



## Drumbeat: March 16, 2011

Posted by [Leanan](#) on March 16, 2011 - 10:09am

### [The Peak Oil Crisis: Protests, Tsunamis & Deficits](#)

Events seem to be moving faster and faster these days. Perhaps it is due to the new ways of communicating that are now available. Or maybe it is the speed of travel or even that there are now nearly seven billion of us running around on the earth making more things happen. Anyway it is coming to the point that one's world outlook has to be modified every few months as the old ways of looking at things are changed by events.

So it is with oil -- supply, demand and, of course, price. At the beginning of the year the future of oil was thought to be mostly about China and how fast its economy and demand for oil would grow during 2011. In last two months, however, the world situation has changed markedly and we now have a multiplicity of factors vying to influence the global oil markets in ways as yet unknown.

### [FACTBOX - How Japan, political turmoil change energy flows](#)

REUTERS - First violent unrest in OPEC member Libya caused changes to flows of crude and refined oil products.

Now Japan's worst recorded earthquake has led to the shutdown of roughly one third of Japan's refining capacity of 4.5 million barrels per day, while more than one fifth of its nuclear capacity, estimated at 49 gigawatts by the U.S. Energy Information Administration, has been shut in.

### [World energy crunch as nuclear and oil both go wrong](#)

The existential crisis for the world's nuclear industry could hardly have come at a worse moment. The epicentre of the world's oil supply is disturbingly close to its own systemic crisis as the Gulf erupts in conflict.

### [Steve LeVine: Flaming nuclear reactors + choking coal = natural gas boom](#)

For some months, we've cast doubt on widely accepted forecasts of a humongous rise in the global consumption of coal. Instead, we've foreseen a massive global shift to far-cleaner natural gas-fired electricity. In doing so, we have relied on a basic assumption:

That governments aren't ordinarily suicidal. Based on that rule of thumb, it's been straight-forward to see China's Communist Party -- wishing to remain in power -- *not* following the steep trajectory of coal consumption growth built into the energy and economic models of our leading institutions (see charts below), but instead a far-less aggressive growth pattern. Why? Because the increasingly aspirational Chinese population has made clear in recent years that it won't tolerate choking and deadly pollution. If China adheres to the existing growth models, China's cities will become those choking, blind, airless -- and socially turbulent -- population centers, and potentially jeopardize the Communist Party's authority. Hence, we've suggested discarding the coal models sitting in your queues.

### [Kjell Aleklett: "The oil of the Arctic is not worth the risks"](#)

The oil companys' assert that it is necessary to drill for oil in deep water, including in the Arctic. But the oil reserves concerned are not greater than could be provided by a number of simple savings, writes Kjell Aleklett, Professor of Physics at Uppsala University, Sweden.

### [Steve LeVine: What ails global energy? Everything](#)

Japan's possibly cataclysmic situation started with an earthquake, went on to a tsunami, and now is essentially an energy event -- a potential catastrophe stemming from long-ago decisions on how to power the world's third-largest economy and among the most affluent lifestyles on the planet. After a wait-and-see period, traders today expressed their anxiety with a panicky sell-off -- they sent oil prices well below \$100 a barrel in the United States (Japan's Nikkei stock index unsurprisingly fell by 11 percent, and the New York Stock Exchange has followed suit by dropping more than 250 points at this point, or 2.4 percent). The market is turning brutal against anything related to the nuclear industry -- investors sent down shares of many uranium miners, for example, by double-digit percentages, and of nuclear power plant operators like Exelon and Entergy in the single digits.

### [Libya to honour contracts](#)

Libya's government will honour existing contracts with Western oil companies after a violent revolt cut output in the Opec nation, the head of Libya's National Oil Corporation said today.

### [Nigerian militants claim attack on Agip oil facility](#)

(Reuters) - Nigeria's main militant group said on Wednesday it was responsible for an attack on an onshore oil facility operated by Italian firm Agip and pledged further strikes on oil infrastructure in the coming days.

### [ConocoPhillips Cuts Gas Drilling in Canada](#)

ConocoPhillips' experience with natural gas has been marked by poor timing.

### [Bill Regulating Fracking Draws Mixed Reaction](#)

Legislation introduced by U.S. Sen. Bob Casey, D-Pa., to regulate aspects of natural gas drilling provoked mixed reactions from environmental groups and the industry.

### [Saudi Aramco, Sinopec sign Yanbu refinery MOU](#)

KHOBAR, Saudi Arabia (Reuters) - State oil giant Saudi Aramco said on Wednesday it signed an initial agreement with China's Sinopec to jointly develop the 400,000 barrels-per-day (bpd) Yanbu refinery project.

### [Saudi Aramco picks SKorea's Samsung Engineering for giant Shaybah natural gas liquids project](#)

RIYADH, Saudi Arabia — Saudi Arabia's state-run oil giant Saudi Aramco says it has selected South Korea's Samsung Engineering Co. to build its giant Shaybah natural gas recovery facility.

### [Enbridge, Canadian oil shippers reach toll deal](#)

(Reuters) - Enbridge Inc, whose pipelines carry the lion's share of Canadian oil exports to the United States, said on Wednesday it reached a 10-year tolling deal with its shippers, aimed at allowing higher returns compared with regulated rates.

### [Colombia Expects Record Oil Production as Carlos Slim, China Seek Reserves](#)

Colombia, South America's third-largest crude producer, said output will climb to a record this year amid investments from China and billionaire Carlos Slim.

Spending on exploration and production may surpass \$3.5 billion to \$4 billion this year, when annual output will exceed a 1999 peak to reach a record of 850,000 to 900,000 barrels a day, said Armando Zamora, director general of the state-run National Hydrocarbons Agency. Transport capacity is scheduled to reach 1.2 million barrels per day within two years, he said.

### [Forty years on, gas is still not flowing from frozen Tuktoyaktuk](#)

Merven Gruben, the mayor of Tuktoyaktuk's 970 mainly Inuvialuit inhabitants, said: "We used to have a thousand exploration people based on the shore here, and 2,000 more at sea on the drill ships. There was work for anyone here who wanted it, but we

lost half of our employment when the exploration stopped."

Forty years after it was first suggested, there is still no sign of a proposed 1,220km gas pipeline to link the Beaufort gas fields, via the Mackenzie River valley, to the North American energy grid in Alberta.

#### [\\$4 Gas: Bubble or Baseline?](#)

"220! 220!" an RV driver cried out, reading the dollar ticker on a gas pump in Arizona in disbelief. In many places around the U.S., you cannot find gasoline for less than \$3.99 a gallon.

The Department of Energy says there is a 25% chance that gas prices will be higher in the summer driving season. It has also increased its 2011 oil price projection from \$91 a barrel to \$105.

The fact is, however, that practitioners in the energy business have a hard time understanding just how the future will unfold because of the complexity of energy markets.

#### [Angry Over Oil Price? Demand A Change In Fed Policy](#)

The price of oil has shot up over \$100 a barrel, and the price of gasoline is headed to \$4 a gallon.

True to form, the call has gone out to "round up all the usual suspects." Channeling the orders of Captain Renault of Casablanca, the Congress and the press go after speculators, "greedy" oil companies and Arab sheiks, profligate American consumers, and the ever handy Chinese.

#### [Boat Fuel Is Still a Bargain in Mexico](#)

CABO SAN LUCAS -- Concerned about the rising price of boat diesel fuel? Head down to Mexico.

#### [Japan, Persian Gulf and energy](#)

Japan depends on nuclear energy and it depends on the Persian Gulf, which is where it gets most of its oil. It was, therefore, a profoundly bad week for Japan, not only because of the extensive damage and human suffering but also because Japan was being shown that it can't readily escape the realities of geography.

#### [Emergency plan for West Australia fuel rations](#)

Petrol would be rationed to WA motorists at set prices and service stations eventually closed to the public under an emergency blueprint to deal with a fuel shortage.

As tensions in the Middle East drive the price of oil to two-year highs, the WA Government's energy adviser is finalising a "State Liquid Fuel Shortage" strategy to deal with a supply crisis.

### [The Perilous Intersection of Mexico's Drug War & Pemex](#)

The stillness of early Sunday morning December 19, 2010 was shattered by a thunderous explosion. Residents across San Martin Texmelucan, a small town about 60 miles from Mexico City, were awakened to the latest, and one of the most deadly incidents, involving possible fuel theft at Pemex, Mexico's national oil company. Many were more than just jolted awake: Over 100 homes were damaged or completely destroyed; 30 people perished and more than 50 were injured. It was a national calamity for a nation and state oil firm that sorely did not need it.

### [The GOP's Oil Drilling Pipe Dream](#)

The notion that the U.S., which sits atop less than 3 percent of the world's proven oil reserves, can drill enough oil to drive down prices if the flow is interrupted from a region with 64 percent of the world's reserves is a pipedream.

### [Our view: Hands off the strategic oil reserve](#)

The Strategic Petroleum Reserve might be full of oil, but to many lawmakers it looks like a gigantic honey pot. No sooner had the price of a barrel pushed beyond \$100 than they began clamoring for the strategic reserve to be drawn down. By selling oil onto the open market, they argue, Washington could drive down gasoline prices and placate voters while making a tidy profit.

### [Opposing view: Tap the oil reserve](#)

Gas prices are not just a short-term inconvenience — they are an unsustainable burden on our economy and a challenge to our efforts to bring this country out of the greatest economic recession since the Great Depression. Rapidly rising gas prices caused by threats to the global oil supply hurt business and industry. They hurt cities, towns and states. And they hurt middle-class families and the working poor.

### [Timber, Coal, Oil and Wind](#)

The first energy crisis in Boston began in the late 18th century when local supplies of firewood that could be readily hauled to the city by wagon had been exhausted.

Entrepreneurial Maine islanders responded to the market opportunity and were soon hauling deck-loads of firewood on their schooners and sailing their cargo "up" to Boston to sell. It is extraordinary to think that it was more economical to transport 15 or 30 cords of wood from a Maine island 200 miles upwind to Boston than to bring a similar amount of wood from beyond 20 miles of the city's periphery. It gives you an idea of how poor the road networks were and how few bridges had been built in the hinterlands.

### [Researcher Suggests Lifestyle Transformation May Be The Only Way](#)

We've heard it all: the world is consuming too much energy, too fast, and at an increasing rate—but how does a society even begin to talk about this global crisis?

Instead of comparing gallons, kilowatts and tons, Ripu Malhotra, PhD, uses an all-encompassing term: a cubic mile of oil (CMO).

### [A Glimpse Into Our Own Future: Japan's Nuclear Disaster and the Looming Global Energy Crisis](#)

Though few people yet realize it, these events are a clear but frightening glimpse into the future of our world as carbon fuels upon which we have relied for the past two centuries dwindle. These incidents have already exposed the world's energy vulnerability.

The sooner people and policy makers realize it, the faster and more effective we can be at implementing clear-headed, sensible plans for our energy future. No country is anywhere close to being prepared.

### [Exotic cars for eco-millionaires](#)

Companies that make some of the most expensive cars in the world are working to clean up their acts with more fuel efficient dream machines.

### [Florida Senate passes oil spill recovery measure](#)

TALLAHASSEE, Fla. -- The Florida Senate has unanimously passed a bill designed to help the Florida Panhandle diversify its economy after last year's Gulf of Mexico oil spill dealt a severe blow to its tourism industry.

### ["I think 2011 is going to be an interesting year... in the Chinese sense..." Part Two \(Heinberg interview\)](#)

Starting from energy and resources and so on, which are more really tangible and can be studied using the scientific method and then work from that. You quickly get to what most economists would think of as fringe territory, because standard economic theory is



still based on the idea that the environment is a subset of the economy and resources are infinitely substitutable and so on – all of which is nonsensical but it's heresy to question those things. You're forced to go the heretics to start with, but ones whose thinking really is based more in the real world.

### [Richard Heinberg - Earth's limits: Why growth won't return - metals and other minerals](#)

Without metals and a host of other non-renewable minerals, industrial economies could not function. Metals are essential for energy production; for making factory tools, transportation vehicles, and agricultural machinery; and for building the infrastructure of highways, pipes, and power lines that enables modern civilization to function. Hi-tech electronics industries rely on a host of rare metallic and non-metallic minerals ranging from antimony to zinc. All are depleting, and some are already at economically worrisome levels of scarcity.

### [A world in trouble \(Michael Ruppert interview\)](#)

This interview was originally intended to be part of the series that has been running on the Nation (Are we running out of oil?). Karen Rybold-Chin, the series's producer, has told us that the Nation has declined to publish this interview.

### [Christian Coalition Visits Hill for Energy Discussion](#)

The Christian Coalition of America came to Capitol Hill on Tuesday, not to proselytize or discuss issues like abortion or gay marriage, but to talk about the United States' energy policy and the need to end the country's dependence on foreign oil.

### [Unrest stalls Mideast struggle to cut carbon emissions](#)

Political unrest in the Gulf has complicated the task of lowering fuel subsidies to help cut carbon in a region with the world's highest per capita emissions. Gulf countries, where summer temperatures reach 50 degrees Celsius (122 F), want to adopt renewables like solar power to free up oil for export at high prices as well as cut emissions, which are six times higher than the world average.

### [Could the Arctic be coming out of hibernation?](#)

(PhysOrg.com) -- Reduced ice cover in the Arctic Ocean could be the reason why the UK has experienced colder winters recently.

The ice has acted to insulate temperature changes in the sea from the atmosphere. But as the ice decreases in coverage this could have a consequent effect on our climate.

## [The Race for Arctic Sovereignty: Part I](#)

Only a few short weeks ago, a U.S. presidential panel appointed by President Barack Obama proposed that the U.S. ought to play a leading role among Arctic nations to establish international standards regarding various Arctic-related initiatives. Meanwhile, Canada's National Energy Board is gearing up to undertake a comprehensive review of the existing safety and environmental regulations relating to offshore drilling in the Arctic's Beaufort Sea. As both countries direct their attention north, it seems only inevitable that the debate over sovereignty in the iciest region of the world is about to heat up.

## [Berlin Enters the Scramble for the Arctic](#)

As the Arctic ice melts, Germany wants to make sure its scientists gain unfettered access to the region. They have been hindered by the Russians, and other Arctic nations have been hesitant to cooperate. But Berlin also has its eyes on the bigger North Pole booty: natural resources and sea routes.

## [Bahrain forces expel protesters; clashes kill 6](#)

MANAMA, Bahrain – Soldiers and riot police expelled hundreds of protesters from a landmark square in Bahrain's capital on Wednesday, using tear gas and armored vehicles to try to subdue the growing movement calling for an end to the 200-year-old monarchy. At least six people were killed as clashes flared across the kingdom, according to witnesses and officials.

The unrest that began last month has increasingly showed signs of a sectarian showdown: The country's Sunni leaders are desperate to hold power, and majority Shiites are calling for an end to their dynasty. A Saudi-led force from Gulf allies, fearful for their own regimes and worried about Shiite Iran's growing influence, has grown to more than 1,000 soldiers.

## [Bahrain ports open, but staff shortages slow unloading](#)

DUBAI (Reuters)- All three ports in Bahrain remained open on Wednesday, but operations were slow due to growing unrest in the island nation, shipping sources said.

Two Bahraini policemen were killed on Wednesday during an operation to clear mostly Shi'ite protesters from a central roundabout in capital Manama, a health official said.

## [Bahrain's financial centre brought to a standstill](#)

Bahrain Financial Harbour, the heart of the country's banking and finance industry, was



virtually deserted for the third consecutive day yesterday.

As protesters blocked access to its twin towers, the kingdom declared a three-month state of emergency.

All bankers and investment executives had stayed away from the buildings, security staff said.

### [Military dependents may leave Bahrain](#)

WASHINGTON (AP) - The Pentagon is authorizing military family members and civilians with non-emergency jobs to leave Bahrain as a Shiite uprising spawned violence across the capitol and surrounding region.

### [Bahrain economy: What impact will the turmoil have?](#)

Bahrain was the first place in the Middle East to hit oil.

But the find, at Well Number One in 1931, was the Gulf kingdom's only discovery to date.

The commodity makes up only about 15% of its economic output, and the economy is reliant on other industries, chiefly financial services and tourism.

But - given the lack of taxation in the island nation - petroleum is still the government's key source of finance.

### [Bahrain may be small, but its crisis has big ramifications](#)

“The deteriorating political situation in Bahrain may have very serious economic consequences for the Middle East and North Africa (MENA) region,” warned Said Hirsh, Middle East economist at Capital Economics.

“Admittedly, the country’s economy is minor and it produces no more than 40,000 barrels of crude oil a day. However, the religious nature of the civil unrest in Bahrain and its geopolitical implications are major concerns. We therefore fear that the simmering Arab-Iranian tensions may soon overshadow the wave of democratic transformation elsewhere in the region.”

### [Libyan forces bombard rebels in the east and west](#)

TOBRUK, Libya – Moammar Gadhafi intensified offensives in the east and the west Wednesday with relentless shelling aimed at routing holdout rebels and retaking control of the country he has ruled with an iron fist for more than four decades.

As Gadhafi's forces gained momentum, the rebels lashed out at the West for failing to come to their aid.

### [Will world turn again to deal with Libya's Gaddafi?](#)

LONDON (Reuters) - As his troops advance on opposition forces, Muammar Gaddafi's survival looks more likely -- leaving foreign powers facing awkward decisions over whether to isolate him or work again for a rapprochement.

### [One Word: Obama's Nightmare Scenario, and Why It Hasn't Happened \(Yet\)](#)

But there's one thing that my old friend Tom Hayden told me 30 years or so ago that I always remember. It's one word.

"Riyadh."

All the other apocalyptic scenarios have come and gone, with America left more or less intact, if not what it once was. But that's only true so long as the oil flows, and so long as it flows at arguably affordable prices.

### [Oil rises above \\$98 amid Bahrain, Libya clashes](#)

SINGAPORE – Oil prices rose to above \$98 a barrel Wednesday in Asia as fears that clashes in Bahrain and Libya could further disrupt crude supplies outweighed concern Japan's disaster will crimp demand.

### [Gas prices finally notch down](#)

NEW YORK (CNNMoney) -- Gasoline prices dipped for a second straight day on Wednesday, providing a reprieve to motorists after a 20-day streak of gains, even though they're expected to rise again.

### [Quake May Mean Heating Oil Price Tops Gasoline: Energy Markets](#)

Heating oil may be more expensive than gasoline in the U.S. this summer for only the second time in a decade as Japan's earthquake and the war in Libya drive up demand for American exports of distillates.

### [Disasters... Both Natural and Unnatural](#)

Getting back to the present, the earthquake-induced drop in oil prices is just a short-

term blip. Oil prices are on the way up because many nations are increasing not just demand, but oil stockpiles – due to uncertainty of supply from the Middle East.

In the Philippines, for example, the government recently required that refiners keep a 90-day oil supply, versus, the former 30-day supply. Other countries and large oil-using firms are doing similar things, in terms of building stockpiles.

### [Petraeus backs US troop drawdown in Afghanistan](#)

WASHINGTON – The top U.S. commander in Afghanistan insists the military can boost Afghan security forces to fight the Taliban, begin a troop drawdown this summer and fulfill President Barack Obama's goal of a long-term partnership with the Kabul government.

Facing a skeptical Congress and a war-weary public, Army Gen. David Petraeus is trying to build support for the continued and costly U.S. involvement in Afghanistan, telling lawmakers the conflict is turning around despite concerns about the viability of President Hamid Karzai's government and the dedication of neighboring Pakistan to root out terrorism.

### [Oil Supply: Can the U. S. Become Oil Energy Independent?](#)

To solve the oil energy challenge that will dramatically impact the near future of our great country, our government and major companies, including big oil must take bold and immediate steps before it is too late. Some of these include:

First, they must recognize that there is a serious long-term oil energy problem facing our country (and the world) today.

Second, they must make finding or inventing meaningful new renewable and affordable technologies to replace oil a top priority.

### [South Africa: Oil Dependence is a Risk to Economy and Threat to Poor](#)

Oil has become the bedrock of South Africa's economy. But our economy is highly dependent on foreign imports of oil. About 60% of our transport fuel comes from overseas imports of crude, most of it from the volatile Middle East.

Recent and on-going upheavals in North Africa have had a marked effect on oil prices. Oil is now trading at just above US\$120 a barrel. This is of concern because a 10% increase in the oil price can lead to a drop in GDP of as much as 0.5%.

### [India seeks more oil, enhanced economic ties with Nigeria](#)

India has sought more crude oil from Nigeria, as also higher stake for its state-run oil firms in the hydrocarbon assets of the African nation while pushing for enhanced economic ties.

### [Sen. Ben Nelson: If not for ethanol, gas prices would be even higher](#)

We're seeing a repeat of 2008 when Americans were paying close to \$4 a gallon for gasoline and the price of crude oil was around \$100 per barrel. One of the few bright spots then, and now, is ethanol.

Not only is ethanol less expensive at the pump, it helps reduce our reliance on foreign oil, reduces greenhouse emissions, creates jobs, and it helps hold down the cost of oil.

### [It's doom at the pumps for SMEs](#)

Mary Currie-Smith, a director in the Cambridge office of insolvency experts Begbies Traynor, says the surge could tip the world back into recession.

“Prolonged high oil prices are a very real threat to the UK’s fragile recovery.”

Her comments come as revolution and unrest continues to sweep the Middle East. The possibility of Western military action in Libya in support of the insurgency there, and concern that Saudi Arabia could be next, may mean petrol costs going higher yet, Ms Currie-Smith says.

### [Is Happiness Overrated?](#)

The relentless pursuit of happiness may be doing us more harm than good.

Some researchers say happiness as people usually think of it—the experience of pleasure or positive feelings—is far less important to physical health than the type of well-being that comes from engaging in meaningful activity. Researchers refer to this latter state as "eudaimonic well-being."

### [Shift to more sustainable living](#)

The recent natural catastrophes in Japan have brought into focus the shocking reality of how industrialisation and depletion of earth's natural resources have affected the planet and threatened the survival of all life. It also tells us the predictive capability of geoscience (earth science) is at an early stage.

### [Greens label Princes Highway upgrade "White Elephant"](#)

The Greens candidate for Kiama Ben Van Der Wijngaart says the promised Princes' Highway upgrade between Gerringong and Bomderry is a waste of money because in a few years time people won't be driving on it.

### [The rise of the aerotropolis](#)

A new town off the coast of Korea is the strangest example of a growing trend: Cities built around airports.

### [Increase safety to promote cycling](#)

No doubt the new cycle helmet law in Northern Ireland will result in pressure to enact similar legislation here.

Cycling itself is not particularly dangerous; it is motor traffic which is dangerous, but rather than reduce danger from traffic the authorities blame the victims, despite the fact that motorists are deemed responsible for 87pc of pedestrian and cyclist fatalities.

### [As Nuclear Falts: A Practical, Affordable \(and Safe\) Clean Electricity Plan](#)

Rather than a subsidy program, the "80% Clean Energy" goal is in the mode of the Renewable Portfolio Standards that have already been adopted by 24 states. These are simply *regulatory standards* that must be followed for the privilege of operating as utilities. When utilities select prudent projects, the costs can then be recovered through electricity rates.

If a Clean Energy Standard establishes a *guaranteed* new market for clean energy, why would any taxpayer subsidy be required? The government should continue to promote basic research for innovation, but little else is needed from taxpayers.

### [Forest Rules](#)

The other piece of news is more complicated. Last month, the Agriculture Department proposed long-awaited forest-planning rules. The rules, mandated by 1976 National Forest Management Act, are supposed to guide forest managers as they decide which parts can be logged and which should be fully protected.

The act's bedrock principle is that the health of the forests and their wildlife is to be valued at least as much as the interests of the timber companies. The Clinton administration's rules firmly embraced that principle; the industry-friendly Bush rules did not.

The Obama administration's proposed rules improve on the Bush rules and are full of high-minded promises about maintaining "viable" animal populations. But they are disappointingly vague on the question of how — and how often — the biological diversity

of any particular forest is to be measured and what actions are to be taken to ensure its survival.

### [Urgent reform needed to curb drastic effects of climate change: report](#)

BEIRUT: Lebanon is a small greenhouse gas emitter globally but will experience some of the worst knock-on effects from global warming within the coming decades, the Environment Ministry said Tuesday.

The gloomy forecast is detailed in Lebanon's Second National Communication to the United Nations Framework Convention on Climate Change, newly unveiled by the ministry and United Nations Development Fund (UNDP) and submitted to the U.N. Climate body for evaluation.



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