



Drumbeat: January 24, 2011

Posted by [Leanan](#) on January 24, 2011 - 10:13am

[Daniel Yergin's much-awaited sequel](#)

This fall, Penguin will publish Yergin's long-awaited sequel to *The Prize*. Both Yergin and his associate publisher at Penguin, Tracy Locke, declined to discuss the book because it has yet to be officially placed on the fall list. But Washington is a small town, and Yergin a sizable and garrulous fish in it -- people ask, and he talks a lot about the sequel at parties, dinners and gatherings of all types. He has said that it will cover the intervening two decades of energy history -- the oil booms in the former Soviet Union, in Brazil and west Africa; the "shale gale," as he calls the revolution in natural gas production in the United States, and of liquefied natural gas in Qatar and elsewhere; and of course climate change and the work on alternative energy including ethanol, solar, wind and batteries, and the implications of hybrid and electric cars.

[Analysis: Texas O&G Production Grows; Coal Still Vital to Energy Needs](#)

Texas should be regarded as the nation's "energy breadbasket," accounting for more than half of U.S. domestic oil and natural gas production, according to a recent study by the Texas Public Policy Foundation, Texas Energy and the Energy of Texas.

Texas oil and gas production has soared with the development of new drilling technologies and the opening of "unconventional" oil and gas shale plays such as Barnett, the Eagle Ford, the Haynesville-Bossier and the Permian Basin.

[IEA doubles global gas reserves estimates](#)

"The gas story is huge," she told BBC News.

"A few years ago the United States was ready to import gas. In 2009 it had become the world's biggest gas producer. This is phenomenal, unbelievable."

[Is the global economy approaching an inflection point?](#)

During a presentation last week a questioner asked me what I thought about predictions that gasoline prices would reach \$5 a gallon this summer. I offered this critique. I said that the oil prices implied by \$5-a-gallon gas could probably not be attained in such a

weak global economy. And, something short of that price would probably send the economy into a tailspin.

I don't foresee such an event soon, but it does seem to me that at some point high energy prices will lead to another economic decline. Perhaps there might even be a crash since the financial sector--which is even more fragile than it was in 2008 in my view--might face another crisis as a result of too much money flowing into the energy sector and therefore not enough flowing into the financial sector.

I warned everyone not to rush out and phone their brokers.

And yet, there are signs of the same kind of overheated bullishness on commodities and bearishness on bonds that we saw in the first half of 2008. And, we've seen the same kind of massive central bank easing again that preceded the commodity run-up that year.

[Offshore oil boom a boon for big ships-SAL](#)

SINGAPORE (Reuters) - Rising oil prices and cheaper financing will help boost the number of offshore energy projects in Brazil, Australia and Southeast Asia, driving demand for larger transport ships, an industry executive said.

Offshore drilling was expected to fully recover by 2013 as oil prices near \$100 a barrel encouraged efforts to extract heavier oil at greater depths, in deeper water, and in more dangerous regions.

[Leak shuts in Oseberg A](#)

Production at the Oseberg A platform in the North Sea was shut Monday after a gas leak operator Statoil said today.

[Halliburton Profit Rises as Oil Prices Boost Demand](#)

Halliburton Co., the world's second- largest oilfield services provider, said fourth-quarter profit more than doubled as higher crude prices and demand for drilling equipment boosted sales in North America.

[Reliance May Need New Assets as Shares Trail Valero](#)

Reliance Industries Ltd., India's biggest company by market value, must increase its oil and gas reserves to help boost shares that have lagged behind their global peers and benchmark indexes, investors said.

[Yukos spectre lurks as Russia fetes BP mega deal](#)

MOSCOW (AFP) – Russia has celebrated the alliance of Rosneft with BP as a historic breakthrough in its economic relations with the West but the deal remains shadowed by the break-up of its former top oil firm Yukos.

Rosneft gained its status as Russia's largest oil firm by acquiring prize Yukos assets when the firm was broken up by the Russian state after the arrest of its chief executive and founder Mikhail Khodorkovsky in 2003.

[Lawmakers Gear Up to Drill Commission on Oil Spill Report's Findings](#)

This week the leaders of the presidential commission that investigated last year's oil spill in the Gulf of Mexico will take their case for increased funding and offshore drilling safety reform to Capitol Hill, but their specific legislative recommendations may reach deaf ears.

[Pakistanis turn to petrol amid CNG shortage](#)

ISLAMABAD -- The imposition of weekly two-day suspensions of compressed natural gas (CNG) sales at filling stations nationwide is forcing motorists to install petrol tanks in their vehicles — a situation that has led to a boost in business for mechanics and spare parts dealers.

[Failure to help: 'Bring your own car or pay for fuel'](#)

LAHORE: Police officials, citing shortage of fuel, have started asking citizens to bring their own cars or pay for fuel for police vehicles used during investigation and recovery raids.

[Lebanon short of electricity](#)

Beirut // Mike Khalil's three children have become used to studying by the flicker of a candle. The barber lives in Beirut's Hamra neighbourhood, which like many others in the Lebanese capital is without power between three and six hours every day.

Lebanon is desperate for energy, and the race to tap the large natural gas reserves located in the eastern Mediterranean has whet the public's interest.

[Scenario to Cap World Emissions by 2020 Is Fading Fast, Warns IEA Economist](#)

From his perch as chief economist for the International Energy Agency (IEA), Fatih Birol is virtually shouting his global warming predictions from the Paris rooftops.

Unless the United States, Europe, China, India and the other emerging economies get on a crash course to slash greenhouse gases, Birol contends, world leaders can simply forget about one of their oft-talked-about goals: stabilizing the average global temperature rise at 2 degrees Celsius.

[Norway green party softens stance on drilling data](#)

(Reuters) - Norway's Socialist Left Party, which opposes oil drilling off the pristine Lofoten island chain, says its partners in the Labour-led government can seek more information on the effects of drilling if they refrain from a formal impact study.

"If someone wants more information that's of course okay by us," party secretary Silje Schei Tveitdal told Reuters on Sunday after a party board vote that could allow Norway's divided government to sidestep a drilling debate this spring, even as it collects data for a formal study later.

[UK to hike accident cover for nuclear plants](#)

LONDON (Reuters) - Britain's energy ministry proposed on Monday implementing a 1.2 billion euro (\$1.63 billion) liability cost per nuclear site on generators to cover the consequences of accidents.

The proposal aligns British law with a pan-European treaty signed in 2004, which set out that nuclear power station operators should face a minimum of 700 million euros in costs payable in case of an accident.

[Dear President Obama ...: Some ideas for Tuesday's State of the Union address](#)

We have faced many great challenges and overcome them. One of the greatest of our time is to live sustainably, so that future generations have the resources and environment they will need to live happy and fulfilling lives. Our hopes for them are being challenged by the related threats of peak oil and climate change. Peak oil means that petroleum is a finite resource, and we are burning it up faster than we can find it. Once it's gone, it's gone forever.

[Vt. organic farming group prepares for conference](#)

BURLINGTON, Vt. (AP) - The Northeast Organic Farming Association of Vermont says it's expecting more than 1,500 organic farmers, gardeners and consumers at its winter conference.

...Keynote speakers this year are author Shannon Hayes and Vermont author and activist Bill McKibben.

[Expect Alaska's Glaciers to Heat Up Soon](#)

Most of the world's mountain glaciers and small ice caps will disappear or shrivel dramatically by the end of the century, with Alaska glaciers and ice fields shrinking by 25 to 60 percent over the next nine decades, according to new findings published last week in the journal Nature Geoscience. The study -- the most comprehensive ever done on the role of glacier wastage in sea level rise -- has already received extensive news coverage for its global perspective.

But Alaska's portion of the projected meltdown raises questions about the future of regional hydroelectric projects like the proposed multi-billion-dollar Susitna Dam, as well as Anchorage's drinking water source in Eklutna Lake and any other Alaska stream that relies on glacial melt for its summer flow.

[Michael T. Klare - 2011: The Year of Living Dangerously](#)

Get ready for a rocky year. From now on, rising prices, powerful storms, severe droughts and floods, and other unexpected events are likely to play havoc with the fabric of global society, producing chaos and political unrest.

Start with a simple fact: the prices of basic food staples are already approaching or exceeding their 2008 peaks, that year when deadly riots erupted in dozens of countries around the world.

It's not surprising then that food and energy experts are beginning to warn that 2011 could be the year of living dangerously -- and so could 2012, 2013, and on into the future. Add to the soaring cost of the grains that keep so many impoverished people alive a comparable rise in oil prices -- again nearing levels not seen since the peak months of 2008 -- and you can already hear the first rumblings about the tenuous economic recovery being in danger of imminent collapse. Think of those rising energy prices as adding further fuel to global discontent.

[Food price rises 'may cause unrest': ministers](#)

BERLIN (AFP) – Agriculture ministers from Europe, Africa and Canada warned Saturday of dire consequences, including riots and social unrest, unless action is swiftly taken to improve food security and tackle price hikes.

[Where's the rest of the oil?](#)

When BP first formed an alliance with Rosneft in 1998 to develop the Sakhalin fields in the Pacific Ocean, the UK oil giant estimated Russia's oil reserves at 56 billion barrels.

When BP agreed its share-swap with the Moscow-based energy group last weekend, the estimate was 75 billion barrels, and development of Rosneft's licences inside the Arctic

Circle could increase production enormously.

Such advances undermine the pessimists' predictions that the world's oil will imminently run out. In 1956, when the concept of "peak oil" – the point at which production starts falling – was formulated, US output was expected to fall from the late 1960s. But new discoveries have constantly pushed that date back. BP was estimating world oil reserves at 1 trillion barrels 20 years ago: now, despite record consumption, the estimate is 1.333 trillion.

[Goldman Sees Oil Entering 'Bull Market' on Drop in OPEC Spare Capacity](#)

Oil may be entering a “structural bull market” as inventory data suggest OPEC has started to use up spare production capacity, Goldman Sachs Group Inc. said.

Global stockpiles fell less than usual in November and December, leaving a surplus of supplies in the fourth quarter, Goldman Sachs said in a report today. That may indicate the Organization of Petroleum Exporting Countries, which is responsible for 40 percent of crude output, is tapping into its idle production capacity earlier than anticipated, it said.

[OPEC May Raise Oil Supply to Meet Expected Higher Demand, al-Naimi Says](#)

OPEC members may boost oil supply this year as demand for crude rises amid a recovery in economic growth rates to near levels last seen before the global financial crisis, Saudi Arabia's oil minister said.

Worldwide oil demand may increase as much as 1.8 million barrels a day in 2011, or 2 percent from last year, Ali al-Naimi said in a speech in Riyadh today. Saudi Arabia, the largest producer in the Organization of Petroleum Exporting Countries, will have spare production capacity of about 4 million barrels a day, he said.

[Oil Drops in New York After Saudi Arabia's Al-Naimi Signals More Supplies](#)

Crude for delivery in March dropped for a fifth day after Saudi Arabian Oil Minister Ali al-Naimi signaled OPEC may increase supply to meet growing demand in China and India.

[Oil is calling the tune, but who really wins?](#)

If it were simply a matter of balancing supply and demand, OPEC currently holds about 6 million barrels a day spare capacity that can be made available to the market. Crude inventories in the US remain above a five-year average, and according to the IEA monthly market report, "other OECD [Organisation for Economic Co-operation and Development] regions, such as Europe and Japan, have even experienced counter-

seasonal builds". In other words, stocks are rising at a time of the year when they should be falling. The IEA's view? The recent surge in prices cannot be fully explained by a change in oil market fundamentals.

While these comments from the IEA are correct in their respective secular contexts, the crude price per se understates a converging dynamic that confounds explaining the relative value of oil in supply and demand terms.

[Gas prices rise almost 3 cents in last 2 weeks](#)

CAMARILLO, Calif. — A new survey finds the average price of regular gasoline in the United States has jumped 2.99 cents in the last two weeks.

The Lundberg Survey of fuel prices released Sunday says the price of a gallon of regular is \$3.11.

[Jim Rogers Is Wrong, Higher Commodity Prices Should Scare China Investors](#)

Rogers compares China to the US but fails to point out (figure out), that one reason the US was able to grow fast was cheap oil prices. Other factors supportive of growth are strong personal property rights and a rule of law.

From my point of view, peak oil is a limiting constraint on the China's growth. Thus, on a fundamental basis, the higher oil and commodity prices go, the less bullish one should be on China.

[Unipet Said to Resume Diesel Exports Next Month as China's Shortage Eases](#)

China International United Petroleum & Chemical Corp., the country's biggest oil trader, will resume diesel exports in February after a domestic shortage eased, according to a company official with knowledge of the plan.

[Natural Gas Producer Bearish Bets Jump to Three-Year High](#)

Natural gas producers increased bearish bets to the highest in almost three years, joining hedge funds amid forecasts that near-record output will swell a fuel surplus.

[Eni talks with China include shale gas](#)

BEIJING (UPI) -- A deal highlighting shale gas with energy companies in China represents a push to establish a stronger foothold in Asia, Italian energy company Eni said.

[Iran's NITC to Add 22 Very Large Crude Carriers to Tanker Fleet by 2013](#)

(Bloomberg) -- NITC of Iran expects to become the third-largest oil-tanker company by 2013, and possibly the second-biggest, when it takes delivery of 22 very large crude carriers and expands its fleet by 72 percent, an executive said.

[Curb power use during cold snap: Hydro-Québec](#)

Hydro-Québec is asking Quebecers to reduce their electricity consumption Monday as it expects the province is about to set a record for power consumption during the current cold spell.

[Australia Floods to Inflict an 'Enormous' Economic Impact, Treasurer Says](#)

Australia faces an “enormous” economic impact from the worst floods in Queensland state in almost 40 years, with coal exports likely to be one of the “biggest casualties,” Treasurer Wayne Swan said.

[Pipeline Projects to Europe 'Not Compatible'](#)

ROME — Italian Industry Minister Paolo Romani said the South Stream, ITGI and Nabucco pipelines, designed to bring natural gas to Europe from Russia, the Caspian and Central Asia, are incompatible.

“Nabucco, South Stream and ITGI are incompatible, given European financing, and Europe, through an accord among the large nations, has to find a definitive accord,” Romani told reporters in Rome late last week.

[One oil pipeline too many for Texas?](#)

TransCanada's plan to pipe in tar sands oil angers Texas landowners who say they resent being pushed around by a foreign company.

[Hoboken wants 'intervenor status' to fight natural gas pipeline](#)

The proposed pipeline that will run through Bayonne, Jersey City and offshore Hoboken has faced great opposition from government officials and citizens who believe the line would be too dangerous and susceptible to explosion to run through such a populated area, as the Journal reported.

[Alaska Offshore Special Report: Making the case for Alaska OCS development](#)

Our country's growing demand for oil combined with our desire to be more self-reliant in filling this demand has spurred significant interest in offshore drilling in both the Arctic Ocean and the Gulf of Mexico.

[Petrobras may cut local supply purchases-report](#)

SAO PAULO (Reuters) - Brazilian state-controlled oil company Petrobras wants to reduce its equipment purchases from local companies because prices are not competitive, the newspaper Folha de S.Paulo said on Monday.

Petrobras wants to slash the share of locally-produced content it uses in its supplies and services to 35 percent from 65 percent due to the inability of domestic oil services companies to meet demand and produce equipment efficiently, the newspaper reported, without saying how it got the information.

[Angola announces pre-salt winners](#)

BP, Total, Eni and other international majors were awarded concessions to explore in Angola's ultra deep-water pre-salt blocks, Angola's state-owned oil company Sonangol said today.

[Iran makes oilfield offers to Turkey](#)

Iran has offered Ankara 4 to 5 small oilfields which Turkey will offer to the private sector, with each field requiring up to \$100 million to \$200 million of investment, Energy Minister Taner Yildiz said today.

[Mediterranean gas finds have Cypriots dreaming of riches](#)

Cyprus has suddenly become the nexus of potentially spectacular hydrocarbon riches in the eastern Mediterranean, where oil wealth was formerly associated only with olive trees.

Cyprus's energy chief, Solon Kassinis, declared this month that there are indications of natural gas deposits in the island's waters of some 10 trillion cubic feet near Israel's giant Tamar and Leviathan gas fields.

[Vast gas fields found off Israel's shores cause trouble at home and abroad](#)

Oil companies envision substantial profits. Politicians talk of national energy independence and, as a result, bolstered security in an unfriendly region.

But the bonanza has generated domestic controversy. Corruption in the burgeoning industry is reportedly rife, with Israeli authorities struggling to rein it in.

Meanwhile, oil companies are at loggerheads with officials apparently intent on imposing higher taxes on profits.

[Gas finds in Eastern Mediterranean a test for Levant nations](#)

BEIRUT // The ground under the sea floor of the eastern Mediterranean is filled with trillions of cubic feet of natural gas, offering the prospect that regional rivals might all benefit from an energy bonanza.

The promise of hydrocarbon riches off the coast of the Levant is shaping new alliances and stoking old conflicts.

But it is possible the discoveries could yield some peace rather than more acrimony.

[GSI/UNEP conference report finds fossil-fuel subsidy reform “complex” and challenges “sobering”; ~1% of global GDP spent on fossil-fuel subsidies](#)

Although momentum behind reforming subsidies for fossil fuels (for both consumers and producers) worldwide has gained significant momentum during the past few years, and although the benefits of subsidy reform seem evident, countries' experience of reform and the challenges involved are “sobering”, according to a recently published report from a conference convened on the subject last year by the Global Subsidies Initiative (GSI) and the United Nations Environment Programme (UNEP).

[UM fund to honor late ocean energy visionary](#)

ROCKLAND, Maine — A generous donation from the family of the late Matthew R. Simmons, the founder and chairman of the Ocean Energy Institute, along with all the gifts from friends and colleagues given to OEI in his memory, will create opportunities for the University of Maine to further the OEI objectives rooted in his visionary perspectives on the vast potential of ocean resources to provide clean energy options.

UM will establish a Matthew R. Simmons Ocean Energy Initiative Fund in its development office to pick up the OEI mantle and support work that will advance ocean energy research and development, education, commercialization and outreach efforts.

The Ocean Energy Institute itself will cease operations Jan. 31.

[Environmental legislation 'will not help fuel poor'](#)

The government's planned changes to environmental legislation to ration energy use in

the UK will not help those who are fuel poor, an expert has said.

Maria Wardrobe, director of communications at National Energy Action, has stated that the newly-proposed Tradable Energy Quotas (TEQs), which will see energy rations being given out, will have an impact on vulnerable households the most.

[Driver Fury at Petrol Ration Plan](#)

MOTORISTS face the "alarming" prospect of petrol rationing as the latest weapon in the war against drivers, it emerged yesterday.

[Heinberg's New Coal Question](#)

Coal today lies at the very center of the world predicament over the future of energy and the climate. An indication of this can be found in the November 18, 2010, issue (vol. 468) of the leading scientific journal *Nature*, which includes an article by Richard Heinberg and David Fridley entitled "The End of Cheap Coal." The article opens with the startling words: "World energy policy is gripped by a fallacy—the idea that coal is destined to stay cheap for decades to come." What follows is a short, dramatic discussion of problems (geological, economic, and environmental) constraining future coal production and consumption. Heinberg and Fridley's argument here has been developed more extensively in Heinberg's recent book *Blackout: Coal, Climate, and the Last Energy Crisis*, which provides us with yet another indication of the momentous challenge and burden of our historical time.

[Oil-rich Abu Dhabi champions ecological cause](#)

ABU DHABI (AFP) – It floats on a sea of oil in a country that has the largest ecological footprint, yet Abu Dhabi aims to convince the world of its environmental credentials through its futuristic Masdar initiative.

[Areva to Sign Nuclear, Solar Partnership With Saudi Binladin, CEO Says](#)

Areva SA and the Saudi Binladin Group will sign a partnership agreement tonight in the nuclear and solar power industries, the French company's Chief Executive Officer Anne Lauvergeon said today in Riyadh.

"We are in a major energy evolution in the region," Lauvergeon told a conference in the Saudi Arabian capital. "In the past, it was oil and gas, and that was it. Now it's oil, gas, renewables, and nuclear. We are very excited about this evolution, and we would like to be a long-term partner of these developments."

[Uranium Report 2011](#)

Our future energy course is being charted today because of the ramifications of peak oil, because cars pollute too much, because of climate change and because we wish to end our dependence on foreign supplied energy.

Many countries have energy independence and global warming as two of the key policy issues of their current administrations. For instance US President Obama made a pledge to eliminate oil imports from the Middle East and Venezuela within a decade and to slash his country's carbon dioxide emissions by more than 30 per cent by the year 2020.

[Ethanol, LPG producers get more time](#)

ETHANOL and liquefied petroleum gas producers have been given a further five months to adjust to paying fuel excise.

Announced by the Howard government in 2004, the excise was to phase in from July.

[Tests find high levels of lead in reusable bags](#)

Twenty-one reusable bags sold as alternatives to disposable plastic or paper bags had dangerous levels of lead, according to new test results provided to USA TODAY.

[China's organic farms rooted in food-safety concerns](#)

China's government promises tougher penalties, better supervision and greater transparency, yet the public will take some convincing. Almost 70% of China's consumers feel insecure about food safety, according to a survey released recently by *Insight China Magazine* and the Tsinghua University Media Survey Lab.

Now some individuals and companies are taking action to ensure the produce on their dining tables, or in work canteens, is fit to eat. A small but growing number of people are starting or joining organic farms that abide by the community-supported agriculture (CSA) model being used in the USA.

[Oyster bed restoration among first since oil spill](#)

MOBILE, Ala. – Volunteers from across the country are rebuilding oyster reefs along the Gulf of Mexico's delicate shoreline, hoping to revive oyster beds under assault for decades from overharvesting, coastal development, pollution, and most recently the BP oil spill.

The waters harbor much of the world's last remaining productive natural oyster beds, but BP PLC's April 20 oil well blowout dumped millions of gallons of crude into the Gulf and dealt yet another blow to the once bountiful habitat.

[Forest accords not saving trees, experts](#)

NEW YORK (AFP) – International accords on saving vulnerable forests are having little impact because they do not attack the core causes such as growing demand for biofuels and food crops, a new report said.

[Fish threatened by global warming to be moved north](#)

Fish from the Lake District will be moved to cooler waters in Scotland under radical plans – which will be unveiled this week – aimed at coping with climate change.

[The Economics of Global Warming](#)

The real global challenge facing us will be organizing to reduce carbon emissions and provide help to poor countries coping with climate change. The worst, but not the most likely, consequences of climate change could be rising sea levels: there is grounded ice in Antarctica that, if loosed from its moorings, is worth five or six meters of sea level, enough to sink Stockholm, Manhattan, or London, or to oblige them to build levees to escape inundation, and to oblige millions of Bangladeshis and others to abandon their homes and workplaces and to migrate. (Levees cannot save Bangladesh; they leave no escape for the freshwater floods that need to reach the ocean.)

The most likely consequences of climate change will be severe impacts on food production in the developing world. We can worry about urban heat waves, polar bears, and forest fires, but the worst effects are almost certainly going to be on food production in the poor countries, where half or more of the population depends on growing its own food.



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