



## Drumbeat: June 13, 2011

Posted by [Leanan](#) on June 13, 2011 - 10:00am

### [Global Deficit Between Oil Consumption and Production Remains the Norm](#)

Looking at the data over the long run still seems to verify the obvious facts. First, new discoveries coming on line at levels sufficient to offset reservoir declines and growing global energy demand is not the current reality. Second, the growing fundamental imbalance between supply and demand will favor increasing prices over an extended time period.

But we did find something in the data that we thought readers would also find interesting. Whether coincidental or not - you be the judge. When the annual surpluses and shortages are added together, starting with 1965, the first year in BP's Statistical Review; the point where crude oil actually went into a deficit position (per BP's data) is around the same time oil prices really started to surge (i.e. 2004).

### [Review of Bundeswehr Report on peak oil: Section 2.2. Tipping Point \(Nov. 2010\)](#)

We are unable to think about the consequences of Peak Oil via our everyday experiences, and can only draw partial historical parallels. It is accordingly difficult to imagine what kind of impact a gradual withdrawal of one of the most important sources of energy would have on our civilization. Psychological barriers account for the suppression of irrefutable facts and lead to an almost instinctive rejection of in-depth discussion of this difficult issue.

The occurrence of Peak Oil is, however, unavoidable.

### [Enbridge shuts Line 6B for maintenance](#)

(Reuters) - Enbridge Inc said Monday it shut its 290,000 barrel-per-day Line 6B downstream of its terminal at Stockbridge, Michigan.

During the pre-scheduled 72-hour shutdown, the company "will complete the tie-in of the newly installed segment of the 30-inch diameter pipeline under the St. Clair River with new valves and the existing Line 6B on both the U.S. and Canadian sides of the river," Enbridge said.

## [Barclays: Worldwide Spending to Pass Half Trillion Mark in 2011](#)

Worldwide exploration and production (E&P) spending in 2011 is expected to rise to 16 percent to \$529 billion, compared with \$458 billion in 2010, with strong year-over-year improvement in spending driven by large increases inside and outside North America, Barclays Capital today reported in its global E&P capital spending update.

## [US Dept. of Energy to hold meeting on fracking](#)

PITTSBURGH — A U.S. Department of Energy hearing on fracking in Pennsylvania is expected to draw numerous supporters and protesters of the practice Monday night.

## [Iraq must invest in power, water for growth](#)

(Reuters) - Iraq must invest more in its power and water infrastructure to achieve sustained growth, and if it does not the oil and gas sectors will suffer, U.S. engineering company Fluor Corp said on Monday.

## [Russia, China keep talking gas as Chinese president's visit nears](#)

Gazprom and China National Petroleum Corporation (CNPC) will continue discussions on a major gas supply deal on Tuesday, the Russian energy giant said on Monday after a second straight day of talks in Moscow.

## [Oman a contender in oil benchmark title race](#)

(Reuters) - Oman oil futures have the potential to overtake the world's top two benchmarks and limited progress so far reflects the difficulty of changing the status quo, the head of the Dubai Mercantile Exchange said on Monday.

## [Saudi Cabinet approves \\$13.6 billion loan to Saudi Electricity Co. for project financing](#)

RIYADH, Saudi Arabia — Saudi Arabia's Cabinet has approved a 51 billion riyal (\$13.6 billion) interest free loan to the Saudi Electricity Co. to help it cover its projected fiscal deficit and complete projects through 2012.

Information and Culture Minister Abdel-Aziz Khoga said Monday the 25-year loan is aimed at helping the state-run company meet deadlines to boost power generation capacity in the energy rich kingdom.

## [Where, oh where, did the petrol go?](#)

A headline from this morning's The National may read "Petrol shortage rumbles on without explanation" but there is no denying that there are plenty of rumors and conspiracy theory. Never one to lend an ear to idol gossip, Kipp does a quick round up of the various theories doing the rounds.

### [Petrol shortage: 90% petrol stations close down in Faisalabad](#)

FAISALABAD: The fuel crisis worsened in South Punjab on Monday, as 90% of all petrol pumps closed down in the city of Faisalabad and surrounding areas.

Locals were forced to queue up to buy petrol at up to Rs160 per litre by pump owners. Petrol pump owners complained that only 8,000 litres of petrol are being given to each pump on alternate days.

### [Mexico's Pemex to reduce gasoline imports by 2016](#)

PUEBLA, Mexico (Reuters) - Mexico will reduce gasoline imports by 8 percent between 2012 and 2016 as the country increases capacity to refine more crude, the head of state oil monopoly Pemex said on Thursday.

Mexico will have cut gasoline imports to 38 percent of consumption by 2016, chief executive Juan Jose Suarez said in the city of Puebla at an oil industry conference.

### [Italy kills the nuclear demon](#)

The result of the Italian national poll on nuclear energy are out. As I am writing, the data are not yet official, but it seems certain that the votes against nuclear energy were about 95% of the total. A landslide, if ever there was one! It is a disaster for the nuclear industry that is sure to have consequences on nuclear policy even outside Italy.

### [Bee documentary a bittersweet wake-up call](#)

NEW YORK (Hollywood Reporter) – "Honey just got funny" was the tagline for Jerry Seinfeld's 2007 animated feature "Bee Movie," in which the comic gave voice to a bee that rebels against the exploitation of the agricultural industry.

That scenario is no laughing matter in Taggart Siegel's fascinating "Queen of the Sun," which opened Friday in limited release. Stating its arguments with complexity, urgency and stirring glimmers of hope, this lovingly made eco-documentary is an impassioned call to action on behalf of these hard-working winged creatures.

### [Equinox Summit day 2: Thomas Homer-Dixon on energy and complexity](#)

Homer-Dixon's talk centered around the relationship between energy and complexity in society. He explained that this relationship and the complexity of the modern world mean that conservation or limiting energy use will only get the world so far in dealing with energy difficulties.

"In other words, if we want to have the complex social and technological and economic systems that we have in our society today that provide us with many benefits, we need to have a lot of energy and there is a certain irreducible demand if we want to sustain that complexity," he said.

Humanity has been dependent on cheap, abundant energy sources to reach its current population and complexity, Homer-Dixon said. However positive this complexity is for creating innovation and providing benefits for societies, the complicated nature of these systems is troublesome because understanding the workings of interconnected political, social and economic systems is nearly impossible. Predicting how the systems will react to even minor problems is very difficult as well; Homer-Dixon cited the American sub-prime mortgage crisis that led to a global financial downturn as one example.

### [How Much Pain is Necessary to Break U.S. Addiction to Fossil Fuels? \(Interview with Michael Klare\)](#)

Michael Klare is professor of peace and world security studies at Hampshire College. He's an authority on the interface between energy production and security, examining both military and environmental issues. Between The Lines' Melinda Tuhus spoke with Klare, who discusses fossil fuels' impact on human health and the planet's ecosystem, assessing the conditions necessary to change course.

### [Militants linked to al-Qaeda emboldened in Yemen](#)

SANAA, Yemen — Islamist extremists, many suspected of links to al-Qaeda, are engaged in an intensifying struggle against government forces for control of southern Yemen, taking advantage of a growing power vacuum to create a stronghold near vital oil-shipping lanes, said residents and Yemeni and U.S. officials.

### [Leaked study shows companies advised Pentagon on cyber-sabotage against Libya](#)

LONDON — Private computer experts advised U.S. officials on how cyberattacks could damage Libya's oil and gas infrastructure and rob Moammar Gadhafi's regime of crucial oil revenue, according to a study obtained by hackers.

It remains unclear who commissioned "Project Cyber Dawn" and how much of a role the U.S. government played in it, but it shows the increasing amount of work being done by private companies in exposing foreign governments' vulnerabilities to cyber attack.

### [Iran Cuts July Light Crude Price to Asia; Raises Other Grades](#)

National Iranian Oil Co. cut the cost for July shipments of its Iranian Light crude to refiners in Asia and increased prices for its other grades to the region, according to a company official.

### [The Crux of Saudi Power](#)

Saudi Arabia's power inside OPEC comes from its ability to threaten to ruin the economies of other member states by flooding the market with oil. Sheikh Ahmed Zaki Yamani wielded that tool effectively in the 1980s during the Soviet invasion of Afghanistan. Hisham Nazer used it during the Iraq-Iran war. Ali Naimi himself threatened OPEC into an incredible streak of unity after wielding the oil price dagger over Venezuela in 1998.

Now would be the perfect time for Riyadh to have the same tool. But project delays and problems in the kingdom's upstream sector is thwarting its global power, with potentially dire consequences for Saudi Arabia and for the global community.

### [Shell declares force majeure on Nigeria Bonny oil](#)

LAGOS (Reuters) - Royal Dutch Shell declared force majeure on Monday on its Nigerian Bonny Light crude oil loadings for June and July due to production cutbacks caused by leaks and fires on its Trans-Niger Pipeline (TNP).

Shell's Nigerian SPDC unit said the leaks -- caused by saboteurs who used hacksaws -- had been repaired and production resumed on June 12, but the shutdown of the lines had affected loading programmes at its Bonny export terminal.

### [UK oil firms look to Norway after tax hike](#)

(Reuters) - Britain's North Sea is set to lose out on investment as oil firms switch their attention to Norway in the wake of an unexpected tax hike in the UK, said Lloyds Bank's global head of oil and gas.

"In terms of new production that we're looking at financing, it is moving toward Norway and away from the UK," Andrew Moorfield, global head of oil and gas at Lloyds Bank, said on Monday at the Reuters Global Energy and Climate Summit.

### [Arctic oil drilling "entirely legitimate": UK](#)

(Reuters) - Britain strongly supported Arctic oil drilling, within the right safety regime, energy minister Charles Hendry said on Monday after Cairn Energy last week halted a Greenpeace protest off Greenland.

Governments around the world are cautiously backing deepwater drilling, a year after a BP oil spill at its Macondo well spewed more than 4 million barrels of crude into the Gulf of Mexico. "It's entirely legitimate that, given the ability to carry out this work safely, this should be part of the work of the industry," Hendry told Reuters Global Energy and Climate Summit when asked about Cairn's Greenland activities.

"I would urge any country around the world to look at the Norwegian, British approach in terms of robust regulation."

### [Ecuador Prepares For New Hearing In Occidental Petroleum Case](#)

QUITO -(Dow Jones)- The office of Ecuador's Attorney General will represent Ecuador in Washington at a June 30 hearing in the arbitration case filed against the Andean country by U.S. oil company Occidental Petroleum Corp.

Ecuador's Attorney General Diego Garcia said in a press release that the final decision on the case could be known in the second half of the year.

### [May power output jumps 10.45 pct y/y - govt](#)

(Reuters) - India's power output rose an annual 10.45 percent in May, the first double digit growth in almost two years, due to better coal availability and as the country built more power plants to help bridge a shortfall, government data showed.

### [In New York, protected bike lanes jaw-dropping](#)

People were riding bikes and they were in a city. But they were not riding in any way I have seen in this city.

They were strolling, in a cycling sort of way. They were riding unhurriedly and sociably, some of them chatting with friends riding next to them.

But wasn't this the parking lane? Where were all the parked cars?

My jaw dropped a little lower.

They were in the next lane over, forming a protective barricade between the bike lane and moving traffic.

### [Riyadh's offshore progress marks bid to cool crude](#)

Saudi Arabia's crude production is surging and the kingdom is busy developing new super-giant fields in the clearest sign that Riyadh sees sustained demand growth for oil.

The kingdom has accelerated the development of its super-giant Manifa oil field, in the

waters of the Gulf. State-owned producer Saudi Aramco announced in its 2010 annual review, published earlier this month, that the field would pump at its maximum rate of 900,000 barrels a day by 2014, a decade earlier than previously thought.

The accelerated timetable, which received little attention as it was overshadowed by the Opec meeting some days later, suggests that Riyadh sees greater oil demand. The company said in its 2009 annual review that Manifa, which has a price tag of about \$11bn, would not reach full capacity until 2024.

### [Oil falls to below \\$99 on Saudi crude output boost](#)

SINGAPORE – Oil prices fell to below \$99 a barrel Monday in Asia, extending a big loss from Friday after a report said Saudi Arabia plans to boost its crude production.

### [Price of gas falls 4 percent in last three weeks](#)

NEW YORK — The average price for a gallon of gasoline in the United States fell 4 percent in the past three weeks, and could drop further due to less demand, falling oil prices and reports that Saudi Arabia may soon increase production, according to the latest nationwide Lundberg survey.

### [Vienna showdown, Saudi oil policy](#)

The showdown in Vienna was as unexpected as it was dramatic. Saudi Arabian Oil Minister Ali Al Naimi called last week's OPEC conclave "the worst meeting" of his career as the oil exporter's organisation split between those who agreed to an 1.5 million barrels a day output hike (Saudi Arabia, the UAE, Qatar, Kuwait) against price hawks led by Iran, Algeria, Venezuela, Libya and Iraq.

The breakdown of the OPEC meeting will have a profound impact on oil prices, world financial markets, GCC economies and the future of OPEC.

### [Opec split leaves Saudi to go it alone](#)

Opec's member states are at odds as pressure from the West to raise oil output continues to rise.

### [For Opec, a painful path to establishing consensus](#)

Alirio Parra, former Venezuela oil minister and Opec president, helped steer the organisation towards consensus even as members states waged war against each other.

### [British Gas customers warned of more price hikes](#)

Families have been told to brace themselves for steep energy price rises this winter by the boss of Britain's largest power company.

### ['Perfect Storm' May Threaten Global Economy: Roubini](#)

Elevated U.S. unemployment, a surge in oil and food prices, rising interest rates in Asia and trade disruption from Japan's record earthquake threaten to sap the world economy. Stocks worldwide have lost more than \$3.3 trillion since the beginning of May, and Roubini said financial markets by the middle of next year could start worrying about a convergence of risks in 2013.

### ["Meaningful probability" of a China hard landing: Roubini](#)

"I was recently in Shanghai and I took their high-speed train to Hangzhou," he said, referring to the new Maglev line that has cut traveling time between the two cities to less than an hour from four hours previously.

"The brand new high-speed train is half-empty and the brand new station is three-quarters empty. Parallel to that train line, there is also a new highway that looked three-quarters empty. Next to the train station is also the new local airport of Shanghai and you can fly to Hangzhou," he said.

"There is no rationale for a country at that level of economic development to have not just duplication but triplication of those infrastructure projects."

### [Shell eyes 2nd floating LNG project](#)

(Reuters) - Royal Dutch Shell plans to install a second floating liquefied natural gas (LNG) project at the Greater Sunrise field in the Pacific as it steps up production in the region, a senior executive said on Monday.

### [Vietnam holds live-fire navy drill amid China spat](#)

HANOI, Vietnam — Vietnam fired artillery rounds off its central coast Monday in naval drills announced during a maritime spat with Beijing, as conflicts heat up between China and its neighbors over the potentially oil-rich South China Sea.

Vietnam accuses Chinese boats of disrupting oil and gas exploration in its waters, echoing a similar dispute that flared last week with the Philippines concerning Beijing's ramped-up moves to assert its sovereignty over disputed areas in recent months.



## [Venezuela to Restrict Electricity Use for Second Straight Year on Blackout](#)

Venezuela, the largest oil producer in South America, will announce measures to curb electricity consumption for a second-consecutive year today, prompted by a blackout in the country's most-populous state, Zulia, over the weekend.

## [Somali pirates release Kuwaiti crude oil tanker](#)

Somali pirates have released a United Arab Emirates (UAE) flagged and Kuwaiti owned crude oil tanker with 29 crew members, a regional maritime official confirmed on Saturday.

Andrew Mwangura, maritime editor for Somalia Report said the MV Zirku which was hijacked in March, approximately 250 nautical miles southeast of Salalah in the eastern part of the Gulf of Aden was released on Friday by the pirates. "The ship was released by the pirates on Friday. I have not established whether ransom was paid or not but definitely, the ship owners might have paid since the vessel is very big," Mwangura told Xinhua by telephone from Mombasa.

## [Syrian forces round up hundreds near northern town](#)

(Reuters) - Syrian troops rounded up hundreds of people in a sweep through villages near Jisr al-Shughour on Monday, fleeing residents said, after President Bashar al-Assad's army retook the rebellious town.

Nearly 7,000 Syrians have already fled the region around Jisr al-Shughour, seeking sanctuary in neighboring Turkey, while thousands more are sheltering close to the frontier in rural areas just inside Syria, activists say.

## [Libyan Leaders Defiant as Battle Rages at Oil City](#)

TRIPOLI, Libya — With loyalist forces clashing for a second day with rebels around a strategic oil city less than 30 miles west of here, the government of Col. Muammar el-Qaddafi on Sunday told the "ugly, evil forces of NATO" to accept that the rebel cause was doomed and that the Libyan leader would not be driven from power by rebel attacks or NATO airstrikes.

The fighting around the oil city, Zawiyah, site of the refinery that is the Qaddafi government's last remaining source of fuel, came as new battles raged over the weekend at three points that are part of the strategic defenses of Tripoli: in the east, near Misurata, 130 miles from the capital; in the south, at Zintan, about 125 miles from the capital; and, potentially most threatening, at Zawiyah, which commands the coastal road that carries vital supplies of food and other necessities to Tripoli from Tunisia.

## [Jordan's King Abdullah II announces sweeping reforms](#)

(CNN) -- Jordan's King Abdullah II announced sweeping reforms in a nationally televised address Sunday, promising to establish a parliamentary majority government -- a key demand of protesters calling for changes to the regime.

## [Oil spill cleanup relies on decades-old technology](#)

WASHINGTON (Reuters) – When the ominous black plume began gushing from the BP Deepwater Horizon oil rig last year, an army of workers was dispatched to protect the U.S. Gulf Coast using the latest technology -- vinyl-covered booms and dispersant sprays.

And if another major spill occurs offshore the United States anytime soon, this is the most protection a community can expect should oil begin leaking from a ruptured well near its shores.

## [In Nuclear Crisis, Crippling Mistrust](#)

TOKYO — On the evening of March 12, the Fukushima Daiichi nuclear plant's oldest reactor had suffered a hydrogen explosion and risked a complete meltdown. Prime Minister Naoto Kan asked aides to weigh the risks of injecting seawater into the reactor to cool it down.

At this crucial moment, it became clear that a prime minister who had built his career on suspicion of the collusive ties between Japan's industry and bureaucracy was acting nearly in the dark. He had received a confusing risk analysis from the chief nuclear regulator, a fervently pro-nuclear academic whom aides said Mr. Kan did not trust. He was also wary of the company that operated the plant, given its history of trying to cover up troubles.

Mr. Kan did not know that the plant manager had already begun using seawater. Based on a guess of the mood at the prime minister's office, the company ordered the plant manager to stop.

But the manager did something unthinkable in corporate Japan: he disobeyed the order and secretly continued using seawater, a decision that experts say almost certainly prevented a more serious meltdown and has made him an unlikely hero.

## [Japan Radiation Sleuths Use Borrowed Geigers](#)

Makoto Tonami starts his workday by slipping on a white surgical face mask and then drives around with a borrowed Geiger counter, taking radiation readings. Three months ago, he was sorting garbage claims in Minami Soma, a city north of the Fukushima nuclear plant.

"It's usually two or three of us and we drive till sunset," said the 43-year-old city

official, who grew up in the coastal town. His group takes readings at 35 locations with equipment loaned from the Fukushima government, he said.

### [US gas is artificially cheap: What we don't pay for at the pump](#)

California has some of the dirtiest air in the nation. Consequently, it has some of the strictest rules for gasoline, meaning it burns cleaner than it does in many other states. But cleaner fuels are more expensive.

Clean air requirements, combined with supply and refining constraints, make the price of California gas consistently among the highest in the nation. Turmoil in the Middle East is another factor that pushes up the global price of crude oil. Even though the average price for a gallon of regular unleaded gas in California fluctuates around \$4, some experts argue that \$4 a gallon is much less than the real cost.

### [Cars.com/USA TODAY Shootout tests low-priced, high-mileage cars](#)

HOFFMAN ESTATES, Ill. — Ideal cars for the times. A handful of the best compacts, not very expensive, not very thirsty, big enough for a family.

### [Saving Juice on a Philadelphia Subway Line](#)

Batteries will capture energy that is generated when a train slows down, then deliver the power when the train needs it.

### [Spain Regulator May Ask for Cut on Debt to Utilities, Cinco Says](#)

Spain's energy regulator may propose a cut in the amount of debt it owes power producers for subsidized tariffs they charge to reduce the cost of repaying the money using bond sales, Cinco Dias reported.

### [Construction to resume on parts of solar project](#)

SAN BERNARDINO, Calif. — Construction can resume on a massive Southern California solar energy project after wildlife officials determined it will not jeopardize the threatened desert tortoise, federal officials said Friday.

### [Syria to Seek Bids for Four Solar, Wind Projects, SANA Says](#)

Syria's annual electricity demand is growing by 5 percent to 7 percent, meaning that the nation needs to add 700 megawatts a year at a cost of 700 million euros (\$1 billion),

Khamis said.

### [In a War of Words, Makers of Plastic Bags Go to Court](#)

SAN FRANCISCO — The plastic bag industry, increasingly on the defensive as municipal bag bans proliferate, has gone on the attack against ChicoBag, a competitor that bills itself as an eco-friendly alternative. A federal lawsuit in South Carolina accuses ChicoBag of illegal trash-talking about plastic bag waste.

### [Planning for Higher Food and Energy Prices, and their Wider Impacts](#)

Over the years, we have become accustomed to a rising standard of living. One of things that has helped this happen is a gradually declining ratio of food costs to total personal expenditures. Energy costs have not followed as clear a trend, but are higher again now, and seem likely to be higher in the future as well.

### [The future of Australia's food: Who's calling the shots?](#)

There has been a lot of talk about food security recently, but most of it assumes that the fundamental problem is a lack of food, and that the most appropriate response is to 'produce more'. This analysis is deeply flawed. It flows from a refusal to grapple with the deeper causes of what is really a system in profound crisis: a crisis of over-production.

### [Assembly panel examines N.J.'s decision to leave cap and trade program](#)

TRENTON — A New Jersey Assembly panel plans to examine the potential consequences of Gov. Chris Christie's recent decision to pull the state from a multistate pact to reduce greenhouse gases blamed for global warming.

### [World Bank Reduces Volume, Value Forecast From Its Carbon Funds](#)

The World Bank has reduced the number and value of credits it expects from its carbon funds as the International Energy Agency said fossil fuels are threatening the climate.



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