



Drumbeat: October 29, 2010

Posted by [Leanan](#) on October 29, 2010 - 9:18am

Topic: [Miscellaneous](#)

[Brazil Says Offshore Oil Field May be Americas' Biggest Find in 34 Years](#)

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nies, the scariest thing to emerge from BP's oil spill in the Gulf of Mexico may be the Office of Natural Resources Revenue, a federal agency that can levy penalties of hundreds of millions of dollars.

The Interior Department has shut the Minerals Management Service, or MMS, which was faulted for coziness with industry that bordered on corruption.

MMS is being replaced by three new agencies, the first of which opened for business on 1 October and collects royalties generated by oil and gas companies drilling on federal leases.

[Replying to Report, Halliburton Says BP Is to Blame in Gulf](#)

WASHINGTON — Halliburton, whose failed cement job on the BP well in the Gulf of Mexico was identified as a contributing factor to the deadly blowout by a presidential investigative panel on Thursday, is defending its work and assigning the blame for the accident to BP.

In a six-page statement issued late Thursday night, Halliburton questioned tests that showed its cement to be unstable and incapable of holding back the oil and gas in the well, saying they were conducted on different formulas than what was eventually used on BP's doomed Macondo well. It said that a sample of the cement it planned to use on the well, tested shortly before pumping began on April 19, had produced a positive result.

[Chevron 3Q profit slips 2 pct](#)

NEW YORK — Chevron Corp. said Friday income slipped nearly 2 percent in the third quarter on costs related to the Gulf of Mexico drilling moratorium and hefty foreign exchange charges.

[Why the Peak in Peak Oil is a Myth](#)

My question for you to consider is, at what price will peak oil occur? This may seem like an interesting question to ask but it plays a crucial role in understanding how the future will play out. Now price will obviously play a critical role in the peak oil debate. This is because as the oil (or gas) price increases so does the quantity of recoverable reserves AT THAT PRICE. In other words, as the price goes up, more and more marginal reserves become economic further pushing the peak oil problem into the future. We see this all the time as oil companies can book more or less of their production tail depending on the forecast prices. In many instances, wellbores that have been shut in can be restarted as the oil price increases.

[Brazil Says Offshore Oil Field May be Americas' Biggest Find in 34 Years](#)

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[Pemex Increases Chicontepec Output Estimate for 2011](#)

Bloomberg) -- Petroleos Mexicanos, Latin America's largest oil producer, increased its estimate for Chicontepec's 2011 production to "around 70,000" barrels a day, 15 percent higher than the previous forecast.

The oil company based in Mexico City "will continue increasing production" after it reaches the new output estimate, Carlos Morales, the company's head of exploration and production, said today on a conference call with investors.

[Analysis: Unconventional Onshore Plays Still Center of Energy M&A Activity](#)

According to Deloitte's Oil & Gas Mergers and Acquisitions (M&A) Report for Mid-Year 2010, exploration and production (E&P) transactions continue to make up the majority of merger and acquisition activity in the oil and gas industry, comprising 76 percent of all oil and gas transactions in the first half of 2010. The center of M&A activity is the rapid rise of natural gas E&P in unconventional formations onshore.

[Canada's Hibernia oil field bigger than thought](#)

(Reuters) - Regulators in the Canadian province of Newfoundland boosted their reserves estimate for the Hibernia oil field off the province's Atlantic Coast by 12 percent on Friday.

The Canada-Newfoundland and Labrador Offshore Petroleum Board said Hibernia, Canada's largest producing offshore oil project, contains 1.395 billion barrels of oil, an increase of 151 million barrels from the previous 2006 estimate.

[U.S. natgas rig count climbs 2 to 967 - Baker Hughes](#)

NEW YORK (Reuters) - The number of rigs drilling for natural gas in the United States rose by two this week to 967, its first gain in three weeks, according to a report on Friday by oil services firm Baker Hughes in Houston.

The gas directed rig count hit 992 in mid-August, its highest level since February 2009 when there were 1,018 rigs drilling for gas.

[Lower 48 US Aug natgas output up from July-EIA](#)

NEW YORK (Reuters) - Gross natural gas production in August in the lower 48 U.S. states rose 1.8 percent from upwardly revised July output, according to data released Friday by the U.S. Energy Information Administration.

[Why Producers Aren't Hedging Natural Gas](#)

Natural gas prices in Canada are so low that end users are now trying to seduce producers to hedge, so they can lock in longer term low prices. But few producers are keen to lock in long term losses.

['Ideally, renewable energy should not be subsidised'](#)

Ideally, renewable energy should not be subsidized at all. In the long run society cannot

and should not subsidize energy supply. In the short run, there are good reasons to support research on the development of new technologies. But the most important policy tool to support renewable energy will be taxation on fossil fuels.

[Turkey nuclear deal nears end with high-level talks](#)

The nuclear contract Korea hopes to sign with Turkey seems imminent as the two governments held a two-day, high-level negotiating session in Ankara on Thursday and Friday. According to the Knowledge Economy Ministry, the talks that could lead to the signing of an intergovernmental agreement were led by Korea's Vice Minister of Knowledge Economy Park Young-june and Turkey's Vice Minister of Energy Metin Kilci.

[German Industry Feels Rare-Earth Metals Squeeze](#)

Worries over a bottleneck in rare-earth metals from China, which are needed in the production of high-tech equipment, have dominated a conference on raw materials in Berlin this week. Beijing says export quotas are almost filled for the year. German Economics Minister Rainer Brüderle has called for more recycling and greater cooperation between the EU and the US to fill the gap.

German Economics Minister Rainer Brüderle told industrial and financial heads in Berlin on Tuesday that Chinese restrictions on rare-earth metal exports have started to weigh on the German economy.

[The approaching electricity crisis](#)

It appears that, come January, we'll not only face continually rising electricity prices, but we'll also be much more likely to have unreliable electricity just as the winter storms come. When you add the expected loss of jobs and household income, it appears that the EPA's greenhouse gas regulations will cause an electricity and economic crisis of epic proportions.

[At last, the wind of change is blowing in favour of local power](#)

It seems only minutes ago that it was a good and progressive thing to be local and active. Suddenly the wind has changed. A report on the energy industry, to be published next week, will reveal that the number of onshore wind farms to be granted planning permission dropped by a half in the 12 months to September. The problem, it seems, has been local activists who are not quite so progressive, after all; in fact, they might even be that terrible new thing, regressive.

[Why the government is making TV manufacturers disclose energy use](#)

Because my old-world-craftsman of an electrician hasn't yet shown up, I can't say for certain that my house's electrical problems were caused by my (currently inert) 55-inch Samsung. But according to the Environmental Protection Agency, this mother sucks down 187.54 kilowatt hours per year, which is more than one-third of what a refrigerator would. As big TVs go nowadays, that isn't even so bad! The EPA warns on its Energy Star site that "some of the largest, high resolution, direct view TVs (versus rear projection products) can use as *much* electricity each year as a new, conventional refrigerator, or roughly 500 kWh, every year."

[Wind Power Growth Slows to 2007 Levels](#)

In July, the American Wind Energy Association reported that it was having a lousy year. It appears the third quarter of 2010 wasn't much better.

According to an analysis to be released on Friday, the trade group reports having its slowest quarter since 2007, adding just 395 megawatts of wind power capacity.

For the year to date, new installations were down 72 percent.

[Halliburton Ordered to Turn Over Cement in Deepwater Horizon Spill Probe](#)

Halliburton Co. was ordered to turn over cement used on the Deepwater Horizon project in connection with a probe into the cause of the Gulf of Mexico oil spill. The order was given by a federal judge in New Orleans on Oct. 27.

The release of the court order today follows yesterday's National Oil Commission report that Halliburton cement used on the BP Plc well in April was unstable but used anyway.

[TIMELINE - Gulf of Mexico oil spill](#)

REUTERS - Here is a timeline on the Gulf of Mexico oil spill and its impact since an explosion on a rig killed 11 workers unleashing the worst oil spill in U.S. history.

[Airlines haven't been this profitable since 1978](#)

For an industry that's supposed to be suppressed in times of economic downturn, that's incredibly good. Good for the corporations and shareholders, that is. Average consumers, meanwhile, should be concerned. Because the profits aren't stemming from more people are buying plane tickets -- rather, it's that plane tickets cost more money to buy.

Some historical context: This is the airline industry's best quarter since 1978. Back then, Pan Am and TWA still ruled the skies, JetBlue and AirTran didn't exist, and Capt. Sully was flying an F-4 Phantom II in the Air Force. It was a different era of commercial flight.

[Tesla reopening in Fremont is a very good thing](#)

Nearly seven months after the last Toyota Corolla rolled off the assembly line, the venerable auto manufacturing plant along Interstate 880 is back in business.

Tesla's reopening of the Fremont facility for the assembly of its electric cars was the first step in what could be a renaissance of old-fashioned blue-collar jobs and the emergence of 21st century clean technology.

['Vertical Farm' envisions tall future for farming](#)

DETROIT – A new book by an urban agriculture visionary aims to change the way people think about farming, offering a look into a future where city skyscrapers — not rural fields — produce the world's food.

In "The Vertical Farm," Dickson Despommier challenges the notion that plants should be grown in soil, advocating for developing and investing in big projects using hydroponic greenhouses and other indoor growing technology in cities.

[Trillions necessary to maintain Russia's oil production](#)

The new figure of 505 million tons a year will largely be met by existing production regions, according to energy minister Sergei Shmatko.

But come 2020 further growth will only be possible through new deposits and technologies, Putin warned, raising the spectre of peak oil production in the mid-term future.

However, the investment necessary is the industry is to keep up with the current production levels is more than 8.6 trillion roubles, Putin said, admitting that the tax regime had to be changed.

[Dubai Faces Environmental Problems After Growth](#)

DUBAI — Dubai's skyline is the most sparkling in the Middle East. But down on the ground, the environmental problems of a quickly erected city built on sand look a lot less

alluring.

In the last year, tourists have swum amid raw sewage in Dubai's slice of the Persian Gulf. The purifying of seawater to feed taps and fountains is raising salinity levels. And despite sitting on vast oil reserves, the region is running out of energy sources to support its rich lifestyle.

The simple basics of waste treatment and providing fresh water, in addition to running major industrial projects, require so much electricity that the region is turning to a nuclear future, raising questions about the risks, both environmental and political, of relying in part on a technology vulnerable to accidents and terrorist attacks.

[Oil drops below \\$82 ahead of Fed moves, US vote](#)

"Too aggressive a course of quantitative easing would launch commodities prices ever higher," Cameron Hanover said in a report. "Corporate profits had been one of the bright spots in an otherwise anemic economic recovery."

"Almost everything depends on what the Fed does next Wednesday."

[Big Oil: Good Deal](#)

Depleting, unreplenishable reserves. A continual challenge for oil companies is to find more oil - especially in an environment where drilling is suspect, "peak oil" (the earth running out of oil) is a concern, and governmental protectionism is growing.

These concerns are largely the reason why this industry is chock-full of companies trading at low price-to-earnings levels and high cash-flow yields.

[Poland and Russia do a deal](#)

Poland and Russia have finally sealed an accord that will see Russian gas imports to the country increase.

Today's deal came after the European Union intervened to guarantee other countries will have access to a pipeline carrying the gas.

[Report of resumption of East China Sea negotiation with Japan refuted](#)

HANOI - China on Friday refuted the report that said it agreed to resume negotiation with Japan on the exploration of oil and gas fields in East China Sea, during a meeting between the two countries' foreign ministers.

[SCSU professor eyes oil deposits in study](#)

Professor Juan Fedele is leading the research at St. Cloud State with the help of grants from Exxon Mobil. And while his research is helping answer just one question in the complex search for deepwater oil and gas reserves, it's part of a trend that has seen exploration at deeper depths for an increasingly precious commodity.

"Deepwater is basically our last frontier," said Richard Heinberg, senior fellow-in-residence at the Post Carbon Institute. "We've gone about oil extraction using the low-hanging fruit principle. That means we went after the highest quantity with the lowest cost resources first."

[Scientists to see if oil spill hurt deep sea life](#)

NEW ORLEANS – A team of scientists are leaving on a research cruise to see if the BP oil spill hurt deep-sea coral and organisms that live around natural oil and gas seeps in the Gulf of Mexico.

It's counterintuitive, but scientists say an oil spill could hurt organisms such as tube worms and mussels that eat oil, gas and hydrogen sulfide gushing from natural oil and gas seeps. That's because these organisms can die if oil settles on them from above.

[Rare earth recycling](#)

Electronics recycling might just have become a lot more appealing this year.

Why? Because anything that has computer technology in it must contain rare earths, and the world's rare earth supply is not as free-flowing as it used to be.

[China Is Said to Resume Shipping Rare Earth Minerals](#)

BAOTOU, China — The Chinese government on Thursday abruptly ended its unannounced export embargo on crucial rare earth minerals to the United States, Europe and Japan, four industry officials said.

[Corn's Gain to Two-Year High Fails to Curb Ethanol Profit](#)

A combination of increased ethanol usage, higher prices for dried distillers grains -- a byproduct of the fermentation process -- and natural gas costs near a 13-month low are

benefitting ethanol refiners. The fuel jumped 19 percent this year, the second-best energy investment after coal, which has gained 34 percent. Corn, the main feedstock, rose 40 percent.

[New reports reinforce need to expand biofuel production](#)

Given the latest news from two government reports, we need to start changing the “drill baby drill” chant to “distill baby distill.” One study, from the Department of Energy’s Oak Ridge National Laboratory recently concluded in a soon-to-be-published paper, that indirect land use change (ILUC) resulting from expanded corn ethanol production over the past decade has likely been “minimal to zero.” A second study by the U.S. Geological Survey (USGS) revised downward by 90 percent oil reserves in the National Petroleum Reserve in Alaska from a 2002 estimate of 10.6 billion barrels to slightly under 900 million barrels today.

[Commodity spike seen boosting food costs in 2011](#)

Consumers are enjoying the lowest food-price inflation in nearly two decades, but the skyrocketing prices of corn and other commodities is expected to take a bigger bite out of paychecks in 2011, according to the government. Food

costs are expected to rise 2 to 3 percent in 2011, which would be the largest jump since the 5.5 percent increase in 2008, the last year there was a big jump in the price of corn and other commodities. The price jump in 2008 brought a torrent of criticism on federal biofuel policies.

[Nitrogen independence crucial to sustainability](#)

As our community prepares for life after peak oil, our local food and farming systems are receiving lots of attention. Given our climate and soils, we could produce a diversity of crops to supply our food and fuel needs. But where do the nutrients to grow these crops come from, and is the supply sustainable? These are just two of the questions that must be addressed to ensure the long-term sustainability of agriculture in our region.

[In Close Proximity: Relocalization to the rescue](#)

Civilized man was nearly always able to become master of his environment temporarily. His chief troubles came from his delusions that his temporary mastership was permanent. He thought of himself as 'master of the world,' while failing to understand fully the laws of nature.

-- Tom Dale and Vernon Carter, "Topsoil and Civilization," 1955

Our delusional sense of permanent mastership over the environment accelerated dramatically with the creation of the first American oil company in 1854.

[Bay Area Maps Out Bike-Sharing Effort](#)

The San Francisco Bay area, long a center of cycling aficionados and Zipcar enthusiasts, is about to play host to a \$7 million pilot bike-sharing program that will blend the two popular commuting alternatives.

[Medvedev to Oversee Deals on Nuclear Plant, BP Assets During Vietnam Trip](#)

Russia plans to build Vietnam's first nuclear power plant and buy BP Plc's assets in the Southeast Asian country as President Dmitry Medvedev travels to Hanoi seeking to revive ties with the former Soviet ally.

[Solar Power Projects Face Potential Hurdles](#)

The Ivanpah plant is the first of nine multibillion-dollar solar farms in California and Arizona that are expected to begin construction before the end of the year as developers race to qualify for tens of billions of dollars in federal grants and loan guarantees that are about to expire. The new plants will generate nearly 4,000 megawatts of electricity if built — enough to power three million homes.

But this first wave may very well be the last for a long time, according to industry executives. Without continued government incentives that vastly reduce the risks to investors, solar companies planning another dozen or so plants say they may not be able to raise enough capital to proceed.

[Is B.C.'s sockeye boom a one-off?](#)

In 2009, about 11 million sockeye were expected, but barely one million showed up, sending economic and cultural shockwaves along the coast as commercial, sport and aboriginal fisheries closed.

The disaster of 2009, which came after three years of poor returns, was seen by many as the end of salmon on what had been the world's most productive rivers.

But then everything changed, and 35 million sockeye came streaming back to the river this summer and fall.

[French climategate ends with sceptic's humiliation](#)

Allegre's objections to man-made climate change may sound vaguely scientific, but in

fact his book was riddled with basic errors and he insulted prominent scientists, calling them "religious fanatics", "Marxists" and "mediocre scientists".

One highlight was a graph he personally redrew to suit his argument. Hakan Grudd, the scientist who created the original graph, called Allegre's behaviour "unethical".

[Check Out Gorgeous Photos Of How London Will Look After A Global Warming Crisis](#)

A shantytown grows around Buckingham Palace.



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