



## Drumbeat: July 1, 2010

Posted by [Leanan](#) on July 1, 2010 - 9:24am

Topic: [Miscellaneous](#)

### [Steve LeVine: How I started a war with Russia](#)

Al Qaeda chose three strategic oil assets to attack -- two large Saudi Arabian refineries, two choke points in Southeast Asian sea lanes, and five refinery complexes in and near Houston. In all, the attacks immediately pulled 8 million barrels a day, or about 10 percent of global demand, off the market, and forced the rerouting of another 15 million barrels. Global oil prices spiked to \$250 a barrel, as the United States, the Saudi kingdom, and the rest of the world's major nations contemplated how to respond.

So went the scenario at the "[energy games](#)," a day-long role-playing exercise yesterday at the Heritage Foundation in Washington. Teams played China, the European Union, India, Iran, Japan, Russia, Saudi Arabia, various parts of the U.S. government, and of course al Qaeda. As a condition of playing -- I was on the European team -- I agreed not to identify the other participants. But suffice to say that those around me were a realistic bunch.

### [Debate Heats Up Over Oil Sands](#)

The debate is heating up over whether the Obama administration should approve a huge new pipeline called Keystone XL that would bring oil extracted from the earth in Alberta, Canada, all the way to Texas for refining. The State Department must grant approval for any transnational pipelines, based on the "national interest." And as we've written, politicians and citizens are divided over whether imported oil sands oil is in the national interest, and how energy needs should be balanced with environmental and safety concerns.

### [Colleges Atop Gas-Rich Shale Weigh Offers From Drillers](#)

Kevin Wilson can look around at the 270 acres on which Keystone College sits and imagine a different future for his small, impoverished institution. Mr. Wilson, vice president for finance and administration, foresees a time when drillers could put a handful of gas wells on the land, each of them yielding millions of dollars in royalties a year, for perhaps a couple of decades.

For a 142-year-old college with a \$7-million endowment, that kind of money could be "a

real game-changer," he says.

### [Chavez formalizes seizure of US-owned oil rigs](#)

Venezuelan President Hugo Chavez has issued a decree expropriating 11 oil rigs owned by U.S. driller Helmerich & Payne, which shut them down because the state oil company was behind on payments.

The government's "forced acquisition" of the rigs became effective Thursday with publication of the decree in the Official Gazette.

### [Shell's Vulcan mind meld returns](#)

The share price of Royal Dutch Shell's suddenly saw a ghost on Thursday afternoon.

### [FACTBOX-Key political risks to watch in Mexico](#)

(Reuters) - Raging drug violence, a tepid economic recovery, flagging momentum on economic reforms and declining oil output are all risks to watch for this year in Mexico, which needs to keep up investor confidence to maintain its debt ratings and emerge from recession.

### [Production of cheap electricity advised](#)

Sialkot—President Sialkot Chamber of Commerce and Industry (SCCI) Mohammad Ishaq Butt has said power shortage is badly hampering Pakistan's socio-economic growth. Talking to reporters here on Wednesday, he said power crisis had curtailed business activities.

### [Egypt among world's largest wheat importers](#)

A recent study on Egypt's food and energy crisis has revealed Egypt to be among the largest importers of wheat in the world.

### [India Food Inflation Drops to 8-Month Low, Manufacturing Slows](#)

(Bloomberg) -- India's food inflation rate dropped to an eight-month low and manufacturing growth slowed, driving benchmark bond yields to the least in three weeks.

The wholesale-price index of farm products fell to 12.92 percent in the week ended June 19 from a year earlier, the commerce ministry said in a statement in New Delhi. The Purchasing Managers' Index declined to 57.3 from 59 in May, according to HSBC Holdings Plc and Markit Economics.

### [We should have listened to Jimmy Carter](#)

Back in 1977, President Jimmy Carter declared that the need to revise the nation's energy policies was "the moral equivalent of war," and characterized the need to end our dependency on oil as "the greatest challenge our country will face during our lifetimes."

Failure to meet that challenge, he predicted, would result in "a national catastrophe."

We failed, of course, to meet the challenge; and now we are, indeed, facing a national catastrophe.

### [Deutsche Bank Says Feedstock 'Scary' For Bioenergy Financiers](#)

(Bloomberg) -- Deutsche Bank AG and renewable energy financiers say the supply and management of wood and other plant-based fuels is one of the biggest constraints to raising money for bioenergy power projects.

Power stations that burn plants to generate electricity and heat face potential feedstock price increases as well as storage, supply and transportation "challenges" that concern bankers, Paul Battelle, Deutsche Bank's director of renewable energy financing, said today in Brussels.

### [GM sales climb 11% in June](#)

NEW YORK (CNNMoney.com) -- General Motors' U.S. sales rebounded strongly from a year ago, when the automaker was in the midst of its bankruptcy reorganization, but fell from May's sales levels.

### [Behind the hype on Tesla](#)

On Tuesday, the day Tesla's shares started trading in extraordinary fashion, I opened the Wall Street Journal and saw the Nasdaq ad welcoming Tesla to public companyhood. In the two-thirds-of-a-page photo, a bald guy in sunglasses drives a red two-seater past a bucolic mountain scene with an array of windmills between the car and the peaks. "The car company that abandoned oil selects NASDAQ," reads the copy. Between the copy and the photo, the message is clear: Tesla won't foul the environment. It's as pure as the wind.

There's a big problem, however, with the imagery. Wind power represents about 3% of electricity production in the United States. Coal accounts for about 50%. So while Tesla drivers may pat themselves on the back because their cars don't emit foul greenhouse gases, half the electricity needed to charge the batteries that make the cars run comes from burning coal.

### [John Michael Greer: Merlin's time](#)

It's an appalling predicament: how can a community prepare for a troubled future if most people tune out even the slightest suggestion that it might be troubled? It's for this reason, seemingly, that many people in the peak oil scene have chosen to downplay the difficulties and insist that we can have a bright, happy, abundant future if we just pursue whatever baby steps toward sustainability we all find congenial. I've been assured by some of the people making such claims that they're perfectly aware that the situation is far more difficult and dangerous than that, but that the need to get as people involved in some kind of movement toward sustainability is so great, they say, that waffling on that point is as justified as it is necessary.

### [A few thoughts on sovereign debt](#)

Some commonsensical economists advocate a massive expansion of government deficits, not to bail out bankers, mind you, but to bail out the jobless, homeowners underwater on their fraudulent mortgages, and the hapless working poor suffering from cutbacks in social safety-nets. Creating growth from the bottom up and so re-powering the real economy. But this entails, in effect, mortgaging the future income of the entire country.

Yet many idealistic but no less commonsensical folks feel that we have an opportunity here to repudiate unsustainable growth. So what seems the most compassionate path may in the end create a deepening dependency on a heartless system, and what seems harsh and dreadful may open the way for a smaller, more convivial economy and world. Do we really want to get this global juggernaut, whose giant wheels are crushing so many, back in motion? What role does debt, especially sovereign debt, play in driving this economic megamachine?

### [Poland, Germany, Slovakia Delay Submitting EU Green Energy Plan](#)

(Bloomberg New Energy Finance) -- Poland, Germany and Slovakia are among the nations that missed yesterday's deadline for submitting plans to the European Union on how they'll comply with laws to encourage renewable energy.

### [The Good Driller Award](#)

Overlooked in this debate is the fact that regulators need carrots, not just sticks. That's why we should start rewarding companies that have exemplary safety records, exceed pollution standards and produce exceptional disaster response plans. Such incentives should never replace fines and penalties, which can often take years to work their way through the courts, but they could be a helpful complement.

### [Sue, baby, sue: Louisiana is up in arms about the ban on deepwater drilling](#)

IRONY surrounds the Obama administration's moratorium on deepwater drilling in the Gulf of Mexico. The people it presumably intends to protect—the residents of south Louisiana, whose fisheries and shorelines are being fouled by BP's still-gushing Macondo well, and the oilfield workers who could be at risk from another disaster—are probably its loudest critics. Nearly two out of three Americans support the ban, according to one recent poll, but gulf coast residents are split down the middle. And in Louisiana, where the energy industry is a mainstay of the economy, state leaders and opinion-makers have been nearly unanimous in opposing the moratorium.

### [Threatened whale sharks seen in Gulf oil spill](#)

NEW ORLEANS (AP) -- Whale sharks, the huge fish that feed by vacuuming the sea surface, have been seen in heavy oil a few miles from BP's spewing well in the Gulf of Mexico, a scientist said.

### [China may use export taxes to cull own industries](#)

China (Reuters) - China, which helped its heavy industry survive the financial crisis by lowering barriers to exports, is now considering hitting the same exports with a tax to discourage rampant production that uses too much energy.

Fan Jianping, a top government analyst, said China is likely to impose export taxes on steel and base metals and their products in the next five years and classify them as industries serving domestic consumption. The goal would be to limit production capacity and to cut energy use and carbon emissions.

### [Europe's soaring energy needs to be met by Libyan expansion](#)

ROME // Libya has big plans to expand its gas production, which could prove a boon for European countries.

“By 2025, the EU will need to find more than 300 billion cubic metres [a year] of extra gas to import,” Paolo Scaroni, the chief executive of the Italian energy conglomerate Eni, told the Libya Gas conference in Rome yesterday.

Significant demand would come as older European coal-fired and nuclear power plants

were replaced with facilities running on natural gas, Mr Scaroni said. European gas production was expected to fall.

### [Offshore drillers want their jobs back](#)

The oil industry is a \$150 billion-a-year business in the Gulf, slightly bigger than tourism and dwarfing the \$1 billion fishing industry.

With a government-imposed temporary ban on deep water drilling and permits for new shallow water wells stuck in limbo, roughnecks, roustabouts, and others in this field are nervous.

Their fear: When the wells they are currently drilling are finished, their jobs will disappear.

### [BP should say goodbye to its U.S. operations](#)

If you're charitable, you could call them value investors or opportunists. If you're not, grave dancers or bottom feeders would do. Whatever name you choose, there is no doubt they are eyeing BP in the same way a famished wolf eyes a fat wounded lamb. The takeover of BP could very well be the next phase of the sorry corporate saga that started on April 20, when the British oil giant's Deepwater Horizon rig went to the bottom of the Gulf of Mexico, triggering the worst oil blowout in American history.

### [BP could be ripe for takeover](#)

NEW YORK (CNNMoney.com) -- BP's stock price has fallen far enough for the oil company to become an attractive takeover target for its biggest rivals, according to industry analysts.

### [Odds are, BP gets a new CEO this year](#)

Odds are, BP's embattled chief executive Tony Hayward will be out of a job before the end of the year, an Irish bookmaker says.

The Paddy Power betting agency on Thursday quotes odds of 8-11 that Mr. Hayward won't last the year running the oil company, and even odds that he survives.

### [Black Landowners Fight to Reclaim Georgia Home](#)



In 1942, Harris Neck, a thriving community of black landowners who hunted, farmed and gathered oysters, was taken by the federal government to build an airstrip. Now, the elders — who remember barefoot childhoods spent climbing trees and waking to watch the Canada geese depart in formation — want to know why they cannot have it back.

The Harris Neck Land Trust, formed by the former residents, their descendants and a handful of white families who owned land but did not live on Harris Neck, is asking Congress to return the land. The Fish and Wildlife Service maintains that the land is a crucial part of the national refuge system.

### [A Simple Solution for Peak Oil and Global Warming](#)

I have now penned two *Simple Solution* books, one on Planet Earth and the second on Humanity (see icons below). Let me draw from the first one and provide just one simple solution to solve our energy/environment problem. But first, some background.

### [New Start for Schools, Fish and Human](#)

Last weekend I took the free ferry from the Battery Maritime Building in Manhattan to Governors Island. Within minutes, I was transported from the bustle of the city to a picturesque island that for two centuries served as a military base housing Army and Coast Guard officers.

Now a park managed in part by the National Park Service, the island feels spacious and uncrowded in a way that precious few places in the city do. So it is probably fitting that it will be the new home of the Urban Assembly Harbor School, a public high school that focuses on environmentalism and is using New York's waters as its living laboratory.

### [Govts face cost hurdle to halve CO2 by 2050 - IEA](#)

PARIS (Reuters) - Governments will have to grapple with sharply higher upfront costs to deploy clean energy technologies and halve carbon emissions by 2050, the International Energy Agency said on Thursday.

### [Prices rise as New Zealand passes emissions trading scheme](#)

The government has pressed ahead with plans to slash the nation's carbon output, despite widespread opposition and New Zealand's larger neighbour Australia shelving its own scheme.

Motorists were hit by a 3c (1.4p) rise in the price of a litre of petrol overnight, while householders face a 5 per cent increase in gas and electricity prices.

### [Oil Falls a Fourth Day After Unexpected Increase in U.S. Gasoline Supplies](#)

Crude oil fell for a fourth day in New York, the longest losing streak in seven weeks, amid concern the economic recovery in the U.S. and China will slow and curb demand in the world's two largest energy consumers.

Oil slumped to its lowest in two weeks as Hurricane Alex weakened to a Category 1 storm on its path over northeastern Mexico and forecasters said it could be further downgraded to a tropical storm by tomorrow. China's manufacturing expanded at a reduced pace for a second month in June, adding to signs the fastest-growing major economy is cooling.

### [Hurricane Alex Strikes Mexico, Heads Inland](#)

Hurricane Alex was downgraded to a tropical storm after it came ashore over northeastern Mexico from the Gulf of Mexico where it had shut down a quarter of oil production.

The earliest Atlantic hurricane since 1995 was packing maximum sustained winds of 70 miles (110 kilometers) per hour about 55 miles west of Ciudad Victoria, Mexico, the U.S. National Hurricane Center said in advisory posted on its website just before 7 a.m. Central Time. The storm, earlier a Category 2 system blowing at 100 mph, was heading west at 12 mph and will continue to move inland today, the center said.

### [China expands natural gas network](#)

China plans to expand natural gas storage facilities to all provinces except Tibet in the next few years to meet the surging demand, said Chi Guojing, Secretary General of China Gas Association.

CNPC, China's largest gas producer, and city gas distributors have prepared to establish storage facilities, according to Chi.

### [JX Nippon plans new LNG terminal](#)

Japanese refiner JX Nippon Oil & Energy is planning to build a liquefied natural gas receiving terminal in Kushiro, northern Japan, to tap projected growth in demand, especially from the industrial sector.



### [Pak hints India 'pulled out' of IPI due to US pressure](#)

Three months after signing a \$ 7.6 billion pact for a gas pipeline with Iran bilaterally, Pakistan has hinted that India had "pulled out" of the trilateral project under US pressure and said it could still join.

### [Belarus raises oil products transit tariff for Russia](#)

MINSK (Itar-Tass) - The pumping of Russian oil products through oil mainlines located in the territory of Belarus from now on will cost higher by about 12.7 percent. The republic on Thursday introduces a higher tariff for the services of oil products' transportation. The country's Economics Ministry adopted a resolution on raising the tariffs on April 29.

### [Investors Are Wary of Petrobras Sale](#)

Petrobras, the Brazilian energy giant, has taken a beating of late. But don't blame BP for it all.

While Petrobras is heavily into the deep-water business, its technical prowess at ferreting out hydrocarbons trapped in the ocean is world class. What is questionable is the firm's ability to withstand the Brazilian government's designs to make it an instrument of social policy, as highlighted by its huge coming stock sale and spending program.

### [India auction of oil, gas blocks fetches \\$1.1 billion](#)

NEW DELHI (AFP) – Companies have committed 1.1 billion dollars to explore for oil and gas in India's latest energy auction round, a statement said Wednesday, but the sum was shy of government hopes.

However, the government said it expects a much more enthusiastic response in its next auction thanks to a decision last week to allow petrol prices to be set by the market rather than the state.

### [Cambodia to pump oil in 2012](#)

PHNOM PENH - CAMBODIA said on Thursday it will begin pumping oil for the first time in December 2012 as it looks to tap the potential of its offshore reserves.

### [Interior Delays Offshore Expansion Hearings](#)

WASHINGTON — The Interior Department, preoccupied with its response to the BP oil leak in the Gulf of Mexico, said Wednesday that it was pushing back the date of public hearings on the administration's plan, announced before the disaster began, to expand offshore drilling.

### [BP Oil Spill To Become Largest Ever In Gulf](#)

BP's massive oil spill will become the largest ever in the Gulf of Mexico by Thursday based on the highest of the federal government's estimates, an ominous record that underscores the oil giant's dire need to halt the gusher.

The oil that's spewed for two and a half months from a blown-out well a mile under the sea is expected to surpass the 140 million gallon mark, eclipsing the record-setting Ixtoc I spill off Mexico's coast from 1979 to 1980. Even by the lower end of the government's estimates, at least 71.2 million gallons are in the Gulf.

### [Despite Gulf Leak, World Still Wants Deepwater Oil](#)

With crude still hemorrhaging into the Gulf of Mexico, deep-water drilling might seem taboo just now. In fact, extreme oil will likely be the new normal. Despite the gulf tragedy, the quest for oil and gas in the most difficult places on the planet is just getting underway. Prospecting proceeds apace in the ultra-deepwater reserves off the coasts of Ghana and Nigeria, the sulfur-laden depths of the Black Sea, and the tar sands of Venezuela's Orinoco Basin. Brazil's Petrobras, which already controls a quarter of global deepwater operations, is just starting to plumb its 9 to 15 billion barrels of proven reserves buried some four miles below the Atlantic.

### [Oily rain and cracks in the earth: Busting Gulf oil spill myths](#)

As the prospect of an active hurricane season adds a new dimension to the on-going BP Gulf oil spill disaster, on-line media is awash with rumors of impending worst-case scenarios for the region. Viral Internet myths range from a collapsing seabed to oily rain to contaminated seafood.

Here are a few oil spill myths and misconceptions, addressed by scientists, experts, and official sources:

### [Sites to stop Gulf oil leak near completion](#)

One of two relief wells being drilled to stop the Gulf oil spill is within about three football fields of intersecting the original, leaking pipe, and 15 feet off to the side, a BP spokesman said Wednesday. But it's still not expected to be finished before August: The

process becomes more delicate the closer the drill gets.

### [Allen retires from Coast Guard, remains on oil spill](#)

WASHINGTON (Reuters) – Coast Guard Admiral Thad Allen retired on Wednesday from his military position but will remain incident commander overseeing the government's response to the BP Plc oil spill in the Gulf of Mexico.

### [Manager of BP oil fund says not all claimants will be paid](#)

WASHINGTON (AFP) – The prominent US lawyer managing BP's 20-billion-dollar oil disaster fund said Wednesday not all claimants will be paid, especially some of those seeking compensation for falling houses prices.

### [Louisiana Governor Seals Oil-Spill Records](#)

Elected officials in Louisiana and members of the public seeking details on how Gov. Bobby Jindal and his administration fared in their own response to the disaster are out of luck: late last week, the governor vetoed an amendment to a state bill that would have made public all records from his office related to the oil spill.

### [BP enlists Washington elite to help image](#)

WASHINGTON — James Lee Witt, the former FEMA director who built his reputation responding to disasters, is poised to become the latest big name on a team of Washington insiders that BP has amassed to help it respond to the Gulf Coast oil spill, rescue its reputation and protect itself from lawsuits.

The list, which includes several prominent Democrats now working on behalf of a company responsible for the worst environmental disaster in the nation's history, is causing some unease — even in a city where power and influence are wielded and traded with ease.

### [Methane's hidden impact in Gulf oil spill](#)

Large quantities of methane released by BP's oil blowout aren't fouling beaches like the Gulf oil spill is, but could endanger a key link in the undersea food chain.

### [BP Kills Turtles in Oil Containment Burns, Lawsuit Says](#)

Endangered sea turtles are being killed in BP Plc's "controlled burns" in the Gulf of Mexico by getting trapped inside the booms the company uses to collect spilled oil, wildlife activists said in a lawsuit.

London-based BP, which is struggling to control the largest spill in U.S. history, should be forced to stop the burns or ensure no turtles are caught inside the floating "corrals" before the oil is ignited, the environmentalists said in the suit. BP's killing of the turtles constitutes an illegal "taking" of an endangered species under environmental laws, they claim.

### [Some 70,000 turtle eggs to be whisked far from oil](#)

PENSACOLA BEACH, Florida (AP) — An effort to save thousands of sea turtle hatchlings from dying in the oily Gulf of Mexico will begin in the coming weeks in a desperate attempt to keep an entire generation of threatened species from vanishing.

The U.S. Fish and Wildlife Service will coordinate the plan, which calls for collecting about 70,000 turtle eggs in up to 800 nests buried in the sand across Florida Panhandle and Alabama beaches.

### [The E.P.A. on Dispersants: Cure Is Not Worse Than the Disease](#)

Initial tests of Corexit, the oil dispersant that BP is using in the Gulf of Mexico, and of competing products finds that the dispersants range from "practically nontoxic" to "slightly toxic," the Environmental Protection Agency says.

### [Afghanistan war toll hits high mark](#)

WASHINGTON — Coalition forces killed in Afghanistan topped 100 in June, the war's highest monthly toll and approaching some of the deadliest months in the Iraq war.

The deaths of 102 servicemembers included a record 59 Americans. Nine of the 46 nations in the U.S.-led coalition suffered fatalities, the most countries to lose troops since the conflict began nearly nine years ago.

### [The real Gulf BP oil crisis could be peak oil production](#)

The real Gulf of Mexico and BP oil crisis could be peak oil production which maybe starting to rear it's head at BP's Thunder Horse oil platform that was supposed to extract a billion barrels of oil at a rate of 250,000 barrels a day.

Oil production at the Gulf's Thunder Horse began in May 2008 and by the end of 2008

had reached 170,000 barrels per day. Then something unexpected happened, instead of oil production increasing to the rated 250,000 barrels daily, oil production began to drop at 2 to 3 percent each month so by the end of 2009 production was down to 60 or 70,000 barrels per day.

As BP is under no obligation to tell us what is going on at the Thunder Horse oil well, little news other than mandatory federal production reports have been released.

### [Loan Giants Threaten Energy-Efficiency Programs](#)

Fannie Mae and Freddie Mac may not accept home loans if consumers take advantage of energy-efficiency programs.

### [Petrolheads steer for green track](#)

I don't want to get carried away here, but what you have with the F1 brains trust is a kind of mini-Manhattan Project for auto engines. Set a demanding goal, provide a major pot of money and point enough brainy people in the right direction, and you stand a good chance of making it work - that's the theory, anyway.

It might seem a less purist approach to cutting carbon emissions than signing a global treaty on the subject, but that doesn't mean it won't bring in real savings - and even if you're not in the anthropogenic climate change camp, you might still appreciate the idea for the delay it will would bring to the onset of peak oil.

### [Blimps could replace aircraft in freight transport, say scientists](#)

Fresh fruit, vegetables, flowers and other foreign luxuries could be part of a global revolution by carrying cargo around the world in airships instead of planes, one of the UK's leading scientists has predicted.

The government's former chief scientific adviser, Professor Sir David King, now director of the Smith School of Enterprise and Environment at the University of Oxford, told a conference that massive helium balloons – or blimps – would replace aircraft as a key part of the global trade network as a way of cutting global warming emissions.

### [Reducing the US carbon footprint, toe by toe](#)

The best hope for a climate-change bill this year is one that would mandate use of alternative energy sources for electric utilities. Many states are already doing this, and Congress should follow – especially when it can't lead on global warming.

### [Delaware environment: Rising sea levels threaten coast](#)

At the height of a nor'easter last November, waves broke through the dunes at Indian River Inlet and flooded Del. 1.

Further inland, at Oak Orchard and Riverdale, flooding was significant.

And to the north, along Delaware Bay, the rushing water ripped across the sand, inundating the nearby marshes in many areas.

But here is the worst of it: "That is going to become the new normal," said Collin O'Mara, state secretary of natural resources and environmental control.

### [Indonesia's last glacier will melt within years](#)

JAKARTA, Indonesia — Lonnie Thompson spent years preparing for his expedition to the remote, mist-shrouded mountains of eastern Indonesia, hoping to chronicle the affect of global warming on the last remaining glacier in the Pacific. He's worried he got there too late.

Even as he pitched his tent on top of Puncak Jaya, the ice was melting beneath him.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).