



Drumbeat: August 5, 2011

Posted by [Leanan](#) on August 5, 2011 - 9:03am

[The Saudis Use Oil to Punish the Iranians](#)

It's no secret that Saudi Arabia and Iran are bitter rivals. The Sunni Saudis are deeply suspicious of Iran's influence in Arab countries such as Bahrain and Iraq and want to weaken the Shiite republic, especially when it comes to both nations' most important export: oil. "Iran is very vulnerable in the oil sector, and it is there that more could be done to squeeze the current government to join the world efforts toward peace," said Prince Turki Al-Faisal, the ex-Saudi intelligence chief, in a speech at a Royal Air Force base on June 8.

Now the Saudis are showing how serious they are about hitting Iran where it hurts. Iran has long supplied four refiners in India, yet thanks to U.S. sanctions, the Indians have encountered ever-tougher obstacles to paying for their Iranian crude. Indian refiners used to settle payments with Iran through a regional organization called the Asian Clearing Union. Late last year the Indian central bank scuttled that arrangement out of fear Indian banks would be barred from doing business in the U.S.

[US natgas rig count climbs by 6 to 883-Baker Hughes](#)

NEW YORK (Reuters) - The number of rigs drilling for natural gas in the United States rose by six this week to 883, the third gain in four weeks, data from oil services firm Baker Hughes showed on Friday.

[Iran fuel oil exports below 300KT for 2nd straight month](#)

SINGAPORE: Iranian fuel oil inflows to East Asia are expected to stay at current low levels of less than 300,000 tons for September, as exports remain curbed by disruptions to the country's domestic natural gas supplies for a second consecutive month, traders said yesterday.

[Blue crabs threatened by oil spills in Venezuela](#)

(Reuters Life!) - Venezuelan fishermen inspect their catch of blue crabs on the edge of Lake Maracaibo, concerned about the greasy oil stains covering their shells.

The crustaceans will be processed and shipped to seafood restaurants in Maryland and

New York where they are considered a delicacy. But scientists and fishermen in the state of Zulia in northwestern Venezuela worry that the crabs may not be safe for consumption.

[Shell faces \\$410M payout over Nigeria oil spills](#)

London (FT) -- Royal Dutch Shell faces having to pay compensation of potentially more than £250m (\$410m) after the Anglo-Dutch oil group admitted liability for two spills in Nigeria following a legal claim brought in the UK.

[Niger Delta pollution crisis](#)

AFTER half a century of oil spills, Nigeria's troubled Niger Delta is one of the most polluted places on Earth, and it could take \$US1 billion (\$A940 million) and 30 years to clean up the mess, according to a UN report.

[Analysis: Nigerian oil region's gloomy outlook unmoved by U.N.](#)

(Reuters) - A landmark U.N. report on 50 years of oil pollution in Nigeria is unlikely to bring the change many had hoped for, after Shell and the national petroleum company went on the defensive and weary local communities said they had seen it all before.

[Nigeria nationalizes 3 banks in corruption probe](#)

ABUJA, Nigeria—Financial regulators in Nigeria say they have nationalized three banks that have been embroiled in a corruption scheme that nearly brought down the oil-rich nation's financial system.

[Challenges Ahead on Arctic Drilling](#)

It's a good bet that the Department of Interior's decision to grant approval to the Beaufort Sea drilling plan will be challenged. Up next: the administration's decision on whether to let Shell drill in the Chukchi Sea, which is more remote. If it is approved, that could be challenged too. In fact, as I just indicated, Shell's original lease sale there remains in the courts.

[TransCanada shuts Keystone for maintenance: sources](#)

CALGARY, Alberta (Reuters) - TransCanada Corp's 591,000 barrel per day Keystone pipeline has been shut for scheduled maintenance, market sources said on Friday.

[Tunisia strike causes Libya rebel fuel drought](#)

ZLITEN, Libya - A strike at a refinery in neighbouring Tunisia threatens a fuel drought at Nafusa, a rebel mountain stronghold southwest of Tripoli where black market gasoline prices have skyrocketed.

[Monterey Oil Shale Seen as Next Wave of U.S. E&P Efforts](#)

California's Monterey shale oil play could become the next wave of U.S. exploration and production as high oil prices, and the sale of non-core assets by major oil and gas operators, has opened the door for smaller oil and gas companies to pursue the play.

[Japan's Tohoku lost 1,000 MW hydro power due to rain](#)

(Reuters) - Tohoku Electric Power Co said its 29 hydro power plants had been halted since late July when heavy rain in the Fukushima and Niigata prefectures of northern Japan damaged them, cutting its generation capacity by 1,000 megawatts from the pre-rain levels on July 27.

[Southern Co. Sees Price Tag of at Least \\$13B for New EPA Rules](#)

Southern Co., the largest U.S. power company, would need to spend \$13 billion to \$18 billion through 2020 upgrading its coal-fired plants if U.S. EPA goes ahead with new and proposed rules for the power sector, the utility said yesterday.

[The high cost of healthy eating out of reach for many](#)

SEATTLE – A healthy diet is expensive and could make it difficult for Americans to meet new U.S. nutritional guidelines, according to a study published Thursday that says the government should do more to help consumers eat healthier.

An update of what used to be known as a food pyramid in 2010 had called on Americans to eat more foods containing potassium, dietary fiber, vitamin D and calcium. But if they did that, the journal Health Affairs said, they would add hundreds more dollars to their annual grocery bill.

[Richard Heinberg: Managing Contraction, Redefining Progress](#)

Many analysts who focus on the problems of population growth, resource depletion, and climate change foresee gradually tightening constraints on world economic activity. In most cases the prognosis they offer is for worsening environmental problems, more expensive energy and materials, and slowing economic growth.

However, their analyses often fail to factor in the impacts to and from a financial system

built on the expectation of further growth—a system that could come unhinged in a non-linear, catastrophic fashion as growth ends.

[John Michael Greer: Salvaging Science](#)

It's worth noting, in fact, that the twilight of the contemporary cult of specialization is one of the implications of peak oil. A couple of decades ago, the mathematician Ilya Prigogine showed by way of dizzyingly complex equations that the flow of energy through a system tends to increase the complexity of the system over time. It's a principle that's seen plenty of application in biology, among other fields, but I don't think it's been applied to history as often as it should have. There does seem to be a broad positive correlation between the energy per capita available, on average, to the members of a human society, and the number of different occupational roles available to members of that society.

[The Peak Oil Crisis: Parsing the GDP](#)

Lost in the furor over the debt crisis last week came the news that the U.S. economy expanded at an annual rate of only 0.4 percent in the first quarter and 1.3 percent in the second. As these numbers were well below what economists were expecting, the revelation that the US was not coming out of the "great recession" was quite a shock for those who have not been paying attention.

[Crude Oil Heads for Biggest Weekly Decline Since May Amid Rout on Economy](#)

Oil fell to the lowest in eight months in New York, set for the biggest weekly decline since May, on speculation fuel demand will falter as U.S. economic growth falters and Europe's debt crisis worsens.

...Crude for September delivery dropped as much as \$3.76 to \$82.87 a barrel in electronic trading on the New York Mercantile Exchange, the lowest intraday price since Nov. 26. The contract traded at \$85.60 a barrel as of 11:05 a.m. London time. A close at that level would mean a fall of 11 percent this week, the biggest weekly drop since the first week in May.

[OPEC To Meet If Prices Keep Falling-Iran OPEC Governor](#)

LONDON -(Dow Jones)- Ministers in the Organization of Petroleum Exporting Countries will need to meet if prices continue falling, Iran's representative with the producers' group said Friday.

[Exxon will need \\$1.3 bln for full capacity at Cepu-BPMigas](#)

JAKARTA (Reuters) - Exxon Mobil Corp and its partners must invest \$1.3 billion at the giant Cepu block if it aims to achieve full output capacity, Indonesia's oil and gas watchdog said, as the U.S. energy major tries to expedite crude recovery.

[Syrian energy next sanctions target?](#)

BRUSSELS (UPI) -- European diplomats alluded to the possibility that more sanctions could be brought against the Syrian energy sector as the crackdown continues, a source said.

[As Syria seethes, protesters chant 'God is With Us'](#)

(CNN) -- Violence raged across the Syrian city of Hama as anti-government protesters in other cities took to the streets on Friday against the embattled regime.

Hama endured steady shelling and bombing Friday morning as the government's military offensive continued in full swing said a resident whose name is not being released for safety reasons. The man said casualties occurred.

[Retreating Gadhafi forces leave behind deadly mines](#)

Qawalish, Libya (CNN) -- The front lines of Libya's grinding war weave through the western mountains and around Zlitan, the last city east of Tripoli still under the grip of strongman Moammar Gadhafi.

In many places that Gadhafi's forces have fled, they've left behind deadly fields of mines -- tens, perhaps hundreds of thousands of them, say the rebels.

[Libyan war presents opportunity for Iraqi oil sector](#)

The conflict in Libya that has blocked ports and pipelines could be a boon for Iraq.

As the civil war in the North African nation approaches the six-month mark, Iraq is enjoying increased security and is pursuing a target to pump as much oil a day as Saudi Arabia.

[Hurricane Season Is Looking More Serious](#)

On average, 11 named storms strike the Atlantic basin each year, six of which become hurricanes and two major hurricanes with winds exceeding 111 miles an hour. In May, the National Oceanic and Atmospheric Administration said there was a 65 percent chance that the 2011 hurricane season, which began on June 1, would be above average.

It predicted 12 to 18 named storms and six to 10 hurricanes.

[Japan, China shut ports in path of powerful typhoon](#)

(Reuters) - Japan and China have suspended some operations at several oil, dry bulk and container ports ahead of a powerful typhoon that could be one of the worst in the area for years, industry officials said on Friday.

Ports in Japan's Okinawa island closed as Typhoon Muifa neared its shores, while China's ports in Ningbo and Zhoushan cut operations as forecasters predicted they would be hit over the weekend.

[US opens ways for Shell drilling in Arctic Ocean](#)

WASHINGTON (AFP) – US officials have granted Anglo-Dutch energy giant Shell conditional approval to begin drilling exploration wells in the Arctic Ocean from next year, in a move swiftly slammed by conservationists as "inexcusable."

[Global LNG-Asian LNG Sept demand filled, buyers look to winter](#)

(Reuters) - Asian liquefied natural gas (LNG) spot prices for September remained just under \$15 per million British thermal units (mmBtu) during the week, with most buying for the month done, and buyers looking to fill cargoes for October and beyond.

"The demand has been filled... September buying seems to be done now," one market source said.

[India's MRPL to get two Aug Iran oil cargoes-sources](#)

NEW DELHI, Aug 5 (Reuters) - India's Mangalore Refinery and Petrochemicals Ltd will get at least two August cargoes from Iran, two sources familiar with the issue said on Friday, after it restarted payments through a Turkish bank following a seven-month gap.

India and Iran have struggled since December to find ways for New Delhi to pay for imports, after India's central bank stopped payments through the Asian Clearing Union (ACU) mechanism under U.S. pressure.

[Report: Major oil pipeline explodes in western Iran](#)

(CNN) -- The largest oil pipeline in Iran exploded and caught fire Friday morning, the semi-official Mehr News Agency reported.

The cause of the blast in western Iran was not known.

[No flow cuts from Iran pipe blast](#)

An explosion on an pipeline in oil-rich south-western Iran on Friday has not caused any output cut, an official from the National Iranian Oil Company said.

[Tanker Demolitions Slowing Creates Worst Glut in 29 Years: Freight Markets](#)

Demolitions of supertankers, which carry about 20 percent of the world's oil, are slowing as ship owners accept unprofitable rates rather than write off assets, creating the industry's biggest glut in 29 years.

[Exxon Mobil Ends Oil Output at Xikomba Field in Angola](#)

Exxon Mobil Corp.'s Angolan operating unit is ceasing production at its Xikomba oil field as the deposit's life cycle of about seven years is "ending now," said Fernando Pegado, a company spokesman.

[A Tainted Water Well, and Concern There May Be More](#)

Industry executives as well as regulators have said that fracking has never contaminated underground drinking water. But there is at least one documented case.

[Washington does not need to help feed China's coal habit](#)

Two proposed coal terminals in Washington are drawing opposition for their potential impact on global greenhouse gases, Puget Sound's health and disruptions by daily coal trains in local towns and cities.

[Indian Point May Enlist Giuliani as Defender](#)

This has been a tough year for the long-beleaguered Indian Point nuclear plant. In January, a longtime critic, Andrew M. Cuomo, was sworn in as governor, and proceeded to push for the facility to be shuttered because of its proximity to New York City and its susceptibility to earthquakes and terrorist attacks. Then, in March, a tsunami precipitated a reactor meltdown in Japan, stoking new fears about the safety of nuclear power plants, especially those near population centers.

Now, Indian Point's owners, confronted by that intensified political opposition and public unease, are preparing a public relations campaign. And, seeking a way to counteract the determined governor, they are turning for help to a tough-talking former New York

mayor, Rudolph W. Giuliani.

[How Did Those Vermont Fish Get Radioactive?](#)

“Hey, don’t look at us” has been Entergy Corporation’s response to the discovery of Strontium-90 in fish from the Connecticut River.

But the contamination, revealed this week by the Vermont Department of Health, promises to complicate the utility’s effort to extend the license of its aging Vermont Yankee Nuclear Plant.

[Past peak oil - life after cheap fossil fuels](#)

Oil is the most strategic raw material. It can hardly be overstated how crucial petroleum is to our modern industrial society. Oil fuels the economy. It is the largest single traded product in the world. It provides about 95 per cent of all transportation fuels and 40 per cent of global energy. Oil is also determinant of national security. Today's modern armies are entirely dependent on oil-powered ships, planes, helicopters and armoured vehicles. Oil also supplies feedstock for thousands of manufactured products and is vital for food manufacturing. Some 17 per cent of our energy is used for producing food. Modern agriculture makes heavy use of oil in a variety of ways. We use oil for fertilisers, pesticides, and for the packaging and distribution of food.

[Peak Oil Perceptions: How Americans View the Risks of Major Spikes in Oil Prices](#)

A strong majority of Americans say it is likely that oil prices will triple in the coming five years and that such a tripling would be harmful both to the economy and to public health. Conservatives and those dismissive of climate change are among the most concerned by the threat of a major spike in oil prices, suggesting that a broad cross section of Americans may be ready to engage in dialogue about ways to manage the risks associated with peak petroleum.

[Peak oil was thirty years ago](#)

The Oil Peak that actually mattered was the peak in consumption per person, which took place back in 1980 at 5.3 barrels per person per year. Since then, consumption per person has dropped to 4.4 barrels per person per year. Given the growth of demand in Asia, consumption per person in the countries that were already rich in 1980 has fallen much faster. Meanwhile living standards have risen substantially, unconstrained by declining consumption per person of oil, and of energy more generally.

[FAA Shutdown Leaves Hidden Blessings For Energy-Constrained U.S.](#)

One early casualty of the federal budget battles is continued funding for air transit programs. The FAA has partially shut down until Congress can re-authorize its budget. I've had the displeasure of listening to coverage of this episode on NPR, where it's portrayed as some kind of disaster. I prefer to look on the bright side.

[Panem et Circenses: The insidious nature of social decline](#)

With modern industrial society bumbling along from one crisis to the next, perhaps it is time that we used history, rather than misguided economic theories, as a guide to meeting both current and future challenges. Of course history never repeats itself exactly, but as suggested by Mark Twain, it certainly rhymes. An examination of the decline of the Roman Empire and our current circumstances would indicate that in many ways we are repeating their mistakes, in particular our addiction to bread and circuses over a realistic appraisal of industrial society's current predicament.

[Finding the Potential in Vacant Lots](#)

CLEVELAND - THIS city contains 20,000 vacant lots, more or less. Probably more. Every year, demolition crews knock down another 1,000 houses. And the housing market being what it is, few souls are returning.

A vacant lot may be a lot of things: an eyesore, a dump, a symbol of American industrial decline. But one thing it is not is vacant. When we leave a yard behind, the bulk of the biomass does not follow us in a U-Haul. Put another way, a dandelion is unmoved by foreclosure. It lingers where it pleases.

[Will North America be the new middle east?](#)

There's an even bigger reason to oppose the pipeline, one that should be on the minds of even those of us who live thousands of miles away: Alberta's tar sands are the continent's biggest carbon bomb. Indeed, they're the second largest pool of carbon on planet Earth, following only Saudi Arabia's slowly dwindling oilfields.



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