



## Drumbeat: June 25, 2011

Posted by [Leanan](#) on June 25, 2011 - 10:48am

### [Insiders Sound an Alarm Amid a Natural Gas Rush](#)

Natural gas companies have been placing enormous bets on the wells they are drilling, saying they will deliver big profits and provide a vast new source of energy for the United States.

But the gas may not be as easy and cheap to extract from shale formations deep underground as the companies are saying, according to hundreds of industry e-mails and internal documents and an analysis of data from thousands of wells.

In the e-mails, energy executives, industry lawyers, state geologists and market analysts voice skepticism about lofty forecasts and question whether companies are intentionally, and even illegally, overstating the productivity of their wells and the size of their reserves. Many of these e-mails also suggest a view that is in stark contrast to more bullish public comments made by the industry, in much the same way that insiders have raised doubts about previous financial bubbles.

“Money is pouring in” from investors even though shale gas is “inherently unprofitable,” an analyst from PNC Wealth Management, an investment company, wrote to a contractor in a February e-mail. “Reminds you of dot-coms.”

### [White House proposes increased mileage standards for cars, light trucks](#)

The Obama administration wants cars and light trucks in the United States to average 56.2 miles per gallon of gasoline by 2025, a standard that will cut the nation’s oil consumption and carbon output significantly while also raising each vehicle’s cost by about \$2,375.

The White House’s ambitious opening bid, which it revealed in conversations with domestic auto companies and lawmakers last week, has already sparked resistance. U.S. automakers have offered to raise fuel efficiency over the next eight years to between 42.6 and 46.7 mpg, according to sources who had been briefed on the negotiations.

### [Dozens march for freedom in Saudi Arabia, according to YouTube video](#)

DUBAI — Dozens of people wearing white shrouds have staged a peaceful march in the oil-producing region of eastern Saudi Arabia, demanding basic rights and the release of

prisoners, according to a video posted on YouTube.

The video recording showed about 30 men, many in Western clothes, marching with white shrouds that symbolize willingness to die as martyrs, in the mainly Shiite city of Qatif on Friday.

### [Syrian Forces Reported to Kill Five; Libyan Civilian Deaths Denied by NATO](#)

Syrian security forces killed five people in the Homs province and the Damascus suburb of Kassweh, Al Arabiya television reported yesterday.

Two of the dead, including a 13-year-old boy, were shot while attending a funeral in Kassweh, Arabiya said, citing activists. Three protesters were killed by security forces in Homs, Arabiya reported, citing Rami Abdel Rahman, head of the Syrian observatory for human rights.

### [Western Libya Earns a Taste of Freedom as Rebels Loosen Qaddafi's Grip](#)

ROGEBAN, Libya —Until a few weeks ago, the rebellious towns in the Nafusah Mountains were struggling to survive on dwindling supplies of barley, water and gas during a long siege by Col. Muammar el-Qaddafi's soldiers.

But after an improbable series of military victories over the past three weeks — with fewer than 100 rebel fighters killed, their military leaders say — residents of a broad area in this mountain region are celebrating virtual secession from Colonel Qaddafi's Libya. While there have been defeats, and the Grad rockets of Colonel Qaddafi's forces still menace the outskirts of Nalut near the Tunisian border and Yafran to the east, rebels point hopefully to the growing stability of the towns under their control as evidence of how tenuous Colonel Qaddafi's grip may be.

### [Peru's president blames deadly clashes on 'dark political interests'](#)

(CNN) -- Peruvian President Alan Garcia said Saturday that "dark political interests" were responsible for the recent deadly outbreak of violence in the southern department of Puno.

"What they are looking to do is pressure the next government of President (Ollanta) Humala," the outgoing president told reporters. "There are dark political interests here that are demanding power."

### [First a Gold Rush, Then the Lawyers](#)

After a mining project in El Salvador failed to launch, thwarted investors started heading

to international courts to seek out lost profits.

### [Obama's desperate SPR oil play](#)

NEW YORK (CNNMoney) -- Four reasons are emerging for President Obama's surprise decision Thursday to release 30 million barrels of oil from the nation's strategic reserve -- economic stimulus; a looming supply shortage; a wake up call to OPEC; and a warning shot to speculators in the oil market.

### [Australia: Fireproofing power lines costly: report](#)

The Victorian government is committed to improving electricity safety in the wake of Black Saturday, but at a practical and affordable cost, Energy Minister Michael O'Brien says.

Mr O'Brien, speaking with AAP, disputed reports that electricity bills could rise by as much as \$740 every year for the next 10 years if the government implemented all the recommendations of the Black Saturday royal commission.

### [Atop TV Sets, a Power Drain Runs Nonstop](#)

Those little boxes that usher cable signals and digital recording capacity into televisions have become the single largest electricity drain in many American homes, with some typical home entertainment configurations eating more power than a new refrigerator and even some central air-conditioning systems.

### ['Safety Myth' Left Japan Ripe for Nuclear Crisis](#)

Over several decades, Japan's nuclear establishment has devoted vast resources to persuade the Japanese public of the safety and necessity of nuclear power. Plant operators built lavish, fantasy-filled public relations buildings that became tourist attractions. Bureaucrats spun elaborate advertising campaigns through a multitude of organizations established solely to advertise the safety of nuclear plants. Politicians pushed through the adoption of government-mandated school textbooks with friendly views of nuclear power.

The result was the widespread adoption of the belief — called the “safety myth” — that Japan's nuclear power plants were absolutely safe. Japan single-mindedly pursued nuclear power even as Western nations distanced themselves from it.

### [Survey shows disappointment, anger among Fukushima evacuees](#)

Disappointment toward Tokyo Electric Power Co. for its failure to guard the safety of

the Fukushima No. 1 nuclear power plant and anger at the central government's inept handling of the accident.

Those are the two major themes that emerge from the results of an interview survey of 407 evacuees from the Fukushima nuclear accident.

### [Pensioners to Aid Nuclear Plant Clean-Up on Worker Shortage](#)

Yasuteru Yamada, a 72-year-old former anti-nuclear activist, will lead a band of pensioners to the Fukushima Dai-Ichi plant early next month to help clean up the site of Japan's worst atomic disaster since World War II.

### [Workers Remove Device From Damaged Japanese Reactor](#)

TOKYO — A 3.3-ton device that bedeviled the troubled Monju prototype fast-breeder reactor for nearly a year was removed on Friday morning, Japan's Atomic Energy Agency said.

### [Staff Criticize Nuclear Regulator for Halting Evaluation](#)

WASHINGTON — In an unusual public dissent, staff members of the Nuclear Regulatory Commission told a House subcommittee on Friday that they were frustrated by a boss's decision to halt their evaluation of a site in Nevada as a future repository for the nation's nuclear waste.

### [Crude Oil Falls in New York, Hits Four-Month Low in London on IEA Release](#)

Futures in London tumbled 8 percent in two days on the IEA's plan to respond to the drop in Libyan exports by the coordinated action of members. Oil also dropped as Oracle Corp. led U.S. equities lower and on concern Italian banks will be downgraded by Moody's Investors Service, signaling the Greek debt crisis may spread to other European countries.

"Sentiment in the market has pretty clearly shifted," said Adam Sieminski, chief energy economist at Deutsche Bank AG in Washington. "Sentiment would have shifted even without the IEA release because the economy is in pretty bad shape."

### [Iran condemns IEA decision to release oil stocks](#)

(Reuters) - Iran condemned on Saturday a decision by oil consumer nations to release strategic crude stocks as politically motivated interference in the market that would not have a sustained impact on prices.

## [Iran May Revive OPEC Meeting Plan If Prices Keep Falling - Official](#)

LONDON -(Dow Jones)- Iran may revive its proposal to hold an emergency OPEC meeting if oil prices keep falling after a stocks release from consumer nations, an Iranian oil official said Thursday.

## [Inflation fears as India hikes fuel costs](#)

NEW DELHI (AFP) – Indians will have to pay more for fuel from Saturday after the government announced a hike in the price of some petroleum products, increasing inflationary pressures in the fast-growing economy.

Petroleum minister Jaipal Reddy late Friday raised the price of diesel by 3 rupees (7 cents) per litre, in a move that will pile added pressure on Prime Minister Manmohan Singh's embattled government.

## [Protests across Andhra Pradesh against fuel price hike](#)

The hike in prices of diesel, cooking gas and kerosene evoked a strong reaction in Andhra Pradesh with opposition parties Saturday staging protests across the state and demanding an immediate rollback.

## [Indonesia: Govt plans to cut oil production target](#)

The government plans to cut this year's oil production target from 970,000 barrels of oil per day (bpd) to 945,000 bpd as most of the country's major oil companies have failed to meet their production goals.

## [A few more thoughts on Strategic Petroleum Reserve releases](#)

In today's Chronicle column and in this earlier post, I discussed the Obama administration's decision to release oil from the Strategic Petroleum Reserve.

Since then, I've heard from a few other oil watchers, who offered some other interesting ideas about what might be behind the move. All seem to agree that the decision by both the Obama administration and the 27 other countries in the International Energy Agency is politically motivated.

## [The IEA Telegraphs a Huge Oil and Gas Buying Opportunity](#)

Unfortunately this IEA effort is just a drop in the bucket and will have a nominal short term effect on oil prices. The drop in prices today should be seen as a buying

opportunity for the non-OPEC integrated players who will benefit from rising prices once the dust settles and everyone realizes the theory of peak oil may soon be proven true.

### [Unforgiven – Part Five](#)

The price for a barrel of oil was \$12 in 1998. Rather than take advantage of this Indian summer and creating a plan to transition from depleting oil to other energy sources, our leaders did nothing. The American people bought massive SUVs, minivans and pickups and moved further into the suburban countryside, miles from civilization. The bumpy plateau of peak oil has arrived and oil prices have ranged between \$70 and \$140 a barrel for the last few years. We will long for these prices in a few short years.

### [It's a flying shame](#)

*Practically everything we do, from eating an ice to crossing the Atlantic, and from baking a loaf to writing a novel, involves the use of coal, directly or indirectly....*  
George Orwell, *The Road to Wigan Pier*

I fly a lot. It comes with the job. I've also, jesuitically perhaps, regarded seats on planes like any other form of public transport if the service runs to a timetable, why not be on it? Since big jets first flew in the 1970s plane travel has been within the reach of all of us. Given a couple of grand you can get to most places. But now there are new considerations. First, are the emissions about 3 per cent of greenhouse gases too great? Second, now that the arrival of peak oil has been confirmed even by the International Energy Agency in Paris, we must be even more mindful of George Orwell's warning: the energy must come from somewhere. If not coal or oil, then what?

### [Solar Heats Up in Saudi Arabia](#)

Saudi Arabia is the newest and hottest solar power market to attract the attention of emerging leaders in the solar-energy space.

### [Green Jobs Attract Graduates](#)

Sustainability seems to resonate with droves of ambitious, young innovators seeking jobs with meaning.

### [The Difference Engine: The beef about corn](#)

IN A surprise U-turn, members of the United States Senate voted 73-27 last week to abolish a 45-cents-a-gallon subsidy for ethanol from corn (ie, maize) that is used for blending with petrol. They also voted to kill the 54-cents-a-gallon import duty on ethanol from abroad. This is the first time in over three decades that the Senate has

challenged the sacrosanct \$6 billion-a-year tax break for American corn-growers and ethanol producers.

### [California Widens Clean-Fuel Zone for Ships](#)

Noting that cargo ships are traveling longer distances to avoid having to switch as quickly to a cleaner-burning fuel off the California coast, the state's Air Resources Board has changed its fuel regulations.

The amended rules, approved on Thursday, are aimed at both reducing the ships' greenhouse gas emissions and addressing a problem that the vessels created for the Navy as they shifted to routes farther offshore to avoid compliance.

### [9% electricity price rise possible in 2013 as EU bids to control carbon emissions](#)

THE PRICE of electricity could see an increase of over 9.0 per cent in 2013, as a new EU regulation on carbon emissions kicks in, it emerged yesterday.

Since 2007, countries have been allocated a specific free amount of CO<sub>2</sub> they can emit and obliged to pay for any excess above that.

Cyprus has so far paid €22 million.

### [Shell Gets \\$876 Million for Canadian Carbon Capture Project](#)

Royal Dutch Shell Plc (RDSA) will receive C\$865 million (\$876 million) from the governments of Alberta and Canada to fund a carbon capture and storage project.

### [Grasping Climate Change at a Garden-Plot Level](#)

One of the first places where Americans may notice the impact of climate change is in their own gardens and backyards, their most common point of intersection with the natural world.

On Friday, the federal government announced that it would take advantage of that connection by introducing a pilot project in concert with the American Public Garden Association to educate some 70 million annual visitors to public gardens, many of whom are gardeners themselves, on climate change.

### [Don't ignore climate skeptics – talk to them differently](#)

For example, when US Energy Secretary Steven Chu refers to advances in renewable-

energy technology in China as America's "Sputnik moment," he is framing climate change as a common threat to economic competitiveness. When Pope Benedict links the threat of climate change with threats to life and dignity, he is painting it as an issue of religious morality.

When the Military Advisory Board, a group of retired military officers, refers to climate change as a "threat multiplier," it is using a national-security frame.

And when the Pew Center refers to climate change as an issue of risk management, it is promoting climate insurance just as homeowners buy fire insurance. This is the way to engage the debate; not hammering skeptics with more data and expressing dismay that they don't get it.



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