



## Drumbeat: January 12, 2011

Posted by [Leanan](#) on January 12, 2011 - 10:13am

### [The Globe's Limitations: How Peak Oil Threatens Economic Growth](#)

In the second video in the series “Peak Oil and a Changing Climate” from *The Nation* and On The Earth productions, Richard Heinberg, senior fellow with the Post Carbon Institute, discusses how depleting oil supplies threaten the future of global economic growth. According to Heinberg, historically there has been a close correlation between increased energy consumption and economic growth. If the economy starts to recover after the financial crisis and there is an increased demand for oil but not enough supply to keep up with that demand, we may hit a ceiling on what the economy can do.

“What politician is going to be able to stand up in front of the American people and tell them the truth?” Heinberg asks. “Every politician is going to want to promise more economic growth and blame the lack of growth on the other political party.... The whole political system starts to get more and more polarized and more and more radical until it just comes apart at the seams.”

### [The Peak Oil Crisis: Civil Unrest](#)

The real problem, of course, is that without a continually growing source of cheap and abundant energy, such as that provided by fossil fuels, there will never again be significant economic growth in the sense to which we have become accustomed. It is inevitable that we are all going to get much poorer, in a material sense, and this is the great secret of our age that so far few have had the courage to express. The easier path has been Keynesian stimulation of the economy, government bailouts of what were held to be key financial and industrial institutions, and tax cuts to mollify those who believe all problems stem from taxes. These measures were accompanied by endless expressions of hope that things would soon be better.

However, as the real economic situation continues to deteriorate in the midst of so little appreciation of why it is happening, frustrations with the political system grows and grows. In America, we have now had a run of well over 100 years with minimal domestic unrest on the scale of the Civil or Indian wars. This, however, may not continue to be the case much longer. As unemployment grows and people see the standards of living they have always known slipping away, their frustrations can take many forms. Last November as a nation we threw out dozens of politicians and replaced them with new faces equally devoid of any comprehension of the problem or what we as a nation will have to do next in order to survive, much less prosper.

## [Analysis: Middle East Gas Demand Creates Supply Shortage Fear](#)

Growing domestic consumption of natural gas in the Middle East and a muted and delayed gas supply response has created growing concern that critical gas shortages will occur in many countries in the Middle East and North Africa (MENA) region, according to a Dec. 27 research report by Ali Aissaoui, senior consultant with Arab Petroleum Investments Corporation (APICORP).

While proved reserves are substantial and their dynamic life fairly long, "acceleration of depletion appears to have reached a critical rate for more than half our large sample of countries." Aissaoui noted that Iran, Kuwait, Saudi Arabia, Egypt and the United Arab Emirates (UAE) have continued to replace a large portion of their extracted reserves; however, Qatar, Yemen, Libya, Iraq, Tunisia, Bahrain, Algeria, Oman and Syria have failed to keep pace with production.

## [Corn pops again](#)

Corn is popping again, thanks to the latest report of dwindling grain supplies.

Corn futures rose 3% Wednesday after the U.S. Agriculture Department predicted corn stocks would fall to their lowest level since 1996.

The report is the latest sign of stretched food supplies at a time when developing country economic growth is fueling seemingly insatiable demand for agricultural goods. The United Nations warned last week of possible food riots as its food price index hit a new peak (see chart, right), above its bubbly 2008 level and doubling its value as recently as 2003.

## [At least 14 dead in Tunisian riots over rising food prices](#)

Fourteen civilians have been killed in clashes with Tunisian police, official media and the government said, in the worst violence in the country for decades.

The latest incidents, which took place in three towns and were reported on Sunday, were the deadliest in a wave of unrest which has lasted nearly a month.

## [How oil affects the price of peas in China](#)

Susilo Bambang Yudhoyono, the Indonesian president, has launched a national drive to encourage his countrymen to grow their own chilli peppers. The South Korean government has released emergency supplies of cabbage, pork, mackerel, radish and other staples as part of President Lee Myung-bak's war on inflation. This week, the Indian cabinet met to discuss the soaring price of onions, an issue reputed to have caused the downfall of two previous administrations. As in 2007-08, the topic of food inflation – even food security – has percolated to the very top of the political agenda.

## [The Future of Food Riots](#)

If all the food in the world were shared out evenly, there would be enough to go around. That has been true for centuries now: if food was scarce, the problem was that it wasn't in the right place, but there was no global shortage. However, that will not be true much longer.

## [Price rise likely as ethanol fuel shortage develops](#)

DRIVERS face a shortage of ethanol-blend fuels and the possible closure of pumps at service stations because of the Queensland floods.

The Australian Competition and Consumer Commission yesterday warned that crop losses and disruptions at processing plants could result in widespread shortages of blends such as E10, as well as an increase in price.

## [Australian Biofuels Association sees no ethanol shortage](#)

Singapore (Platts) - Australia's largest ethanol producer, Manildra, is running at more than 20% above its nameplate capacity, which should cover the shortfall created by the outages of the country's two other ethanol producers, Sucrogen and Dalby entirely, Heather Brodie, chief executive officer of the Biofuels Association of Australia, said Tuesday.

As such, the BAA says that there is no ethanol shortage in Australia.

## [Coast's food, fuel supplies drop](#)

VITAL supplies of petrol, fruit, vegetables and milk are running low on the Gold Coast as transport from Brisbane is cut by flooding.

Some service stations on the Gold Coast say they have enough supplies only until tonight and do not know where their next delivery will come from, while grocers say the supply of fresh food is running short.

## [Coal shortage threatens Qld power](#)

People across flood stricken south east Queensland are facing further electricity cuts, as power stations run low on coal stocks.

The floods have closed mines, and cut transport links; including rail lines, leaving power

stations struggling to get enough coal.

### [Pa. State Senator Introduces Marcellus Legislation](#)

State Sen. Gene Yaw said Tuesday that his main legislative accomplishments so far have been in introducing bills related to Marcellus Shale drilling and getting them passed, and he said that will continue to be the main focus of his work in the coming year.

### [Incoming Pa. Governor Names Judge to Lead State DEP](#)

Gov.-elect Tom Corbett announced a series of key appointments Tuesday, including officials who will advise him as his administration grapples with plans to generate revenue from natural-gas extractors.

### [W.Va. Drilling Fees May Rise Sharply](#)

An increase in permit fees -- more than 20 times current rates -- could help employ more Marcellus Shale drilling inspectors if components of a joint interim subcommittee bill become law.

### [China's Guangdong sees power shortages in 1st quarter](#)

BEIJING (Reuters) - Guangdong province, China's largest export hub, may face up to 4 gigawatts of power shortages in the first quarter, the local government said, adding to a list of provinces facing power crunches due to demand, supply or weather issues.

### [Kazakhstan accuses Kyrgyzstan of unsanctioned siphoning of natural gas](#)

South Kazakhstan is experiencing a shortage of natural gas due to the reduction of supplies from Uzbekistan and “unsanctioned siphoning” of blue fuel by Kyrgyzstan, news agency “Novosti-Kazakhstan” informs KazMunaiGas President Kaïrgeldy Kabyldin as saying.

### [Supplies low in remote communities](#)

Remote First Nations dependent upon winter roads in northern Manitoba are getting desperate because of shortages of critical supplies.

Warmer than normal weather means the temporary roads might not open for more than a week yet.

That has caused gas prices in Oxford House, about 950 kilometres northeast of

Winnipeg, to soar from \$1.25 per litre to \$2.49/litre. And they're further expected to jump to nearly \$3/litre if the roads don't open soon.

### [NOC may default payment to IOC](#)

KATHMANDU: Nepal Oil Corporation (NOC) today said that the failure in payment to its supplier could lead to a shortage in the petroleum supply very soon. "In the event of failure to make payment to the supplier in time, the supply will be affected," said Ganesh Dhakal, Nepal Oil Corporation (NOC) board member and spokesperson of the Ministry of Commerce and Supplies (MoCS).

"Either the government has to provide NOC with the requested amount of grant with or without interest or allow further upward revision of the fuel prices."

### [Punjab gas woes continue](#)

LAHORE - None from the domestic consumers, industrial sector and CNG stations have been satisfied with the Sui Northern Gas Pipelines Limited policy regarding gas supply since the start of the winter season.

On Saturday, owing to mounting demand, the SNGPL had announced unscheduled gas suspension for the industry and CNG stations of the province, yet in a sudden move the company on Monday claimed to have restored gas supply to the industry, however, refused to supply gas to CNG stations, the sources said.

### [Ill-conceived strategy causes gas shortage](#)

LAHORE: An ill-planned gas connection strategy by the government has resulted into severe gas shortage, as no one, right from domestic to industrial consumers, is happy with it. Particularly, gas supply to the textile industry is at halt since last week, closing down captive power plants (CPPs) installed by the industry to deal with electricity shortage.

### [Botswana Expects Fuel Shortage Until March, Energy Ministry Says](#)

(Bloomberg) -- Botswana is experiencing a shortage of fuel that will probably continue until March, the Ministry of Minerals, Energy and Water Affairs said.

### [Lights Fail, Thieves Loot, Heads Roll](#)

Outages continued in the Moscow region on Monday as power companies struggled to restore reliable electricity supplies following a series of blackouts over the holiday

period.

The Moscow Region Energy Company, or MOESK, said residents in 18 districts were left without power Monday because of planned maintenance that was scheduled to last from 8 a.m. to 6 p.m. The company said its efforts to get the region back online are being stymied by thieves. MOESK said vandals stole 200 meters of copper wire from the Leninsky district on Sunday.

### [Costly fuel, local sponsor issues could hit UAE investment](#)

A surge in fuel prices is allying with a long-standing term for national partnership in projects and other factors to obstruct capital flow into the UAE despite its advanced infrastructure and low tax, according to an official study.

### [Halliburton Disagrees with National Commission's BP Oil Spill Report](#)

Halliburton released a response to the findings of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling contained in its investigation report released to the public on Jan. 11, 2011.

Halliburton disagreed with the report's characterization of the February and April foam stability tests related to the cement pumped on the Macondo well, specifically:

### [Exxon still scouting for shale oil and gas assets](#)

(Reuters) - Exxon Mobil Corp said on Wednesday that it will continue to look for unconventional assets to buy as it seeks to grow that part of its business following last year's acquisition of XTO Energy.

"We will continue to evaluate acquisitions," Mark Albers, senior vice president for Exxon, told the Goldman Sachs Global Energy Conference.

### [BP says exploration and production COO to step down](#)

(Reuters) - Oil major BP (BP.L) said in an internal email that Doug Suttles, who last year helped lead the response to the Gulf of Mexico oil spill, was retiring as the company seeks to reshape itself in the wake of the disaster.

### [Three Policy Changes to Help with Gasoline Prices](#)

Must it always be opposite day in Washington? Petroleum and gasoline prices are surging while the Obama Administration and its allies seem intent on making things



worse. Instead of taking actions to increase supplies of petroleum and gasoline, the Administration pursues policies to restrict U.S. access to its own petroleum, ban imports of vast quantities of Canadian oil, and drive up costs of refining.

### [Looming refinery outages push gasoline, gas oil premiums](#)

Supply tightness and looming refinery outages in the Middle East have kept gasoline and gas oil premiums supported this week, traders said on Wednesday.

Saudi Aramco, state-run Bahrain Petroleum Co (Bapco) and Abu Dhabi National Oil Company (Adnoc) will have partial shutdowns of some of their refineries between mid-January to mid-February.

### [Saudi Aramco buys up to 360,000 T gasoline -trade](#)

SINGAPORE/KHOBAR, Saudi Arabia Jan 11 (Reuters) - State oil giant Saudi Aramco has sealed a deal to purchase up to 360,000 tonnes of gasoline over six months from BP and Lukoil at below-market prices, industry sources said on Tuesday.

### [Canadian Natural declares force majeure after fire](#)

CALGARY, Alberta (Reuters) - Canadian Natural Resources Ltd (CNQ.TO) has declared force majeure on January shipments of synthetic crude from its Horizon oil sands plant after a fire last week and is still waiting to assess damage from the blaze, company officials said on Wednesday.

The declaration allows the company to be released from its contractual obligations because of an event outside its control.

### [DME volumes soar](#)

Volumes rose dramatically last year on the Dubai Mercantile Exchange (DME), the UAE's oil futures market, as a cold snap in Europe and growing faith in the global recovery boosted global oil demand.

An average of 12.1 million barrels were delivered through the exchange every month last year, an increase of 34.6 per cent from the year before, the exchange said in its annual report. More than 140 million barrels of crude were delivered for the year.

### [Russia to auction oil, gas field in Krasnoyarsk region](#)

The Russian government has instructed the Federal Agency for Subsoil Use to auction

the Lodochnoye oil and gas field in East Siberia's Krasnoyarsk Territory in the second quarter of 2011, the government said on Wednesday.

The field's oil reserves amount to 31.688 million tons of C1 category oil, 97.358 million tons of C2 category oil, while recoverable reserves stand at 10.503 million tons and 32.649 million tons of C1 and C2 oil respectively, the government said.

### [Why Rising Bond Yields Mean You Should Buy Japanese Oil Companies](#)

There are billions of reasons why oil prices are rising - maybe trillions. I won't go into all of them, but very briefly: the better part of 1 billion people in China will begin using more and more oil in the coming decade.

Also, the United States Federal Reserve is printing trillions of dollars to counteract slowed growth. As Energy Economist Jeff Rubin says, "*Fiscal stimulus is no substitute for cheap oil.*"

### [The Chinese auto bubble threat](#)

The more than 30% sales growth achieved in China in 2010 -- to more than 18 million vehicles -- is probably unsustainable, especially as government officials are moving to put the breaks on car purchases.

### [Cracking China's Power Sector](#)

Any Western company supplying technology, equipment and/or services to the power industry has to consider China's power sector as a key target market. But, navigating the large, bureaucratic companies that dominate the industry in China, as well as protecting intellectual property, are difficult challenges for even the world's largest companies.

### [China's Galloping Wind Market](#)

A corporation that makes wind-machine components estimates that more than three times as much wind power capacity was installed in China last year than in the United States and that China now constitutes the world's largest wind energy market.

The report, from the American Superconductor Corporation, which makes wind machine components and licenses other companies to produce such components, said that China might have the largest installed base of wind turbines, about 40,000 megawatts.

### [No sign of cheaper energy bills despite market privatisation](#)



With E.On raising its gas and electricity prices yesterday, five of the big six energy providers have now announced bill increases in recent weeks (the exception being EDF Energy, for which a rise is no doubt only a matter of time once its price freeze promise expires).

It's a brave move by the energy industry, which is the subject of an ongoing investigation by Ofgem, the sector's regulator, into pricing. The trigger for that inquiry, announced before Christmas, was Ofgem's concern about rising profit margins. For while it is certainly true that the energy companies have seen a dramatic increase in wholesale costs since last spring, particularly in the gas market, where prices have risen by 54% over the past nine months, it is also the case that margins are close to their historical high.

### [An Energy Epiphany: Staying Home Is Cheap](#)

I just got my e-mail and I learned that between Jan. 2 and Jan. 8, my wife, 5-year-old daughter and I spent \$23.12 on our home electricity. That is \$9.68 more than we spent the week before, when we were mostly away on vacation. So, roughly speaking, running the refrigerator and all our gadgets cost us nearly half as much as we spent on electricity being home and cooking (we have an electric stove), washing clothes, watching television, listening to our stereo system and enjoying all the other wonders of modern life. Being home costs roughly \$2 a day in electricity!

### [Bill McKibben on 'The Economics of Happiness'](#)

Money isn't happiness — but can environmentalism bring more joy? The link between a greener lifestyle and greener happiness is one many environmentalists are exploring right now, with initiatives like the No Impact Experiment inviting people to discover how sustainable living can bring more sustainable joys.

### [Passionate ambivalence and conspicuous indifference: The case against \(but also for\) renewable energy](#)

When the average American, at least those who are somewhat conscious of global warming and the finite nature of oil, closes his or her eyes and imagines the future, this future is one that looks pretty much like the present, except for the omnipresent solar panels, wind turbines, and electric cars. It seems likely that the futuristic design of the turbines we see today is not only a matter of the engineering needs. At any rate, the emergence of a city-owned wind garden (we might call it) gives the impression that we are finally on our way to this clean, green, and entirely prosperous, new world order. It gives the impression that we are finally making the switch from our coal-fired power plants to something clean and renewable. It gives the impression that our leaders are on top of things. Thus a project like this not only risks being an empty symbolic gesture; it has the potential to be down right hazardous to the important project of creating a realistic view of the future.

## [The great carbon commitment](#)

From growing energy demands to legal implications, two of our London speakers present their views on the CRC 'tax', and what it means for the data center industry.

## [Venezuela raises oil reserves, Chavez says](#)

CARACAS, Venezuela (AP) -- President Hugo Chavez said Venezuela has dramatically increased its oil reserves and is now the world leader. Some experts, however, said the new figures are inflated and that Venezuela's oil industry is suffering serious problems.

Chavez said Tuesday night that officials certified vast deposits of heavy crude in the Orinoco River basin in December, and that "we have reached 253 billion" barrels of oil.

## [Propane, Ethane Price Gains Deepen Natural Gas Supply Glut](#)

Rising prices for natural gas byproducts such as propane, which touched an 11-month high this week, are encouraging energy companies to boost gas output even after the market's biggest annual slide since 2008.

Propane, a liquid used in home heating and outdoor grills, has surged 42 percent since reaching last year's low on July 12. Ethane, used as a feedstock in the production of plastics, has climbed 40 percent from a 2010 low on June 23.

## [Shipping Rates Poised to Plunge 31% on Glut Off Australia](#)

A 20-mile-long line of commodity carriers off Queensland, suffering its worst floods in a half-century, means less income for owners already reeling from the biggest slump in freight rates in more than two years.

There are 132 vessels floating off the Australian state, which accounts for about 50 percent of the global seaborne supply of coal used in steelmaking, data collected by AISLive and compiled by Bloomberg show. Ships will wait at least 22 days to load, the longest delays since April, according to Truro, England-based Global Ports, which tracks the industry.

## [Saudi Aramco's Vela Adds Double-Hulled Crude Tanker to its VLCC Fleet](#)

Saudi Aramco, the world's largest state-owned oil company, said a new very large crude carrier entered service with its tanker-operating subsidiary Vela International Marine Ltd.

### [UK steps up North Sea oil and gas inspections](#)

Britain is stepping up the number of annual inspections of oil and gas installations in the North Sea as part of a continuing response to the Gulf of Mexico oil spill, the government said Tuesday.

### [Norway exports 97.3 bln cm of gas to Europe in 2010](#)

(Reuters) - North Sea infrastructure operator Gassco said on Wednesday that it piped 97.3 billion cubic metres of gas from Norway to other European countries in 2010, some 700,000 cubic metres more than the year before.

Norwegian gas meets almost 20 percent of overall European Union consumption, with higher levels in the UK and Germany, Gassco said.

### [Azerbaijan to boost gas supplies to Iran](#)

(Reuters) - Azerbaijan will more than double gas supplies to Iran to 1 billion cubic metres per year under a five-year deal signed on Wednesday, Azeri state energy firm SOCAR said.

### [Ghana sells first oil to ExxonMobil](#)

Ghana, the latest entrant to the club of African oil producers, has sold its first oil exports to ExxonMobil.

### [Currency war warning for UAE](#)

Escalating global currency wars could result in further trade barriers against the UAE's airline and petrochemical industries, an adviser to the Central Bank has warned.

To avoid further turmoil, the IMF needs to police currency adjustments, says Dr David Dodge, a former Canadian central bank governor. Concern about trade barriers being erected was a "real issue", he said.

### [Turnout in Southern Sudan vote passes 60 percent](#)

JUBA, Sudan — More than 60% of registered voters already have cast ballots in an independence referendum, crossing the threshold needed for the vote to be valid if it creates the new country of Southern Sudan as expected, a southern official said Wednesday.

The south's secession would split Africa's largest country in two and deprive the north of most of its oil fields, though Sudanese President Omar al-Bashir has said he will let the south go peacefully.

### [Kuwaiti PM on First Trip to Iraq Since Gulf War](#)

Kuwait's prime minister is on his first visit to Iraq since Iraqi forces invaded its oil-rich southern neighbor in 1990.

Kuwaiti Prime Minister Sheikh Nasser al-Muhammad al-Sabah arrived with his delegation in Baghdad Wednesday for talks with Iraqi officials, including Prime Minister Nouri al-Maliki and Foreign Minister Hoshyar Zebari. Officials described the atmosphere as "positive" as the leaders worked to mend the long-strained ties between the two nations.

### [Lebanon's government falls as Hezbollah pulls out](#)

BEIRUT (AP) — Lebanon's year-old unity government collapsed Wednesday after Hezbollah ministers and their allies resigned over tensions stemming from a U.N.-backed tribunal investigating the 2005 assassination of former Prime Minister Rafik Hariri.

The walkout ushers in the country's worst political crisis since 2008 in one of the most volatile corners of the Middle East.

### [Yemen suspends oil minister](#)

Yemeni President Ali Abdullah Saleh suspended his oil minister and the head of a state oil company today, citing fuel shortages that sparked public grumbling over long lines at petrol stations, according to state-run media.

### [Japan 2010 nuclear plant usage rises to 4-yr high](#)

TOKYO (Reuters) - The average nuclear power plant utilisation rate at Japan's 10 nuclear power companies rose to a four-year high of 68.3 percent in 2010, Reuters calculations based on trade ministry's data showed on Tuesday, helped by the restart of Tokyo Electric Power's (9501.T) two reactors hit by a major quake in 2007.

The run rate, which rose from 64.7 percent in 2009, has recovered to near a 2006 high of 70.2 percent, before the rate dropped due to earthquake-related shutdowns at plants including TEPCO's Kashiwazaki-Kariwa plant in 2007.

## [‘10 nuclear plants planned to deal with energy crisis’](#)

KARACHI: In order to cope with growing electricity crisis, ten nuclear power plants would be set up in the country by the year 2030, said Chairman Pakistan Atomic Energy Commission (PAEC) Dr Ansar Parvez on Tuesday.

## [Why the Alaska pipeline breakdown is a peak oil problem](#)

You know that the Alaska oil pipeline is currently shut down due to a leak, but one thing that's getting lost in this story is that this is not just an unpredictable mechanical problem.

This situation has been foreseen for years as Alaska oil production dwindles. Dwindling oil production means lower pressure inside the pipeline -- lower pressure than what was anticipated when it was built -- and thus more opportunity for structural breaks such as this one.

## [Jeff Rubin: If shale is a game changer, why do producers seek oil?](#)

Curious, isn't it, how some of the largest shale gas producers seem to be drilling more for oil these days? According to Baker Hughes Inc., a major oil services company, last week the number of natural gas rigs operating in the U.S. fell for a fifth consecutive week to a 10-month low.

Just as the rest of the world seems set to emulate the American engineering breakthrough for harvesting shale gas, it looks like North American producers are scaling back. Do they know something that others don't about this supposed game-changer for world gas supply?

## [E.P.A. Puts Off Regulating Biomass for Now](#)

Acknowledging large unknowns about the atmospheric impact of burning large amounts of plant waste and other biological materials, the Environmental Protection Agency announced on Wednesday that it would delay for three years any greenhouse gas permitting requirements for biomass.

The agency is under intense political and legal scrutiny over its plans to regulate climate-altering gases from industrial sources, and the biomass announcement appears to be another signal that it is following what officials have described as a moderate, common-sense approach to regulation.

## [Electric motorcycles used as stealth crime-fighting tool](#)

Electric vehicles are often touted for their energy efficiency, but some California police

officers see another attribute: stealth crime-fighting tool.

### [Masdar shelves plan for Abu Dhabi solar plant](#)

Masdar, the Abu Dhabi Government's clean energy company, has shelved plans to make solar panels in the emirate because of a lack of local demand.

### [Food foragers find fun and cash amid the wild fungi](#)

Hunting may get more attention as a primal human endeavor, but for Connie Green, there's something even deeper and older: gathering.

"I think it triggers something in people's brains that we're hard-wired for," she says. It "involves the joy of finding food, and it's really quite beyond our control in some way."

### [NOAA: 2010 tied for Earth's warmest year on record](#)

2010 tied with 2005 as the warmest year of the global surface temperature record, according to data released Wednesday by the National Climatic Data Center. Records began in 1880. The Earth's temperature was 1.12 degrees F above the 20th-century average, which was the same as 2005.

It was the 34th-consecutive year that the global temperature was above average, according to the data center. The last below-average year was 1976.

### [Australia's Record Rains Squeeze World Coal Supplies as Scientists Study Climate Pattern](#)

Australia's torrential rains are driving up global coal prices, as flood damage to the resource-rich northeastern state of Queensland raises fresh questions about the storms' connections to global warming and climate patterns in the Asia-Pacific region.

Prices for export coal used to produce electricity and for making steel in Asia are hitting new highs, as Queensland's largest coal mines remain closed and railroad companies grapple with mudslides.

### [Scientists see climate change link to Australian floods](#)

SINGAPORE (Reuters) – Climate change has likely intensified the monsoon rains that have triggered record floods in Australia's Queensland state, scientists said on Wednesday, with several months of heavy rain and storms still to come.

But while scientists say a warmer world is predicted to lead to more intense droughts



and floods, it wasn't yet possible to say if climate change would trigger stronger La Nina and El Nino weather patterns that can cause weather chaos across the globe.

### [Smaller glaciers, not giant ice caps, tipped to push sea levels up](#)

That climate scientists looking into rising sea levels are currently directing their research at the massive ice caps of the Arctic and the Antarctic is hardly surprising. After all, it is estimated the West Antarctica region alone – a mass of land the size of Greenland and home to natural behemoths such as the Pink Island Glacier – is responsible for ten per cent of the global sea level rises seen over the past few years.

However, the findings of a new study suggest that it will be the 'melt off' from smaller mountain glaciers and inland ice caps, rather than from the world's biggest ice shelves, that will drive sea level increases over the coming decades. This new research, which was carried out the University of British Columbia, saw a team of climatologists develop a simulation capable of modelling anticipated volume loss and melt off from some 120,000 sites around the world between now and 120,000. Unlike previously-developed models, this time around the scientists made an effort to achieve detailed projections per region instead of merely focusing on wider trends.

### [Chamber's top energy official: Time for 'unemotional' talk about energy costs](#)

The U.S. Chamber of Commerce's top energy official is calling on policymakers to have a "very adult and unemotional" conversation about the nation's energy priorities in light of the country's economic troubles.

Karen Harbert, president of the Chamber's Institute for 21st Century Energy, in a wide-ranging interview with The Hill late last month said members of Congress should rethink attempts to set aside large amounts of money for the research and development of nascent energy technologies like wind and solar at the expense of conventional forms of energy like oil.

### [Tougher Rules Urged for Offshore Drilling](#)

WASHINGTON — The presidential panel investigating the 2010 oil spill in the Gulf of Mexico recommended on Tuesday that Congress approve substantial new spending and sweeping new regulations for offshore oil operations at a time when the appetite for both is low.

### [Trans-Alaska Pipeline Temporary Restart Begins as Bypass May Take 5 Days](#)

Alyeska Pipeline Service Co. will need at least five days to build and install a bypass on the Trans-Alaska Pipeline System as it seeks to restart the link carrying 15 percent of U.S. crude output after a Jan. 8 leak.

Construction of the piping will take about four days while installation will add 36 hours, according to a statement by the operator and state and federal regulators yesterday. Alyeska has temporarily resumed the system to prevent the buildup of ice and debris that may have accumulated after the flow of oil stopped.

### [Oil hovers above \\$91 amid US gasoline supply jump](#)

SINGAPORE – Oil prices hovered above \$91 a barrel Wednesday in Asia after a report showed U.S. gasoline supplies rose more than expected, suggesting demand may have slowed.

### [OPEC Doesn't Need Emergency Meeting as Oil Advances Above \\$90, Iran Says](#)

OPEC has no reason to call an emergency meeting even as oil climbs above \$90 a barrel because the market is well-balanced and doesn't need further supply, Iran's OPEC governor said.

"Oil at \$90 is not an extraordinary situation," Mohammad Ali Khatibi said by phone from Tehran today. "There are some temporary supply issues, but stocks are high and there is no permanent shortage in supply."

### [Brent oil hits 27-month high at \\$98; \\$100 in view](#)

LONDON (Reuters) - Brent crude oil rose to \$98 a barrel on Wednesday for the first time in 27 months as production shutdowns and growing global demand raised expectations of tighter supplies.

A gas leak forced two Norwegian oilfields to be shut down briefly. The Trans Alaska Pipeline, which ships about 12 percent of U.S. crude output, was shut on Saturday because of a leak, although it has been allowed to resume "limited operations."

### [China Oil-Product Imports May Decline as Growth, Demand Slow, CNPC Says](#)

China's net imports of oil products may fall 23 percent this year as the world's fastest-growing economy slows and domestic refiners expand capacity, according to the research unit of China National Petroleum Corp.

### [Peter Tertzakian: What the Canadian oil and gas industry should be watching in 2011](#)

CALGARY - Our calendars have flipped to 2011, but the market chatter hasn't really changed: China's insatiable appetite for commodities, European debt, a sputtering U.S. economy, environmental issues, peak oil and the North American gas glut. But plenty

could change or start to change in this New Year.

Here are 11 big issues that stakeholders in the Canadian oil and gas industry should be watching in 2011:

### [Shell to Stop Fuel Output at Hamburg Refinery for Conversion to Terminal](#)

Royal Dutch Shell Plc said it plans to stop fuel production at its Hamburg refinery and turn it into a terminal. Shell issued a statement in German on its website today, saying it had failed to find a buyer for the plant following a two-year search.

### [Hungary vehicle fuel consumption falls more than 9% in 2010](#)

Vehicle fuel consumption in Hungary fell 9.4% to 2.959 billion litres in 2010 from a year earlier, data compiled by the Hungarian Petroleum Association (MASZ) show.

Sales of petrol fell 12.9% to 1.368 billion litres. Sales of diesel were down 6.2% at 1.591 billion litres.

### [Proposal for higher buildings in downtown Vancouver criticized in advance of city vote](#)

Randy Chatterjee voiced concerns about the energy costs of high-rise buildings.

“These things use about 10 times more energy to heat than the low-rise houses that some of us like,” he said.

“There’s no way around it, these things are dinosaurs. Whether you believe in peak oil or just the higher prices of energy, these things are a disaster waiting to happen.”

### [Outlook 2011: Irreversible Upward Pressures](#)

Peak oil is the point at which the maximum rate of global petroleum extraction is reached, after which the rate of production enters terminal decline. This has already happened in the US, Alaska and the North Sea. In the next few years Mexico will become an importer of oil and the US will lose its third largest supplier. Our fragile, highly indebted economy relies on this land based cheap oil to continue and it cannot withstand the shock of transitioning to more expensive alternatives. In September of 2010 a German military think tank reported that the German government is taking the threat of peak oil seriously and preparing accordingly. Numerous studies around the world have concluded that we are very close to peak oil production, which will be accelerated due to gulf drilling bans.

This will lead to higher price inflation for most goods. This will be another blow to the fragile US economy, which currently pays less for oil and gas than any of the first world

countries. When added to the effects of the waning strength of the petrodollar the results will be devastating.

### [Hedge funds bet on \\$100-a-barrel oil](#)

It's not just oil traders who are fueling the price of crude, but financial traders too.

Global (news) hedge funds and market speculators have pumped millions of pounds into oil futures pushing the number of contracts held by financial traders to a four year high.

### [Clarium Slumps 90% From Peak After Thiel Hedge Fund Has Third Losing Year](#)

“We succeeded in trading the peak oil-driven macro environment in the first half of the year, but then gave back our gains in the second half by underestimating the speed and ferocity of collapse,” he said in a December 2008 letter.

Thiel said in the letter that the “peak oil” theory would remain relevant in the coming years because the 2008 recession would cut investments in alternative energy. He also said deflation would be a risk in the coming years, along with stagflation.

### [Oil Can Be Another Inflation Hedge](#)

I would argue that oil is far too low and is probably being held down by the ongoing recession that is containing the demand for all petroleum-based products (from gasoline and diesel to plastics of all kinds). Once demand recovers, we will see the underlying true price of oil and I would expect a return of the gold/oil ratio to its 100-year trendline of 10. Historically, oil was paid for in gold, not in paper currency and the trend is back toward that standard. And, oil is not only consumed commercially but the "peak-oil" phenomenon predicts that it is being depleted and the supply could be half what it is today within the next 20 years.

### [Graham Corp.: In the Sweet Spot of the Energy Bull-Market](#)

The country has seen steady oil depletion over the past seven years. Cantarell, its mega-field, has become the textbook example of Peak Oil.

According to Mexican Energy Minister Georgina Kessel, output will likely average 2.55 million barrels a day in 2011, down from 2.58 million in 2010. In her December 6th address she went on to assure the audience that, “From there on, we’ll continue to increase, very gradually, our production.”

Analysts are not so sanguine. Alejandra Leon, an analyst with Cambridge Energy Research Associates, based in Mexico City, responded to the report saying that Pemex “was betting in the implementation of new contracts to revert the falling production.”

She estimates that Pemex won't be able to stop output declines until 2018. New innovative techniques will be needed but investment has been slow to move.

### [Edward Guinness: A Portfolio Approach to Alternative Energy](#)

The skeptics about peak oil claim that we will always continue to discover new sources of oil and gas (O&G) and, therefore, shouldn't worry about dwindling reserves. We've seen peak oil production in the U.S. and a number of other countries. No large fields have been discovered in the last 10 years that compare with the major OPEC fields. Our view is that the world will be able to keep increasing production in the near term, but that will lead to increasing prices. Ultimately, we will see peak production—though that could be extended as higher O&G prices make more marginal reserves viable. But whatever happens, we think that rising fossil fuel prices are highly likely.

### [Will Green Energy Crush Oil Investment Returns?](#)

As oil continues to skyrocket to nearly \$100/barrel, alternative energy companies might slash into the profits of oil titans and provide the most lucrative investment for 2011 and beyond.

### [Preparing for Energy Battle](#)

An energy battle is brewing... and the giants of the world's energy armies are preparing.

I often write about connecting the dots of events going on around you. Here are some events from the past few months you should be keenly aware of.

Those who put the pieces together could be in for serious market profits this year.

### [New Zealand: Can you sink a rainbow?](#)

The days of cheap oil are certainly drawing to a close, many believe we are nearing, or have already hit, peak oil. Would this drive potentially powerful countries like China to generate less of its new power using fossil fuels? Surely, the only other possible response in the short-term is to import as much energy in the form of oil, coal and natural gas as they can, driving the price of oil further up. The other option is to increase domestic production, but with this there are significant risks—peak oil isn't a theory, it is a geological fact. Oil resources are not infinite and at some point we'll reach the stage where half of the resources are gone, which means supply will never satisfy the demand. Although there are other fossil fuels that we can turn to in the future, like methane hydrates, these are even worse for the environment than conventional fossil fuels, much like the increasingly exploited, hard-to-reach oil sources, like tar-sands and extreme deep-sea deposits. Extracting these may pose risks on the scale of what we recently saw in the Gulf of Mexico.

## [How to Prepare for a Post-Peak World: Part I](#)

A couple of years ago, I was having dinner with some colleagues. We were talking about Peak Oil and the best way to prepare for a post-Peak world.

We made a list of things we'll need and have updated this list over the years... but one of the items on that list has not changed.

And that's a hunting rifle.

You see, today, hunting is not typically considered a poor-man's sport. Hunting gear, guns, ammunition — it's all pretty expensive. But what happens when hunting turns from a recreational endeavor to an absolute necessity?

## [Detroit Auto Show 2011: Where is My Tree-Hugging Minivan?](#)

A couple of months ago, I tweeted the following: “tree huggers with three kids (oxymoron?), car recs please?”

I got zero responses.

While that may have to do with the fact that I don't have a lot of tree-huggers with three kids following me on Twitter, I think it also has to do with the fact that there aren't a whole lot of vehicles to recommend. Cars are either fuel-efficient or they hold 6+ passengers. But not both. Or barely both.

## [Small cars a priority: Marchionne](#)

DETROIT – Chrysler, seen by many as the Big Car guy on the auto industry block, says it is working on a compact vehicle to fill a gaping hole in its lineup and a smaller minivan to combat rivals nipping at its industry leading models.

## [Stress, Pollution and Poverty: A Vicious Cycle?](#)

The Environmental Protection Agency has awarded \$7 million in grants to researchers to study the cumulative health impact of pollutants like mercury and lead and social factors like stress and poor nutrition in several low-income communities, the agency said Tuesday.

## [EU to Assess Its Post-2012 Commitment to Kyoto Protocol, Delbeke Says](#)

<http://www.bloomberg.com/news/2011-01-12/eu-to-assess-its-post-2012-commitment-to-kyoto-protocol-delbeke-says.html>



## [Global Warming and the English Language](#)

Uncertainty is not evidence. It neither proves nor disproves anything. Let's be honest about this.

## [SRI LANKA: Record rains increase urgency of climate change adaptation](#)

COLOMBO (IRIN) - Ongoing storms have dumped more rain in one eastern district of Sri Lanka than witnessed in a century, according to the country's Disaster Management Centre (DMC). Nationwide, storms have hit some two million people in the past seven months and hastened climate adaptation plans already under way, according to the government.

National climate scientist WL Sumathipala said recent storm activity had sped up the timetable to help residents cope with changing weather. "We have looked at weather patterns for a long period of time and it is only now that we are ready to make scientifically supported statements about climate change."



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