



Drumbeat: June 6, 2011

Posted by [Leanan](#) on June 6, 2011 - 10:00am

[Aramco Searches for Unconventional Gas in Northwest, Ghawar](#)

(Bloomberg) -- Saudi Aramco, the world's largest crude exporter, is looking for so-called unconventional gas in the northwest and in the area of the Ghawar field, where gas infrastructure exists, Aramco said in its 2010 annual review.

Aramco seeks to develop resources in shale rock and tight gas, trapped in impermeable sandstone, to reduce the burning of valuable crude for power generation.

[Saudi Aramco sees Karan project complete by 2012](#)

KHOBAR, Saudi Arabia (Reuters) - State oil giant Saudi Aramco said on Monday it will complete its first offshore non-associated gas field project, Karan, by 2012.

Aramco had previously said it expected work on Karan to be completed in 2013 with the capacity to process 1.8 billion cubic feet per day (cfd) of gas.

[Stuart Staniford: The US Crude Production Peak is not Symmetrical](#)

People that worry about the peaking of global oil supplies often use symmetrical curves as simple models for how production will peak and then decline, with logistics and Gaussians being popular choices. This goes back to M. King Hubbert (and I've done some of this myself). The United States is the poster child for this kind of analysis, since this region was the first to be developed at scale and production peaked in 1970.

However, it seems increasingly clear that the US production curve is far from symmetrical (perhaps driven by higher prices since the 1970s, and especially in the 2000s).

[This fund manager sees another crash](#)

The situation isn't irreparable; Rodriguez believes the government can keep rates from climbing too high if it starts making cuts of \$350 billion to \$500 billion per year. But he has little faith in its willingness to do so. If it were up to him, there would be serious tax

reform, with all tax deductions (including mortgage interest) on the table. A former Republican, he describes himself as a "fiscal conservative but social moderate" who has grown disgusted with both parties: "I say, 'A pox on both their houses.'"

So FPA's managers, guided by Rodriguez, are battenning down again, trimming risk. FPA Capital now has 30% of its portfolio in cash and 38% in energy stocks because he believes the world's oil supply is declining. Still, even in that sector, he doesn't see many opportunities. (Forget other sectors.) He refuses to buy most bonds or long-term government debt. His restraint has rankled some investors: FPA New Income has begun to shrink again, and a few FPA Capital clients are grumbling.

[Richard Heinberg: The China Bubble: Economic Growth's Last Stand?](#)

There is one more similarity between Japan and China that is worth mentioning. During the 1980s, real estate prices in Tokyo were jaw-dropping. In the Ginza district in 1989, choice properties fetched over 100 million yen (approximately \$1 million U.S. dollars) per square meter, or \$93,000 per square foot. Prices were only slightly lower in other major business districts in the city. By 2004, values of top properties in Tokyo's financial districts had plummeted by 99 percent, and residential homes were selling for less than a tenth their peak prices. Tens of trillions of dollars in value were wiped out with the combined collapse of the Tokyo stock and real estate markets during the intervening years.

Once again, China is following in Japan's footsteps. Massive real estate projects—houses, shopping malls, factories, and skyscrapers—have been proliferating in China for years, attracting both private and corporate buyers. As prices have soared, investors have turned into speculators, intent on buying brand-new properties with the intention of flipping them.

[Non-payment causes petrol shortage in Punjab](#)

LAHORE: Parts of Punjab faced a serious petrol shortage due to the government's failure to pay dues worth Rs 150 billion to Pakistan State Oil (PSO) and oil refineries.

Sources said that PSO could not import oil due to the non-payment of dues by the government.

[Pakistan: PM pledges to control price hike, electricity shortage](#)

MULTAN (APP): Prime Minister Syed Yusuf Raza Gilani on Sunday said the PPP-led government would control price hike and energy crisis. Addressing a workers convention at the local Circuit House, Gilani said that government had initiated mega projects like Bhasha dam, Thar coal and CASA-1000 to overcome the energy crisis. The workers convention began with recitation from the holy Quran and later the participants offered Fateha for the late Hakim Ali Zardari, father of President Asif Ali Zardari, and the party workers including Khawaja Yasin, Munir Ahmad Khan and others who had

died recently.

[Petrol supply disruptions may spread to Dubai](#)

Dubai: Petrol supply disruptions in Sharjah and the Northern Emirates may eventually come to Dubai as a major fuel retailer is rolling out a three-month upgrade of its network of ageing fuel dispensers in hundreds of pump stations in the emirate, XPRESS has learnt.

As fuel dispensers - the boxes to which the refuelling nozzles are attached - are knocked down one by one and replacements take time to come on stream, consumers have found themselves stuck in massive car jams at stations where petrol is available.

[Enoc will not hike prices](#)

Enoc will not raise fuel prices, said a top official of the company.

The clarification comes amid petrol shortage in some of its outlets. Khalid Hadi, Director of Media and Corporate Communications, Enoc, told 'Al Bayan', that fuel shortage in some of its stations was due to the upgrade operations the company is carrying out at its 170 stations. As most of these outlets have six to 10 pumps, it has been taking a long time and hence the delay.

[Norway bangs drum for gas](#)

Norwegian Deputy Energy Minister Per Rune Henriksen today made a plea for global gas consumption, claiming the fuel is part of the global energy solution.

[Canada crude-Keystone restart tightens heavy spreads](#)

CALGARY, Alberta (Reuters) - Canadian heavy crude oil spreads tightened on Monday after TransCanada Corp restarted its Keystone oil pipeline, which was shut for a week following a small leak at a Kansas pump station.

[Halliburton Loses as Supreme Court Backs Securities Suits](#)

(Bloomberg) -- The U.S. Supreme Court made it easier for investors in some states to press securities fraud suits, siding with shareholders suing Halliburton Co., the company once led by Dick Cheney.

The justices unanimously said the shareholders can sue as a group without first establishing that they lost money as a result of the alleged fraud.

[A chef, Sharon Stone, and good foreign policy](#)

Georgia has been a pillar of U.S. foreign policy since an ultra-strategic 1-million-barrel-a-day oil pipeline was built across its territory to the Mediterranean Sea. The U.S. worries about the democracy credentials of President Mikhail Saakashvili, whose police last week beat participants in a protest against the government in which there were four deaths including a policeman, but MacDonald seems a more effective way of spreading the message than finger-wagging.

[Can renewable energy outshine fossil fuels?](#)

I'm not popular with environmentalists when I tell them that renewables can only provide a small fraction of the energy that fossil fuels do in powering industrial civilization. In fact, I was recently called a liar at the screening of an anti-nuke film for suggesting so.

[David MacKay interview](#)

While he insists there is no single 'right' answer, MacKay points me to a 'hedging scenario', with maximum effort on all the demand-side measures, along with a strong emphasis on wind, coal with carbon capture and storage (CCS), and nuclear. This makes it look deceptively easy, lopping 92% off emissions by 2050. But the more we unpick the technological and political realities, the harder it looks to reach even the 80% target without resorting to unproven technologies or potentially unsustainable land-use.

MacKay likes the hedging scenario precisely because it over-delivers. Simply aiming for an 80% cut would be too risky, he says, because some pathways are bound to fail or under-perform. What if the government can't persuade people shift to public transport, or accept more onshore wind farms? What if CCS proves uneconomic? Better to aim to over deliver on a variety of pathways, he argues, "so that in 10 or 15 years time, when it becomes clearer what's happening, you've got a chance of ending up still on track".

[Kurt Cobb - Kurzweil: the movie](#)

In "Transcendent Man" it is a sadder than usual Ray Kurzweil who appears on the screen. The 2009 documentary film about Kurzweil, an acclaimed inventor and futurist, shows that the laws of entropy are at work on his body. He undergoes open heart surgery during the course of the film even as he continues to espouse the belief that technological developments over the next 30 years will make human immortality a reality.

To bridge the gap between now and then, the 63-year-old Kurzweil downs 200 pills a day consisting of various herbs, vitamins or other supplements to "reprogram" his body's biochemistry and improve his chances of reaching what he calls the "singularity," a time after which technological change will occur at a pace so fast that the only way we

will be able to understand it is to merge with our machines. Humans will at that point become human-machine hybrids.

[James Hansen - Silence is deadly: I'm speaking out against Canada-U.S. tar sands pipeline](#)

The scientific community needs to get involved in this fray now. If this project gains approval, it will become exceedingly difficult to control the tar sands monster. The environmental impacts of tar sands development include: irreversible effects on biodiversity and the natural environment, reduced water quality, destruction of fragile pristine Boreal Forest and associated wetlands, aquatic and watershed mismanagement, habitat fragmentation, habitat loss, disruption to life cycles of endemic wildlife particularly bird and Caribou migration, fish deformities and negative impacts on the human health in downstream communities.

[When energy-saving does not mean saving energy](#)

A newly published paper in the journal Energy Policy shows that even straightforward carbon-saving activities such as home insulation are not always quite what they seem. The problem is that making one change around the house leaves the door open for other changes – which might include "rebound effects" that undermine the carbon savings. If a driver who replaces their car with a fuel-efficient model takes advantage of the cheaper running costs and drives further and more often, then the amount of carbon saved is clearly reduced.

[Michael Klare: How to wreck the planet 101](#)

Here's one simple fact without which our deepening energy crisis makes no sense: the world economy is structured in such a way that standing still in energy production is not an option. In order to satisfy the staggering needs of older industrial powers like the United States along with the voracious thirst of rising powers like China, global energy must grow substantially every year. According to the projections of the U.S. Department of Energy (DoE), world energy output, based on 2007 levels, must rise 29% to 640 quadrillion British thermal units by 2025 to meet anticipated demand. Even if usage grows somewhat more slowly than projected, any failure to satisfy the world's requirements produces a perception of scarcity, which also means rising fuel prices. These are precisely the conditions we see today and should expect for the indefinite future.

[Oil Falls for a Second Day on Signs Slowing U.S. Economy May Crimp Demand](#)

Oil dropped for a second day in New York, extending last week's 0.4 percent decline, on signs of a slowdown in demand as OPEC ministers arrived in Vienna to discuss production quotas.

Futures fell as much as 1.1 percent as the highest U.S. jobless rate this year fueled concern that the recovery in the world's largest economy is faltering. The Organization

of Petroleum Exporting Countries is unlikely to change targets when it meets June 8, according to a Bloomberg News survey of 30 analysts conducted in the week to May 31.

[Saudis to push OPEC to lift output, cut prices](#)

VIENNA — Gulf Arab OPEC members led by Saudi Arabia will push for an increase in supplies at a meeting of the oil cartel this week in an effort to support flagging world economic growth by bringing crude prices back below \$100 a barrel.

Data indicating that economic recovery may be stalling in the West is worrying OPEC's core Gulf members Saudi Arabia, Kuwait and the United Arab Emirates.

Saudi and its fellow Gulf producers will argue that oil prices are undermining the economic growth that fuels demand for OPEC crude and that more supply is needed to balance demand in the second half of the year.

But Riyadh is not prepared to force-feed crude on to the market to push prices aggressively lower.

[OPEC Upstaged by Qaddafi in Most-Hostile Meeting Since Gulf War](#)

OPEC's decision on production quotas this week may be complicated by hostilities in Libya as members meeting in Vienna find themselves supporting opposing camps of a military conflict for the first time in 21 years.

[Saudi Aramco Cuts July Prices for Light Crude Oil Shipments to U.S., Asia](#)

Saudi Aramco, the world's largest oil exporter, cut official selling prices for light crude grades for July shipments to the U.S. and Asia. The company raised prices on the rest of its grades for July.

[Saudi Arabia to double exports of crude oil to India](#)

Saudi Arabia has agreed to double its crude oil exports to India in a move that would reduce the Asian country's dependence on Iranian crude.

Annual Indian crude imports from the kingdom could rise to more than 800,000 barrels per day, an Indian official said yesterday in Riyadh on the sidelines of a Saudi energy conference.

[Oil price 'should remain' under \\$80: Petronas CEO](#)

KUALA LUMPUR: Malaysia state energy firm Petronas said on Monday that the crude oil market's current fundamentals call for lower oil prices.

"Given the current state of market fundamentals and cost environment, I believe prices should remain within the range of \$75 to \$80 a barrel," Shamsul Azhar Abbas, the oil company's chief executive officer said at an industry gathering.

['Golden age' beckons for gas](#)

The stage is set for a "golden age" for gas as consumers switch from competing fuels such as nuclear and it could account for more than a quarter of global energy demand by 2035, according to the International Energy Agency (IEA).

[Gazprom will not revise Ukraine gas price in '11- CEO](#)

(Reuters) - Russia's gas giant Gazprom will not consider revising the gas price for neighbouring Ukraine in 2011, the company's CEO Alexei Miller told journalists in Russia's Black Sea resort town of Sochi. He also said Ukraine would pay Gazprom around \$500 per 1,000 cubic metres of natural gas in the fourth quarter of this year.

[China shops for Latin American oil, food, minerals](#)

CARACAS, Venezuela—Latin America is blessed with a wealth of natural resources such as oil, copper and soy, and seeks investment and loans to capitalize on them. China needs the commodities to keep its economy growing and has about \$3 trillion in reserves to burn.

[Venezuela: Relations with US are 'frozen'](#)

Venezuela's top diplomat says relations with the United States are "frozen" and President Hugo Chavez's government does not perceive any possibility of improving them after Washington imposed sanctions on the South American nation's state oil company.

[Lawmaker arrested on corruption charge](#)

ABUJA, Nigeria — Nigeria's anti-corruption agency arrested one of the West African nation's top politicians Sunday night on suspicion of defrauding the oil-rich country, an official said.

['Milestone' for Kuwait Energy](#)

Kuwait Energy, the privately owned oil and gas producer, has signed 20-year contracts to develop two gasfields in Iraq.

The production service contracts for the Siba and Mansuriya fields finalise the Iraqi oil ministry's decision last October to award licences to the foreign consortiums that submitted winning bids for the fields in Iraq's oil and gas auction.

[Oil storage tank attacked in southern Iraq](#)

Violence has ebbed in Iraq, but oil infrastructure is still a favorite target for militants, mainly in central and northern Iraq. It is rare for oil infrastructure to be attacked in southern Iraq, where there has traditionally been less violence.

[Tepco Falls Most on Record as Bankruptcy Concern Resurfaces](#)

(Bloomberg) -- Tokyo Electric Power Co. shares fell the most on record after the head of Japan's biggest stock exchange said the utility should follow the same route as Japan Airlines Co. in 2010 and file for bankruptcy protection.

[Japan's Edano: must avoid court-led Tepco restructuring](#)

(Reuters) - Japanese Chief Cabinet Secretary Yukio Edano said on Monday that a court-led restructuring of Tokyo Electric Power Co., the operator of the crisis-hit Fukushima Daiichi nuclear plant, must be avoided.

[Japan May Tap Geothermal Power to Offset Atomic Loss, BNEF Says](#)

Japan can increase the amount of electricity it generates using geothermal resources to offset power shortages as the government reconsiders its reliance on nuclear energy, Bloomberg New Energy Finance said.

[Germany Must Find 10 Gigawatts of Capacity, Handelsblatt Says](#)

Germany will have to generate as much as 10 gigawatts of energy capacity from alternative sources to make up the shortfall from its accelerated exit from nuclear power by 2022, Handelsblatt newspaper reported, citing draft legislation.

[Libyan rebels seize mountain town](#)

(Reuters) - Libyan rebels entered the mountain town of Yafran Monday, driving out Muammar Gaddafi's forces in a sign NATO air strikes in the region may be paying off.

Yafran had been besieged by pro-Gaddafi forces for more than a month with food, drinking water and medicines running short.

[Yemenis Cheer Flight of Wounded President Saleh to Saudi Arabian Hospital](#)

Hundreds of thousands of Yemenis cheered the departure of wounded President Ali Abdullah Saleh to Saudi Arabia even as government spokesmen said he would soon return after receiving medical treatment.

Saleh and other members of his government, including the parliament speaker, the prime minister and two of his aides, were being treated in the Saudi capital of Riyadh for injuries they sustained in a June 3 rocket attack on a mosque in the presidential compound.

[Israel to Make Formal Complaint Against Syria](#)

Israel will formally complain to the United Nations about what it said was Syria's manipulation of Palestinian demonstrators during a violent confrontation in the Golan Heights, a Foreign Ministry spokesman said.

[I Lose a Bet!](#)

Pat is mostly a sensible guy except for his penchant for throwing in his lot with the "crunchy-con" side of things (deploring McMansions, conspicuous consumption, disco revival, etc). Back in 2008 we got into a back-and-forth about "peak oil," and I finally decided Enough!--let's have our own Simon-Ehrlich style bet on oil prices: I proposed that within three years oil would be back below \$75 a barrel. Well, the three years is up, and Deneen is triumphantly demanding that I pay up!

[Forget Peak Oil. Think Peak Renewables](#)

None of these predictions dispute the peaking of oil production, but disagree only on when it will occur. How helpful is that?

But we can also apply the idea of "peaking" to the renewable energy industry – wind, solar, biomass, hydro.

[Cyclists bare all for World Naked Bike Ride](#)

SCORES of people stripped off to take part in the World Naked Bike Ride in York.

The bike ride is held in cities around the world and was picked up in York in 2006 as a

protest against oil dependency and car culture.

[U.S. Military Favors Biofuels for Waging Future Wars](#)

The U.S. military isn't keen on War Party member Devin Nunes' proposal to ramp up the development of a coal-to-fuel technology, which has origins in Nazi Germany, to produce fuel for the empire's thousands of ships, aircraft, tanks and military equipment.

In testimony before the House Subcommittee on Energy and Power June 3, Tom Hicks, the Navy's deputy assistant secretary for energy, questioned the wisdom of using coal-derived Fischer-Tropsch fuels to meet the needs of the Department of Defense.

[Wheat Fields Wilt in Drought as Parched Earth Spreads From China to Kansas](#)

The worst droughts in decades are wilting wheat fields from China to the U.S. to the U.K., overwhelming Russia's return to grain markets and driving prices to the highest levels since 2008.

Parts of China, the biggest grower, had the least rain in a century, some European regions are the driest in 50 years and almost half the winter-wheat crop in the U.S., the largest exporter, is rated poor or worse. Inventory is dropping 8.8 percent, the most in five years, Rabobank International says. Prices will advance 20 percent to as high as \$9.25 a bushel by Dec. 31, a Bloomberg survey of 14 analysts and traders shows.

[Damaging the Earth to Feed Its People](#)

Humans are cultivating almost 40 percent of the land surface of the earth, and nearly a third of all the greenhouse gas emissions that are warming the planet comes from agriculture and forestry.

[A Grass-Roots Fight to Save a 'Supertree'](#)

This spring, outraged by plans to uproot hundreds of trees to make way for a new subway line, thousands of Nanjing residents mobilized to oppose the action.

['Roads to Resources' locks up public lands](#)

In the past few years, all of us have spent more than a billion dollars to "beef up" the road, which is owned and maintained by the State of Alaska and considered a "road to resources."

But travel websites warn, "There is no public access to the Arctic Ocean from

Deadhorse. You must be on an authorized tour."

At the end of a publicly owned, publicly maintained road, public resources are being extracted, but NO PUBLIC ACCESS.

[Scramble for Arctic oil and gas puts pristine ecosystem at risk](#)

The Arctic is becoming a battleground as Russia, Norway, Canada and the US vie for access to oil, gas and minerals – campaigners fear safety and the environment will be the losers.

[Greenhouse gas emissions hit record highs - bad news for delegates at climate accord talks](#)

BONN, Germany — Bad news awaits delegates from about 180 countries at the start of two weeks of climate talks beginning Monday to debate a new global warming accord.

Greenhouse gas emissions are going up instead of down despite 20 years of effort, hitting record highs, according to a new report by the International Energy Agency.

[Willie Walsh: 'keep emissions trading scheme to European airlines only'](#)

Brussels must delay plans to charge non-European airlines under the emissions trading scheme (ETS), the boss of British Airways and Iberia has warned, or else passengers will be caught up in a trade war between the EU and the US and China.

[Thousands rally in Australia for carbon tax](#)

SYDNEY (AFP) – Thousands of Australians rallied around the nation on Sunday to support a tax on the carbon emissions blamed for global warming, as a new report outlined the risks of climate change for sea levels.

[Report outlines worst-case climate damage](#)

A new report on the risk of climate change to Australia's coasts predicts sea level rises could claim thousands of buildings and significant infrastructure by the end of the century.



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