



Drumbeat: July 18, 2011

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[The New Austerity and the EROI Squeeze](#)

Though not a single politician or mainstream economic analyst has ever made the connection, the new worldwide austerity in public spending traces to a physical cause, as measured by change in EROI — energy return on energy invested. This is the ratio between the energy that comes into the global economy and the energy it takes to produce that energy. Worldwide, the average EROI of oil is down to 20:1 from its original value of 100:1 eighty years ago. This means that our oil-fueled economy simply has less capacity to generate wealth than it did back then, because an increasing share of the energy that used to be dedicated to producing goods and services is being plowed back into securing energy.

[Gas glut produces record U.S. exports to Mexico](#)

U.S. natural gas is flowing to Mexico at a record pace as demand for the fuel south of the border provides an outlet for surging supplies that have battered prices.

Exports by pipeline to Mexico, which can't pump enough gas to meet local needs, reached 42.9 billion cubic feet in April as yields from shale formations drove U.S. output to an all-time high. Producers are shipping the fuel as prices at the Waha hub in west Texas, about 100 miles (161 kilometers) from Mexico, have dropped 65 percent from pre-recession levels in 2008.

Rising shipments to Mexico signal that U.S. gas exports may keep expanding as onshore production climbs, said Biliana Pehlivanova, an analyst at Barclays Capital in New York. U.S. regulators are weighing three proposals to build terminals to liquefy gas and send it to overseas buyers.

[Police foil attempt to smuggle diesel](#)

Al Ain: An attempt to smuggle 45 trucks of diesel to the northern emirates was foiled by Al Ain authorities, said an Al Ain Police official.

The official said the authorities in Al Ain have seized 45 trucks driven by Arab and Asian

drivers as they tried to smuggle diesel from Al Ain to the northern emirates, in order to take advantage of a recent fuel shortage.

[Gas staggering plan for power plants during Ramadan](#)

Aimed at meeting increased demand for gas for the power plants during Ramadan, Petrobangla is planning to start gas staggering from the beginning of the holy month, reports BSS.

[Energy crisis: Rather than reduce subsidies, govt increases power outages](#)

ISLAMABAD: In order to reduce the absolute rupee amount it spends on power subsidies, the government is planning on generating and supplying less electricity through the state-owned Pakistan Electric Power Company (Pepco), a move that is likely to result in even longer power outages throughout the country.

[Shell, Chevron to hike oil prices anew](#)

MANILA, Philippines - Oil firms Shell Philippines and Chevron Philippines (formerly Caltex) have announced a fuel price hike to be implemented Tuesday.

...With the rising fuel prices, transport group Pasang Masda wants the Land Transportation Franchising and Regulatory Board (LTFRB) to raise the minimum fare for jeepneys to P8.50

[Greek Cypriot foreign minister to 'quit' over munitions blast](#)

Greek Cypriot Foreign Minister Markos Kyprianou plans to resign, state media reported on Monday, worsening the political crisis resulting from a deadly munitions blast which caused an energy crisis and led to street protests.

[No more oil to spill from Montana pipeline: EPA](#)

HOUSTON (Reuters) - The danger of more oil leaking from Exxon Mobil Corp's ruptured pipeline in Montana has ended, the Environmental Protection Agency said.

[Chairman comes to defense of oil and gas drillers](#)

The Railroad Commission has long been Texas' buffer against tougher federal regulation of oil and gas. Its alliances with independent producers and key lawmakers helped repel challenges to its authority during the Great Depression and the energy crisis of the 1970s.

Now Washington is investigating how operators have unlocked natural gas from deep shale formations in North Texas and other areas. At issue: hydraulic fracturing, a process that uses huge amounts of water, sand and chemicals to fissure the rock and release the gas.

[Failure and Heroism at the IEA](#)

On June 23rd, the International Energy Agency (IEA) and the US government announced the intention to tap strategic petroleum reserves (SPRs) of the US and other countries, with an eye to reducing oil prices. The US was to provide 30 million barrels (mb) and other countries a similar amount, for a total draw of 60 million barrels.

The market responded sharply, with oil prices falling nearly \$6 / barrel within a day or two; the intervention appeared effective. But it was not too be. Within a week, oil prices had recovered the pre-announcement price. They are even higher now. The market simply absorbed and discounted the news.

[The 'Malaise' Speech That Wasn't](#)

The reason the speech is remembered as a failure is because of what followed. "He blew the opportunity that the speech opened up for him," Mattson explains. "Carter fired his Cabinet, signifying a governmental meltdown. The president's poll numbers sank again as confusion and disarray took over. Carter could give a great speech, but there were two things he couldn't manage: to govern well enough to make his language buoy him or to find a way to yoke the energy crisis with concrete civic re-engagement initiative."

[Kurt Cobb: Less energy is better - really](#)

I now make it a staple of my public talks on energy to ask who in the audience has been to Europe. Usually many hands rise. I then explain that Americans seem to love to get on a jet plane, cross the Atlantic, and spend time in a theme park called Europe where good meals abound; interesting and usually friendly people reside; and beautiful, historic cities and breathtaking countryside are everywhere. What they may not know is that by

American standards Europeans live in an energy-starved society where the per capita energy consumption is only half that of the United States.

[Venezuela Oil Reserves Surpassed Saudi Arabia In 2010-OPEC](#)

LONDON -(Dow Jones)- Venezuela's crude oil proven reserves surpassed those of Saudi Arabia in 2010, the Organization of Petroleum Exporting Countries said in its annual statistical bulletin.

In an annual statistical report recently posted on its website, OPEC said Venezuela's proven crude oil reserves had reached 296.5 billion barrels in 2010, up 40.4% year-on-year and higher than Saudi Arabia's 264.5 billion barrels.

[Brent Crude Oil Falls on Concern Europe Debt Crisis Will Slow Fuel Demand](#)

Brent crude declined for a third day in London as investors bet that Europe's worsening debt crisis may slow the economy and crimp fuel demand.

Brent dropped as much as 1 percent before European leaders hold a special summit this week after eight of the region's banks failed stress tests. Concern that the crisis is spreading pushed the euro lower against the dollar, limiting the appeal of commodities priced in the U.S. currency. Tropical Storm Bret formed north of the Bahamas as the second cyclone of the Atlantic hurricane season.

[Somali pirates hijack Emirates oil tanker in Indian Ocean](#)

Addis Ababa - Somali pirates have hijacked a United Arab Emirates-flagged oil tanker in the northern Indian Ocean, the European Union's anti-piracy mission off Somalia said Monday.

[Pemex Says 80 Oil Wells Shut Down Yesterday Due to Heavy Rain Re-Starting](#)

Petroleos Mexicanos, Latin America's largest oil producer, said 80 oil wells it shut down yesterday in the states of Veracruz and Tamaulipas are re-opening today, according to the company's press office.

[Aramco ramps up Karan output](#)

Saudi Arabian state-run energy giant Saudi Aramco has started producing gas from its first non-associated gas field, Karan, in the Persian Gulf.

[Hayward unlikely to buy Russian oil assets-sources](#)

MOSCOW (Reuters) - Russia's Sistema holding is unlikely to sell its profitable oil assets to former BP chief Tony Hayward, sources at Sistema said on Monday.

Sky News reported over the weekend that Hayward is considering a bid for major Russian oil firms Bashneft and Russneft, part-owned by a Kremlin-friendly billionaire Vladimir Yevtushenkov's holding company AFK Sistema to create an industry powerhouse.

[Halliburton Profit Rises on Oil Spending Growth](#)

Halliburton Co. (HAL), the world's second- largest oilfield-services provider, said second-quarter profit increased as higher crude prices led to more spending on exploration and production in North America.

[Libya rebels claim victory in Brega oil town](#)

(Reuters) - Rebel forces have routed most of Muammar Gaddafi's troops in the Libyan oil town of Brega in the biggest boost for the insurgents' military campaign in eastern Libya in weeks, a rebel spokesman said on Monday.

[Russia offers Germany help on rare earths](#)

(Reuters) - Russia is offering Germany closer cooperation on rare earths as well as gas and oil supplies, a Russian official said on Monday ahead of an annual bilateral summit in Germany.

Berlin has been trying to improve German industry's access to the prized metals, which are used to manufacture a range of high-tech products and whose supply has been hit by export curbs by dominant producer China, among other factors.

[Nuclear phaseout to hand Kremlin a win in Germany](#)

(Reuters) - Russian President Dmitry Medvedev goes to Germany to meet Chancellor Angela Merkel with a stronger hand than ever to win a long-held aim: closer access to consumers in the biggest market for Russian gas.

[Iran says India owes it \\$5 bln for oil imports](#)

(Reuters) - Iran said on Monday India's latest payment balance on crude oil imports from the Islamic state stands at \$5 billion, the official IRNA news agency quoted the governor of the Central Bank of Iran as saying.

"Payment on oil transactions are (usually) received one or two months after their completion, and consequently there is always a balance of payment standing in favour of Iran," said Mahmoud Bahmani.

[BP pipeline leaks oily mixture onto Alaskan tundra](#)

LONDON/ANCHORAGE (Reuters) - BP reported yet another pipeline leak at its Alaskan oilfields, frustrating the oil giant's attempts to rebuild its reputation after the Gulf of Mexico oil spill.

BP said on Monday that a pipeline at its 30,000 barrel per day Lisburne field, which is currently closed for maintenance, ruptured during testing and spilled a mixture of methanol and oily water onto the tundra.

The London-based company has a long history of oil spills at its Alaskan pipelines - accidents which have hurt its public image in the U.S., where around 40 percent of its assets are based.

[No Vacancies, but Some Reservations](#)

Since the spill last year, messages from the coast have been somewhat mixed, with some businesses arguing that it is continuing to hurt the coast and that more assistance is needed, and others, often led by tourism officials, emphasizing the positive to entice visitors and consumers.

This is not necessarily contradictory, as the effects of the spill were infuriatingly uneven, and a business does not have to be empty to be hurting. But the summer of 2011, a strong one by a variety of measures, has made this balance harder to strike.

[Oil, gas industry defends 'fracking'](#)

CHARLTON TWP. - Michigan environmental regulators and the oil and gas industry hope to fend off a political brawl over a method of extracting natural gas that has stirred furious debate around the nation.

[Wind of discontent](#)

An environmentalist observing the steady rotation of the hundreds offshore wind turbines at the coast of Germany's North Sea, stretching from the Dutch border all the way up to the islands of Fohr and Sylt, gets a sense of a peaceful tranquility and hopeful enthusiasm: This could be the future of green energy, one possible way to help fight climate change.

Meanwhile, the troubles under the surface of the water usually go unnoticed.

[Challenge ahead for solar power in the Gulf](#)

The region's only solar panel factory has to go as far as Australia and Germany to find customers.

[Boosting oil production with bacteria](#)

NEW YORK (CNMoney) -- In the days of rising oil prices and fears of dwindling supplies, it makes sense to get as much crude as possible out of any given well.

After a well is drilled its natural pressure gradually subsides, eventually making it too costly to pump out the remaining crude. Although a well may seem dry, up to two-thirds of its oil remains underground.

Enter Glori Energy and the bacteria.

[Will green initiatives mean oil demand peaks before supply?](#)

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.

In a landmark multi-client research study, Ricardo Strategic Consulting and Kevin J. Lindemer LLC aim to assess the impact of these factors on the future trajectory of oil demand, to identify the likely tipping point when demand will start to turn down, and address the implications for energy producers, users, regulators and governments as the world starts beating its addiction to oil.

[Bermuda: Minister Roban Tables Energy White Paper](#)

The Minister said, “This White Paper provides a nine year plan that will guide Bermuda to take an increasingly sustainable approach toward the production and consumption of energy.”

“If we do not act, sooner or later the cost of electricity, gasoline and diesel will exceed what we can afford. We simply must find more cost-effective and secure ways of meeting our energy needs.”

[Builders Push ‘Green’ to Stand Out in Foreclosure-Filled Market](#)

In the 20 years Ron Betenbough’s company has been building homes in west Texas, he’s always been willing to compete on price. Now, in a market crowded with cheap properties, he’s also touting environmentally friendly construction and energy-saving features.

Betenbough Homes has been promoting all its houses as “green” since November, after winning certification under an industry-run program, Betenbough said in a telephone interview. The company didn’t raise prices, absorbing added costs of less than \$500 on each of its units, which list for as low as \$110,000 in some subdivisions.

[Meat Eater's Guide ranks foods by environmental, health effects](#)

Lamb, beef and cheese generate the most greenhouse gases of 20 popular meat, fish, dairy and vegetable proteins, according to a new study from the Environmental Working Group. The Meat Eater's Guide, released by the Washington-based environmental research firm, used a cradle-to-grave life-cycle assessment to determine each food's rank, including the amount of fertilizer used to grow animal feed, as well as data on each food's processing, transportation and disposal.

[China plans carbon-trading pilot scheme](#)

China will introduce a pilot scheme for carbon emissions trading and gradually develop a national market as the world's largest polluter seeks to reduce emissions and save energy, state media said.

China will promote the market's development through "punitive" electricity tariffs on power-intensive industries and other new policies, Xie Zhenhua, a top climate official, was quoted by Xinhua news agency as saying on Sunday.



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