



Drumbeat: June 9, 2010

Posted by [Leanan](#) on June 9, 2010 - 9:09am

Topic: [Miscellaneous](#)

[The dangers of deep-sea oil drilling](#)

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Then the U.S. home-produced supply did start to dry up in the 1970s. Now, we're pretty much out of all the easily accessible oil. That's why companies are going a mile underwater and drilling thousands more feet into the seafloor to get at high-pressure oil deposits full of potentially explosive natural gas.

In retrospect, it sounds somewhat dangerous.

o a rise in global oil demand.

[BP report shows importance of Gulf of Mexico](#)

The growing importance of the US Gulf oil sector is highlighted in the 59th annual statistical review produced by BP, which shows American crude production rising faster last year than anywhere else in the world.

The 7% increase to 7.2m barrels a day is largely attributed by Christof Ruehl, the company's chief economist, to the ramping up of new fields in the Gulf of Mexico, although it also includes shale and other oil deposits.

[BP Spill Provides Unprecedented Buying Opportunity for Oil](#)

Most people realize that our planet is quickly running out of the black stuff. The recent downturn in oil prices, I believe, provides a major buying opportunity so that you can position yourself for a PERMANENT INCREASE in the price of oil which many believe is right around the corner.

[Western oil demand may have peaked](#)

BP's annual statistical review of world energy highlighted the contrasting drivers of global recession and Asia-led recovery. Global energy consumption fell in 2009 for the first time since 1982 as the world economy contracted for the first time since the Second World War. But the impact was very different in developed (OECD) economies, where energy consumption fell faster than GDP, compared with developing (non-OECD) economies where consumption increased faster than GDP.

[IMF Says Vietnam Reserves Fall to 7 Weeks of Imports](#)

(Bloomberg) -- Vietnam's foreign-currency reserves have fallen to the equivalent of seven weeks of imports from coverage of less than two-and-a-half months in December, according to the International Monetary Fund.

Reserves "had been under pressure," before picking up in the second quarter, the IMF said in a statement posted on its website today. Reserves declined in 2009 as the government defended the dong, the fund said on Dec. 3.

[I Can't Believe It's Oil!](#)

It's clear that our dependence on oil won't go away soon, even if the internal combustion engine disappeared overnight. Black gold is an integral part of virtually every aspect of everyday life as we know it. Green energy may help to reduce our need for fossil-based fuels, but it won't curb the demand for all the other products that depend on this valuable resource.

[Interview with Chris Martenson](#)

If you had to explain the Crash Course to somebody in a lift for three minutes, how would you encapsulate the essence of the Crash Course?

I would say that there's an amazingly high chance that there's going to be an enormous change in our future. The economy is the way in which we organise ourselves, it's how we get things done, it's the living, breathing creature that surrounds our daily lives and so we have a commanding interest in its health and well-being – certainly the events of 2008 have really brought that to the forefront of people. But the economy doesn't exist by itself – it's intimately connected to, and feeds upon resources that come out of the earth, human resources, all kinds of resources.

[The Gulf of Mexico \(GOM\) oil spew demonstrates that we just don't get it](#)

The GOM oil spew reinforces the extent to which Americans "just don't get it" regarding the unsustainable nature of our American way of life.

Our self-righteous indignation at BP regarding the GOM oil spew—our insistence that they “fix ‘their’ problem immediately”, that they insure that “nothing like this ever happens again”, and, oh yeah, that they maintain continuous flows of black gold (from somewhere else) in order to perpetuate our American way of life—demonstrate total ignorance on the part of the American public regarding how our American way of life is enabled, why it is unsustainable, and why it will soon come to an end.

[Richard Heinberg: FREE!!! Oil Exec Quote Generator](#)

So there you have it. Worldwide production of “conventional” oil will peak and drop off frighteningly soon. But, not to worry: “We will not peak relative to the resources left in the earth.”

Huh? Did Hofmeister just endorse the Peak Oil hypothesis, or deny it? And what does he mean by saying that “the resources left in the earth” will not peak? After all, we’re talking about depleting, non-renewable resources here; does Hofmeister intend to imply that there’s more oil in the Earth’s crust today than there was a couple of hundred years ago before we extracted and burned that last trillion barrels? Weird.

[Can BP survive the Gulf spill? Can its CEO?](#)

As we all know, Einstein went to his grave refusing to accept quantum mechanics until it was linked with a unified theory of physics. In that vein, it's not surprising to see the Gulf of Mexico oil spill, too, setting the minds of restless geniuses to work. In one of the latest examples, Federal Judge Richard A. Posner, the indefatigable Chicago writer and thinker, outdoes himself with a unified theory of catastrophes. The gulf spill, Posner argues in The Washington Post, is of a piece with the global financial crisis, the Indian Ocean tsunami of 2004, and Hurricane Katrina the following year, not to mention flu epidemics, the extinction of species, nuclear accidents, global warming, and the collision of an asteroid with Earth. Why does no one take action to prevent or avoid injury in such catastrophes? ponders Posner. Because there's no date certain of their occurrence.

That's all very interesting. As for me, I'd like to get past the waiting and simply learn at last whether or not BP CEO Tony Hayward and the company itself are toast. For help to this end, I called and emailed around to people in and out of the oil industry. Among the first was Ken Robertson of Paddy Power, a Dublin-based online betting site. Sometimes when people are putting down their own money, they find judgment inaccessible to the rest of us.

[Interior Dept. Offers Offshore Drilling Requirements](#)

The Department of the Interior issued a directive to oil and gas lessees and operators on the Outer Continental Shelf implementing stronger safety requirements that Secretary of the Interior Ken Salazar recommended in his 30-day safety report to the President.

[Jeremy Leggett: The oil spill and credit crunch were bad. An oil crunch would be worse](#)

Big as BP's problems are as a result of failed risk assessments, it will very probably soon become worse. Growing numbers of people doubt its annual review of oil reserves, published today. Society builds its oil dependency on key cultural statements of faith about secure supply, such as BP's annual announcement that there is 40 years of supply or more, and no danger of supply falling short of demand, so ambushing oil-addicted economies.

You would think that BP's risk-assessment failures in the Gulf, and in US refineries, would make the company measured, given the stakes in this particular assessment. The reverse seems true.

[Feds give BP deadline on contingency plans for oil collection](#)

(CNN) -- Federal authorities have given BP a 72-hour deadline to provide contingency plans for the collection of oil in the Gulf of Mexico, according to a letter -- dated Tuesday -- sent to the company.

The development comes as oil disaster hearings continue Wednesday on Capitol Hill, with the House and Senate tackling issues ranging from safety and cleanup to liability.

[Spill forecasts: Take with a grain of salt water](#)

The relentlessly spreading oil in the Gulf of Mexico has spawned a likewise burgeoning number of forecasts seeking to predict which beach the crude will foul next.

Initially there was just the National Oceanic Atmospheric Administration's three-day forecast. But last week the National Center for Atmospheric Research joined the fray, with an alarming projection showing oil billowing up the entire length of the East Coast this summer.

Then there's a forecast from Accuweather, predicting a 35 percent chance of oil on Galveston's beaches by Labor Day.

Such forecasts are sobering. But are they credible? Maybe not, scientists say.

[Sharron Angle: In wake of Gulf spill, we need to "deregulate" Big Oil](#)

Dems are gearing up to paint Sharron Angle, the ultra-conservative candidate who's now taking on Harry Reid, as another Rand Paul and possibly even further to his right.

And here's another data point: Angle said in a recent interview that the Gulf spill was an "accident" and opined that we need to further "deregulate" the oil industry in the wake of the disaster.

[Study compares 2010 and 1979 oil spills](#)

"What is happening today, especially the failures to cap the well, happened in a similar way back in 1979," Guinasso said. "And just like the current spill, there was a blowout preventer that was supposed to have worked, but it did not.

"But the big difference ... was the depth of the water -- it was only in 160 feet of water, not like the more-than-5,000-foot depth of the current oil leak."

[Why We Hate the Oil Companies: Straight Talk From an Energy Insider](#)

Talk about timing. *Why We Hate the Oil Companies* hits the shelves in the midst of the most catastrophic oil spill in U.S. history, with one particular company drawing an unprecedented amount of public hatred. As politicians feverishly debate the country's offshore-drilling policy, Hofmeister spells out a plan to solve Americans' increasing need for energy that includes serious investments in sustainable resources, revolutionizing the country's urban infrastructure, a whole new independent regulatory agency, and, yes, much more drilling. The good news: his ideas could actually work. Caveat: the ideas are controversial.

[Clean Energy: The Nuclear Solution](#)

Controversy over rising demands for "clean energy" and costs associated with it has made finding "alternative energy sources" a priority on Capitol Hill. The New American sat down with an expert in power-generation technology to discuss why nuclear is the safest, most efficient answer to the so-called "energy crisis."

[Utah to craft energy blueprint that may include nuclear](#)

Gov. Gary Herbert announced the formation of a task force Tuesday to craft a 10-year energy blueprint that will include an assessment of whether Utah should embrace nuclear power.

"Inherent in this discussion needs to be at least a consideration of nuclear energy," Herbert said.

[Federal gov't approves \\$600M for Ottawa light-rail project](#)

OTTAWA — The long wait is over. Federal Transport Minister John Baird announced \$600 million Tuesday morning for the city's light rail project, giving it a much needed boost.

Baird said the money shows the federal government delivers for Ottawa.

[Palm Oil Declines as Brazil Increases Soybean Crop Forecast](#)

(Bloomberg) -- Palm oil futures dropped for a third day after Brazil, the world's second-largest producer of rival soybeans, raised its crop forecast.

[India may impose cess on farm power to cut water table depletion](#)

New Delhi – Alarmed over the rapid decline in groundwater levels, the north Indian states of Punjab and Haryana, the country's food bowl, has asked its farmers not to grow paddy this season even as a top advisory policy-making body is toying with the idea of a cess and also do away with free power to farmers to boost water table across the country.

[Farmers' Markets of the Future](#)

The winning design proposes a four-storey building that allows for the market to take place in the lower level, while outdoor seating surrounds the structure and business in offices and state departments takes place in the upper storeys.

Shoppers are able to view the three main streets in downtown Toronto within the glass atrium of the structure, which also creates an open indoor market with an outdoor feeling — plus lots of natural light and protection from the elements.

[The dangers of deep-sea oil drilling](#)

Chicken Little that he was, Hubbert also predicted that as soon as 1970, the rich fields of Texas and those elsewhere in the lower 48 states would fail to meet our demand.

Then the U.S. home-produced supply did start to dry up in the 1970s. Now, we're pretty much out of all the easily accessible oil. That's why companies are going a mile underwater and drilling thousands more feet into the seafloor to get at high-pressure oil deposits full of potentially explosive natural gas.

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[10 oil-spill ills](#)

How did so many things go so wrong at the Deepwater Horizon oil-spill site? Was it human error, an act of nature, or a blend of both? And why didn't any of those great engineering ideas to stem the spill work out? There are lots more questions than answers, even on Day 50 of the disaster on the Gulf. But a couple of things are clear: First, we got into this fix because of multiple failures and miscalculations. Second, still more ills could well surface before all this is over. Here's a quick recap of what went wrong at the wellhead, and what could go wrong in the future:

[Journalist dives into Gulf, can only see oil](#)

UNDER THE MURKY DEPTHS OF THE GULF OF MEXICO - Some 40 miles out into the Gulf Of Mexico, I jump off the boat into the thickest patch of red oil I've ever seen. I open my eyes and realize my mask is already smeared. I can't see anything and we're just five seconds into the dive.

Dropping beneath the surface the only thing I see is oil. To the left, right, up and down — it sits on top of the water in giant pools, and hangs suspended fifteen feet beneath the surface in softball sized blobs. There is nothing alive under the slick, although I see a dead jellyfish and handful of small bait fish.

[Does Obama need more oilmen, not fewer, in his administration?](#)

Last week, I suggested that Obama "purge his administration of oil hacks." I identified three: William Reilly, co-chair of the administration's oil-spill investigation commission and a well-compensated director of ConocoPhillips since 1998; Steve Koonin, who took the a top Department of Energy post in 2009 after serving as BP's chief scientist since 2004; and Sylvia Baca, who set up shop as deputy administrator for land and minerals management at the Minerals Management Service in 2009 after serving as a BP exec since 2001.

I considered my proposal to be eminently modest, given what's going on in the Gulf. But Michael Levi, senior fellow for energy and environment at the Council on Foreign Relations, disagrees. In a Monday blog post entitled "Obama needs more oilmen," Levi takes me and other critics to task.

["It's Our Energy Pearl Harbor" – Matt Simmons](#)

As a well-known and respected oil industry executive and author of the book *Twilight in the Desert: the Coming Saudi Oil Shock and the World Economy*, Mr. Simmons drew quite a crowd this afternoon. He spoke about the oil spill in the gulf saying, "It is the greatest human tragedy we've ever had. It is our Energy Pearl Harbor." The oil spill

must be attended to with the same "intensity" as was used by the U.S. in WWII after the attack on Pearl Harbor. He says that BP has given us nothing but bad information about this disaster from the very conservative BP report of 1,000 barrels leaking a day to the release of the video that they say is the leaking oil. Simmons claims there is a different source of the leak and the video being released to the media is just a 4-foot oil plume, which is much too small to cause such a massive oil slick.

[Energy: Are You A Pig - And A Bigot?](#)

Those who argue for a "western lifestyle" but demand that others, whether defined as Chinese, Nigerians, Arabs, Mexicans or anyone else "eat" the risk and pollution that comes from their profligate lifestyles, or who argue for you to live as the above while they have their cars, boats, mansions and planes, are both pigs and bigots.

This means you Mr. Gore, it means you Mr. Kunstler, and it means you I won't even bother getting into the financial deals many of these people have entered into that will generate huge windfalls if we do have "carbon exchanges" and similar claptrap - I don't need to in order to make my point.

I like my car, my boat, my pool and my house. I like my A/C in the summer and my natural-gas fired heat in the winter.

I therefore support extraction and production of each and every BTU that I desire to consume right here, inside our borders, where the risk of the production of that BTU falls on ME, as part of the collective known as The United States.

[Saudi Electric to get loan for \\$2.1 bln plant in June](#)

"General Electric will supply the equipment for the plant and we have selected Hyundai Heavy Industries as main contractor for the construction of the plant," Barrak added.

The Riyadh 11 plant will use natural gas as a feedstock. "Aramco will supply us with the natural gas," Barrak said.

[Reset: Stephen Kinzer's Vision of a New U.S. Relationship with Turkey and Iran](#)

Since many Americans know little about Turkey, many may find it plausible when Liz Cheney claims that "it looks like" Turkey is "supporting Hamas" in "wanting to destroy the state of Israel."

It's a very opportune time to hear from former *New York Times* correspondent and bestselling author Stephen Kinzer, whose new book "Reset: Iran, Turkey, and America's Future" is published today. Kinzer argues that the world has changed sufficiently since the Cold War so that a fundamental rebalancing of U.S. relationships in the Middle East, away from excessive attachment to the current policies of the Israeli and Saudi

governments and towards greater cooperation with Turkey and Iran, would be in the interests of the United States.

[The new abnormal](#)

People in a bad economy tend to perpetuate it by reducing consumption, fearing tough times ahead. Often we even spend to save. Richard Florida in his new book *The Great Reset* notes that families during the Depression quickly bought the new invention of radio because it was, after the initial hefty investment, a cheap form of entertainment. Rather than purchasing restaurant meals and sports and entertainment tickets, will we see high-definition TVs and iPads become inexpensive fun?

Oh yes, there is the small detail of oil, which is used in almost everything we produce. It is a finite resource. The respected economist Jeff Rubin is concerned that oil will skyrocket in price over the next few years due to limited supply. To make matters worse, the BP oil spill is likely to restrict drilling offshore where massive future reserves are located.

[Jeremy Leggett: After the credit crisis – next it will be oil](#)

As it now admits, BP “did not have the tools” to contain a deepwater oil leak. Its failure with that risk must now raise questions about its approach to other risks. Top of the list must be the threat that global oil production will fall sooner than generally forecast, ambushing oil-dependent economies with a rapidly opening gap between supply and demand. The approach of the point at which global oil supplies reach an apex, “peak oil” as it is often known, worries growing numbers of people. But, until now, BP has poured scorn on the worriers, encouraging the oil industry’s effort to reassure society about peak oil. The disaster in the Gulf of Mexico casts doubt on the viability of the deepwater production on which industry forecasts depend.

[Oil Rises a Second Day as Stockpile Drop Signals Growing Demand](#)

(Bloomberg) -- Oil advanced for a second day amid evidence that stockpiles are falling as the U.S. economic recovery fans demand.

Crude climbed as much as 1.2 percent on the New York Mercantile Exchange after an American Petroleum Institute report yesterday showed crude inventories dropped the most in six months last week. U.S. Department of Energy data today will probably also show a second weekly decline, according to a Bloomberg News survey.

[OPEC holds oil demand forecast steady](#)

VIENNA, Austria (AFP) – The organization of oil exporting countries (OPEC) held its forecast for oil demand to rise by 0.95 million barrels a day but was cautious about market trends in 2010, in a monthly report on Wednesday.

[BP Spill Means Oil Prices Gain as Output Falls](#)

(Bloomberg) -- Higher crude prices and rising imports may be in store for the U.S. after the government slashed its forecasts for Gulf of Mexico output by 6.1 percent following the BP Plc spill, the worst in the nation's history.

[How bad could BP oil spill get for the Gulf and the nation?](#)

So how bad could it get?

The numbers point to an unprecedented ecological disaster unfolding in the Gulf of Mexico and possibly along the Eastern Seaboard.

[Shallow-Water Drillers Must Verify Blowout Devices, U.S. Says](#)

(Bloomberg) -- Oil and gas companies drilling in the Gulf of Mexico's shallow waters must verify that they meet new requirements for blowout preventers by June 17, U.S. regulators said.

Companies will have to get an independent third party to confirm that the devices to stop spills work and are compatible with well locations, the Interior Department said in a statement yesterday. Those that don't comply will be subject to shut-in orders, meaning operations on the rigs may be halted.

[BP plans to burn some oil pumping up to surface](#)

NEW ORLEANS – Now that crews are collecting more and more oil from the seabottom spill, the question is where to put it.

How about burning it?

Equipment collecting the oil and bringing it to the surface is believed to be nearing its daily processing capacity. A floating platform could be the solution to process most of the flow, BP said.

[As Missteps Mount, So Does the Backlash](#)

Frustration over the spill could cost BP and its oil industry rivals heavily in the years to come. The costs will come in the form of new regulations—such as those issued Tuesday by the Obama administration as the prerequisite for companies to resume offshore drilling in waters shallower than 500 feet.

[BP exec: No large concentrations of underwater oil](#)

NEW ORLEANS — BP Chief Operating Officer Doug Suttles continues to insist that no massive underwater oil plumes in “large concentrations” have been detected from the spill in the Gulf of Mexico.

Suttles’ comments came Wednesday morning on network news shows, a day after the government said water tests confirmed underwater oil plumes from the oil spill, but that concentrations are “very low.”

[Raising Remnants of Oil Rig Is Still on the Agenda](#)

WASHINGTON — Even as they focus on the struggle to plug the leaking oil well in the Gulf of Mexico, engineers are longing for the twisted and scorched metal at the bottom of the sea and other evidence that might tell them what went wrong seven weeks ago.

[Obama talks, investors flee drillers](#)

Investors pummeled shares of oil drillers and BP on Tuesday, after President Obama talked tough about dealing with the worst oil spill in the nation's history.

Analysts added fuel to the sell-off by cutting their earnings outlooks on companies that figure to be hurt by the six-month moratorium on deepwater drilling in the Gulf or the temporary delay in issuing permits for drilling in shallow water.

[Obama's getting really, really mad — or is he?](#)

WASHINGTON — First he was going to make BP pay for the Gulf oil mess. Then he declared himself in charge. Now he's trying to find out "whose ass to kick" and making clear he'd fire BP's chief if only he could.

President Barack Obama is talking ever tougher as the Gulf oil spill crisis drags on, the public's patience wears thin and the peril to his presidency increases. With pressure building on Obama to fix the crisis, the White House said he'll be heading back to the scene, spending next Monday and Tuesday inspecting oil damage in Mississippi, Alabama and Florida.

[Hercules, Seahawk Hire Lobbyists to Avert U.S. Drilling Curbs](#)

(Bloomberg) -- Shallow-water drillers Hercules Offshore Inc. and Seahawk Drilling Inc. hired the lobbying firms of former New York New York Mayor Rudolph Giuliani and ex-Republican Representative Bob Livingston to help ward off possible U.S. drilling curbs following the BP Plc oil spill.

[Louisiana's economic hurt from drilling moratorium warrants action](#)

Louisiana's economic pain from President Obama's moratorium on oil drilling becomes more acute with each passing day.

The six-month suspension of deepwater exploratory drilling is shutting down 25 active rigs and five others that were scheduled to launch operations before the end of the year, according to federal regulators. Those rigs, almost all of which are located off Louisiana's coast, normally employ between 24,000 and 42,000 workers. Thousands of other Louisianians work for boat operators, contractors, caterers and other firms that service those platforms.

[Florida Charter Boats Gird for Losses as BP Leak Ruins Fishing](#)

(Bloomberg) -- Gary Jarvis, a charter-boat captain from Destin, Florida, says he planned to make at least \$60,000 this month taking anglers out in the Gulf of Mexico to catch red snapper. Instead he's living on \$5,000 he got from BP Plc to help cover income lost to the worst oil spill in U.S. history.

"This is crushing," said Jarvis, 58, who says he has \$20,000 a month in bills and normally grosses about \$350,000 a year as a charter and commercial fisherman. "I'm already calling creditors and saying, 'Look, this may go really south.'"

[BP Slumps to 20-Month Low as Obama, Congress Raise Pressure](#)

(Bloomberg) -- BP Plc plunged to a 20-month low in London trading as President Barack Obama and U.S. Congress stepped up pressure on Chief Executive Officer Tony Hayward to stop the worst oil leak in U.S. history.

The shares fell as much as 5.4 percent to the lowest level since October 2008 after a 5 percent drop yesterday. The stock traded at 389.50 pence as of 10:50 a.m. in London, 41 percent lower than April 20, when an explosion on the Deepwater Horizon rig triggered the spill.

[BP paying out \\$2.63B in dividends](#)

NEW YORK - BP PLC will pay shareholders \$2.63 billion in dividends on June 21 as investors and U.S. lawmakers wait to see what the oil company decides about future payouts.

[BP under pressure as U.S. probes Gulf spill](#)

VENICE, La./LONDON (Reuters) – BP Plc's efforts to stop oil from its blown-out well gushing into the Gulf of Mexico will come under U.S. congressional scrutiny on Wednesday as the British oil company's stock price continued to fall.

BP shares fell 3.2 percent in London, following a 5 percent drop on Tuesday, on worries that the energy giant will have to suspend its dividend payment under pressure from U.S. politicians who say it should go to pay for legal claims and environmental damage in the Gulf.

[Oilfield Insurance Costs to Rise After BP, ONGC Says](#)

(Bloomberg) -- Insurance costs for oil companies are set to rise “exponentially” after the BP Plc spill, the worst oil leak in U.S. history, the chairman of India’s biggest energy explorer said.

“This spill is going to be a game changer,” R.S. Sharma of Oil & Natural Gas Corp. told reporters today in New Delhi where he was attending a conference. “Insurance costs are going to go up exponentially around the world.”

[Jeff Rubin: Gulf oil disaster doesn't make the tar sands green](#)

It's funny how it's taken the worst ecological disaster in U.S. history to suddenly make other forms of oil extraction and processing look green. Only months ago, the carbon trail from the massive planned expansion of tar sands production made Canada a pariah at the world environmental summit in Copenhagen. But now tar sands producers and others are promoting tar sands oil as an ecologically friendly alternative to the environmental risks of another deep-water oil spill.

How low the bar has fallen.

[A Last Line of Defense? National Parks at Sea](#)

Today is World Oceans Day, an occasion to pay homage to the seas — perhaps a sober occasion, in view of the catastrophic oil spill in the Gulf of Mexico.

Now, a group of scientists are calling for world leaders to create more marine reserves like the Great Barrier Reef of Australia — national parks at sea, as they put it. In a statement issued Tuesday and signed by nearly 250 scientists from 35 countries, they asked lawmakers around the globe to consider designating vast reserves of the ocean as protected areas.

[Will disaster in Gulf change our attitudes about fossil fuels?](#)

But peak oil is more than shrinking geologic reservoirs. Peak oil is also reflected in the desperate act of trying to meet growing demand with blatantly unsafe methods. Imagine a nuclear power plant with one coolant system to contain an accident. Today, this is illegal and unethical practice.

Imagine a deep-water oil well with a "fail-safe" relief well available 16 weeks down the road at the earliest. All existing deep-water oil wells need to be immediately shut down while their owners install relief wells.

This precaution is a necessary cost of production even if it forces the price of gasoline to levels not yet experienced.

[Maximize your EROEI](#)

Energy Return on Energy Invested (EROEI) or Net Energy Productivity, is the ratio of energy that comes out of a system, divided by the energy put into it. I was fascinated with comparing pre-industrial with the industrial agriculture and food systems.

Pre-industrial systems showed an EROEI of five to fifty. That is to say that for every unit of energy put into the system, between five and fifty units came out. In pre-industrial agriculture, that energy was human labour, draft animals, tools, and seeds saved from previous crops.

The high end of the scale was an intensively managed and layered system, like paddy rice. The low end was simple subsistence agriculture. To me, the interesting thing was that agriculture systems did not go lower than five units out per unit in. My guess is that an agricultural system that produced less than five units literally "starved out"; it didn't yield enough surplus energy to have a reserve for bad harvests or to raise the next generation.

By contrast, industrial agriculture — with its fertilizers, pesticides, diesel fuel, big machines, transport, processing and distribution networks — has an EROEI of zero point one. In other words, ten units of energy are used in the system to get one unit of energy to the table. Industrial agriculture is a system for converting petroleum into food in an extremely wasteful fashion.

[Marin Man Cashing In on Oil Fears](#)

"Peak Oil" is the catchy phrase to describe the point at which oil is cheapest and most available before the inevitable downward spiral in reserves -- taking the economy, and possibly civilization as we know it, along for the ride.

Scenes like the ones we see every night on television from the Gulf of Mexico have become great publicity for "peak oil" preparedness peddlers.

[EIA Lowers Oil Supply Estimates](#)

Noted energy economist and editor of *Energy World Profits* advisory service Gregor Macdonald has been questioning the EIA's overly optimistic production estimates for years.

"You will recall the story that the EIA had either been fudging data or at the very least downplaying data, in an effort to diminish the urgency of peak oil," said Macdonald. "The forecasting of the EIA has been abysmal this decade. The actual growth of global crude oil supply compared to their forecasts has been so far off the mark that the agency probably shouldn't have even bothered to produce forecasts."

[The International Energy Outlook Is Bullish for Canada](#)

On May 25 the EIA published highlights from its forthcoming International Energy Outlook 2010 (IEO). (The full report will be released in July.) The data and forecasts released last month reveal a startling shift in the EIA's position in the "Peak Oil" debate.

As recently as 2007 the EIA estimated oil supplies would increase largely in step with demand. But the new IEO predicts that through 2020, a period during which China will hit its economic growth stride, no year in which liquids production will increase by even 1 percent. Petroleum liquids supply increases by an average of 0.6 percent per year from 2011 to 2020. In other words, the EIA is expecting the oil supply to be essentially flat for the rest of the decade.

[The EIA's oil production optimism peaks](#)

Has the US Energy Information Agency, traditionally one of the more bullish of the long-term forecasters on oil production, changed its tune?

Steven Kopits of energy consultants Douglas-Westwood (and sometime FT ES reader), thinks so — particularly with its forecasts out to 2020.

[Why Shifting to Natural Gas Won't Reduce Energy Prices](#)

In the recent past, the switch to natural gas has been argued as a means by which to blaze a path towards cleaner air, less foreign oil dependency and lower energy costs. However, benefits expected from a shift to natural gas are not likely to pan out.

[Peru Regains Fuel Exporter Status as Country Lures \\$9 Billion](#)

(Bloomberg) -- Peru, a net fuel importer for the past four decades, is set to become an exporter as Repsol YPF SA and Petroleo Brasileiro SA lead \$9 billion of investments in oil and natural gas projects, an industry group said.

[Two Killed in Second Fatal Texas Gas Pipeline Blast in Two Days](#)

(Bloomberg) -- Two people were killed and three injured after a natural gas pipeline exploded in the Texas Panhandle, the second deadly blast in the state in as many days.

[Russia becomes leading oil producer, BP says](#)

Russia overtook Saudi Arabia to become the world's leading oil producer in 2009, while global oil consumption fell the most since 1982, BP has said.

According to the oil giant's latest Statistical Review of World Energy, Russia increased oil production by 1.5% in 2009, claiming a 12.9% market share.

Production in Saudi Arabia fell 10.6%, giving the country a 12% market share.

[Coal's Share of Energy Use Rises as Natural Gas Falls, BP Says](#)

(Bloomberg) -- Coal's share of global energy consumption rose last year to its highest level since 1970 as use of natural gas fell the most on record, BP Plc said.

Coal accounted for 29 percent of world energy use, BP said in its annual Statistical Review of World Energy, released today. The report measures consumption of oil, gas, coal, nuclear energy and hydro electricity. Global consumption fell 1.3 percent in 2009 to 11.16 billion metric tons of oil equivalent, the first decline since 1982, BP said.

[Dirty Illinois Coal Revived by Mining Deaths, Obama Crackdown](#)

(Bloomberg) -- Coal has been cruel to Carlinville, Illinois, robbing it of hundreds of jobs

in the past two decades. Tragedy and tougher regulation in Appalachia promise to reverse those fortunes in a state where the unemployment rate hovers near a 26-year high.

Illinois coal, once considered too dirty to be burned by utilities, is on the rise after the worst U.S. coal disaster in 40 years. The April 5 blast at Massey Energy Co.'s Upper Big Branch mine in Montcoal, West Virginia, killed 29 workers.

[China reaps benefits of Iraq war](#)

"For China, oil security is largely about avoiding disruption to supplies and cushioning the effects of dramatic fluctuations in oil prices," said Barclays Capital oil analyst Amrita Sen. "Iraq has become an obvious target to secure the barrels of oil for future consumption."

From among the most outspoken of critics of the 2003 U.S.-led invasion to topple Saddam Hussein, China has emerged as one of the biggest economic beneficiaries of the war, snagging five lucrative deals. While Western firms were largely subdued in their interest in Iraq's recent oil auctions, China snapped up three contracts, shrugging off the security risks and the country's political instability for the promise of oil.

[Iran may face new sanctions](#)

The United Nations is moving forward with new sanctions that would expand an arms embargo against Iran and ban some travel to the Islamic nation if it refuses to honor agreements over its nuclear program.

The U.N. Security Council is set to vote today on whether to levy what the Obama administration is calling the toughest sanctions Iran has faced yet for its renegade nuclear program.

[U.S., France Urge Japan to Make India Nuke Deal, Nikkei Says](#)

(Bloomberg) -- U.S. and French officials are encouraging Japan to sign a nuclear agreement with India even though India isn't part of the Nuclear Nonproliferation Treaty, Nikkei English News reported, citing unnamed Japanese officials.

[Minnesota plant will produce fertilizer from wind](#)

MORRIS, Minn. (AP) — The winds sweeping across the Northern Plains could soon help farmers fertilize their crops of corn, wheat and sorghum.

Minnesota researchers have designed a \$3.75 million carbon-free system that uses wind power from a towering turbine to produce anhydrous ammonia, a common nitrogen-based fertilizer.

[Abengoa Joins Masdar, Total on Middle East's First Solar Plant](#)

(Bloomberg) -- Abengoa SA of Spain joined Total SA and Abu Dhabi's renewable energy company, Masdar, in building the Middle East's first major solar power plant.

[Amish Farming Draws Rare Government Scrutiny](#)

LANCASTER, Pa. — With simplicity as their credo, Amish farmers consume so little that some might consider them model environmental citizens.

“We are supposed to be stewards of the land,” said Matthew Stoltzfus, a 34-year-old dairy farmer and father of seven whose family, like many other Amish, shuns cars in favor of horse and buggy and lives without electricity. “It is our Christian duty.”

But farmers like Mr. Stoltzfus are facing growing scrutiny for agricultural practices that the federal government sees as environmentally destructive. Their cows generate heaps of manure that easily washes into streams and flows onward into the Chesapeake Bay.

[American Opinion on Climate Change Warms Up](#)

ScienceDaily — Public concern about global warming is once again on the rise, according to a national survey released June 8 by researchers at Yale and George Mason Universities. The results come as the U.S. Senate prepares to vote this week on a resolution to block the EPA from regulating carbon dioxide as a pollutant.

[Why Wait for a Climate Bill, GE Argues](#)

Given the dicey odds for congressional approval of climate legislation, at least in the near term, a company that sells equipment for reducing carbon dioxide emissions is promoting a new strategy: federal money for tactical planning.

That company would be General Electric, which makes equipment to remove carbon dioxide from coal through a gasification process and store it underground, preventing it from entering the atmosphere. Coal is the most carbon-rich fuel in common use.

[Fossil-Fuel Aid Cuts Would Lower CO2 Output 10%, OECD Says](#)

(Bloomberg) -- Reducing subsidies for oil, coal and natural gas has the potential to reduce greenhouse gas emissions by 10 percent and help countries meet their climate targets, the Organization of Economic Co-Operation and Development said.

[White House Threatens Veto of Move to Thwart E.P.A.](#)

The White House made clear on Tuesday what had been assumed for months – that it does not like a resolution sponsored by Senator Lisa Murkowski, Republican of Alaska, that would thwart the Environmental Protection Agency’s ability to regulate greenhouse gases.

The White House says that if the resolution, scheduled for debate and a vote on Thursday, reaches President Obama’s desk, his advisers will recommend that he veto it. That’s what is known as a veto threat and in this case it is not a bluff.

[Remember the Copenhagen Accord?](#)

Back in December, representatives of more than 190 nations gathered in Copenhagen under the auspices of the United Nations Framework Convention on Climate Change to debate the fate of the world. They did not agree on much, but at the end of two contentious weeks they produced a three-page document known as the Copenhagen accord [pdf]. Delegates did not formally adopt it; instead, they voted to “take note” of it.

Six months later, 133 nations have decided to “associate” with the pact, which sets some rather ill-defined goals for reducing greenhouse emissions and helping poorer nations adapt to anticipated changes in the global climate like rising sea levels. Signing on to the accord does not impose any legal requirements, but it does indicate that a country will work to achieve its modest goals in advance of the next United Nations climate summit, in Mexico in late November.

[New climate chief: 'no choice' but to take action](#)

BONN, Germany – The new U.N. climate chief says nations have no choice but to join forces to stop global warming, even after her predecessor said he doubts sufficient climate goals will be set by 2020.

[Climate Change Linked to Major Vegetation Shifts Worldwide](#)

ScienceDaily — Vegetation around the world is on the move, and climate change is the culprit, according to a new analysis of global vegetation shifts led by a University of California, Berkeley, ecologist in collaboration with researchers from the U.S. Department of Agriculture Forest Service.



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