



Drumbeat: May 11, 2010

Posted by [Leanan](#) on May 11, 2010 - 9:27am

Topic: [Miscellaneous](#)

[DOE Still Disavows Peak Oil Forecast, Despite New Studies](#)

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Mayne clarifies that the EIA does not expect oil production to peak in 2011. When asked if the EIA expects to see oil production ever peak and diminish, Mayne replied that the agency does not anticipate a peak oil scenario resulting from supply shortages: "We do not see a peak, if a peak means a sharp retraction in oil production."

In fact, Mayne argued, the world's total projected oil consumption in 2030 "could be met, given current resource estimates."

That claim is backed up, according to Mayne, by the EIA's country-by-country estimate of future oil production. "Actual production, of course, will likely differ somewhat, but we do feel from an analytical basis that these production estimates are likely to progress in a way that's shown" by EIA models, she said.

lektro AS and Electromaxx, according to people familiar with the situation.

Tulow plans to start producing around 500 barrels of oil a day during the extended well-testing. The volume will be increased until the company reaches commercial levels next year.

[Henry Groppi's Radical Gas Price Thought: Much Higher!](#)

We were inundated by copies of articles from the Canadian press about an interview with Henry Groppi, the 80-year old head of Texas petroleum reservoir firm Groppi Long & Littell, in which he argued that natural gas prices will more than double from current levels within the next 120 days. Long known as an accurate seer of the

petroleum industry, with a track record to support that claim, the initial reaction of many industry participants was: What is this man thinking?

His thesis is perfectly logical – the only question is does the timing make sense? In Mr. Groppi's view, swelling gas inventories are about to reverse at the same time new supplies – those gas shale plays everyone is so gaga over – are overstated. In his view, the market, as reflected by \$4 per Mcf spot prices, is totally wrong and we will see prices north of \$8 per Mcf before the end of summer.

[Sinopec building oil reserve in Tianjin](#)

TIANJIN - Sinopec, China's second-largest oil company, has begun construction of a commercial crude oil reserve base with a storage capacity of 3.2 million cubic meters in north China.

[Gazprom says exports to some EU states up sharply](#)

MOSCOW (Reuters) - Russia's gas export monopoly Gazprom has raised exports to some European Union states by 40 percent so far this year and by 50 percent to Britain, RIA Novosti quoted its chief as saying on Tuesday.

[Jet fuel runs out](#)

WINDHOEK – Namibia is running out of aviation fuel and two airports are already dry, forcing planes to refuel in neighbouring countries.

The shortage of jet fuel follows the pullout of major oil producer, BP Africa, which terminated the supply contract when it closed its retail trading business arm in Namibia two months ago.

[New Zealand: Diesel shortage hits North](#)

It has been reported that diesel is being trucked long distances around the country because of delays due to a maintenance shutdown at the Marsden Pt oil refinery. It is understood fuel companies have been swapping supplies to prevent stations running out completely.

[Chevron Canada Spuds Deepest Oil Well](#)

Chevron Canada has begun drilling the country's deepest offshore oil well, as the firm sought to soothe fears over a repeat of the massive oil slick in the Gulf of Mexico.

[Live-Blogging the Senate Hearing on Offshore Drilling](#)

The Senate Committee on Energy and Natural Resources is holding a hearing on offshore gas and oil development, including the Interior's Department's recently announced plan to allow more drilling and the April 20 accident involving the Deepwater Horizon oil rig in the Gulf of Mexico. Green is live-blogging the hearing, with the most recent updates at the top of this post. MSNBC is also providing a live feed.

[FACTBOX - Oil industry spent big on Senate panel members](#)

WASHINGTON (Reuters) - Executives from BP Plc and two other companies were appearing before two Senate committees on Tuesday for grillings about the gushing BP oil well at the bottom of the Gulf of Mexico.

Thirty-two of the 40 Democrats and Republicans who sit on the Energy and Natural Resources Committee and the Environment and Public Works Committee have collected millions of dollars from BP or other oil and gas interests during election campaigns dating to 1990, public records show.

[Tread carefully, Mr Obama. You need big oil](#)

If the fallout from the Gulf oil spill forces Americans off the roads, we'll tip back into recession.

[BP's murky deep-water future](#)

(Fortune) -- Not only did the virtually impossible happen -- a blowout on the Gulf of Mexico seabed a mile down -- it happened to a top-notch oil team. BP's debacle is the U.S. oil industry's most serious setback, undercutting nearly 60 years of incremental progress in offshore drilling, and it could crimp future output from ultra-deep water, the source of an increasing share of America's -- and the world's -- oil production.

[US oil spill impacts Korean economy](#)

There are worries that the massive oil spill in the Gulf of Mexico could devastate the economies of several U.S. coastal regions and spread to leave a lasting scar in the fallout. And with volatile international oil prices starting to dance again, Korea is feeling the effect too.

[More than an oil spill](#)

We may well be living with the consequences of the Gulf of Mexico oil spill for the rest of the 21st century. But judging by past environmental disasters, the spill also has the potential to reinvigorate the environmental movement going forward. For more than a century, ecological crises have often strengthened environmental movements.

[No Easy Villains May Mean No Easy Oil](#)

Another thing I'd look at is the 'end of job effect'. It's interesting how many seafarers die doing something wrong the day before they leave the ship. I think what happens is that towards the end of the job time is short, the work is intense, and people become more and more focused on what they are doing rather than what's going on around them -- they want to get their part of the job done. So they lose situation awareness -- almost a sixth sense of what's going on around them.

[The Gulf of Mexico Oil Spill: An Accident Waiting to Happen](#)

The oil slick spreading across the Gulf of Mexico has shattered the notion that offshore drilling had become safe. A close look at the accident shows that lax federal oversight, complacency by BP and the other companies involved, and the complexities of drilling a mile deep all combined to create the perfect environmental storm.

[How Fast a Transition from Oil?](#)

The Gulf Coast oil spill remains the top energy story this week, eclipsing a \$10 drop in oil prices that should soon ripple through to gas pumps near you. With BP's latest effort to contain the spill having run afoul of a slush buildup composed of methane hydrate crystals, the deepwater well continues to leak at an undetermined rate. The longer the spill continues, the greater the chances for severe environmental consequences, and the likelier that it will become a perception-altering milestone event as some environmentalists have already suggested. However, even if the spill were to galvanize public opinion in a manner similar to the 1969 Santa Barbara oil spill, what options do we have that could realistically reduce our reliance on oil produced from offshore platforms?

[It's worse than you think: plotting global hydrocarbon collapse](#)

More than 90 per cent of the world's energy comes from non-renewable sources – and its decline can be projected on a Hubbert bell curve.

It's just that we are more familiar with the concept of peak oil. After all, oil is the world's largest source of energy, and the size and immediacy of the problem tends to overshadow debate on the remaining energy sources. But Hubbert's model proves versatile, as the exploitation of any non-renewable resource – from oil to uranium – follows similar patterns.

[‘Cheap’ U.K. Market Lures Scottish Widows Fund to Buy Utilities](#)

(Bloomberg) -- Scottish Widows Investment Partnership, one of Edinburgh's two-largest fund companies, is taking refuge in energy stocks as the U.K. economy grapples with debt and political upheaval.

[Corn Declines on Speculation U.S. Crops Escaped Freeze Damage](#)

(Bloomberg) -- Corn fell for the second time in three sessions on speculation that cold weekend weather failed to harm recently planted crops in the U.S., the world's biggest grower of the grain.

Temperatures that reached the freezing mark the past three days from Colorado to Ohio caused no permanent damage, said Drew Lerner, the president of World Weather Inc. in Overland Park, Kansas. The U.S. government today is expected to report that the crop is being sown at or near the fastest pace ever, increasing yield potential, said Greg Grow, the director of agribusiness for Archer Financial Services in Chicago.

[US DOE gives \\$37.8 M to NYISO for smart grid](#)

NEW YORK (Reuters) - The U.S. Department of Energy will give the New York Independent System Operator, which operates the state's power grid, \$37.8 million to deploy smart grid technologies to enhance the reliability and efficiency of the power grid.

To implement the project, expected to take about three years to complete and cost about \$75.7 million, the NYISO said in a release Monday it signed agreements with all eight of New York's transmission owners.

[PG&E apologizes for smart meter problems](#)

PG&E apologized to customers for poor customer service surrounding the installation of smart meters today, calling its behavior toward customers “unacceptable.”

The Northern California investor-owned utility released a 700-page report detailing its smart meter installation and problems it says it has worked to address.

[Russia says may build nuclear power plant in Syria](#)

DAMASCUS (Reuters) - Russia may help build a nuclear power plant in Syria, Russian Energy Minister Sergei Shmatko told Reuters on Tuesday as the Kremlin moved to

strengthen ties with a Soviet-era ally in the Middle East.

[Underwater 'kite' captures tidal energy](#)

A small "kite" that's flown under water is boldly going where no tidal turbine has gone before.

"Deep Green" looks like someone's flying kites from the sea floor. With its 39-foot wingspan and 328-foot cable tethering it to the ocean floor, all it's missing is a colorful tail.

Though a nearly 40-foot wingspan may seem big, the kites are small compared to other tidal energy designs. That's one of the big advantages to Deep Green: it can operate at greater depths, where currents are slower.

[Climate change is the true crisis](#)

West Virginia's mining disaster and the Gulf of Mexico oil spill were disastrous and investigations are justified, but the real threat is much worse.

[Global warming: The final century powered by fossil fuels](#)

There is no doubt that the 21st Century will be the last century powered by fossil fuels. The vigorous debate going on right now is whether the transition will occur at a rapid or leisurely pace--but there's no doubt that it will happen within the lifetimes of many of you who read these words.

It won't really be worries about peak oil, peak coal or peak uranium that sets the pace for the conversion that is coming. There is no shortage of fossil fuels lying around--it just depends on the price we're willing to pay. Nor is it, pace those most alarmed by it, going to be global warming that drives the move. Getting 295 countries to agree a strategy that will help some, harm others and give competitive advantage to a few is just too herculean a task.

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[Oil Declines on Concern European Debt Bailout Is Insufficient](#)

(Bloomberg) -- Crude oil fell to below \$76 a barrel on concern that Europe's bailout of almost \$1 trillion may not be sufficient to end the region's sovereign debt crisis.

Oil reversed an increase of as much as 0.8 percent after the euro dropped against the dollar and investors questioned whether the European plan will reduce deficits accumulated by Greece, Spain and Portugal. U.S. crude supplies probably rose for the 14th time in 15 weeks, reinforcing concern that demand in the world's biggest consumer is lagging.

[OPEC Increases 2010 Oil Demand Forecast on Outlook for China](#)

(Bloomberg) -- The Organization of Petroleum Exporting Countries raised estimates for global oil demand in 2010 on optimistic outlook for economic growth in China.

OPEC, responsible for about 40 percent of the world's oil, boosted its forecast for worldwide crude consumption this year by 180,000 barrels a day, or 0.2 percent, to 85.38 million barrels per day. It also raised projections for supplies from outside the organization.

[Norway Raises 2010 Crude Oil Price Estimate by 11.8%](#)

(Bloomberg) -- Norway, the world's sixth-largest oil exporter, raised its estimate for crude prices this year by 11.8 percent as demand increases from emerging markets such as China.

Crude prices are expected to average 475 kroner (\$76.83) a barrel this year, an increase

of 50 kroner from an October estimate, the government said today in its revised budget statement. The government also set crude price estimates of 475 kroner next year and 408 kroner a barrel in 2012.

[U.S. agency lets oil industry write offshore drilling rules](#)

WASHINGTON -- The oil industry, not the federal agency that regulates it, plays a crucial role in writing the safety and environmental rules for offshore drilling, a role critics say reflects cozy ties between an industry and its regulators that need to be snapped.

[Gasoil Profits Rising to 16-Month High in Asia](#)

(Bloomberg) -- Asian oil refiners are poised to earn the biggest profits in 16 months from making gasoil as the region's industrial demand for diesel outpaces growth in Europe and the U.S.

The benchmark crack spread measuring the premium of Singapore gasoil swaps to Dubai crude swaps rose to \$11.10 a barrel yesterday, recouping most of last week's 6.3 percent loss, based on data from brokers PVM Oil Associates. The margin is closing in on the \$13 level reached in January 2009, when oil in New York traded below \$40 a barrel amid the recession.

[BP to Try Again to Control Oil Leak as Hearings Start](#)

(Bloomberg) -- BP Plc will make a second attempt to control its leaking oil well in the Gulf of Mexico within a week by putting another containment dome over it, Chief Executive Officer Tony Hayward said.

[BP braces for grilling over oil spill failures](#)

NEW ORLEANS, Louisiana (AFP) – BP braced for a grilling by US lawmakers Tuesday over its failure to contain a massive oil spill in the Gulf of Mexico, as the British energy giant weighed options to deal with the leak.

Executives from the three firms tied to the April 20 oil rig explosion that killed 11 workers meanwhile blamed each other for setting off one of the worst oil spills in US history.

[As oil gushes out, damage claims pour in](#)

Even as oil continues to gush out of the damaged Deepwater Horizon drilling rig, everyone from Louisiana fisherman to Florida condo owners are already beginning to vie for compensation from oil company BP.

Experts say it could take decades to sort out the claims, and BP executives acknowledge the company will have to spend more than the \$75 million cap on that type of liability payment, which was set by the Oil Pollution Act of 1990.

[Transocean stays mostly quiet on spill](#)

SAN FRANCISCO - Eight months ago, BP Plc was celebrating the discovery of a massive oil find thanks to the work of Transocean's Deepwater Horizon rig, which had just drilled the oil and gas industry's deepest well.

The Horizon is now a wreck on the seabed, following an explosion three weeks ago that killed 11 people, including nine Transocean employees, and precipitated a massive leak from another well it was drilling for BP.

In both cases, rig contractor Transocean Ltd found itself playing second fiddle to the client.

Simply put, rig owners view too much attention as bad for business, and Transocean, the Switzerland-based industry leader with a history of ex-military managers, is no exception.

[Lessons of Valdez come into play](#)

A close examination of studies of the Exxon Valdez disaster and interviews with many people who took part in the cleanup offers a possible peek into what lies ahead for the Gulf Coast in the coming weeks, months, years — and perhaps decades. Indeed, by one estimate, about 21,000 gallons of oil still linger on some of Alaska's beaches, often in the form of dark brown globs just beneath the rocks.

What's more, there are still some experts who argue that the aggressive cleanup following the Exxon Valdez spill proved more harmful than the oil itself. That continuing debate points to another potential cautionary tale about how conflicts among various groups looking to make things right can end up hampering cleanup efforts.

[BP Relief Wells Bring Risk of Bigger Gulf of Mexico Oil Spill](#)

(Bloomberg) -- BP Plc faces the risk of an even bigger oil spill as it attempts to drill two so-called relief wells to plug a leak on the seabed of the Gulf of Mexico that's gushing 5,000 barrels a day into the ocean.

[BP Oil Spill May Thwart Industry Push Into Norwegian Arctic](#)

(Bloomberg) -- BP Plc's oil spill off the Louisiana coast may stall a push by the industry to open up areas near Norway's Lofoten and Vesteraalen islands, home to Arctic cod spawning grounds and sperm whales.

Norway's three-party ruling coalition is debating whether to start a process this year that may eventually open the areas in the Norwegian Sea, which hold an estimated 1.3 billion barrels in crude and natural gas. The leading Labor Party is split over the issue, while the Center Party and Socialist Left are officially against opening the territories.

[Exxon, Shell Said to Consider Sale of German Gas-Storage Sites](#)

(Bloomberg) -- Exxon Mobil Corp. and Royal Dutch Shell Plc are considering a sale of natural-gas storage capacity in Germany as they focus on exploration, according to three people familiar with the matter.

[E.ON First-Quarter Profit Rises 16% as Energy Demand Increases](#)

(Bloomberg) -- E.ON AG, the world's largest utility, said first-quarter profit increased 16 percent as energy demand rose on higher industrial output and a longer winter in Europe.

[Sanyo to Invest 170 Billion Yen in Battery Businesses](#)

(Bloomberg) -- Sanyo Electric Co., the world's biggest maker of rechargeable batteries acquired by Panasonic Corp., will invest 170 billion yen (\$1.8 billion) over three years to expand in batteries and solar panels.

The company will invest 120 billion yen to speed up development of new technology to lower the cost of making rechargeable batteries and boost production, the Osaka-based company said today. Sanyo will also invest 50 billion yen in its solar-cell operations by March 2013, it said.

[BHP's Uranium Project Under Review on Resources Tax](#)

(Bloomberg) -- BHP Billiton Ltd., the world's biggest mining company, said its Yeelirrie uranium project in Western Australia is being reassessed following the government's plan to impose a 40 percent tax on resource profits.

[Business bibles or cash cows?](#)

Hot on the heels of Hughes's book is a new release from Eddie Hobbs, whose latest focus is the energy crisis, and the looming consequences of rising oil prices for Irish consumers and investors.

Hobbs talks readers through investing in commodities funds, makes his case for the imminence of peak oil, and advises that "green energy is where the real loot will be made", although he adds that investors should choose carefully within this sector.

Should we pay heed to Hobbs? "I haven't read his book, but I have looked a lot at the peak oil theory," says PJ King, a renewable energy investor. "The story with it is that nobody knows for sure, but I would have to say that there is more likely to be something to it than not."

[Buffett defends Goldman, joins greed Conspiracy](#)

United Nations says global population is increasing from 6 billion to 9 billion by 2050. China and India need 500 new cities each. Billions more humans want autos, using up limited resources, shifting more costs to America, as commodity price increases and new resource wars.

[Grounds for hope at Hilton hustings](#)

Most of the business, however, was serious. This included the first question - when will a cross-party coalition form to prepare for the post-peak-oil economy? There followed questions about renewable energy, food miles, rail travel, the conservation of agricultural land, Trident, consumerism and forthcoming cuts in public spending.

Plenty to fall out over in that lot, you might think, but the candidates (and the audience) behaved extremely well. Despite fundamental differences in political philosophy, they remained polite and even found at times grounds for agreement.

However, the leopard's spots could not be kept hidden all the time. Donald Gatt (UKIP) seemed to think that withdrawal from the EU would solve most problems. George MacDonald (Solidarity - Trade Unionist and Socialist Coalition) spoke strongly and often for public ownership.

[Markham doesn't need David Suzuki to tell it how to grow without paving paradise](#)

You know you've hit the big time when David Suzuki sings your praises on YouTube. That is what happened to a pair of Markham councillors who propose creating one of Canada's first food belts.

The measure, which goes before Markham town council Tuesday evening, would protect

farmland by freezing Markham's urban boundaries. New subdivisions would have to be built within those boundaries, leading to the "intensification" of built-up areas of the town and leaving the land beyond it for the birds, bees and cows.

[Five Percent ... just Five Percent per Year](#)

Very simply, The Five Percent Solution calls on the United States to embrace quite achievable and straightforward objectives for each and every year ...:

- Cut oil use five percent.
- Cut coal-fired electricity by five percent of 2010 levels.

[Carolyn Baker - Peak Relationships: The End Of Suburbia Up Close And Personal](#)

For most individuals who are aware of and preparing for the collapse of industrial civilization, the notion of a convergence of crises in the current milieu-Peak Oil, climate change, economic meltdown, species extinction, and overpopulation, is not new information. They know that never before in recorded history has the human race been confronted with the web of crises it is now facing. What they didn't anticipate, however, is that when sharing their bursts of enlightenment with spouses, friends, children, or parents they would increasingly be perceived by their loved ones as something akin to psychotic alien life forms. What they had hoped for instead is that their dear ones would be willing to investigate the same topics they had so carefully researched and would join them in preparing to navigate a daunting future.

[White flight? Suburbs lose young whites to cities](#)

WASHINGTON – White flight? In a reversal, America's suburbs are now more likely to be home to minorities, the poor and a rapidly growing older population as many younger, educated whites move to cities for jobs and shorter commutes.

[Wisconsin names stops for Milwaukee-Madison high-speed rail](#)

MADISON, Wis. — A high-speed rail line connecting Wisconsin's two largest cities will make its Madison stop near the Capitol at Monona Terrace, Gov. Jim Doyle announced Thursday.

The convention center stop was chosen over three other Madison locations: the airport, the Kohl Center on the University of Wisconsin campus and a site just east of downtown.

[Falling short of biodiversity goals](#)

Far too many of the world's plants and animals — and the wild places that support them — are at risk of collapse, a U.N. report finds, despite a global goal set in 2002 for major improvement by this year. Frogs and other amphibians are most at risk of extinction, coral reefs are the species deteriorating most rapidly, and the survival of nearly a quarter of all plant species is threatened, the U.N. Convention on Biological Diversity said in a report Monday. Pollution, climate change, drought, deforestation and overfishing are among the culprits named.

[White House Admits 2010 May not See Climate Bill](#)

(AP) Washington's special climate envoy conceded Monday the U.S. may not have a climate and energy bill in place when the next major global warming conference is held in Mexico late this year, but insisted the legislation is not crucial to those talks.

Efforts to pass the long-stalled bill hit another setback this month when its only Republican sponsor, Sen. Lindsay Graham of South Carolina, withdrew his support.

[Brown: US climate bill or not, the world is on track](#)

Leaders did not deliver an international agreement in Copenhagen and the US is dragging its feet on a climate bill, but all is not lost as positive action on reducing carbon emissions is developing quickly and we are rapidly approaching the climate-energy tipping point, American climate guru Lester Brown told EurActiv in an exclusive interview.



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