



## Drumbeat: April 19, 2010

Posted by [Leanan](#) on April 19, 2010 - 9:15am

Topic: [Miscellaneous](#)

### [Gas drilling debate rages in Del. River watershed](#)

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The Environmental Protection Agency announced last month that it will study the impact of fracking on the environment and human health. The EPA said in 2004 there was no evidence that fracking threatens drinking water quality, but critics, including a veteran engineer in the Denver regional EPA office, argued that report's methodology was flawed.

MOSCOW (Reuters) - Rising shale gas production, which allowed the United States to surpass Russia as the world's largest gas producer in 2009, is a "problem" for state-run gas giant Gazprom, a government minister said on Monday.

... "The influence of shale gas raises the prospect of change on gas markets," Trutnev told reporters.

"We have a problem with shale gas. This is not only my position, but the position of Gazprom as well," he said, adding he had recently discussed the issue with Gazprom officials.

### [When the U.S. energy secretary spoke of "peak oil"](#)

... He was referring to the arguments of ASPO that we have already reached peak oil.

The U.S. Secretary of Energy, Steven Chu, knows and understands the issues of global peak oil production. During a talk he gave in March 2005 as director of the Lawrence Berkeley National Laboratory, a U.S. Department of Energy National Laboratory, Steven Chu advanced the hypothesis of an imminent decline in world production of liquid fuels (ppt 3.6 MB, see p.16) .

Interesting: Steven Chu at the time chose to put forward the thesis of Colin Campbell, founder of the Association for the Study of Peak Oil (ASPO), a research group composed of academics, and especially leading engineers who previously had worked for the oil industry. The arguments of ASPO have been considered as overly pessimistic by most official sources (firms, governments, etc..)

### [Democrats Target Tax Breaks for Oil, Gas Producers](#)

Democrats hunting for ways to pay for another jobs bill may train their sights on a familiar foe: oil and gas.

Obama administration officials pressed their case Wednesday for an expansion of the subsidy programs that have channeled \$23 billion into renewable energy generation and clean-energy manufacturing.

### [Ports - There will be blood](#)

Shipping companies have drastically slashed services to this country as they try to stem crippling losses - estimated at more than US\$20 billion (\$28 billion) globally last year.

The shortage of space means exporters are having to book up to eight weeks in advance and orders are being bumped and left on the dock during the peak season, which ends next month. Goods are also taking a day or two longer to reach their destination thanks to a shipping company go-slow policy aimed at saving fuel, reducing the shelf life of perishable goods.

### [Electricity Plays Key Role in Kyrgyzstan Uprising](#)

In the former Soviet Union, there was universal access to electricity, and the service was virtually free of charge to citizens. A challenge for the former Soviet republics has been to develop a tariff system where the prices for electricity gradually increase to the point where the revenues cover the costs of electricity. The problem is exacerbated because the Soviet-era equipment is badly in need of upgrading, and also because trading patterns have been disrupted. Fuel – which Kyrgyzstan used to have easy access to from neighboring Soviet republics in exchange for hydropower – is now a globally traded commodity. So Kyrgyzstan has to either find ways to pay near market prices, or become energy independent by increasing its capacity to generate hydropower. Both of these are expensive options. Hence the need to increase tariffs.

### [Economic analysis - Water Resources for the Powerful?](#)

Egypt heralded a new phase of dispute over water between upstream and downstream

countries, as well as transit countries. This dispute may well leave its mark on the entire twenty-first century, unless UN member states agree to binding international standards for sharing cross-border shared water and water basins.

Disputes among the countries of the Nile Basin 'over sharing the longest river in the world' turned into confrontations, following the failure of third round of talks among these countries held in the resort of Sharm el-Sheikh.

Last week, the seven upstream countries announced that they will sign a framework agreement that will overlook the two downstream countries Egypt and Sudan, and reduce their shares of the water; however, Cairo threatened that it will respond firmly to any move that affects its 'historical rights'.

### [America prefers India over Pakistan](#)

The US has advised Pakistan to remain at a distance from Iran and scrap gas pipeline deal without realizing Pakistan's worsening state of energy crisis. Our gas needs are mounting at an alarming rate. It is estimated that by 2013-14, as against our production rate of 4 billion per cubic feet the requirement would jump to 8 billion cft per day. While pressuring Pakistan to cancel the deal, the US is not prepared to give civil nuclear facility. India opted out of Iran-Pakistan-India gas pipeline project at the behest of USA but was rewarded in the form of civil nuclear deal.

While America is prodding Pakistan hard to befriend India and stop treating it as arch enemy, it doesn't press India to bring a change in its belligerent attitude and hegemonic policies. The US has helped India in acquiring economic, military and nuclear strengths thereby seriously disturbing regional balance of power. It has done so in disregard of the fact that India is ambitious and has dangerous designs against Pakistan. Being an apiarian country, it has constructed 62 dams over rivers flowing into Pakistan to turn its fertile lands arid. It has resorted to this immoral and inhuman practice since it is in forcible occupation of two-third Kashmir, which also enables Indian forces to encircle Pakistan. It is essentially because of sinister designs it harbors against Pakistan that it is not prepared to find an amicable solution to this chronic problem for the last six decades.

### [Pakistan: LHC Imposes Ban On Unannounced Power Outages](#)

The Lahore High Court has imposed a ban on the unannounced loadshedding today.

The petitioner argued in the plea filed in the High Court that the Ministry Of Water And Power has been making false promises to the people regarding end of the power outages.

The court ordered Pepco to make the schedule public beforehand to address public grievances.

### [Energy crisis, public protests go side by side](#)

SIALKOT - Excessive unscheduled power outages of electricity are affecting routine life badly, whereas public protests have failed to move government.

The daily 18 hours-long unscheduled loadshedding of electricity was badly affecting export industries causing them Rs1.2 billion financial loss daily. There is 25 percent decline in exports of surgical instruments and 15 percent decline in exports of leather garments from Sialkot due to the unending 16 to 18 hours unscheduled loadshedding of electricity.

### [More Pepco plans afoot to squeeze consumers dry](#)

Pakistan Electric Power Company (Pepco) is purchasing one unit (1kWh) of thermal generation for a maximum of Rs38 and a minimum of Rs0.5, and still the Ministry of Water and Power and Pepco itself are going to engage new Rental Power Plants (RPPs) and the Independent Power Producers (IPPs), which will be damaging the consumers' interests at large.

The News has learnt Pepco is paying the highest price of Rs38 (Energy Purchase Price (EPP), fuel plus variable operation and maintenance cost) to the Kotri Power Plant for generation from its unit 1-2, which is being run by the company on much expensive High Speed Diesel (HSD).

### [Economic And Social Impact Of The Emerging Ghana Oil Industry](#)

Discovery of crude oil off-shore in the West Coast of Ghana, specifically at Cape Three Points has been public knowledge since around the early 1990s. However, as the country gets closer to drilling for the oil find in actuality, discussions among active citizens of issues related to the enterprise have tended to take on rancorous undertones, with lack of civility, sometimes. A symposium is to take place at the Howard University Blackburn Center, Washington D. C. The symposium is an initiative of the CPP in the Washington DC – Baltimore Metropolitan Area, USA with the collaboration of the Department of African Studies, Howard University. The symposium is to offer all-comers a forum for public discussion of relevant issues of contention hoping to arrive at a consensus to inform government decision making in Ghana.

### [IFC helps Nepal's development bank support sustainable energy projects](#)

IFC, a member of the World Bank Group, is partnering with Nepal's Clean Energy Development Bank Ltd to help the bank increase finance for sustainable energy and energy efficiency projects.

IFC is advising the Clean Energy Development Bank to adopt an approach that will help the bank identify opportunities for renewable energy and energy efficiency financing.

### [Coal India Defers Plan to Import 10 Million Tons of Fuel](#)

(Bloomberg) -- Coal India Ltd., the nation's monopoly producer of the fuel, has deferred its first-ever tender to import 10 million metric tons of coal, which was to be issued in April, an official said.

Coal India, which plans to sell shares for the first time, may not be able to call for the tender before June as it waits for power producers to confirm their needs, said a company official who declined to be identified, citing policy.

### [Exxon to lead water injection project in Iraq](#)

BAGHDAD (Reuters) - Exxon Mobil has been picked to lead a "multibillion-dollar" water-injection project on behalf of international oil companies that won contracts in southern Iraqi oilfields, an official said on Monday.

### [Oil lower than gasoline](#)

For the first time in recent memory, the average price of home-heating oil is lower than the typical cost of regular self-service gasoline.

The Rhode Island Office of Energy Resources reported Friday that heating oil was selling for \$2.86 per gallon, two cents less than gasoline.

### [Bike, walk policy goes off track](#)

At a time in which our roads and bridges are falling apart because of a shortage of money, U.S. Transportation Secretary Ray LaHood's decision to put walking and bicycling on par with vehicle travel is nuts.

### [The New Spice War: China, Japan and Rare Metals](#)

During the 18th and 19th century, there was much competition between European powers such as Britain and the Netherlands to expand their influence and control in Southeast Asia. Apart from national pride being at stake, economic considerations were also present as European powers wanted to dominate the highly lucrative spice trade. Then, spices were very valuable commodities. What is unique about spices is that only a

little amount is needed to preserve and improve the taste of food. However, with the advent of refrigeration, demand for spices decreased as new and more effective methods of food preservation were found. Consequently, spices became less important and valuable.

Currently, there are signs that a new “spice war” is in the offing. However, the possible coming conflict is not over cloves, pepper, or nutmeg. Instead, the contested commodities are rare metals such as lithium, platinum, dysprosium and terbium – spice metals, used in minute amounts but highly important in various high-tech industries. They are rare earth metals, used in batteries, fuel cells and wind turbines, literally powering a large part of the new global and greening economy, and the new protagonists in this competition are Japan and China.

### [Kurt Cobb: Forever and a day](#)

Talk with many green technology advocates and you might get the impression that we have forever and a day to make the transition from an unsustainable society to a sustainable one. Of course, they will tell you that one day far into the future, if we don't make the transition, we will have serious problems.

Their view is based on not one, but two assumptions. First, as I said, it is based on the notion that we have a comparatively long time to make this transition, usually claimed to be several decades. Second, it is assumed that technology will appear *and be deployed* in time to prevent the worst problems that might result from fossil fuel depletion, climate change and a variety of other environmental and resource challenges. In short the transition will be a relatively smooth one. Keep in mind that these are people who believe we have serious problems that need to be addressed. Their agenda as environmental matters go is actually quite radical if somewhat gradualist.

### [Peru town copes with being devoured by mine](#)

(AP) -- The mile-wide gash grows almost daily with each dynamite blast, slowly devouring this bleak provincial capital high in the Andes.

The half-century-old, open-pit zinc and lead mine belches streamers of dust that coat homes. The soil is so contaminated, indigenous Quechua communities on the city's outskirts have quit growing potatoes and lettuce. Local taps run for six hours on a good week; 80 percent of available water goes to the mine.

As the government continues its aggressive push to extract Peru's vast mineral and oil reserves, communities such as Cerro de Pasco are caught in a conflict between environmental contamination and jobs that is fueling violent protests - some deadly - from the Andes to the Amazon.

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### [Oil Falls to Three-Week Low on Goldman Concern, Dollar Strength](#)

(Bloomberg) -- Crude oil fell to a three-week low after the Securities and Exchange Commission sued Goldman Sachs Group Inc., causing investors to move away from commodities.

Oil declined as European air traffic disruptions caused by Iceland's Eyjafjallajökull volcano entered a fifth day, limiting demand for jet fuel, while a stronger dollar damped the appeal of commodities for hedging inflation.

"The Goldman case may cause deterioration of short-term sentiment," said Hannes Loacker, an analyst at Raiffeisen Zentralbank Oesterreich in Vienna. "With demand in developed economies still stagnating, there's a good chance oil will hit \$80, depending on what happens with the equity market."

### [Oil Tumbling in Options on OPEC Quotas, U.S. Demand](#)

(Bloomberg) -- OPEC violating production quotas at the same time as demand from industrialized nations stagnates is spurring bets in the oil market that the 13-month rally in crude is coming to an end.

### [World's biggest gas exporters meet to cut glut](#)

ALGIERS - Many of the world's biggest gas exporters gathered in Algeria on Monday in search of a plan to boost gas prices without causing further pain for any members of the Gas Exporting Countries Forum (GECF).

Energy ministers from Europe's three biggest external gas suppliers — Russia, Algeria

and Qatar — hope the diverse group of gas exporters can find a mutually beneficial way to stem a flood of gas that has slashed their profits for over a year.

But what the countries currently competing to sell fuel into a saturated market, largely because of a surge in alternative gas production in North America, can agree to remains vague ahead of the ministerial meeting in the Algerian port of Oran.

### [Gas OPEC Boosting Output Sends Prices Lower for Worst Commodity](#)

(Bloomberg) -- Algeria, Africa's biggest exporter of natural gas, is getting no help from Russia and Qatar in curbing production to increase prices in this year's worst-performing energy commodity.

Chakib Khelil, Algeria's energy minister, plans to seek commitments from 11 gas exporting nations to reduce output and end a glut that's caused U.S. prices to fall 28 percent since December. Russia, holder of the world's largest reserves, said it doesn't intend to cut supply, and Qatar, with the third- largest reserves, is opening new export facilities.

"The producers are living in a fantasy world if they think that they can influence prices by cutting production," because it won't be enforceable, John Fahy, managing director of energy consultant Eras Ltd. in London, said in a telephone interview.

### ['Sleeping Giant' Field Awakens as Apache, Forest Drill Sideways](#)

(Bloomberg) -- A half-century-old Texas field may become one of the most profitable U.S. natural-gas developments after new drilling techniques tapped liquid fuel deposits.

Apache Corp. and Forest Oil Corp. are among producers using horizontal drilling in so-called tight-sand formations thousands of feet below conventional oil and gas reservoirs in Granite Wash, a Texas Panhandle field where output began in 1954. Some wells are yielding daily production of more than 1,000 barrels of gas liquids or oil, which are worth more than three times as much as dry gas at current prices.

### [Pertamina to More Than Double Oil Imports From Aramco](#)

(Bloomberg) -- PT Pertamina, Indonesia's state- owned oil company, is in talks with Saudi Arabian Oil Co. to more than double crude imports that will supply an expansion at the Balongan refinery.

Pertamina plans to increase daily imports by 200,000 barrels a day in addition to the 125,000 barrels it has contracted with Saudi Aramco, Pertamina President Director Karen Agustawan told reporters in Jakarta.



### [Portugal refineries slow as 3-day strike starts](#)

LISBON (Reuters) - Both refineries run by Portugal's Galp Energia reduced their output and were preparing for shutdowns on Monday as workers started a 3-day strike over pay, a union official said.

### [Halliburton Profit Drops as Price Slump Cuts Margins](#)

(Bloomberg) -- Halliburton Co., the world's second-largest oilfield-services provider, said first-quarter earnings fell 46 percent after contracts signed when energy prices were slumping last year narrowed profit margins.

### [Netanyahu urges 'crippling sanctions' against Iran](#)

Netanyahu said the possibility Iran could develop a nuclear weapons program represents "the biggest issue facing our times." He called for denying refined petroleum imports to Iran and said that if the member nations of the U.N. Security Council cannot agree on such a tough move, there is a "coalition of the willing" among other countries that also are worried about Iran.

### [Gunmen in Nigeria kidnap two Germans](#)

PORT HARCOURT, Nigeria (Reuters) – Gunmen in Nigeria kidnapped two German men in the OPEC member's southeastern Abia state, security sources said on Sunday, the second abduction of foreign workers in the last 10 days.

### [Sinopec Starts Probe on Gasoline After Car Faults](#)

(Bloomberg) -- China Petroleum & Chemical Corp., the nation's largest oil refiner, started an investigation after receiving complaints that its gasoline had stopped some cars in Henan from starting while others spouted red or black liquid.

### [Bord Gáis powers](#)

Mullins said the US had already discovered more than 100 years' supply of shale gas, which was made accessible by new technologies such as horizontal drilling. "I expect an enormous boom in this where there are shale deposits, in the likes of China, India and Australia. It's a complete game-changer, and turns security of gas supply on its head," Mullins said.

"I'm a firm believer in peak oil, but I'm not a believer in peak gas."

The idea that we're stuck on the end of a pipeline from Russia is not right. We will be importing less gas from Russia in 2030."

### [Our view on coal mining: Lax operators game system, keep unsafe mines running](#)

The reaction in Washington to the Upper Big Branch mine disaster was easy to predict. Outrage. Investigations. Blame. And vows of major changes in mine safety. Likely, heated congressional hearings will follow and then, after the traditional battle with industry, perhaps passage of a new, stricter law.

### [Opposing view on coal mining: We're vigilant watchdogs](#)

The federal Mine Safety and Health Administration (MSHA) inspects underground coal mines at least four times a year. These comprehensive inspections take weeks and cover everywhere miners work. We look for hazards, and we get them fixed.

But it is too easy for mine operators to evade responsibility and too hard for the government to hold bad actors accountable.

### [Economic honesty](#)

Last week's article concluded that the next government has on its hands the reconfiguring of our economy to ensure the medium- to long-term sustainability. This entails three integrated tasks: the low-risk strategy on the use of our petroleum resources to maintain adequate and affordable economic activities and to ensure energy security for the country; the higher-risk development as regards the rents retained locally of seeking new FDI-driven petroleum deposits that are, if they exist at all, in more inaccessible places (ultra-deep water); and the use of available local and foreign exchange savings to build a national innovation system.

The last of these ensures long-term economic sustainability, and its construction has to be accompanied by other related socio-economic upgrades, e.g. improvement in the health services, water systems, crime reduction and prevention, transportation systems, reconstruction of our education system to one that produces entrepreneurs and innovators.

### [Rebuilding democracy, from the community up](#)

It is also a level of politics that has traditionally been framed as "non-ideological" largely because it rarely involves political parties (Vancouver being the main exception). Of course all politics are ideological and business interests have dominated municipal

politics for decades -- casting themselves as the purveyors of a-political "common sense" while implementing pro-business policies. But this can actually be an advantage: the majority of people identify themselves as "non-political," and that can make them more accessible at the civic level.

Into this most basic realm of politics have come a number of initiatives that are aimed in varying degrees at responding to the climate crisis, peak oil, the curse of consumerism and the disengagement of citizens from the political process.

### [Iberdrola Plans World's Largest Wind-Energy Complex in Romania](#)

(Bloomberg) -- Iberdrola SA plans to build 50 wind parks in Romania in what would be the world's largest land-based wind-energy development.

Aiming to supply electricity to almost 1 million homes, the Spanish company acquired development rights from the Romanian government to build 1,500 megawatts of capacity through 2017, its Iberdrola Renovables SA unit said today in a statement.

### [Hyundai Heavy, LG Invited to Join \\$1 Billion U.S. Solar Project](#)

(Bloomberg) -- Matinee Energy Inc., a U.S. based renewable energy company, said it invited Hyundai Heavy Industries Co. and LG Electronics Inc. to become partners in a \$1 billion solar project.

Matinee signed a preliminary agreement with the South Korean companies, the solar power projects developer said in a statement yesterday, without saying where the plant would be built.

### [Save The Earth, But Save Economy First](#)

Gallup updated a whole slew of questions about the environment in time for Thursday's 40th Earth Day celebration. Their results, along with those of other pollsters, show that the neither the environment nor global warming are top national priorities. While Americans haven't stopped caring about a clean and healthy environment or global warming, concerns about the economy have pushed environmental concerns to the back burner. Beyond that, people are more satisfied than in the past with what is being done to protect the environment.

### [Homeowners incorporate green technology into building projects](#)

It may look like an ordinary suburban home, but it is quite different in one regard: It generates all its own electrical, heating and cooling needs, from the geo-thermal unit in

the basement to the solar panels on the roof.

### [Professor checks out the world's droughts](#)

From Syria, where one million people have lost their livelihood because of drought, to Yemen, a country fast running out of water, Professor Robert Wilby is a climate change globe trotter.


The scientist from Loughborough University, in the UK, travels to countries which are at breaking point.

### [Bolivia Climate Change Talks Give Poor A Voice](#)

Rafael Quispe is gearing up for his trip. He packs a small leather bag, puts on his black poncho, an alpaca scarf sporting the rainbow-colored, checkered Andean indigenous flag and his black hat. "This will be an important gathering, a very important gathering. It is about saving our Mother Earth, about saving nature," he says.

Quispe, an Aymara indigenous leader, is heading for Bolivia's central city of Cochabamba for the World People's Conference on Climate Change and the Rights of Mother Earth, the grassroots alternative to last year's ill-fated U.N. talks in Copenhagen, Denmark.

### [Presentations from DOD 2010 Climate and Energy Symposium](#)



**CLIMATE ENERGY**  
IMPERATIVES FOR FUTURE STRATEGIC FORCES

## Energy Supply/Demand – Areas of Contention/ Uncertainty

- **Much controversy/ uncertainty with “peak oil” debate, i.e., when will global oil production diminish for the foreseeable future?**
  - “Oil Drum” community predicts during next few years (peaking at < 90M barrels per day)
  - IEA in 2008 World Energy Outlook (WEO) warns of an oil supply crunch by 2015; JFCOM's Joint Operating Environment (JOE) 2010 concurs, citing a 10MBD shortfall as early as 2015
  - IEA's chief economist Fatih Birah expects a plateau around 2020 if oil demand grows on a business as usual basis
    - Based on IEA analysis of historical production trends of 800 individual oil fields
    - Birah recently said “even if oil demand was to remain flat, the world would need to find more than 40B barrels per day of gross new capacity – equal to (4) new Saudi Arabias - just to offset the decline.”
  - 2007 GAO report states peak oil will likely occur before 2040
  - **Opponents/ notables believing there will not be a near-term (i.e., any time soon) oil crunch:** OPEC, EIA, CERA, some oil corporations (Exxon, BP)
  - **Proponents/ notables believing there will (could) be near-term oil supply problems:** IEA, various oil corporations (e.g., Shell, Chevron, Hess), T. Boone Pickins, Warren Buffet, JFCOM
- **Stability of fuel prices – two differing views:**
  - Prices remain volatile indefinitely due to various factors, e.g., global energy supply/ demand
  - Prices largely stabilize (e.g., at moderate prices) in future except for unforeseen events
- **Development speed & scalability of alternative energy sources that can be used to compensate for dwindling oil supplies and/or reduce dependence on fossil fuels - two differing views:**
  - Enabling technologies & increased funding/ priority can largely mitigate in next 20-30 years
  - Large technical hurdles & economic constraints will significantly limit how rapidly alternative energy sources can replace fossil fuel-based energy

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From [Integration & Synthesis Panel Introduction, John Benedict](#) [PDF]

We didn't buy Endurance in the past: when designing everything that used energy in the battlespace, we assumed fuel logistics was free and invulnerable; fuel would automatically appear, both in theater and in wargames

Now we know better, so we'll value fuel 1–2 orders of magnitude higher.



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