, for the first time in more than a decade, the world has more oil than it needs.

As demand slumped because of the global recession, Saudi Arabia was forced to shut about a quarter of its production. After raising its capacity to 12.5 million barrels a day, Saudi Arabia is now pumping about 8.5 million barrels a day, its lowest level since the early 1990s.

“2009 was painful for us as it was for everybody else,” said Khalid A. al-Falih, the president and chief executive of Saudi Aramco, the kingdom's state-owned oil giant, and a company veteran who was promoted to the top post at the beginning of last year. “We experienced the same cash flow constraints that everybody did. But we adjusted quickly and, certainly, everything that was strategic to us was not touched.”

The recession also precipitated a milestone for Saudi Arabia and the global energy market. While China's successful economic policies paved the way for a quick rebound there, the recession caused a deeper slowdown in the United States, slashing oil consumption by 10 percent from its 2005-7 peak. As a result, Saudi Arabia exported more oil to China than to the United States last year.

added.

[Baker Hughes: US Oil, Gas Rig Count Up 20 to 1,427 This Week](#)

The number of rigs drilling for oil and gas in the U.S. climbed this week as producers ramped up drilling activity despite sagging natural gas prices.

The number of oil and gas rigs climbed to 1,427, up 20 rigs from the previous week, according to data from oilfield-services company Baker Hughes Inc. (BHI). The number of gas rigs was 939, up 12 rigs from last week, while the oil rig count was 474, an increase of eight rigs. The number of miscellaneous rigs was unchanged at 14 rigs.

[Petrobras Net Rises to 8.13 Billion Reais on Prices](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, said fourth-quarter profit rose 31 percent on higher crude prices and production. The company will spend \$200 billion to \$220 billion this year through 2014.

[False economic paradigm, false employment, artificial employment](#)

In this ongoing series with economist Mike Folkerth, www.kingofsimple.com, and author of *The Biggest Lie Ever Believed*, he writes about "When reality comes knocking; be long gone" as it applies to present day America.

Americans continue operating in a 20th century economic paradigm that cannot continue in the 21st century. We think we can grow, consume, grow and consume more.

Some think we can grow more, but consume less, but keep growing. The economist Kenneth Boulding said, "Only economists and fools think we can continue unlimited growth."

[Paul Krugman vs. Reality](#)

Krugman is right about one thing - China's currency peg is destabilizing the global economy and must end. But he fails utterly to understand the implications for the U.S. and China. If China were to reverse its role in the U.S. Treasury market, both economies would be destabilized in the short-term. But in the medium- and long-term, China would clearly emerge as the winner.

Absent Treasury-bond purchases, the value of the Chinese currency would rise sharply, causing goods prices to tumble in China. This long-delayed increase in purchasing power for everyday Chinese will unleash pent-up demand in what is already the largest middle class in the world. Chinese factories would retool in order to produce goods for their own citizens to consume. In RMB terms, commodity prices would plunge, making it easier for China to produce all kinds of stuff, such as automobiles, while also making it cheaper for the Chinese to buy gas. Millions will trade in bikes for cars, and Chinese oil imports will swell.

[A Rising Green-Tech Tide Will Lift All Boats](#)

Asia watcher Christina Larson questions the zero-sum mentality in which green-tech advancement elsewhere somehow hurts the United States.

[Throwing the Race for Green Energy](#)

We've seen the case of the first-mover advantage in other industries. Part of what this depends on is these innovation clusters. We're [in] Silicon Valley. We can see how important just the spatial dimension of innovation is. There are many different aspects that contribute to the innovation process — and a lot of momentum involved in that process. Once those clusters are established, it increases the barrier to entry significantly. It makes it harder for other countries to compete.

South Korea, China and Japan are setting up these clusters. They're going to be interacting — not only in their own countries but across borders — in a way that's going to make it increasingly difficult for the United States to compete. That's exactly what they're trying to do. That's why they're moving so quickly and so heavily into these sectors.

[How guerrilla gardening took root](#)

The history of illicit gardening in Britain goes back centuries, starting with "the Diggers" - a group of socialites in the 17th Century who fought for the right to cultivate land.

[China's Growth Shifts the Geopolitics of Oil](#)

Last summer, Saudi Arabia put the final bolt in its largest oil expansion project ever, opening a new field capable of pumping 1.2 million barrels a day — more than the entire production of Texas. The field, called Khurais, was part of an ambitious \$60 billion program to increase the kingdom's production to meet growing energy needs.

It turns out the timing could not have been worse for Saudi Arabia.

Only two years ago, consumers were clamoring for more supplies, OPEC producers were straining to increase their output, and prices were rising to record levels. But now, for the first time in more than a decade, the world has more oil than it needs.

As demand slumped because of the global recession, Saudi Arabia was forced to shut about a quarter of its production. After raising its capacity to 12.5 million barrels a day, Saudi Arabia is now pumping about 8.5 million barrels a day, its lowest level since the early 1990s.

"2009 was painful for us as it was for everybody else," said Khalid A. al-Falih, the president and chief executive of Saudi Aramco, the kingdom's state-owned oil giant, and a company veteran who was promoted to the top post at the beginning of last year. "We experienced the same cash flow constraints that everybody did. But we adjusted quickly

and, certainly, everything that was strategic to us was not touched.”

The recession also precipitated a milestone for Saudi Arabia and the global energy market. While China’s successful economic policies paved the way for a quick rebound there, the recession caused a deeper slowdown in the United States, slashing oil consumption by 10 percent from its 2005-7 peak. As a result, Saudi Arabia exported more oil to China than to the United States last year.

[China May Be Among World’s Top Gas Markets by 2020, Shell Says](#)

(Bloomberg) -- China may become of the world’s biggest natural gas markets by 2020 as the country seeks to reduce its carbon intensity by increasing the use of cleaner burning fuel, Royal Dutch Shell Plc Chief Executive Officer Peter Voser said today at a forum in Beijing.

[Crude Oil Drops Most in Three Weeks as Dollar Gains Versus Euro](#)

(Bloomberg) -- Crude oil tumbled the most in three weeks as the dollar strengthened against the euro, curbing the appeal of commodities as an alternative investment.

Oil retreated 1.9 percent as speculation that Greece may fail to secure financial assistance from the European Union weakened the euro, which is heading for its biggest weekly decline against the dollar since January. Prices also dropped after failing to sustain a move above \$83 a barrel this week.

“The market looks like it’s tracking the dollar play,” said Gene McGillian, an analyst and broker at Tradition Energy in Stamford, Connecticut. “It’s also retreating from the \$83 level because fuel demand dropped below the five-year average.”

[Gasoline Tumbles 2% as Dollar Surges, Fuel Demand Declines](#)

(Bloomberg) -- Gasoline futures slid 2 percent as a surging dollar reduced the investment appeal of commodities and as demand for the motor fuel declined.

Gasoline, which reached a 17-month high March 17, tumbled as the dollar gained 0.6 percent against the currencies of six major U.S. trading partners as of 3:25 p.m. in New York. Motor fuel demand slipped 1.6 percent last week, according to the Energy Department.

[Alberta firm eyes Ontario's untapped shale gas](#)

A junior oil and gas company from Alberta has been quietly scooping up land rights in

southwestern Ontario, part of an audacious plan to bring Alberta-style exploration to the birthplace of Canada's petroleum industry.

Consider it a rebirth. Calgary-based Mooncor Oil & Gas Corp. wants to develop a resource in Ontario that has been largely overlooked by its rivals: shale gas.

[Gas more important than quarrels with Russia: Polish PM](#)

Gas supplies are more important than ideological quarrels with Russia, Polish Prime Minister Donald Tusk said Friday in parliament replying to criticism of his government's gas policy by oppositionist Law and Justice (PiS).

PiS caucus leader Aleksandra Natalli-Swiat accused the Tusk team of protracting Poland's dependence on Russian gas by sealing a longterm contract with Russia's gas distributor Gazprom, according to the Polish news agency PAP.

[Q&A: Houston executive speaks for energy industry](#)

Q: Under the Obama administration's 2011 budget proposal, your group estimates there will be nearly \$40 billion in tax increases on oil and natural gas production over a 10-year period and predicts a long-term reduction in energy output. Not all the budget is likely to pass, but what is your industry bracing for?

A: We're bracing for all of it. And it does kind of take you aback. In a time like this, when we have record deficits, we've got an economy on its heels, we've got the highest unemployment we've seen in a long time and the oil and gas industry is one of the few industries that can actually create jobs. They can create permanent jobs, they can create high-paying jobs and have done so. It's astonishing that we would try to come forward to that industry and increase its taxes, take cash flow away from it, reduce investment in oil and gas resources in America and, more importantly, costing jobs across America because of that reduction in capital investment. What we're trying to do is not just fight them, but go to Washington to educate members of Congress, educate members of the administration, so that they understand the unintended consequences of their actions.

[Cyclone Ului, Approaching Australia, May Strengthen](#)

The stretch of coastline where the cyclone is expected to land is about 1,000 kilometers north of Brisbane. It includes key coal ports and most of Australia's sugar cane plantations, which generate about A\$2 billion (\$1.8 billion) in revenue annually. Cyclone Larry wiped out most of the country's banana crop and devastated sugar cane fields when it hit the Queensland coast in March 2006.

[Worst US school disaster passes 73rd anniversary](#)

NEW LONDON, Texas — That infamous March 18 was a Thursday, and launched a swift drive to change the way natural gas is processed and dispensed in the United States.

So many with a direct connection to the London, Texas, school explosion of 73 years ago are gone now, no longer here to mourn the 282 students and 14 adults lost in oil-rich east Texas that March.

But history never really dies in a person, place or thing — especially a painful history. And in this modern-day New London (located about 20 miles west of Tyler, then a bit south), pain is a big part of history.

Many people today are aware of the smell of natural gas — that rotten-egg aroma that alerts us to gas escaping from a stove or a furnace. But that odor wasn't there before March 18, 1937.

[Shell defends its operations in oil sands](#)

Royal Dutch Shell PLC, under pressure from a small group of shareholders, has responded to critics' concerns with a report detailing its activity in Alberta's oil sands.

Shell said it published the 17-page report because it shares many of the same environmental and economic worries expressed by the shareholders who are demanding the oil and gas giant provide greater transparency with respect to its operations in northern Alberta.

[Orlen to 'Analyze Options' for Lithuanian Unit After Talks Fail](#)

(Bloomberg) -- PKN Orlen SA, Poland's largest oil company, will "analyze other options" for its Lithuanian unit after negotiations with the Baltic country's government failed to guarantee a return to profitability.

The talks, which yielded a Lithuanian pledge to build a 19-kilometer (12-mile) rail line to improve logistics, "didn't meet the expectations" of the company, Plock, Poland-based Orlen said in an e-mailed statement today.

[UK: Energy firms could be forced to buy low-carbon power](#)

The government will next week signal a move towards the introduction of a "low-carbon obligation" that would force British Gas and other suppliers of energy to buy a percentage of their power from nuclear and clean coal plants.

The radical measure – an extension of the renewable obligation that is funding wind farms – will appear in a document to be published alongside the budget next Wednesday.

[Ontario slaps new 'green' tax on electricity bills](#)

Ontario electricity customers will soon be slapped with an additional tax to cover \$53 million of the Liberal government's new conservation and green energy programs, the Star has learned.

The levy will appear on hydro bills just as the 13 per cent harmonized sales tax is about to be charged and as smart meters are being phased in, which one industry insider described as "a perfect storm" for consumers already rattled by rising energy costs.

[The path to sustainable living here is CLEAR](#)

Alaska's two U.S. senators may soon have a chance to work on a bill that would benefit Alaskans, and many others, in a number of ways. The CLEAR Act is a rare opportunity for bi-partisan cooperation on legislation that will create jobs, reduce carbon emissions and put money into the pocket of every American. Perhaps most surprising of all, though the bill aims to reduce greenhouse gas emissions caused by the burning of fossil fuels nearly 20 percent by 2020, this approach is supported by many oil companies. The CLEAR Act represents a clear way forward, and although this legislation needs some changes, our senators now have a vehicle for strong energy policy they can approve and pass.

[City Limits](#)

Municipalities need clear thinking about how the big picture shapes the thousands of tiny challenges inherent in running a local government. Instead, The Carbon Charter uses a bewildering assortment of charts and graphs to tell the reader that climate change is a big problem. I hope this isn't news to anyone.

Worse, the book's introductory material conflates climate change with peak oil. This is a common and serious mistake. Climate change is an assault on our common biosphere, which will be borne disproportionately by the world's poor, while the benefits of the carbon-fuelled party continue to accrue to the world's rich. Peak oil is more about losing the luxury of continuing to live beyond our means. In other words, some of the partygoers are worried that the champagne is running out. These are different problems with different imperatives.

[Can Climate Skeptics Be Convinced?](#)

Thomas Friedman, in *Hot, Flat and Crowded*, proposes that we refer to our time as the "Energy-Climate Era." Friedman's thesis -- that the converging trends of rapid population growth, man-made climate change, and peak oil will define our time -- is well-argued. But events since the date of publication invite a refinement upon Friedman's label for our time.

[Town launches its own 'Hawick Pound'](#)

A BORDERS town has launched its own currency in a bid to revive businesses.

The aim of the "Hawick Pound" is to encourage more people to shop locally amid concerns from traders about competition from big retailers.

Participants will be able to pay for goods from shops with £1 Hawick notes.

About 30 firms have so far signed up to the scheme, which is being organised by the Greener Hawick group.

The measure is connected to Hawick's status as a "transition town", the aim of which is to prepare for life after "peak oil" and climate change.

[Of Chilly Offices and Space Heaters](#)

One of the biggest culprits in office electricity use may be hiding just under your desk. "The fastest way to chew power up is to plug in a space heater," said Michael Cation, the chief executive of the energy efficiency company, Smartebuilding, in an interview in Austin, Tex.

"It's like plugging in a couple of blow dryers on high and letting them run," he added. But plenty of shivering office workers resort to the devices, even though space heaters are often not permitted.

In one 150,000 square foot building (roughly three times the size of the White House), Mr. Cation's company, which monitors electricity use in big buildings and offers feedback on how to cut bills, spotted 38 space heaters. In a hot climate like Texas, that means they're probably on when the air-conditioning is blasting.

[Clean Tech Sector Thriving, Survey Finds](#)

The recession has battered investors, but new data suggest that the clean technology sector was largely immune from the global economic collapse.

[China speeds up offshore wind power construction](#)

China will give top priority to developing offshore wind power projects to boost its flourishing wind power industry in 2010, according to a senior energy official .

The government would put large-scale offshore wind power concession projects out to tender, said Shi Lishan, deputy director of the New Energy and Renewable Energy Department of the National Energy Bureau at a recent seminar sponsored by Chinese Renewable Energy Industry Association (CREIA).

[No uranium sales to India: Australia](#)

CANBERRA: Any Australian uranium sales to Russia would meet nonproliferation requirements, but the government remains firmly against sales to India, Trade Minister Simon Crean said on Friday.

[Lebanon mulls long-term renewable energy projects](#)

BEIRUT: Water and Energy Minister Jibran Bassil criticized on Friday the chaotic electricity network available in Lebanon and said that technical and legislative changes need to take place in order to introduce renewable energy in the country.

“We are not ready on the technical and legislative levels but we are committed to deal with these issues and get over with them as soon as possible,” he said, adding that “We need a smart grid in Lebanon.”

[Non-renewable phosphorus both a curse and a necessity](#)

We Canadians like to think of ourselves as a resource-rich nation. And it is true -- we are well-endowed with energy, water, land and minerals.

But there is one nutrient necessary to our well-being -- in fact our food security -- that we don't have in plentiful supply, and a new report from the International Institute for Sustainable Development (IISD) warns we are squandering what little of it we have.

That nutrient is phosphorus, a non-renewable resource essential to plant growth. The same phosphorus that is killing Lake Winnipeg through eutrophication.

So which is it -- precious or noxious? The IISD says our management of it makes it both.

[... but this is](#)

Canadians who aren't hearing from their federal scientists on climate change have an excellent backup source if they want the latest on climate science: NASA.

The U.S. agency welcomes a chance to talk about its extensive climate research, at the same time as Canada is keeping mostly quiet about its own research.

NASA, unlike Environment Canada, answers calls from reporters without having to get political clearance. And beginning this month, the agency has a new tool for the wider public. Its climate website combines articles, photos, graphs and videos.

[States Take Sides in Greenhouse Gas 'Endangerment' Brawl](#)

States took their places in the trenches this week as they joined the court fight either for or against U.S. EPA's "endangerment" finding for greenhouse gases.

Sixteen states asked a federal appeals court this week to become parties in what has grown to be a major legal fight pitting EPA, states and environmental groups against industries, global warming skeptics and other state challengers.

[Top-Emitting Countries Differ on Climate Change Threat: Chinese see least threat from global warming; Japanese see the most](#)

Public opinion about climate change across this mix of developed and major developing economies reveals some remarkable similarities and differences, both in awareness and in the perceived level of threat that global warming poses.

[Military advises climate change could threaten national security](#)

Military leaders advised state politicians Friday of the dangers of fossil fuel dependence and potential climate change threats.

[Is Earth past the tipping point?](#)

Biodiversity loss. Land use. Freshwater use. Nitrogen and phosphorus cycles. Stratospheric ozone. Ocean acidification. Climate change. Chemical Pollution. Aerosol loading in the atmosphere.

A team of 30 scientists across the globe have determined that the nine environmental processes named above must remain within specific limits, otherwise the "safe operating space" within which humankind can exist on Earth will be threatened. Amid some controversy, the group has set numeric limits for seven of the nine so far (chemical pollution and aerosol loading are still being pinned down). And the researchers have determined that the world has already crossed the boundary in three cases: biodiversity

loss, the nitrogen cycle and climate change.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).