



Drumbeat: March 5, 2011

Posted by [Leanan](#) on March 5, 2011 - 10:50am

[What about a revolution in oil dependency?](#)

The repeated warnings that the world economy is relying on a dwindling resource lying deep down in the earth, underneath unstable states, are proving true before our very eyes. The popular uprising in Egypt and the civil war in Libya have sent prices soaring at gas stations. And this is nothing compared to the growing fear that Saudi Arabia, the most important state in the world oil economy, will also ignite in the flames of revolution. If the Saudi oil industry enters into a period of crisis and uncertainty, the soaring prices could undermine the world order.

Columnist Thomas L. Friedman has been sounding the alarm for years about "America's addiction to imported oil." Electric car entrepreneur Shai Agassi is busy developing an alternative to the black gold. But admonishing articles or an energy initiative are not enough: The priorities of the developed nations must change and they must make it their top priority to reduce their dependence on petroleum. There is no greater danger to their national security and prosperity than the current structure of the energy market.

[Oil prices: Urgent steps needed to wean UK onto other energy sources, MPs say](#)

Ministers will be ordered to adopt urgent measures to wean the country off oil, amid rising concern that the Libya crisis has left the economy exposed to a dramatic rise in fuel prices.

With fears growing that the cost of petrol could hit £2 a litre if instability in the Middle East persists and deepens, every government department will be told this week to comply with a new national "carbon plan" aimed specifically at "getting off the oil hook".

[Why Would an Oil Industry Group Oppose Sanctions on Libya?](#)

When President Obama announced earlier this week that his administration would be pursuing harsh sanctions against Muammar Qaddafi's Libyan government in response to its brutal backlash against Libyan protesters, most had to agree that it was the correct course of action.

Most, that is, except for USA*Engage, a coalition with a membership reported to include Halliburton, ExxonMobil, BP, ConocoPhillips, and Shell.

[Saudi Aramco Raises April Oil Prices for Asia, NW Europe](#)

(Bloomberg) -- Saudi Aramco, the world's largest oil exporter, raised official selling prices for all crude grades for customers in Asia and Northwest Europe for April shipments and cut prices for customers in the U.S.

[Global stagflation is here to stay](#)

All told, we've been beating the table on global stagflation since October. Now that consensus has figured out the inflation component as oil trades above \$100 per barrel, our task is to figure out how to time consensus' uncovering of the bearish growth factor on the short side of equities. If 2008 is any guide, they will kick, scream, and buy every dip on the way down – provided we're headed there; ultimately, time and space will tell.

[Economy so old that it's new](#)

A deep and pervasive positive outlook is what makes *The Economics of Happiness* so great. Of course, the film surveys the grave problems that threaten globalized capitalism and make even its success seem like failure: income inequality, pollution, resource depletion and of course, depression and anomie.

But from start to finish, this film presents a vision of a better future beyond economic growth that is among the most convincing and credible that I've seen.

[The food movement's role in revitalizing environmentalism](#)

Environmentalism may not be dead yet. In recent months signs indicate that the faltering mainstream environmental movement is about to be resuscitated by, of all things, the contemporary food movement. Foodies to the rescue!

[Richard Heinberg - Earth's limits: Why growth won't return - water](#)

Limits to freshwater could restrict economic growth by impacting society in four primary ways: (1) by increasing mortality and general misery as increasing numbers of people find difficulty filling basic and essential human needs related to drinking, bathing, and cooking; (2) by reducing agricultural output from currently irrigated farmland; (3) by compromising mining and manufacturing processes that require water as an input; and (4) by reducing energy production that requires water. As water becomes scarce, attempts to avert any one of these four impacts will likely make matters worse with regard to at least one of the other three.

[Arab unrest could double oil price: British minister](#)

The price of a barrel of crude could double if the unrest in the Arab world deteriorates, oil trader turned British international development minister Alan Duncan warned Saturday.

Duncan, who has 30 years' business experience in the Gulf, told The Times newspaper that the price of a barrel of crude could top \$200 (140 euros), well above the record high of \$147 reached in July 2008.

[At CERAWEEK, Top Energy Leaders Meet As Oil Markets Feel Jitters](#)

HOUSTON -(Dow Jones)- As many of the world's energy power providers gather in Houston next week for the IHS Cambridge Energy Research Associates conference, a long-dormant ghost will rear its head: the specter of an oil-supply shock.

[Our view: No-fly zone in Libya holds more risks than rewards](#)

When a crisis like the one in Libya arises, replete with barbaric actions by a dictator against his own people, calls for U.S. military action follow like a spasmodic reflex. Americans see people in trouble, want to help and look to the military to deliver a quick, effective, cost-free blow. But that impulse rarely produces the desired result, which makes the chorus calling for a no-fly zone over Libya sound gratingly off-key, despite the good intentions and notable credentials of some of the advocates.

[Opposing view: A moral obligation to intervene](#)

It is in our interest to see the Libyan people free themselves from Gadhafi's brutal reign. We should thus explore all possible options to do so, including arming the opposition so they are not slaughtered by regime forces.

[Blood and oil](#)

The Philippines will not be exempted from the "blood and oil" paradigm if there should be a scramble for oil around the South China Sea that the Chinese claim is their territory.

Indeed, it may already have begun even if there is not a drop of oil in question. Only last Thursday, the Philippines protested the harassment of a department of energy research vessel by two Chinese gunboats. We may be entering into a dangerous phase in the Spratly islands dispute.

[Nigeria drops charges against Halliburton, Cheney](#)

ABUJA — Nigeria's anti-corruption agency said on Friday it had dropped bribery charges against former U.S. Vice President Dick Cheney and oil services company Halliburton after the company agreed to pay a fine.

[Iraq's largest oil refinery reopens after attack](#)

Iraq's Oil Ministry spokesman says the country's largest refinery has reopened days after gunmen attacked the facility.

Asim Jihad tells The Associated Press the Beiji refinery resumed activities Friday morning.

[Stopping coal at the coast](#)

Plans to export more coal to China will only hurt efforts to combat climate change.

[Waste Wells to Be Closed in Arkansas](#)

Two oil and gas companies agreed to temporarily shut down wastewater disposal wells in Arkansas that some experts believe are connected to a recent swarm of earthquakes.

The State Oil and Gas Commission was scheduled to request the shutdowns at an emergency session on Friday morning, six days after Arkansas experienced its largest earthquake in 35 years.

The companies that own the wells, Chesapeake Energy and Clarita, agreed to the request before the meeting, said Shane Khoury, deputy director of the commission, though company officials did not support the theory, held by some state researchers, that the wells may be connected to the earthquakes.

[Oil settles at highest level since Sept. 2008](#)

NEW YORK — Oil prices rose past \$104 a barrel to end the week at a 29-month high, as fighting in Libya intensified and the world's largest petroleum consumer, the U.S., reported that employers added nearly 200,000 new jobs in February.

[Success on both sides sows fear of Libya civil war](#)

TRIPOLI, Libya — Moammar Gadhafi loyalists swept into the opposition-held city closest to Tripoli on Saturday, tightening security around the regime-held capital. To the east, rebel forces captured a key oil port as the country veered toward civil war.

The contrasting fortunes of the two warring sides suggest that the conflict in Libya could last for weeks and maybe months, with neither side mustering enough military power to decisively defeat the other. The government is fighting fiercely to maintain its hold in Tripoli and surrounding areas and the rebels are pushing their front westward from their eastern stronghold.

[Libya Unrest Holds Threat of Economic Toll for Italy](#)

ROME — In response to the murderous tactics of Col. Muammar el-Qaddafi's militias against unarmed protesters, the United States and the European Union have announced steps to freeze the government's assets, and the International Criminal Court has opened an investigation into possible crimes against humanity.

But Italy — which gets nearly a quarter of its crude oil and 10 percent of its natural gas from Libya, has billions of dollars in lucrative contracts with the Libyan government and receives billions more in Libyan investments — has held back on freezing any assets. Officials say they are waiting for a “coordinated” response from the European Union about whether the measure applies to Libyan sovereign funds, a ruling that Italy said it hoped would come as soon as next week.

[Kadhafi 'still boosted by millions of oil dollars'](#)

LONDON (AFP) — Libyan leader Moamer Kadhafi's crumbling regime is still being boosted by millions of dollars of crude export revenues despite Western sanctions, the Financial Times reported Saturday.

The business newspaper, citing a senior Western oil official and traders, said that payments for oil exports were finding their way back to Libya's central bank, and possibly into Kadhafi's control.

[Oil-Tanker Rates' 19-Fold Increase Shows Refiners' Rush for Libyan Crude](#)

A 18-fold surge in oil-tanker rates in two weeks is a sign that European refineries are rushing to secure cargoes of crude from Libya as an uprising against leader Muammar Qaddafi disrupts supply.

[China paper blasts Middle East protest movements](#)

BEIJING — A Chinese Communist Party-run newspaper on Saturday attacked anti-government protest movements in the Middle East and dismissed the possibility of something similar happening in China.

Such movements have brought nothing but chaos and misery to their countries' citizens and are engineered by a small number of people using the Internet to organize illegal

meetings, the Beijing Daily, published by the city's party committee, said in a front-page editorial.

[Saudi Government Says Demonstrations, Marches Prohibited by Kingdom's Laws](#)

Saudi Arabia's Interior Ministry said that demonstrations, marches and sit-ins are "strictly" prohibited under the kingdom's laws.

[The Truth Behind Saudi Arabia's "Spare Capacity"](#)

There doesn't appear to be any overt reason why the price popped today. But beneath the surface, we see a series of ominous developments from Saudi Arabia, the world's No. 1 oil exporter. Events that could make \$103 oil seem as quaint as an 8-track tape left in an abandoned car for the last 40 years.

[Shell's Nigerian Bonga Deepwater Oil Field Repairs to Take 'Several Weeks'](#)

Royal Dutch Shell Plc (RDSA) said maintenance of its Nigerian deepwater Bonga oil and gas field, which accounts for about 10 percent of the country's daily output, will last "several weeks."

"We're starting with a partial shutdown and then conclude with a total shutdown," Precious Okolobo, the company's spokesman in Lagos, said today in a phone interview.

[Charting The Impact Of Prior Oil Crises, With A Particular Focus On The 350% Increase In Price Following The Yom Kippur War](#)

Morgan Stanley has compiled a convenient table looking at the impact of all prior oil crises, and how that reflected in peak oil production loss as well as the price of oil on a monthly, 3 month and 6 months basis. And while the biggest crises of modern days has so far been the Yom Kippur War with a total loss of 5 million mmb/d resulting in a 350% increase in the price of oil 6 months following, should the Libyan crisis escalate and impact even half of Saudi production (keep an eye on the March 11 organized protests), the current MENA crisis will promptly win the first prize for biggest oil surge. Should the past 6 month record be passed, Brent will likely be trading around \$350 around July.

[Energy Security](#)

Wind turbines may be the new face of energy in Kansas, but oil wells have been the consistent image of energy production. State-wide, more than 45,000 wells pumped nearly 40 million barrels of oil from the ground in 2010. In McPherson County alone, 615 operational wells produced just over 349,000 barrels of oil last year and a total of

209.6 million gallons since drilling started in the county in the early 1900s. According to data from the Kansas Geological Survey, Kansas has produced a cumulative 6.6 billion gallons of oil since the turn of the century.

[U.S. oil supply in deep trouble](#)

Now that chaos in the Middle East has taken hold it's only a matter of time before the U.S. will be affected. This time it will not be a replay of the 1970s oil crisis where the whole problem went away in a few months.

There are numerous reasons for the U.S. oil supply to be impacted, the least of which may be the actual amount of oil still left in the ground.

[Petrol price spike proves 'peak oil' predictions](#)

Peak oil is here and although the details of the peak-oilers' predictions may not bear out, the essence of it is happening. Increased price volatility of oil, increased prices of basic goods, social unrest. Maybe it's time to read about peak oil in more detail to understand what's going on around you and maybe it is time to seriously take action in every way you can.

[Oil prices: Green light from the black stuff](#)

It will come as little comfort to many motorists blenching at the pumps today at having to pay 130p or more a litre to fill up their cars with unleaded petrol, but the surge in the price of oil may not all be bad news. Potentially, at least, and if the right lessons are drawn, today's threat could be tomorrow's opportunity.

[Record Gasoline Prices: \\$8 in Europe, \\$4 in California](#)

The idea that something needs to be done in the face of a supply shock on top of overheating in China and peak oil constraints is ridiculous. Supply shocks are anything *but* inflationary.

[Who is to blame for \\$4.00 a gallon gas? How about \\$10.00 a gallon?](#)

Who can we blame for \$4.00 a gallon? Answer: every last one of us cotton pickin' American gas guzzling 8-cylinder SUV drivers, trucks, trains, boats and planes! We burn 20 million barrels a day in the United States. The world's humans burn 84 million barrels daily. That's 29.9 billion barrels of oil annually worldwide! Whopping carbon footprint! Hey! Did you think a finite resource like "endless oil" could go on forever? That's like sucking on an "endless milkshake" straw at the local diner! It eventually runs dry and you suck on air.

['Animal Spirits' Poised to Go Positive](#)

The big difference, as www.gregor.us and www.theautomaticearth.com never tire of reminding us, is peak oil. Unless a miraculous energy alternative is found, this “depression” is permanent.

[Tidal Power Demonstration Projects May Get 50% Funding From India](#)

India's Ministry of New and Renewable Energy said it may provide financial incentives for as much as 50 percent of the cost for projects seeking to demonstrate how to produce electricity from ocean tides.

[EnerNOC Surges After Federal Regulators Reject PJM Double-Counting Claims](#)

EnerNOC Inc. (ENOC), an electricity demand- reduction service, jumped after the Federal Energy Regulatory Commission said it won't pursue penalties against such service providers that PJM Interconnection LLC said have double-counted some reductions.

[News Corporation Is Carbon-Neutral, Murdoch Declares](#)

The News Corporation, the media conglomerate and parent company of Fox News Channel, has gone carbon-neutral, fulfilling a goal set four years ago, Rupert Murdoch, the company's chairman, announced this week in a companywide memo.

[Danish Maersk Lines Cuts Shipping Emissions 50%](#)

Shipping is going to need to use a lot less fuel if we still want to have international shipping in the carbon-constrained future that awaits. Even if polluters prevail and no climate laws get passed, world peak oil is lurking in our very near future, anyway.

So a smart company is looking now at a low carbon option in order to keep on shipping sustainably now that fossil fuel use must go down. Denmark's Mærsk Line, which is the biggest container shipping company in the world is one company that is prepared.

[China to Cap Energy Use at 4 Billion Tons of Coal by 2015, Xinhua Reports](#)

China will cap total energy consumption at the equivalent of four billion tons of coal by 2015, Xinhua News Agency reported today, citing Zhang Guobao, former head of the National Energy Administration.

Energy use will rise by an average 4.24 percent annually over the five-year period from

2011 to 2015, Zhang said, according to Xinhua.

[Behind China's Shift on Energy and Growth](#)

Interpreting shifts in China's growth and resource use has long been a challenge, to say the least. A decade ago, some energy analysts and environmental groups were quick to conclude that an apparent reduction in carbon dioxide emissions from coal burning proved China was capable of avoiding the western pattern of rising emissions in a growing economy.

Subsequent analysis found that much of the decline was the result of one-time changes in energy choices (like a sharp decline in household heating with coal).



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