



Drumbeat: February 26, 2011

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[Salazar: Won't Bow to Political Pressure to Restart Gulf Deepwater Drilling](#)

Interior Secretary Ken Salazar said that U.S. regulators would not bow to political pressure to restart deepwater drilling in the Gulf of Mexico before they are certain the oil-and-gas industry is capable of containing an oil spill like the one that followed last BP's Deepwater Horizon disaster.

Salazar and Michael Bromwich--the head of the U.S. Bureau of Ocean Energy Management, Regulation and Enforcement, which oversees offshore drilling--were in Houston Friday to meet with oil industry executives to assess the spill-containment systems they have developed in the wake of nation's worst-ever marine oil spill.

[Tribal groups joining protests against Yemeni president](#)

Sanaa, Yemen (CNN) -- Leaders of two tribal groups in Yemen say they will join protests demanding President Ali Abdullah Saleh's resignation following violent crackdowns on demonstrators in Aden.

"The Yemeni people will not stay quiet on the blood that was spilled in Aden and we will avenge for them," said Hussein Ahmar, president of the Yemen Solidarity Council, on Saturday. "We call on all those loyal to Yemen to stand with the revolution until this regime falls."

[Libya's chaos reawakens fears of 1970s oil shock](#)

One word — oil — will loom large in headlines this coming week, as instability and revolution in the Middle East continue to vex the world's crude market.

After the near complete loss last week of Libya's 1.7 million barrels of oil a day, plus growing investor uncertainty about output from other Middle Eastern oil producers, economists will be searching for ways to avoid another 1970s-style oil shock.

[Higher gas prices could be new normal](#)

CHICOPEE, Mass. (WWLP) - Some experts believe the higher prices we are seeing due to the unrest in the Middle East may be a permanent fixture.

Many fear that the unrest in Bahrain and Libya could spill into Saudi Arabia, and some believe that no matter what, the shifts in the Middle East will mark permanent change.

[Arab unrest latest threat to European markets](#)

Political unrest has raged across the Middle East and North Africa for much of 2011. Aside from the tragic human cost in the region, the knock-on effects pose a threat well beyond the Arab world, which could derail the global economic recovery.

[Alaska Gov. Parnell: Review domestic energy policy](#)

WASHINGTON — Gov. Sean Parnell told the National Press Club today federal "no new wells" policies oppose national security interests by leaving the United States heavily dependent on oil imports.

He asked the federal government to partner with his administration's effort to make the state more attractive to oil explorers and developers. Such a partnership, he said, requires a "change in mindset" from overactive federal regulators.

"It's going to take regulatory agencies that are given that sort of mandate. No more delays," he said.

[Canadian Currency Rallies to Strongest Level in Almost Three Years on Oil](#)

Canada's currency climbed to its highest level in almost three years against its U.S. counterpart as crude oil had its biggest weekly gain since 2009 on concern Libya's uprising reduced supplies.

[The Philippines: Trouble in Mideast prompts oil crisis warning](#)

WO lawmakers proposed giving President Benigno Aquino III emergency powers to deal with an oil crisis. Kasangga party-list Rep. Teodorico Haresco and Western Samar Rep. Mel Senen Sarmiento said that Congress may consider granting President Aquino economic emergency powers in the event that the situation in the Middle East and North Africa further escalates and creates a severe oil shortage.

The two solons warned that the government might be forced to implement fuel rationing in the light of the escalating political unrest in the Middle East and in some North African countries.

[Government calls for emergency fuel importation to avert shortage](#)

The Ministry of Energy has been forced to float an emergency tender for the importation of 45,449 metric tonnes of diesel after National Oil Corporation of Kenya (Nock) failed to deliver the product.

[Energy crisis: Pakistan to seek free oil from Kuwait](#)

ISLAMABAD: A day after authorities refused to increase domestic oil prices in line with the international market, President Asif Ali Zardari is scheduled to visit Kuwait to find a solution to the matter – which may include seeking free oil from the Gulf state.

The president, who on Friday flew to Kuwait on a two-day visit, will request the Amir of Kuwait, Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, to supply half of the diesel fuel it exports to Pakistan for free while extending the credit period on the remaining 50 per cent, according to sources at the petroleum ministry.

[It's global, not local](#)

O&G are much more versatile than coal, apart from being cleaner. It is difficult to design coal-based jet engines or internal combustion motors. The Germans did synthesise petrol from coal during World War II but it's not cheap or easy. Global energy demand will grow steadily as India, China and Brazil bootstrap out of poverty. There has been only one year (2009) since 1982 when energy consumption fell due to the global recession. There are question marks as to the post -“peak oil” future. Peak oil is the point, probably coming sometime in the next decade, when global production of crude peaks, (while energy demand grows). There are also environmental issues centred on carbon emissions and climate change.

[State mining company opens coal mine, declares oil-from-coal intent](#)

JOHANNESBURG (miningweekly.com) – South African President Jacob Zuma launched the new ‘competitive’ State mining company, which will produce 800 000 t/y of energy coal at its first mine and synthetic crude oil from another from 2013.

[Consumers Hold On to Products Longer](#)

Throw away the cellphone after two years? Not so fast. Ditch the flat-panel TV for an even thinner model? Maybe next year. Replace the blouse with the hole? Darn it!

Consumer spending has picked up, but for some Americans the recession has left something behind: a greater interest in making stuff last.

[A Tipping Point for Oil Prices](#)

With speculation calming, at least for the moment, oil prices are no longer soaring higher and higher every day. But prices are at a tipping point.

The days of \$100 a barrel oil are back. Most economists think that this price level, while high by historical standards and an impediment to growth, is not high enough to completely derail the economic recovery. We are still below a national average price of \$3.50 for regular gasoline, the price at which consumers are thought to get worried and rein in their discretionary spending. (The average national price is now \$3.29 according to A.A.A., roughly 18 cents higher than a month ago.)

[Oil spikes 9% in a week](#)

NEW YORK (CNNMoney) -- Oil prices have had a wild ride this week, surging more than 9% since last Friday as investors reacted to the changing political dynamic across North Africa and the Middle East.

[How gas spikes 6 cents in one day](#)

NEW YORK (CNNMoney) -- Gas prices spiked 6 cents Friday, the biggest one-day jump in two years, and drivers are probably wondering how prices can rise so much in such a short period of time.

Sure, oil prices surged past \$100 a barrel Thursday in the wake of violence and protests in the Middle East. But the gas you're pumping at the station was probably made two or three weeks ago, when U.S. crude was trading in the high \$80s.

[JPMorgan Boosts 2011 Brent Oil Forecast by \\$9 to \\$104](#)

JPMorgan Chase & Co. boosted its 2011 oil-price forecast for Brent oil by \$9 to \$104 a barrel, citing supply shut-ins in Libya.

The \$104 forecast “assumes that supply problems will be limited to Libya, that OPEC will supply additional oil and that demand for precautionary inventories will moderate over time from their crisis-levels of today,” analysts led by Lawrence Eagles in New York said in a note to clients today.

[U.S. Gulf Oil Premiums Widen as Cushing Discount Steady at \\$14](#)

U.S. Gulf crude premiums strengthened as the benchmark West Texas Intermediate, priced in Cushing, Oklahoma, held steady at about \$14 compared with its European counterpart.

[Oil May Rise as Mideast Unrest Curbs Supplies, Survey Shows](#)

Oil prices may rise from the highest levels in 29 months next week as violent clashes in Libya and tensions in other parts of the Middle East disrupt crude shipments from the region, a Bloomberg News survey showed.

Twenty-three of 40 analysts, or 58 percent, forecast crude oil will climb through March 4. Nine respondents, or 23 percent, predicted prices will decline and eight estimated little change. Last week, 44 percent said futures would increase.

[Can the Saudis Deliver the Oil the World Needs?](#)

As decades-long autocratic rule unravels in the Middle East, volatility in the global oil markets continues to point toward one overriding concern: Oil.

Almost two-thirds of the world's known conventional oil supplies are located in the region. How can we maintain an oil flow balance in the face of the rising uncertainty? Most analysts reduce it to a supply equation. If a certain amount of normal deliveries is suddenly withdrawn from the market – say, for example, the 1.6 million barrels a day produced by Libya – what is the remedy?

[U.S. closes Libya embassy, freezes Gadhafi assets](#)

WASHINGTON (AP) — The Obama administration froze assets of the Libyan government, leader Moammar Gadhafi and four of his children Friday, just hours after it closed the U.S. Embassy in Tripoli and evacuated its remaining staff. U.S. officials said announcements of the steps were withheld until Americans wishing to leave the country had departed as they feared Gadhafi might retaliate amid worsening violence in the North African country.

[UN Debates Libya Sanctions as Qaddafi Vows to Fight On](#)

The United Nations will debate imposing sanctions on Libya today after Muammar Qaddafi told loyalists he's prepared to arm them to fight opposition forces holding the eastern part of the country.

“When needed, all the weapons stores will be opened,” Qaddafi told a crowd in Tripoli's Green Square late yesterday. In New York, Libya's ambassador to the UN, Mohammed Shalgham, pleaded for the Security Council to act and “save Libya.”

[Suncor shuts down operations in Libya](#)

Suncor Energy Inc. said Friday it has removed all its expatriate staff in Libya and that field operations there were shut down this week.

[The business of doing business in Gadhafi's oil kingdom](#)

Business deals with the Gadhafis were always very personal, and usually involved fixers and middlemen of colourful background and the exchange of huge sums of money.

[Uganda Police to Crush Opposition Protests Against Poll Outcome](#)

Ugandan police will block planned protests by four opposition leaders who lost the Feb. 18 presidential elections to President Yoweri Museveni because they are likely to degenerate into riots, Kale Kayihura, the Inspector General of Police, said.

Police will take "firm and resolute actions" against any person organizing, intending to hold or participating in the planned "unlawful demonstrations," Kayihura said today in an e-mailed statement.

[Iraq's biggest oil refinery shut by gun and bomb attack](#)

"Armed men entered the refinery and shot dead two of the engineers," said Abdul Qader al-Saab, the facility's deputy chief.

"Then they detonated bombs at one unit, the al-Shamal unit, of the refinery, which represents 25 percent of the refinery's production. In the morning, we came to put out the fire, which erupted as a result of the bombs."

[We need continental energy strategy](#)

The King also said future supply disruptions would be compensated for, which means that if all of Libya's production is shut down the Saudis will increase their production to the 1.2 million a day that's missing. If Algeria falls, it will compensate for that too and so on. They have four million barrels a day to spare.

This will support US\$100-a-barrel oil, which is their new target. That's because US\$100 represents a US\$10-a-barrel increase over recent levels, which means the king's US\$36-billion giveaway to his people will be paid for within nine months. It's a no-lose situation and allows him to continue to bribe his people with our money.

[Warton Jeff's peakonomics](#)

Mr. Rubin's claim that the Saudis are not opening the taps because they are tapped out

is moot for other reasons. Saudi Arabia has good reason to be wary. Opening the taps in the past has led to price collapses, notably in 1986 and 1998. Indeed, a couple of weeks ago, one prominent Saudi expert noted that the Saudis were more concerned about bulging global oil inventories than prospects of a shortage. The expert was Mr. al-Husseini.

Meanwhile, the basic flaw with peak oil theory is that it is not so much about oil as moral disapproval of oil, and a rejection of markets more generally. Mr. Simmons described the market as a “500-pound wrecking ball” and compared Adam Smith’s “Invisible Hand” to an instrument of strangulation. He also wanted draconian legislation to force behaviour that complied with his anti-oil, anti-freedom agenda.

[Energy: The really big crunch gets closer](#)

The question is worldwide, but it’s also intimately local: how close are we to the big crimp in all our driving and flying and inefficient, electronic gizmo-infested houses?

How close to having to pay sharply more for everything, including food? How close to having to traumatically change the wastrel ways and infrastructures (notably urban sprawl) we’ve built up over the past 50 years of cheap oil? When are we going to get serious about preparing for the inevitable?

[The return of peak oil](#)

A reviving global economy and mounting unrest in the Arab world are stirring renewed fears about a long-term spike in oil prices. Earlier this month, as protests in Egypt peaked, oil hit a two-year high, prompting anxiety about a return to the \$100-a-barrel days of 2008. And with Egypt not quite out of the woods, and uglier protests igniting in Bahrain, Libya and Iran, the oil market remains understandably jittery. (Last week, oil prices hit \$90 a barrel.)

But renowned energy analyst Charles Maxwell, looking beyond the political turmoil to the more long-term pressures on oil prices, predicts oil could fetch \$300 a barrel within the next decade. “We will begin to settle very slowly and gradually into a world in which we need more oil each year, but we can’t get more,” he said in a recent interview with *Barron’s*. The 79-year-old “oil oracle” has been an enduring advocate of peak oil, the theory that says demand will rise faster than the production capacity.

[Oil price boom not expected to bail out Louisiana](#)

Oil prices are hovering near \$100 per barrel as unrest in Libya threatens supply levels, but Louisiana officials don't expect the price spikes to solve the state's budget woes, which include a \$1.6 billion gap next year.

"These oil prices are not going to fix us," Greg Albrecht, the chief economist for the state Legislative Fiscal Office, said Friday.

[Oil Age going way of Stone Age](#)

WHY is our world so slow to act to confront the impending crisis caused by shortages and increasing prices of liquid fossil fuel?

[Be prepared for the difficult times ahead](#)

We are at the \$100 per barrel mark as I write this. At this price, we can expect gasoline to rise to \$4 per gallon in the near future. This could cause our fragile economic recovery to sputter and stagnate. In my opinion, at \$5 a gallon the light at the end of the tunnel will be extinguished.

If the unrest continues, we can expect the price of oil to move into the \$150-\$200 range within a few months and possibly higher by the end of the summer. When gas prices rise above five dollars a gallon our economy will break down and Americans will greater hardship.

[Deciphering M.P.G.: The Meaning of 35.5](#)

In the broad sweep — the sound bite that most drivers have heard — the government's requirement for the combined fuel economy of new car- and light-truck fleets has been raised to the equivalent of 35.5 m.p.g. for 2016, from the 27.5 m.p.g. level where it had been stalled since 1990.

But as anyone who's dealt with government agencies knows, simple numbers cannot tell the whole story. The new standards are a byzantine assemblage of rules, all subject to credits, allowances and exemptions. Even the quick-take 35.5 figure gets an asterisk: that is the Environmental Protection Agency's number, which adjusts for the benefits of improved air-conditioning systems. The National Highway Traffic Safety Administration's standard for combined industrywide fleet mileage in model year 2016 comes out to 34.1 m.p.g.

[Marine Power `Turns Corner' on Increased Investments, U.K. Trust Says](#)

Wave and tidal energy are set to take off as utilities including Germany's E.ON AG, Iberdrola SA's Scottish Power unit and Sweden's Vattenfall AB step up investment in the new industry, the U.K.'s Carbon Trust said.

The first commercial-scale plants should be producing power from the U.K.'s waves and tides within four years, with a total generating capacity of 100 to 200 megawatts possible by 2020, according to Benj Sykes, director of innovations at the government-funded advocate for low-carbon energy generation.

[India's Power-Grid Bottleneck May Get Funding in Federal Budget Next Week](#)

Indian clean-energy companies said the government's budget next week may provide funding for extending electricity lines to plug an infrastructure gap that threatens to isolate new wind farms and solar plants.

[Why being green isn't all black and white...](#)

If you're buying a new car anyway, then of course it makes sense to buy a small, highly efficient one that produces low emissions.

However, making a new car from scratch (including mining the metal and making all those plastic and rubber bits) uses lots of energy. In fact, a new car uses the same amount of carbon as driving 23,000 miles, according to the Stockholm Environment Institute. So unless you drive a lot in a gas-guzzler, you may be better to keep your old banger.

[A Small Compromise in California's Water Wars](#)

Like an early spring bud poking out of a thicket, a compromise emerged on Thursday in one of the intertwined legal battles that pit California's major agricultural and urban water users against federal scientists and environmentalists. For the moment, both sides agree on how to protect the endangered delta smelt while managing water deliveries through the West Coast's largest and most degraded estuary, the delta where the Sacramento and San Joaquin rivers meet.

[Green concerns not at cost of growth](#)

NEW DELHI: Caught between the challenges posed by climate change and need for economic growth, the government's report card on the economy added a chapter on environment first time and called for "careful planning and customised policies" to ensure that green strategies do not result in slow growth.

[EU Weighing 'Confiscation' of Carbon Permits, Steel Lobby Says](#)

A European Union plan known as the roadmap to set aside carbon permits starting in 2013 and slash emissions through 2050 amounts to "confiscation," said a steel-industry lobby group.

[A climate-change activist prepares for the worst](#)

Ten years ago, I put solar panels on my roof and began eating locally grown food. I

bought an energy-efficient refrigerator that uses the power equivalent of a single light bulb. I started heating my home with a stove that burns organically fertilized corn kernels. I even restored a gas-free lawn mower for manual yardwork.

As a longtime environmental activist, I was deeply alarmed by new studies on global warming, so I went all out. I did my part.

Now I'm changing my life again. Today, underneath the solar panels, there's a new set of deadbolt locks on all my doors. There's a new Honda GX390 portable power generator in my garage, ready to provide backup electricity. And last week I bought a starter kit to raise tomatoes and lettuce behind barred basement windows.



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