# Drumbeat: July 15, 2011

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# Canada looking at building military bases in Arctic

OTTAWA—It is costly to operate in the vast and inhospitable Arctic. But the Canadian military is exploring a way to cut costs and speed up the movement of troops and equipment by building several new northern bases.

Along the way it could help to strengthen the country's Arctic sovereignty claims by placing additional boots on the tundra throughout the year.

#### Monthly inflation retreats on lower gas prices

NEW YORK (CNNMoney) -- Falling prices at the pump pushed inflation lower in June, but consumers are still paying significantly more than they were last summer.

The Consumer Price Index, the government's key inflation measure, fell 0.2% in the month, led by a 6.8% drop in gasoline prices over the same period. It was the first time in a year the monthly CPI reading decreased.

#### Canadian energy ministers to meet in Kananaskis

Canada's energy ministers will meet in Kananaskis, Alta. this weekend to discuss creating a national energy strategy, as well as opportunities in the mining sector.

## BP Makes Voluntary Gulf Of Mexico Safety Commitments

LONDON -(Dow Jones)- U.K. energy giant BP PLC Friday vowed to hold itself to a higher set of deep-water drilling standards than those already prescribed by U.S. authorities, as it aims to assure regulators it is ready to return to operations in the Gulf of Mexico following last year's Deepwater Horizon disaster and subsequent oil spill.

# Spare Capacity Dwindles, Alaska Looks Better

The realities of shrinking spare capacity are becoming more evident by the day.

The International Energy Agency warns that unless OPEC can raise production by 1.5 million barrels a day — about the same as that lost Libyan production — global demand oil demand will start to outrun available supply between now and year-end.

# Aramco buys for August, gasoline holds ground

Gasoline imports by Saudi Aramco have given a boost to premiums in the Gulf this week, while a strong European market also supported the sentiment, traders said on Thursday.

'Aramco will need more in August,' one gasoline trader said, who saw the total cargoes for August amounting to around 12. Another trader said August imports could be 8-10 cargoes.

# Attacks on oil sites push Yemen's economy to brink

Sana'a: Over months of political turmoil, attacks on electricity plants and oil pipelines have left Yemen's economy on the edge of collapse, with the most damaging strike carried out in retaliation for a US counterterrorism raid.

Against a backdrop of street protests and military clashes, the country is grappling with electricity blackouts, rising food prices, and fuel shortages so dire that ordinary Yemenis can spend days in lines for gasoline.

# Talks stall, tanks dry

As increasingly violent strikes and a growing fuel shortage crisis threaten to cripple South Africa, business and political parties are urging unions and employers to resolve their differences.

The South African National Taxi Council called on all parties involved to come to a speedy resolution as commuters could be left stranded by fuel shortages.

# IEA Reports on State of Oil Markets since Emergency Stockpile Release

In an unusually strongly worded statement, the International Energy Agency (IEA) – the official energy watchdog for major consuming nations – said that its critics "can't have their cake and eat it too."

IEA made the statement in releasing its monthly oil market report on July 13, commenting on the status of oil markets since its call on June 23 for the release of 60 million barrels of oil and refined products from the emergency stockpiles of member nations, including the U.S. and Japan.

#### Misbehaving Drillers May Undergo New Scrutiny

The nation's top offshore drilling regulator said Wednesday he is examining whether the government can do more to keep oil and gas companies with checkered histories from exploring offshore.

Michael Bromwich, the director of the Bureau of Ocean Energy Management, Regulation and Enforcement, said he is studying how to treat "operators who may have behaved badly in the past and whether they should be allowed to continue operating in the future."

# Syrians stage largest protests yet; 17 killed

BEIRUT (AP) — Hundreds of thousands of Syrians mounted the largest protests Friday since the uprising began more than four months ago, pouring into areas where the government crackdown has been most intense in a sign that security forces cannot break the revolt.

Syrian authorities fired on the crowds, killing at least 17 people and wounding more than 100, activists said.

In a significant show of the uprising's strength, thousands turned out in the capital, Damascus, which had seen only scattered protests. Until now, much of the dissent against President Bashar Assad has been in impoverished, remote areas.

# BHP takeover could open floodgates

BHP Billiton's \$12.1 billion takeover of US shale player Petrohawk Energy has sparked a spate of speculation about which onshore-focused company may be next in the sights of the bigger oil and gas firms.

## Canada crude-Keystone constraints fail to widen spreads

CALGARY, Alberta (Reuters) - Canadian heavy crude prices gained strength on Friday as steady demand overshadowed word that flows on TransCanada Corp's Keystone pipeline will be restricted again next month.

Western Canada Select heavy blend for August delivery was discussed at \$17.75-\$18 a barrel under benchmark West Texas Intermediate crude, compared with \$18-\$19 earlier this week.

# How good intentions ended with expensive and dirty corn

In the United States, corn is now officially a fuel crop -- the federal government forecasts that this year, ethanol-makers will for the first time use more corn than poultry and livestock farmers. What's the outcome of this government-subsidized gluttony by fuelmakers?

One is that folks like myself who think corn is the most delicious vegetable out there are paying 90 percent more per ear than we were last year. That includes the Chinese, who are importing much more U.S. corn (picture above). Another is that the U.S. taxpayer is effectively subsidizing exports to Brazil, Europe and elsewhere, which will buy around 1 billion gallons of the fuel. This has also been a windfall for big agricompanies like Archer Daniels Midland, which over the years has been among the most politically influential companies in Washington lobbying.

#### Richard Heinberg and David Fridley: The end of cheap coal

World energy policy is gripped by a fallacy — the idea that coal is destined to stay cheap for decades to come. This assumption supports investment in 'clean-coal' technology and trumps serious efforts to increase energy conservation and develop alternative energy sources. It is an important enough assumption about our energy future that it demands closer examination.

# Environment Minister sets out goals of national energy policy

Bermuda is positioning itself as a leader among small island nations in finding greener ways of energy production, Environment Minister Walter Roban said today.

Mr Roban said: "The primary threat to energy security in Bermuda is the impending threat of peak oil — the time at which the world's production of oil peaks and thereafter enters a period of terminal decline."

# <u>Lighting the Hopes of the Grid-less</u>

From Lenin to Franklin Delano Roosevelt, 20th-century political leaders made the provision of universal electricity a centerpiece of their programs and oratory. "Communism is Soviet power plus the electrification of the whole country," one slogan went. Or, in the case of F.D.R.'s Tennessee Valley Authority, "T.V.A.: Electricity For All."

In this century, the United Nations has updated the concept in addressing the problem that 1.4 billion people in the world are living without electricity. The new buzz phrase is "Sustainable Energy For All," but the approach is very different, because in many cases these people cannot be connected to a grid. Given that the vast majority of the unconnected live near the equator, where the sun is at its zenith, the solutions being tried are almost all based on solar power.

# John Michael Greer: Salvaging quality

Ask any cast iron aficionado and dollars will get you doughnuts – perhaps these days I should say "credit swaps will get you crullers" or something like that – you'll hear a similar story; the cast iron cookware you can buy in your local hardware store simply isn't as good as the same products made a quarter century ago, and the difference is no small thing. I've heard the same thing in the very different context of craftspeople who work with old tools; the quality of the metal, they say, as well as the workmanship tends to be dramatically better in tools that are at least a quarter century old.

#### EPA enlists NASCAR star Leilani Munter for PSA

NEW YORK (CNNMoney) -- NASCAR is one of the most popular sports in America, but stock car racing is probably not the first thing you think of when it comes to protecting the environment.

The Environmental Protection Agency is hoping to change that, with the help of Leilani Munter, a star NASCAR driver and eco activist.

## Why America needs to move beyond coal: Five economic indicators

Coal still plays a dominant role in the U.S. energy mix, accounting for almost 45% of American electricity production. But the economics of coal continue to change, making the resource look far less attractive today than it once was.

# And now for something completely different: Big powers missing in action on food price crisis but new leaders emerge

This June 22, the G20, the club of economic powerhouses that was established in 1999, held its first meeting of agriculture ministers — a guest list based on an obsolete presumption that ag ministers have anything to do with hunger, health or well-being. The ministers were called on to do something about food prices that were out of control.

The meeting revealed the deeper crisis of our time, the crisis underlying the emerging convergence of peak oil/peak food/peak water and peak climate – to name only the best known and most frightful problems that are going critical these days. The crisis underlying these emerging crises is the inability of governing groups to use their power to identify and win support for any way forward. This meets the first historic precondition of revolution – inability of ruling elites to rule.

# Energy and peace: the dangers of our slow energy transition

Resource scarcity and climate change should be driving forward the transition to the energy systems of the future. Instead we see a laggardly pace of change that threatens global political stability.

## Futures studies' backcasting method used for strategic sustainable city planning

The concept of sustainable development has been applied to the so-called sustainable city. However, this concept is difficult to define precisely because it refers to the process rather than to the end-point. The city requires the flows of energy, natural resources, services, people, information, etc. Therefore, it cannot be looked at as a single and self-contained system. These flows obviously have benefits to the residents, but sometimes uncontrollable problems are created, such as pollution, traffic congestion and waste. Currently, significant discussion of the city's environmental impacts is focused on greenhouse gas (GHG) emissions that come from the increase in consumption of energy and other resources [1]. The problems that cities face today may be similar to those cities in the future but with greater compounding affects. Consequently, policy actions for developing sustainable city futures ought to be applied, tested and transferred to help solve problems for other cities.

## Why a high-carbon investment bubble could be the lesser of evils

This week has seen a new green meme emerge: the idea that investment in high-carbon companies is creating a "carbon bubble" that could leave the world exposed to another financial crash. The catalyst is a fascinating report by the Carbon Tracker Initiative that explores the obvious but usually overlooked mismatch between the world's stated climate change targets and the market response – or lack thereof.

# Bill McKibben: North America's future as the New Middle East?

(CBS News) The climate problem has moved from the abstract to the very real in the last 18 months.

Instead of charts and graphs about what will happen someday, we've got real-time video: first Russia burning, then Texas and Arizona on fire. First Pakistan suffered a deluge, then Queensland, Australia, went underwater, and this spring and summer, it's the Midwest that's flooding at historic levels.

#### UN Climate Body Struggling to Pinpoint Rising Sea Levels

The United Nations' forecast of how quickly global sea levels will rise this century is vital in determining how much money might be needed to combat the phenomenon. But predictions by researchers vary wildly, and the attempt to find consensus has become fractious.

WASHINGTON — As lawmakers argued over long-term deficit reduction, the Republican-led House on Friday cut 20 percent from President Barack Obama's budget request for energy and water projects.

Republicans called the bill a model of restraint but the White House said it jeopardized economic growth and clean energy.

...The bill steered \$1 billion away from high-speed rail projects and used the money instead to pay for flood relief along the Mississippi and Missouri rivers. It also provided \$1.3 billion for renewable energy programs, about \$491 million below this year's level.

#### US Gas-Rig Count Adds 12; Oil Rigs Up By Six -Baker Hughes

NEW YORK -(Dow Jones)- The number of rigs in the U.S. drilling for natural gas rose this week, oil-field service company Baker Hughes Inc. (BHI) said Friday.

There were 885 rigs drilling natural-gas wells this week, up by 12 from the previous week.

#### **Natural Gas Pains**

Not quite ten years ago, petroleum engineers hit on the idea of combining two well-known techniques -- horizontal drilling and fracking -- to make it possible to recover natural gas from shale rock formations. And the result was a bonanza of new domestic natural gas supply. Now, it seems that the bonanza may not be as great as its boosters hope. What's behind all this?

#### BP Oil Is Still Washing Ashore One Year After End of Gulf of Mexico Spill

Crude oil continues to wash ashore along the Gulf of Mexico coast a year after BP Plc (BP/) stopped the flow from its damaged Macondo well, which caused the worst U.S. offshore spill, the National Oceanic and Atmospheric Administration said.

#### Judge tosses RICO claims vs BP over oil spill

(Reuters) - BP Plc won two legal victories on Friday, as a federal judge threw out racketeering claims made by the lead plaintiffs suing over last year's Gulf of Mexico oil spill and set aside a lawsuit by its partner Anadarko Petroleum Corp over the project.

#### Why Europe Needs Its Own Energy Agency

In every crisis, understanding the overall situation is a first step for fixing the problem, or, at least, mitigating its impact. For that, you need reliable data and analysis, none of which our governments currently have. Indeed, until now OECD countries, including the US and the UK, have relied on the Paris-based International Energy Agency (IEA). Regrettably, the IEA is heavily politicized and best known for its record of inconsistent scenarios.

# Warnings whole towns could be lost due to rising sea levels unless coastal defences improve

It is a coastline which attracts thousands of visitors each year, but seaside homes in parts of Wales face being lost over the next century because of rising sea levels caused by climate change and erosion.

A shock report is warning that without improved coastal defences towns along the world-renowned coastline could be swallowed by the sea.

# Petrobras Says Brazil Oil Reserves Similar Size to North Sea

Brazil's oil reserves, including recent discoveries in deep waters of the Atlantic Ocean, are of a similar size to those found in the North Sea, said an exploration official at Petroleo Brasileiro SA. (PETR4)

The U.K. and Norway held about 62 billion barrels of reserves in the North Sea before the deposits were developed, Francisco Nepomuceno Filho, Petrobras's London head of exploration and production, said in an interview in London today.

"Brazil as a whole could have a potential of the same size of the North Sea, including Norway and the U.K.," Nepomuceno said. "Those two countries grew a lot and had huge development."

## Oil above \$95 after Bernanke stimulus comments

SINGAPORE – Oil prices hovered above \$95 a barrel Friday in Asia after Federal Reserve Chairman Ben Bernanke said another round of monetary stimulus was not imminent.

## IEA defends release of stocks of crude oil

The oil consumers group leading this month's release of 60 million barrels of crude defended the move yesterday despite its failure to lower the oil price.

# Rights group pushes Bahrain to investigate firings

DUBAI, United Arab Emirates (AP) — More than 2,000 workers in Bahrain have been fired from state-linked firms and government jobs in apparent retribution for participating in pro-democracy protests earlier this year, Human Rights Watch said Friday.

Bahrain's security forces have smothered an uprising by the Gulf kingdom's majority Shiites seeking greater freedoms and rights from the Sunni rulers in the tiny but strategically important island nation that is the home of the U.S. Navy's 5th Fleet.

#### Clinton Discusses Post-Qaddafi Libya With Allies

U.S. Secretary of State Hillary Clinton and international allies are seeking to ensure that Libya's opposition is strong enough to fill the vacuum left after the expected departure of leader Muammar Qaddafi.

#### Crackdown escalates in east Syria, protesters killed

AMMAN (Reuters) - Syrian forces shot dead two pro-democracy protesters on Thursday in eastern provincial capital Deir al-Zoran, residents said, as a crackdown escalated against dissent in the tribal region bordering Iraq's Sunni heartland.

Military intelligence agents also injured seven protesters who had gathered in the main square of the city on the Euphrates river to protest against President Bashar al-Assad whose family has ruled Syria with an iron fist since 1970.

# Venezuela's Chavez to get cancer treatment in Brazil

BRASILIA/CARACAS (Reuters) - Venezuelan President Hugo Chavez will travel to Brazil for cancer treatment, a Brazilian government source told Reuters on Thursday, the latest sign that the socialist leader is still battling the illness after undergoing surgery in Cuba.

#### Russia's Mad Dash to Growth

Mother Russia can't pull enough oil from the ground.

The country is pumping out just over 10 million barrels a day with no capacity to spare, making it the biggest producer of oil in the world.

But as the oligarch Putin said recently, "Older fields are getting tapped out and incentives are needed to stimulate production."

A new study into 'peak oil' will question whether the theory should really be about 'peak oil demand' rather than supply. As concerns about climate change, energy security and oil price volatility coupled with advances in low carbon technology could mean that demand for oil peaks before the world's capacity to supply it does.

# Abu Dhabi agrees to supply China with 200,000 barrels of oil a day

Adnoc has agreed to supply China with 200,000 barrels of crude daily for two decades.

# China Plans to More Than Double Coal-Gas Output by 2015

China, the world's largest energy user, plans to more than double production of its coalbed methane in five years by 2015 to cut reliance on oil and coal.

The country aims to increase its annual output to 21 billion cubic meters by 2015 from 8.6 billion cubic meters in 2010, China Petrochemical Corp., the nation's second-largest oil and gas producer, said in its online newsletter today, citing a five-year plan. The fuel, also known as coal-seam gas, is a form of natural gas trapped in coal beds.

# Canada Seeks to Grow China Sales Amid 'Exaggerated Rhetoric' for Oil Sands

Canadian Natural Resources Minister Joe Oliver said the nation will seek to grow energy sales to China, and challenge environmentalists in the U.S. and Europe, to sustain demand for the world's largest reserves of oil outside the Middle East.

## **Latest Drilling Rules Draw Objections**

Rules proposed recently by New York State for regulating a controversial form of natural gas drilling are drawing expressions of guarded optimism from the natural gas industry but objections from some environmentalists, who say they do not go far enough in protecting water supplies.

# Natural gas driller dumps 'Talisman Terry' dino-themed coloring book after criticism, mockery

PITTSBURGH - A natural gas drilling company says it's no longer distributing a children's coloring book featuring a hard hat-wearing dinosaur that's been criticized by a Massachusetts congressman and lampooned by Comedy Central star Stephen Colbert.

Talisman Energy says "Talisman Terry's Energy Adventure" is no longer being distributed following a barrage of criticism.

# EPA questions need for gas line through Pa. forest

ALLENTOWN, Pa. (AP) — Federal environmental regulators are questioning the rationale of a proposed 39-mile natural gas pipeline that opponents say would damage 600 acres of pristine forests and streams in northern Pennsylvania's Endless Mountains region.

## If Indian Point Closes, Plenty of Challenges

Peculiarities of the electricity system in New York State, including its unusual independent status, would make it difficult and expensive to replace electricity from the Indian Point nuclear power plant if Gov. Andrew M. Cuomo succeeds in shutting it down, experts on the grid warn.

#### Charging stations along I-5 in Wash. due this year

SEATTLE — Washington state transportation officials on Wednesday announced a new initiative to place electric vehicle charging stations at key intervals along the West Coast's busiest highway — a development that should allow drivers to cruise the 580 miles from the southern border of Oregon all the way to Canada by the end of the year.

Proponents of the technology hailed it as a major step toward making the zero-emission cars with limited range a viable option for more Americans.

#### Electric bike rentals smooth out sightseeing

Riding a so-called "e-bike" feels like having a fairy godmother give you a little push from behind. The extra boost helps you cope with traffic and overtake hills with ease. Unlike a scooter, an e-bike has no noisy motor or smelly exhaust fumes.

# Boone Pickens challenges Canada on green power law

VANCOUVER (Reuters) - Mesa Power Group, a Texas-based renewable energy company owned by billionaire T. Boone Pickens, plans to file a complaint with Canada charging that the province of Ontario's green energy plan violates the North American Free Trade Agreement (NAFTA).

#### Masdar Capital confident despite investment struggle

Masdar Capital says it having trouble finding opportunities on its home turf two days after the UAE showcased a US\$100 billion opening for alternative energy investment in the next decade.

#### EPA, DOE Announce 'Most Efficient' Energy Star Appliances

This Thursday, the Environmental Protection Agency (EPA) along with the U.S. Department of Energy (DOE) are recognizing some of the most energy-efficient products under the Energy Star label program. This recognition will help consumers make more informed decisions on which household appliances are the most energy-efficient and will help lower household energy bills and reduce the impact on the environment.

#### Feds to refine plan on solar development zones

DENVER (AP) — Federal officials are refining their plan for speeding up solar energy development in zones of public lands in six western states, after receiving about 80,000 comments on the plan, Interior Secretary Ken Salazar said Thursday.

# Feeding kids when parents, schools can't

Cobb County, Georgia (CNN) -- For many, summer means vacation, sports, camping or just time off to relax, but not for millions of kids living in poverty in the United States. There are few camps or beach trips for them, and sometimes not even three meals a day.

During the school year, public schools provide breakfast and lunch to millions of students in the United States. But when summer arrives, parents struggling to feed their children can no longer rely on those meals.

# Programs cropping up across USA to address 'food deserts'

ALEXANDRIA, Va. — The kale, turnips and romaine lettuce grow in neat rows on a 2-acre plot at Woodlawn estate, a Virginia property once owned by George Washington. Today, a non-profit organization uses the land to raise vegetables and fruit to be sold in inner city Washington, where it's hard to find fresh food.

"It's really poignant," Pat Lute says of the circle formed by the food from land once tended by 91 slaves that is now going to people in need.

Lute is executive director of the Arcadia Center for Sustainable Food & Agriculture, which is equipping a used school bus to make regular stops in neighborhoods where residents' food choices are limited to corner stores, dollar stores and fast-food restaurants.

# Germany's Lufthansa starts flights using biofuel in bid to reduce emissions

flights using biofuels in a bid to reduce carbon dioxide emissions.

## 300 Somali children left for dead in drought

Most of those coming to Dadaab are former subsistence farmers whose lands were rendered idle and animals decimated after successive seasons of no rain hit their already war-ravaged country. At least 1,500 arrive in Dadaab every day.

Tens of thousands of Somalis have watched their land dry up after years without rain. Then the livestock died. Finally all the food ran out. Now they are making the perilous journey over parched earth to refugee camps in Kenya and Ethiopia, regions that also have been hit hard by drought.

## 'Extreme' Heat Will Torment the U.S. Midwest Before Coming to East Coast

Temperatures may near 100 degrees as far north as Minnesota as a heat wave builds in the central U.S. this weekend, threatening to boost energy usage and damage crops before spreading to the East Coast.

#### New Herbicide Suspected in Tree Deaths

A recently approved herbicide called Imprelis, widely used by landscapers because it was thought to be environmentally friendly, has emerged as the leading suspect in the deaths of thousands of Norway spruces, eastern white pines and other trees on lawns and golf courses across the country.

#### 'Green' Economy Is Real but Needs a Push, Study Suggests

One point the report makes is that while green initiatives are driving growth and innovation, market and policy challenges are preventing them from reaching their full potential. Those obstacles include policy gaps that undercut market demand, shortfalls in financing that lead to uncertainty and instability for investors, and an inadequate system for supporting innovation.

# Putin calls for international consensus on greenhouse gases

The global community must reach an agreement on cutting greenhouse gas emissions and Russia will continue negotiations to that end, Prime Minister Vladimir Putin said on Friday.

#### Utility Shelves Ambitious Plan to Limit Carbon

WASHINGTON — A major American utility is shelving the nation's most prominent effort to capture carbon dioxide from an existing coal-burning power plant, dealing a severe blow to efforts to rein in emissions responsible for global warming.

## Scattered Attempts at Carbon Capture

Eight other such projects are in the pipeline, although none quite like Mountaineer, a middle-aged coal-fired electric plant that had planned to bury the carbon dioxide. Plants like that will probably continue to pump carbon dioxide into the atmosphere for decades.

#### Global warming: study finds natural shields being weakened

The soil and the ocean are being weakened as buffers against global warming, in a vicious circle with long-term implications for the climate system, say two new investigations.

# Forests soak up third of fossil fuel emissions: study

Wooded areas across the planet soak up fully a third of the fossil fuels released into the atmosphere each year, some 2.4 billion tonnes of carbon, the study found.

At the same time, the ongoing and barely constrained destruction of forests -- mainly in the tropics -- for food, fuel and development was shown to emit 2.9 billion tonnes of carbon annually, more than a quarter of all emissions stemming from human activity.

#### Battered West Coast a lesson on warming, study finds

Severe erosion along the West Coast during the winter of 2009-2010 offers a look at, and lessons for, a warming world with rising sea levels, a new study finds.

A natural El Nino cycle that warms the Pacific Ocean produced those severe conditions, but computer models suggest that similar damage could come from sea level rise tied to human-caused greenhouse gases.

# Rising oceans - too late to turn the tide?

Melting ice sheets contributed much more to rising sea levels than thermal expansion of warming ocean waters during the Last Interglacial Period, a UA-led team of researchers has found. The results further suggest that ocean levels continue to rise long after warming of the atmosphere has leveled off.



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