

Drumbeat: December 20, 2010

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A Physicist Solves the City

West illustrates the problem by translating human life into watts. "A human being at rest runs on 90 watts," he says. "That's how much power you need just to lie down. And if you're a hunter-gatherer and you live in the Amazon, you'll need about 250 watts. That's how much energy it takes to run about and find food. So how much energy does our lifestyle [in America] require? Well, when you add up all our calories and then you add up the energy needed to run the computer and the air-conditioner, you get an incredibly large number, somewhere around 11,000 watts. Now you can ask yourself: What kind of animal requires 11,000 watts to live? And what you find is that we have created a lifestyle where we need more watts than a blue whale. We require more energy than the biggest animal that has ever existed. That is why our lifestyle is unsustainable. We can't have seven billion blue whales on this planet. It's not even clear that we can afford to have 300 million blue whales."

The historian Lewis Mumford described the rise of the megalopolis as "the last stage in the classical cycle of civilization," which would end with "complete disruption and downfall." In his more pessimistic moods, West seems to agree: he knows that nothing can trend upward forever. In fact, West sees human history as defined by this constant tension between expansion and scarcity, between the relentless growth made possible by cities and the limited resources that hold our growth back. "The only thing that stops the superlinear equations is when we run out of something we need," West says. "And so the growth slows down. If nothing else changes, the system will eventually start to collapse."

Oil hovers above \$88 amid light holiday trading

Analysts are mulling whether this year's strong global oil demand can carry over into 2011. Emerging markets, led by China, have accounted for most of the growth in oil consumption this year as the U.S. and Europe slowly recover from recession.

"The positive demand shock has continued relentlessly," Barclays Capital said in a report. Prices will likely rise "given the strength in underlying fundamentals and with macroeconomic sentiment continuing to improve."

Oil May `Break Out' Toward \$94 If Support at \$87 Holds: Technical Analysis

Crude oil, trading near the highest levels in two years, is likely to "break out" toward \$94 a barrel if prices hold above \$87 support, according to Chart Partners Group Ltd.

China Nov diesel imports jump as exports slump

BEIJING (Reuters) - China's exports of diesel slumped to the lowest monthly volume in almost two years in November, while imports of diesel and coal rose sharply as the country raced to cover shortages caused by a drive for energy efficiency.

China fuel stocks in first rise in 9 months -source

BEIJING (Reuters) - Combined inventories of gasoline, diesel and kerosene held by China's top two oil firms clawed back about 6 percent in November versus October, reversing declines in the previous eight months, as refiners raised productions to record rates, slashed exports and boosted imports to fight a diesel shortage.

Hedge Fund Bullish Gas Bets Collide With Dropping Prices

Hedge funds raised bullish bets on natural gas to a four-month high in the U.S. just as weather warmed, pushing heating fuel to its biggest weekly decline since August.

Commodities Rally Falters in Currency Futures as History Shows Dollar Wins

Speculators betting the commodities rally will continue into a third year are being confronted by currency investors wagering the dollar will strengthen in 2011. If history is any guide, the foreign-exchange market will win.

<u>Indian Oil sells Dec fuel oil; volumes highest in 5 yrs</u>

SINGAPORE (Reuters) - Indian Oil Corp. (IOC) sold almost four times its monthly average volume of fuel oil for December-loading, boosting availability at a time when Western arbitrage supplies were tight, traders said on Monday.

Russia to boost flows on China demand

Russia's oil exports via state oil pipeline monopoly Transneft will rise 3.8% to 410 million barrels next quarter as pipeline shipments to China start, according to reports.

Chevron shuts Nigeria oil pipeline after attack

LAGOS (Reuters) - U.S. energy firm Chevron said on Monday it had suspended

production from an oil pipeline in Nigeria's Delta state, which was breached on Friday. Chevron said it was investigating the damage to the Dibi-Abiteye pipeline, which feeds the Escravos oil stream, but did not comment on how much production would be lost.

Interactive: The Global Oil Diet

The United States is the third-largest producer of oil in the world, but it is by far the world's largest consumer of oil, using about twice as much oil as it produces. The highly-localized distribution of oil around the world and differences in regulatory approaches to drilling mean that among large economies there is enormous variation in the ratio of oil produced to oil consumed: Japan, Germany and South Korea must import practically all the oil that they use, while Canada and Russia are heavy users as well as net exporters of oil.

Shell Oil's Gamble: Will It Be Able to Drill in the Beaufort Sea?

Shell wants to drill at least one exploratory oil well north of Alaska in the Beaufort Sea in 2011. The company insists it can do it safely. Members of the Inupiat and Yupik Eskimo people who live in remote villages scattered through Alaska's Arctic region -- filled with tundra, lakes and sea ice -- are divided on whether to support the plan. They fear that potentially a big oil spill could kill off or drive away the whales, seals and walrus that make up much of their subsistence diet. But they're also afraid that if oil companies leave northern Alaska -- oil flow in the Alaska pipeline is down by two-thirds -- their land use tax money that pays for roads, homes and schools will disappear, too.

Osaka Gas to invest more than Y100 bil to acquire resources abroad

OSAKA — Osaka Gas Co will invest more than 100 billion yen by fiscal 2013 to acquire interests in resources such as gas fields abroad to boost its overseas operations at a time when the Japanese market is expected to shrink, company President Hiroshi Ozaki says.

With the planned investment, which includes one for contracts that have already been concluded, the company aims to enhance its revenue base by increasing the ratio of overseas business and stably secure liquefied natural gas.

Iran Cuts Energy Subsidies as Sanctions Take Toll, Gasoline Prices Soar

Iran started phasing out energy subsidies and replacing them with cash payments to the poor, under a five-year plan promoted by President Mahmoud Ahmadinejad as an "economic revolution."

... "The government is squeezed as it has never been before and is seeking to cut costs," Hossein Askari, professor of business and international affairs at the Elliott School of International Affairs at George Washington University in Washington, said in a phone interview before the cuts began.

<u>Irag's Crude Production to Advance 17% Early Next Year, Oil Minister Says</u>

Iraq forecast a 17 percent rise in oil output next year and invited companies from South Korea and Kazakhstan to sign immediately a delayed contract for the Akkas gas field, Oil Minister Hussain al-Shahristani said.

Iraq, holder of the world's fifth-largest oil reserves, wants foreign investors to help it boost production of crude and natural gas. Output of both has suffered from insurgent attacks and a lack of investment since Saddam Hussein's ouster in 2003. Seeking to end the stagnation, the government has awarded 12 oil contracts and three gas licences.

Sasol to Pay Talisman \$1.04 Billion for Stake in Canadian Shale Gas Assets

Sasol Ltd., the world's largest maker of motor fuels from coal, will pay C\$1.05 billion (\$1.04 billion) for a stake in Talisman Energy Inc.'s Canadian shale- gas assets and may build a motor-fuels plant in the country.

India May Import Less Thermal Coal Than Target; Hydro Power Output Rises

India's power-station coal imports may be 24 percent less than estimated by the nation's Planning Commission after the most rainfall in three years boosted electricity generation from water, reducing demand for the fuel.

Shortage fears spark rise in price at pumps

Fears that the Europe-wide cold spell could result in a shortage of oil has sparked higher prices on Irish forecourts.

A litre of petrol now costs an average 140.1c per litre, up 9c on last month -- more than double the 4c hike in the Budget.

<u>Sri Lanka: New electricity tariffs to affect Hotels, Ceramics, manufacturing industries and household income</u>

"The ceramic industry is highly energy intensive and energy costs generally constitute around 50 % of the total cost of production in most ceramic factories. The high cost of production at present in our country, has always been a disadvantage for Sri Lanka in comparison with our regional competitors." said the Ceramics Council in the statement.

Similarly, Sri Lanka's top hotels which were paying the subsidized 'industrial' rate had been put under a higher rate in the new proposed tariffs. The new hotels rate is

supposed to be at Rs.19.50 a unit which would lead top city hotels to pay extra Rs.120 million for power as per estimated figures.

Botswana faces acute fuel shortage

APA-(Gaborone) Botswana Diamond-rich Botswana on Monday was hit by acute shortage of fuel (diesel and petrol) of about 42% due to the planned maintenance shutdown of some of the refineries in South Africa and the reduced operational capacity of fuel pipeline at Tarlton Depot, South Africa, APA noted here.

Indonesia's Oil And Gas Revenues Predicted to Rise by Watchdog

Indonesian upstream oil and gas regulator BP Migas predicted oil and gas revenues would exceed the target set in the state budget for this year.

Qatar plans to build biggest helium processing plant

RAS LAFFAN, QATAR // Doomsayers have warned for decades that the world is exhausting its reserves of helium, a strategic gas that is rare on Earth due to its tendency to drift off into space.

Tiny Qatar is now riding to the rescue with a project to build the world's biggest plant for capturing and processing helium that would otherwise be wasted.

By lanternlight in rural Asia

When you travel in rural South Asia you see that in almost every unelectrified village there is a flourishing local trade in kerosene and kerosene lanterns for lighting, car batteries and battery-charging stations for small TV sets, dry cell batteries for radios, diesel fuel and diesel generator sets for shops and small businesses and appliances. It's common to spot people carrying jerricans or bottles of kerosene from the local shop, or a battery strapped to the back of a bicycle, being taken to the nearest charging station several kilometres away. People want the benefits that electricity can bring and will go out of their way, and spend relatively large amounts of their income, to get it. That represents the opportunity of providing power for energy appliances at the household level (LED lamps, cookstoves, solar- and human-powered products) and of community-level power generation systems (village bio-gasification, solar and small-scale hydro and wind power).

Why Egypt's power has dimmed

"Turkey has a democratically elected government that is liberal, open-minded and Western-oriented, so its rise has not been threatening to the West ... It's a model of

benign Islam," says Hilal Khashan, a political science professor at the American University of Beirut. "The decline of Egypt's role is largely self-inflicted, as Mubarak's authority is not democratic."

But democracy is not the only way to gain power. Qatar and the United Arab Emirates, sleepy desert backwaters in the 1960s, have built shiny city-states in the Gulf, spending oil and gas revenue freely on infrastructure installed almost from scratch.

British Police Detain 12 on Suspicion of Terrorism

LONDON — In the latest of several European terrorism alerts, the British police arrested 12 men before dawn on Monday in raids in three cities under counterterrorism laws — the biggest operation of its kind for months.

The action, designed "to ensure public safety," as the police put it, followed a suicide bombing in Sweden earlier this month and alarms in Germany over the reported threat of a terror attack modeled on the onslaught by gunmen in Mumbai.

The value of a nuclear Iran

There is something deliciously self-serving about Saudi exhortations for the US to act on Iran to prevent the rise of a new power in the Middle East, especially if the US were to step back and ask a tougher question about the role of "other snakes".

In case that is too obtuse, what I am referring to is the "snake" of religious terrorism, and in particular the problem of disaffected youth in predominantly Sunni kingdoms such as Saudi Arabia, Kuwait et al; as well as those in anarchies such as Iraq, Afghanistan and Pakistan. It is not entirely clear that the natural enemy of such youth is necessarily the Americans; more likely, it is the established order of the Middle East, where the wealth of nations is controlled by a bunch of aging monarchies.

Schwarzenegger could see himself in Washington

Once out of office, he said, he "has plans to go back to Washington with Secretary [George] Schultz and others" to push for a new approach to energy policy. He said the country needs to bring Democrats and Republicans together on energy policies that both sides can agree on in order to reduce dependence on foreign oil and become competitive, "rather than always talking about global warming, which turns some people off."

Schwarzenegger said he has credibility on that issue, and "people are very receptive when I talk about these things because I'm a Hummer driver ... not a tree hugger."

Peak Empire

This is a guest post from Gary, who presents data that indicate that the US military empire is already past its peak and may collapse suddenly. Gary uses a methodology for calculating peak empire that is similar to the Hubbert curve which successfully predicted Peak Oil for both the US and, more recently, the world.

Idea #1: The Green Hawks Are Coming

In fact admirals, generals and colonels have seen the enemy, and it's oil. They don't care if the stuff is bloody or dirty; they just want to get off pricey crude, asap.

They also believe that climate change, another byproduct of the Oil Age, poses a serious security threat to civilization, as we know it. Not surprisingly, people call these tough hombres, "the Green Hawks."

Peak Oil And Population Decline

A solution that is sometimes proposed for the dilemma of fossil-fuel decline is a global campaign for the humane implementation of rapid population decline (RPD). With all due respect for the attempt to find a satisfying answer to the question of overpopulation, such a proposal would conflict with the available data on the rate of decline in fossil fuels. The annual rate of population decline, in a civilization in which fossil fuels are the principal source of energy, must roughly equal that annual rate of fossil-fuel decline, which is probably about 6 percent (Höök, Hirsch, & Aleklett, 2009, June).

Our view on energy: Electric car market gets useful jump-start

One of the best arguments for tax breaks is that they helped get the hybrid market where it is today, along with gas prices and the fact that some states allowed hybrid drivers access to HOV lanes.

Those hybrid tax breaks have been phasing out as the law required — just as the tax breaks for electric cars are required to do. Electric cars must eventually live or die without government help.

Opposing view on energy: Subsidies? Just say no

The problem with electric vehicles can be summed up with one word: subsidies. Subsidies are prima facie evidence that consumers would not buy the product at its market price.

Honda Uses Toshiba Lithium-Ion Batteries in Test Version of Electric Car

Honda Motor Co. is using lithium-ion batteries made by Toshiba Corp. in a test version

of its electric car, expanding upon a supply agreement for electric scooters.

Germany's Renewable Energy Costs Threaten Public Support, ZEW Center Says

Popular acceptance of Germany's renewable energy drive is likely to weaken when households see the cost of subsidies in their power bills jump as much as fourfold, the ZEW Center for European Economic Research said.

First-Time Solar Producers May Imperil India's Push for Renewable Energy

India's first solar auction, planned to boost clean energy in the world's fourth-biggest polluter, may risk failure after winners were selected without experience or proof that they can keep projects afloat earning low margins.

In rural Minnesota, 11 school districts with 4-day weeks hope less doesn't mean lesser

It's not the first time Minnesota districts have shortened their weeks. According to the Education Department, four-day weeks were first tried during the 1970s, when the energy crisis created soaring fuel costs that cut into district budgets.

Madagascar Oil's stocks suspended after debut offering

The stock of Madagascar Oil has been suspended on London's AIM exchange, just three weeks after its debut in a £50 million (Dh285.52m) initial public offering.

The development is not only a setback for the company - a minnow that reported zero revenue and a small net loss last year - it could also threaten the broader outlook for developing east Africa's biggest known oil resource.

Frugal parents skip stores and swap online for kids' toys

To facilitate a swap, ThredUp provides a flat-rate shipping box a parent can fill with giveaways. The donor lists the contents of the box on the site, where the bundles are organized by age and gender. To claim a box, a user pays \$5 to ThredUp plus \$10.70 for shipping, and ThredUp e-mails the sender a prepaid shipping label. Members rate each other based on the quality of the stuff they receive.

The emphasis on convenience is a response to what Reinhart sees as "massive inefficiencies" in the used-clothing market. Parents are too busy to spend time "digging through the racks for those diamonds in the rough at Goodwill," he said.

Urgent Government Warning: The production of healthy food can seriously damage the health of the countryside. This is not a label many of us would like to see on our supermarket shelves. Yet, scientific research has shown that conventional farming practices in the UK are causing biodiversity fallout and greenhouse gas emissions.

Unless we change the way we farm in Scotland and the UK in the future, the rolling acres producing the country's food could cease to deliver what we ask of them.

2010 Extreme Weather: Deadliest Year In A Generation

This was the year the Earth struck back. Earthquakes, heat waves, floods, volcanoes, super typhoons, blizzards, landslides and droughts killed at least a quarter million people in 2010 – the deadliest year in more than a generation. More people were killed worldwide by natural disasters this year than have been killed in terrorism attacks in the past 40 years combined.

UN warning on severe weather due to climate change

As more snow this weekend immobilised parts of Britain the UN called for better preparation for severe weather in Europe.

The UN International Strategy for Disaster Reduction (UNISDR) says the experience of Europe's big cities this winter shows that the world may be under-prepared to deal with less predictable climate patterns.

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