



Drumbeat: May 22, 2010

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Topic: [Miscellaneous](#)

[CFTC Set to Limit Oil Speculation With Senate Backing](#)

(Bloomberg) -- The top U.S. commodity regulator is poised to impose new rules on oil speculators as Congress and the European Commission attempt to rein in trading in the \$615 trillion over-the-counter derivatives market.

A bill by Senate Democrats to overhaul financial regulation would require the Commodity Futures Trading Commission to set limits on the number of contracts a single trader can hold in commodities such as crude oil, natural gas, heating oil and gasoline, including the bilateral contracts known as swaps that are negotiated outside of regulated exchanges.

totally misunderstood--that investors who focus on how much crude oil is left are missing the point.

You see, serious observers know that "peak oil" has never meant the depletion of reserves. Instead, it means the peak of production--the industry's ability to get it out of the ground and to market.

Fact is, the oil insiders at the Cancun meetings quietly came to one unavoidable conclusion that could turn the global economy upside down.

A report commissioned by the IEF and delivered at the meeting by PFC Energy, a prestigious global consulting firm, has finally bubbled to the surface and sums it up best:

"This is not a world of "peak oil" where global hydrocarbon potential is exhausted, but rather of peak production, where the petroleum industry's ability to continue to increase--or even maintain--production of conventional oil (and eventually gas) is constrained. Exploitation of unconventional oil will provide additional liquids, but in all probability only at increasingly higher costs."

In other words, the days of cheap oil are over.

[The B.S. Factor In Post-Industrial Society](#)

I was having a rather intense but friendly argument with somebody one day, and I metaphorically said, "Two plus two equals four." My opponent replied, "No, well, okay,

but it depends on how big the twos are.” At that point we became so engrossed in the irrationality and humor of his comment that the main topic of our debate is lost to history. What I think of as the b.s. factor is the illusive something when I say, with several pages of proof, that something is the case, and my opponent comes up with something that is beyond the average use of hair-splitting, non-sequitur, or general hot air. The term “b.s.,” of course, refers to “blood out of a stone.”

One of my favorite examples is the bromide that if, when fossil fuels are gone, there will be no means of running the Earth’s one billion automobiles, then all we have to do is switch to bicycles. Fossil fuels not only provide the fuel for automobiles, they also provide the entire system of manufacture. When fossil fuels are gone, we are basically back in the Stone Age, as Richard Duncan and others have explained.

[Dark Mountain: Issue 1](#)

Dark Mountain: Issue 1 is a book-length collection of new writing that goes deep into the roots of our culture, addressing the questions raised by the Dark Mountain manifesto: what do we do after we stop pretending that our way of living can be made “sustainable”? And where do we find new stories with which to ground ourselves, as that way of living passes?

The book brings together a remarkable combination of thinkers, writers and artists whose work engages with these questions. Their essays, stories, poems and images are woven into a conversation which draws on a range of cultural and intellectual traditions.

Contributors include John Michael Greer, Jay Griffiths, Ran Prieur, Alastair McIntosh, Maria Stadtmueller, Simon Fairlie, Rupert Cathles, Chris Pak and Jeff Ollerton.

[America's Auto Asphyxiation: We Put the Loco in Locomotion](#)

It's shocking to see the once-glorious Michigan Central Station looking like some kind of Roman ruin, decayed and abandoned. But it's equally eerie to see large swaths of open land in the middle of downtown Detroit where houses once stood. Wide boulevards evoke phantom drivers who abandoned Detroit as its fossil fueled fortunes declined.

But where some see only decay, Woolf envisages renewal. Like his fellow filmmakers Mascha and Manfred Poppenkso, whose documentary *Grown In Detroit* focuses on a high school program that teaches pregnant teens how to farm on a former playground, Woolf has faith in Detroit's ability to rise from the ashes of the auto industry's flame-out and reinvent itself.

[Pemex Output Fell in April at Slowest Pace Since 2007](#)

(Bloomberg) -- Petroleos Mexicanos, the state-owned oil company, said production in

April declined at the slowest pace since 2007 after the company boosted investments and stabilized waning output at its biggest fields.

Oil production fell 1.9 percent to 2.593 million barrels a day last month, down from 2.642 million barrels in the year- earlier period, the Mexico City-based state oil company said today in a statement on its website. The drop was the smallest since December 2007.

[Mexico Pemex April Crude Exports 1.437M B/D, 17-Month High](#)

MEXICO CITY (Dow Jones)--Mexico's state-owned oil company Petroleos Mexicanos, or Pemex, said Friday its crude exports averaged 1.437 million barrels per day in April, the highest in 17 months.

Crude exports, most of which go to the U.S., were 1.325 million barrels per day in March, and 1.177 million in April 2009.

[Oil sector investments help stability: producers](#)

Massive investments planned by Saudi Arabia and other Arab hydrocarbon producers to expand their production capacity will ensure the world's oil needs and support market stability, their main oil group has said.

[BP Chief Warns New Effort to Cap Leak Isn't Guaranteed](#)

LONDON—BP PLC's chief executive told staff he was frustrated by the company's failure to stop an oil leak in the U.S. Gulf of Mexico and warned an attempt to do so starting next week could fail.

[Engineering a solution to the oil spill](#)

Reporting from Houston -- More than a week into their quest to stop the oil pouring into the Gulf of Mexico from a damaged BP well, several dozen of the brightest minds in the engineering world gathered to watch a 100-ton failure unfold in slow motion.

[India: In the face of fuel shortage bicycle regains lost charm](#)

Imphal: Bicycles which have been replaced by costlier, faster and more convenient but fuel consuming vehicles over the last decade have regained its lost popularity and reliability, thanks to the prolonged blockade which has resulted in acute shortage of fuel in the State.

Bicycles which were lying as useless scraps just about a month back in the backyards of almost every households were seen brought to cycle workshops with their owners giving special attention to repair them.

This was unthinkable a fortnight ago.

[CFTC Set to Limit Oil Speculation With Senate Backing](#)

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A bill by Senate Democrats to overhaul financial regulation would require the Commodity Futures Trading Commission to set limits on the number of contracts a single trader can hold in commodities such as crude oil, natural gas, heating oil and gasoline, including the bilateral contracts known as swaps that are negotiated outside of regulated exchanges.

[Pump prices continue to fall as oil drops again](#)

The three-week slide in crude prices is paying off for the nation's drivers, as pump prices continue to fall ahead of the summer driving season.

Nervous investors have been backing away from oil over concerns about the European debt crisis and worries that the global economic recovery will stall and weak demand won't drain off excess supplies of crude and gasoline. Oil prices fell again on Friday, with Benchmark crude losing 76 cents to settle at \$70.04 on the New York Mercantile Exchange.

Average national retail gasoline prices are now a dime per gallon below the 18-month high reached earlier this month. They could fall another 10 cents or more by the Memorial Day weekend, according to Tom Kloza of the Oil Price Information Service.

[Record U.S. Fuel Supply Cools Refining Margins](#)

(Bloomberg) -- U.S. petroleum inventories climbed to the highest level in at least 20 years for the middle of May, driving down the profit margin from refining crude into gasoline and heating oil from a 15-month high.

Supplies of oil and all petroleum-based fuels jumped to 1.81 billion barrels in the week ended May 14, the highest stockpiles on a seasonal basis in Energy Department data through 1990. The margin, or crack spread, to process oil into gasoline and heating oil has tumbled 33 percent since last week, the biggest drop since the week ended Aug. 21.

The supply glut will weigh on prices, even with an Energy Department forecast for the first increase in domestic consumption in four years amid signs of an economic rebound. Refinery utilization dropped to 87.9 percent last week, the lowest level in a month.

[Commodities Have Peaked, Commerzbank Says](#)

(Bloomberg) -- Commodities probably have peaked and have limited scope to rebound, according to technical analysis by Commerzbank AG.

[Jeff Rubin on triple-digit oil](#)

Author and economist believes oil demand in North America has peaked.

[Petrobras Proposes \\$80 Billion Stock Issuance Limit](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, said its board will seek shareholder authorization to issue as much as 150 billion reais (\$80 billion) worth of new shares, paving the way for an offering to help fund investments.

[Total Is Studying Offers for Lindsey Oil Refinery in U.K.](#)

(Bloomberg) -- Total SA, Europe's oil refiner, is examining a number of "interesting" offers for its Lindsey plant in northeast England, a process that could take months.

"We have a number of offers," Michel Benezit, Total's head of refining, said in an interview today following the company's shareholder meeting in Paris. "There won't be an announcement before the summer."

[ONGC Restarts Rig in Bay of Bengal After Cyclone Laila Weakens](#)

(Bloomberg) -- Oil & Natural Gas Corp., India's biggest energy explorer, resumed operating one deepwater rig in the Bay of Bengal as cyclone Laila weakened after lashing the southeastern coast and snapping an anchor of a drilling ship.

[Obama wants drilling safety assurances, names panel](#)

VENICE, Louisiana (Reuters) – President Barack Obama said on Saturday that future offshore drilling would require assurances that another massive oil spill would not happen again, as energy giant BP Plc scrambled to contain a seabed well leak billowing

crude into the Gulf of Mexico.

Obama unveiled a commission to investigate the accident and vowed to keep pressure on firms involved in the still-uncapped spill -- BP, Halliburton and Transocean Ltd -- and added he would hold Washington accountable for mending its ways.

[BP accused of oil leak lies](#)

Anger, skepticism and accusations of lying washed over energy giant BP yesterday as it desperately pursued efforts to contain a month-old seabed well leak billowing crude oil into the Gulf of Mexico.

U.S. lawmakers and scientists have accused BP of trying to conceal what many believe is already the worst U.S. oil spill, eclipsing the 1989 Exxon Valdez accident in Alaska. It represents a potentially environmental and economic catastrophe for the U.S. Gulf Coast.

[Deepwater Disaster Doesn't Change Need for Deepwater Drilling](#)

Gary Gibson: OK, Byron, can you start off by telling Whiskey readers a little about why we're searching for deep sea oil in the first place? I mean, we know about peak oil already. But... is it really THAT bad that we're having to search for oil buried beneath 12,000 feet of water? And after the water, another 10,000 feet of dense rock? That's a lot of risk to take. Seems to be proof for the end of cheap oil theory, right?

Byron King: Exactly. The days of drilling a hole just beneath the soil in Texas, inserting a pipe and watching oil gush out are gone. We're never going getting back to those days.

[Public beach in Louisiana closed as oil washes up](#)

GRAND ISLE, Louisiana (AP) — Officials closed the public beach here Friday as thick gobs of oil resembling melted chocolate washed up, a very visible reminder of the blown-out well that has been spewing crude into the Gulf of Mexico for a month.

[Craving a Better Seat on the Seabed](#)

BP finally agrees to provide a live feed of the spill at its Web site, but a congressman wants more.

[A month after Gulf oil spill, why is BP still in charge?](#)

WASHINGTON (AP) — Days after the Gulf Coast oil spill, the Obama administration pledged to keep its "boot on the throat" of BP to make sure the company did all it could to cap the gushing leak and clean up the spill.

But a month after the April 20 explosion, anger is growing about why BP PLC is still in charge of the response.

[The Measure of a Disaster](#)

ON Thursday, BP was finally forced to acknowledge that far more oil is escaping from its damaged well into the Gulf of Mexico than the oft-repeated estimate of 5,000 barrels per day. Nonetheless, the company still insists that an accurate measurement of the spill rate is neither necessary, as it would do nothing to alter their response efforts, nor is it possible with existing science.

It is our view that accurate, continuously updated measurements are not only possible, but absolutely essential if we are to respond effectively to this and future disasters. That is why we are conducting satellite image analysis and image-based fluid-flow analysis to provide an independent assessment of the oil spill.

[ANALYSIS - Oil spill's political consequences rise for Obama](#)

WASHINGTON (Reuters) - President Barack Obama has prevented the BP oil spill from becoming his own Katrina-like nightmare so far, but the political and policy consequences of the disaster are likely to increase as the oil spreads.

By repeatedly assigning blame to energy giant BP Plc and focusing ire on the government agency responsible for regulating offshore drilling, Obama has deflected criticism that his administration was sluggish in its initial response to the Gulf of Mexico spill.

That may not last. A month since the Deepwater Horizon rig exploded and sank, killing 11 people and leaving a ruptured well that has been leaking crude ever since, the feared environmental catastrophe is becoming more and more real.

[Obama Sketches Energy Plan in Oil](#)

WASHINGTON — There is very little upside for the Obama administration in the ecological and economic disaster unfolding in the Gulf of Mexico. The government has come under sharp criticism for underestimating the size of the discharge and for coddling the oil industry for too long.

Until now, perhaps distracted by the critics or because it did not appear that his overall energy agenda was moving forward, President Obama has not made use of the disaster

in an overtly political way.

But on Friday — a full month after the explosion on the Deepwater Horizon — he made clear that he also was not going to let the moment go to waste, announcing plans to impose stricter fuel-efficiency and emissions standards on cars and, for the first time, on medium- and heavy-duty trucks.

[Shell's former CEO explains why we hate oil companies](#)

Why do we hate oil companies?

The short answer is because the government has taught us to. Government's failure over many decades to make the difficult decisions and choices with respect to our energy future means they look for a scapegoat when things go wrong. The primary scapegoats they choose are the oil companies, whether about prices, environmental issues or supply issues; it's always the oil companies' fault.

Are the oil companies blameless?

The oil companies have earned the disfavor of government by A) choosing sides, preferring a particular party in general and B) maintaining a wall of silence, which ultimately comes back to hurt them.

[State Farm files California pay-as-you drive request](#)

State Farm Mutual Automobile Insurance Co., the nation's largest car insurer, is the first to apply to the California regulator to offer pay-as-you-drive coverage in which motorists get discounts for travelling less.

[Four-cylinder engines snag nearly half of new car buyers](#)

Powered by a growing number of small cars, and buyers' concerns over fuel economy, four-cylinder engines were in 49% of new cars and light-duty trucks purchased in the U.S. in April, according to J.D. Power and Associates' Power Information Network.

The first quarter, four-cylinders were in 46.5% of new vehicles, Power says. That's up from 41.9% in the first quarter a year earlier, when the economy was worse, but gasoline was much cheaper -- averaging about \$2.31 a gallon vs. \$2.86 now, according to AAA's daily nationwide average calculations.

[Energy Minister Blair Lekstrom acknowledges peak oil and downplays offshore drilling](#)

NDP energy critic John Horgan asked Lekstrom if the Oil and Gas Commission had done any work in connection with peak oil.

Peak oil is the point when global oil production will start going down because of diminishing global supplies.

Lekstrom replied that staff are following the peak oil debate.

"There are people that think we have plateaued or peaked, and there are others that don't," he said, according to Hansard. "So it's an ongoing debate, and our staff do follow that."

[Using nature's bounty to feed the hungry](#)

West Milford, New Jersey (CNN) -- For Gary Oppenheimer, 2007 was a year of plenty.

His backyard garden produced a bountiful harvest with a surplus of spaghetti squash, melons, pumpkins, tomatoes, peppers and cucumbers for his family. At the end of the season, Oppenheimer had 40 pounds of excess fresh produce -- and nowhere to take it.

"Nobody wanted more," he said. "My wife wouldn't let me bring any more in the house, and I didn't want it wasted."

So Oppenheimer took the produce to a local food pantry at a battered-women's shelter. When he dropped off the food, he was struck by the response he got from the shelter worker.

"[She] thanked me profusely, and as I left she said, 'Now we can have something fresh to eat,' " Oppenheimer recalled. "That stuck with me because I remember walking away thinking, 'What? They have canned stuff only all the time?' "

[Disputed Deal Puts Yellowstone Bison on Ted Turner's Range](#)

BOZEMAN, Mont. — When dozens of wild American bison wandered out of Yellowstone National Park in search of greener grass and wound up five years later sheltered on a giant ranch owned by Ted Turner, media mogul and bison meat kingpin, the species reached what many believe could be a turning point.

Mr. Turner, under an unusual custodial contract with the state of Montana, offered to shepherd the animals for the next five years as part of an experimental program. It will grant him a sizable portion of their offspring in exchange, much to the chagrin of environmentalists who sued the state, saying the bison belong to the public. Mr. Turner is not restrained from using the bison for commercial breeding or sale.

[Sustainability Faceoff: Microsoft vs. Apple](#)

It's tough to pick a winner for this faceoff, mostly because Apple does seem to be making major strides--it just won't set specific goals. But until it does, Microsoft will remain the victor.

[Russia to help Bangladesh set up nuclear power plants](#)

DHAKA (Reuters) - Bangladesh said on Saturday Russia had formally agreed to assist the energy-starved South Asian country in building nuclear power plants.

"An agreement on cooperation for the peaceful use of nuclear energy to meet the growing power demand in the country was signed between the two countries in Moscow on Friday," a foreign ministry spokesman told Reuters.

[UCLA engineer gets \\$4 million from Department of Energy to convert CO2 to liquid fuel using electricity](#)

James C. Liao, Chancellor's Professor of Chemical and Biomolecular Engineering at the UCLA Henry Samueli School of Engineering and Applied Science, has been awarded \$4 million over three years to develop a method for converting carbon dioxide into liquid fuel isobutanol using electricity.

The grant was awarded by the Department of Energy's Advanced Research Projects Agency-Energy (ARPA-E), a new agency that promotes and funds projects to develop transformational technologies to reduce the country's dependence on foreign energy, curb energy-related emissions and improve energy efficiency across all sectors of the U.S. economy.

[NStar, Cape Wind to talk energy](#)

Representatives of NStar will meet with developers of the Cape Wind energy project Monday, the power company says, but whether it will commit to buy electricity from the proposed wind farm is an open question.

[Future power shortage?](#)

The state Department of Natural Resources and Environment has denied the Wolverine Power Supply Cooperative's air quality permit to begin a new coal plant in Rogers City. The agency said its decision was based on a finding by the state Public Service Commission that the utility didn't demonstrate enough demand for new electricity. But the time may come when that electricity will be needed in an age of growing computer use and electric cars.

[Paper Bags or Plastic Bags? New Proposals Like Neither](#)

Cities are considering more inclusive bans that would cover paper shopping bags, which have environmental consequences of their own.

[Climate hacking for profit: a good way to go broke](#)

FORTUNE -- The newest cause on the radical fringe of environmentalism is opposition to geoengineering -- the large-scale manipulation of the Earth's climate, in an attempt to reverse global warming. Essential to the argument being made by the Hands off Mother Earth effort - dubbed HOME -- is the notion that planet-hacking, as I call it, might someday be done for profit.

Yet while corporate geoengineering is a disturbing concept, it's unlikely to amount to much, at least for the foreseeable future. In fact, companies attempting weather-changing for fun and profit have already sputtered quite badly in their nascent attempts.



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