



## Drumbeat: August 24, 2011

Posted by [Leanan](#) on August 24, 2011 - 7:55am

### [Gas Is Cheaper, but We're Still Driving Less](#)

MasterCard SpendingPulse put out its weekly gasoline report Tuesday, and demand for gasoline is going south fast. For the week ending Aug. 19, demand for gasoline at gas stations across the country was down by 4.2 percent compared to the same week a year ago. In week-to-week terms, it's down 0.8 percent, despite the fact that gasoline prices have been edging down lately. In fact, the average price for a gallon of regular was down 4 cents from the week before, but still nearly a third higher than a year ago.

### [Attack on the Port of Houston Could Cripple US](#)

HOUSTON - What makes the Port Of Houston unique and viable also makes it the perfect target for terrorists.

The port is home to the largest petrochemical complex in the US.

With a refining capacity of 567,000 barrels a day, it is the largest importer and exporter of petroleum and petroleum products in the country.

"The Houston Port provides the majority of energy for the nation and if they could shut down this shipping channel, you could literally cripple the nation and send it into an energy crisis," US Congressman Michael McCaul said.

### [Obama's big dirty oil test](#)

The Keystone pipeline protests have galvanized the environmental community. Is the president listening?

### [State Department review to find pipeline impact 'limited,' sources say](#)

The State Department will remove a major roadblock to construction of a massive oil pipeline stretching from Canada to Texas when it releases its final environmental assessment of the project as soon as Friday, according to sources briefed on the process.

### [Kim chases Russian pipe dream](#)

North Korea's Kim Jong-Il is teaming up with Russia as the pair takes aim at a "bilateral cooperation" on a mooted gas pipeline project.

### [Brazil Builds \\$127 Billion "Offshore City" to Harvest Oil in the Deep Sea](#)

Want to get a feel for how crazy the post-peak oil fossil fuels industry is getting? Here's as good an example as any: Brazil's state-owned oil company Petrobras is about to embark on an unprecedented oil-gathering mission. It's about to attempt to extract 30 billion barrels of oil from reserves that are locked in deepwater sub-salt fields at least 60 miles off the coast and up to five miles underwater. In order to get at the incredibly hard-to-get oily good stuff, Brazil is spending an estimated \$226 billion -- and \$127 billion will be spent on exploration and production alone.

The product of that venture is already taking shape: a veritable floating "offshore city" has sprung up over 100 kilometers (62 miles) off the coast of Brazil, and it will lead the effort to drill into the deep sea sub-salt.

### [Learsy: Mexico's Oil Informs the Arab Spring](#)

Something transpired in Mexico that might well have passed unnoticed at another time, but given the events in the Arab world it becomes an omen of hope and healing. Pemex, the Mexican state oil monopoly, for the first time in well over 50 years awarded private production contracts to two companies, thereby fundamentally changing a national policy long held as received gospel -- Mexican oil to be developed by a Mexican national enterprise, period.

### [The Old Faithful Peak Oil Debate](#)

It is a well known refrain: Peak Oil is always now ! The problem is that nobody noticed, because oil prices are so high and demand growth is almost zero. The ongoing and real economic recession in almost all OECD countries more than "trims" oil demand in these countries, still taking about 45 million barrels a day (Mbd) on a world total demand of about 89 Mbd, depending on estimates, which easily range through + or - 2 Mbd, and vary even more than that for seasonal variations.

These demand and supply variations, in turn, are where the biggest problems lie. If or when Peak Oil really arrives, and supply really falls away, we would have the situation that the quickest glance at the IEA chart, below, indicates. That is a sort of "break in series", which this chart from the IEA places at right now - starting by 2010 and becoming ever more powerful by 2020.

### [Marin Katusa – Chief Energy Investment Strategist](#)

STEFAN: Now a lot of investors seem to have been driven by peak oil. I have a suspicion about the imminence of peak oil simply because the harder oil gets to find, the more its price is going to go up and the more that's going to drive markets to look for alternatives. How do you view peak oil and its effects on the economy and investment strategies overall?

MARIN: You have to use it with context. Hubbert came out with the whole concept and Matt Simmons really popularized it five to six years ago. What's important to understand is it didn't take into account the unconventional potential and the improvements in technology. Unconventional oil and gas projects like the oil sands in Canada and the shale projects in the US are all now major sources of oil and gas, whereas 20 years ago they were concepts or in early-stage development. Five years ago, no one thought that there would be unconventional shale production in Europe. Well, it's starting now and that's going to change the energy dependence of European countries on Russian natural gas.

### [2011 Social Capital Markets Conference \(SOCAP\): An Interview with Kevin Jones, Co-founder & Convener](#)

Our goal is to show that the market in the space between giving and investing, the market at the intersection of money and meaning, was not only real, but that it is big and growing. The problems of the world are too big and coming at us too fast for philanthropy or public sector funds alone to solve them. The market, for profit businesses created to solve a social or environmental problem, are an essential part of the solution. Businesses can move faster than either non profits or public sector and thrive on disruptive innovations that can make big, systemic change. Partnering with donors and public dollars, as we are learning to do, we can all do more. The problems of climate change, peak oil, food security and the demand for economic and political justice require us to deploy all our resources together in order to create a resilient world in which our grandchildren can thrive.

### [Chamber of Commerce response to Rick Munroe's Review of Index of U.S. Energy Security Risk and author's reply](#)

Many thanks to the Energy Bulletin for posting a Rick Munroe's review the Index of U.S. Energy Security Risk and giving the Energy Institute the opportunity to respond. We appreciate the spirit in which the criticisms were offered—we want to improve the Index where we can—and I'll respond in the same spirit.

Instead of addressing each of your comments point-by-point, I think it might be more useful to provide your readers with an explanation of how we approached oil-related issues in the Index.

### [Study Links El Nino Climate To Civil Wars, Unrest](#)

"We're not trying to explain all the conflicts in the world. What we are trying to show is that the global climate does play a major role where previously people didn't believe

that," Hsiang said.

Historian Thomas Homer-Dixon of Canada's University of Waterloo said the research makes sense, noting there are classic cases in ancient history where weather was a factor in wars and downfalls of civilizations. He wrote the book, "Environment, Scarcity and Violence."

Homer-Dixon, who wasn't part of this study, said the new statistics-based analysis jibes with his own firsthand research into causes of internal violence in countries in the past 20 years.

### [German watchdog presses for reserve power plant](#)

FRANKFURT - Germany's energy network regulator is raising pressure on German states to allow a stand-by power plant to function as a reserve for the winter by a Sept. 1 deadline, and the latest developments point to Baden Wuerttemberg as a likely host.

Germany's hasty decision to pull out of nuclear power left the country's power systems short of some 8,800 megawatts (MW) of generation capacity.

### [Drought-Baked Fields in U.S. Dimming 2012 Wheat Outlook as Prices Rebound](#)

A yearlong drought from Kansas to Texas has created the driest conditions on record for farmers preparing to plant winter wheat, dimming crop prospects for a second straight year in the U.S., the world's largest exporter.

### [Salmonella traced to backyard chicken farms](#)

Raising backyard chickens largely for egg production is a growing urban trend among people who want to get closer to their food, but CDC doctors warn that hobbyists may not realize how common it is for poultry to carry dangerous forms of salmonella.

### [Brazil boom takes world fuel markets by surprise](#)

(Reuters) - When Brazil discovered huge offshore crude reserves four years ago, state oil company Petrobras sketched out plans to become a regional fuel exporter. That plan has since been turned upside down.

Rapid domestic economic growth and rising fossil fuels use has turned it into a recurrent fuels importer, with occasional gasoline purchases in 2010 evolving into regular imports that may not cease until the end of the decade.

This leaves Brazil following the path of other emerging markets such as China, which upended the oil products markets ten years ago with explosive demand, and the Middle East, where rising incomes have spurred demand growth.

### [Oil near \\$85 after mixed US crude supply report](#)

SINGAPORE – Oil prices fell slightly to near \$85 a barrel Wednesday in Asia after a U.S. supply report gave mixed signs about demand for crude.

...The American Petroleum Institute said late Tuesday that crude inventories fell 3.3 million barrels last week while analysts surveyed by Platts, the energy information arm of McGraw-Hill Cos., had predicted an increase of 2.0 million barrels.

However, inventories of gasoline jumped 6.4 million barrels last week while distillates rose 2.0 million barrels, the API said.

### [US imports Saudi oil via Japan](#)

The US is set to start importing crude oil from Saudi Arabia via Japan, in an unusual route that highlights the growing importance of Asian oil supplies for America's Pacific refineries as production from Alaska's North Slope declines.

The US has also become a top importer of "Epso Blend" crude, which Russia started exporting from Siberian oil fields to Kozmino last year.

### [Oil Rigs Revisit Lehman Crisis as Credit Squeezed for Orders, Acquisitions](#)

The biggest market rout in two years is squeezing credit for oil rig owners in a replay of the crunch that followed Lehman Brothers Holdings Inc.'s collapse, said the operator of the second-largest fleet of deepwater platforms.

### [BP oil spill fund: \\$5 billion in claims paid out](#)

NEW YORK (CNNMoney) -- The fund to compensate Gulf Coast businesses and residents for damages from last year's BP oil spill says it has paid out \$5 billion of the \$20 billion set aside for recovery.

### [Argentine officials demand Petrobras safety plan](#)

BUENOS AIRES (Reuters) - Provincial authorities in Argentina on Tuesday gave Brazil's Petrobras 72 hours to come up with a safety plan for its Bahia Blanca oil refinery following two incidents at the plant this month.

If a plan is not presented within that time frame, they want the facility shut down.

### [New rules for ocean oil exploration](#)

Environmental impact assessments will have to be submitted to the Environmental Protection Authority (EPA) from today for oil and gas drilling in New Zealand's ocean territory, the Government has announced.

Operators will also need to comply with the latest drilling safety rules developed in the United States following the inquiries into the Gulf of Mexico disaster.

### [Shell Declares Force Majeure on Nigeria Bonny Light Crude Oil Exports](#)

Royal Dutch Shell Plc's Nigerian unit declared force majeure on its Bonny Light crude oil exports after "several pipeline incidents," the company said in an e- mailed statement.

### [Cnooc Net Rises 51%, Helped By Rising Oil Prices](#)

HONG KONG -- Cnooc Ltd., China's largest listed offshore oil and gas producer by capacity, said Wednesday its first-half net profit rose 51% from a year earlier because of rising oil prices and higher oil and gas output.

### [Libya to honor all Gaddafi oil deals: Jehani](#)

(Reuters) - A Libyan rebel government would honor all the oil contracts granted during the Muammar Gaddafi era, including those of Chinese companies, Ahmed Jehani, a senior rebel representative for reconstruction told Reuters in an interview.

"The contracts in the oil fields are absolutely sacrosanct," Jehani told Reuters Insider TV on Tuesday night.

### [After the Revolution, Hurdles in Reviving the Oil Sector](#)

HOUSTON — When a new government finally takes hold in Libya, it will have every incentive to get oil production back up and running. But if history is any guide, that task will not be as simple as restarting oil wells and reopening pipelines.

Revolutionary changes in Iran and Iraq set back their oil industries for decades, and President Hugo Chávez has struggled to stabilize oil production over the last decade of radical change in Venezuela. Even relatively peaceful, democratic revolutions can cause great disruptions: the collapse of the Soviet Union sent Russian oil production crashing for years.



## [Eni Lobbies Rebel Leaders to Maintain Oil Dominance in Libya After Qaddafi](#)

Eni SpA, Italy's biggest oil company, is lobbying rebel leaders to hold its position as Libya's top energy producer after the end of Muammar Qaddafi's 42-year regime.

Eni has been in contact with rebel groups throughout the conflict to ensure it doesn't lose ground to French, U.K. and U.S. companies trying to take advantage of their countries' air strikes against Qaddafi's forces, said a person with knowledge of the company's strategy, declining to be named because the information is confidential.

## [China turns to Libya rebels, urges "stable transition"](#)

BEIJING (Reuters) - China urged a "stable transition of power" in Libya and said on Wednesday it is in contact with the rebel National Transitional Council, the clearest sign that Beijing has effectively shifted recognition to forces poised to defeat Muammar Gaddafi.

[Jeff Rubin: Don't count on burning Libyan oil just yet](#) With the sudden collapse of the Gadhafi regime in Tripoli, the oil industry is hoping it can repair enough of Libya's damaged export terminals, pumping stations and pipelines to get as much as one million barrels a day of oil flowing into the market within the next six to 12 months.

But as I have argued before in this blog, regime change in the Middle East has seldom been bullish for energy exports.

## [Russia's Gazprom May Up Domestic Prices By 15% In 2012 - Report](#)

MOSCOW -(Dow Jones)- Russian gas giant OAO Gazprom may be allowed to raise domestic prices by 15% in 2012, while prices to be charged by other monopolies only grow in line with inflation, according to the blueprint of a government plan to be introduced next month, Vedomosti newspaper reports Wednesday.

## [Medvedev insists gas contract with Ukraine must be fulfilled](#)

The existing gas contract between Russia and Ukraine, which Kiev wants to revise to cut prices, must be fulfilled, President Dmitry Medvedev said on Wednesday.

"Speaking of the future, we are ready to consider different options," Medvedev said. "But I'll be frank with you: let Ukraine get us interested, so we are interested in thinking about such cooperation in the future. In this case we may return to discussing terms."

## [ConocoPhillips says evaluating China spill impact](#)

(Reuters) - A subsidiary of ConocoPhillips said it has started evaluating the impact of its oil spill on the marine environment in China's northern Bohai Bay, but it has not yet received any claims for the incident.

State media have said fishermen in northern China's Hebei Province were preparing to sue ConocoPhillips in connection with the deaths of large numbers of scallops in Bohai Bay.

### [Japan Triples Airborne Radiation Checks as 'Hot Spots' Spread](#)

Japan will more than triple the number of regions it checks for airborne radiation as more contaminated "hot spots" are discovered far from Tokyo Electric Power Co.'s crippled Fukushima nuclear power station.

### [Pentagon Quake Nightmare: Fukushima on the Mississippi](#)

In May, the federal government simulated an earthquake so massive, it killed 100,000 Midwesterners instantly, and forced more than 7 million people out of their homes. At the time, National Level Exercise 11 went largely unnoticed; the scenario seemed too far-fetched — states like Illinois and Missouri are in the middle of a tectonic plate, not at the edge of one. A major quake happens there once every several generations.

But Tuesday's earthquake along the East Coast is a reminder that disasters can hit where they're least expected. And if the nightmare scenario comes, government officials worry that state and federal authorities won't be able to handle the "cascading failures" that follow. The results of May's disaster exercise won't be released to the public. But privately, these government officials say they're glad that this earthquake was just a drill — and not the big one. Especially because there are so many nuclear power plants in the fault zone.

### [Dry spell exacerbates SW China's power crunch](#)

GUIYANG - A dry spell plaguing Southwest China that has pushed up electricity demand and crippled hydro-power output is exacerbating the power crunch in the region, officials said Wednesday.

In Guizhou province, power supply is about 120 million kilowatt-hours short of demand on an average day, statistics from the provincial power grid company show. The shortage is caused mainly by the chronic strain in the coal supply and declining hydropower output, officials said.

### [Hertz to Begin Renting Electric Cars in China](#)

Hertz executives said they planned to announce on Wednesday afternoon in Shanghai



that the company would begin renting electric cars to individuals and companies in three Chinese cities, the latest sign of Western interest in working with the Chinese government on advanced technology vehicles.

### [Renewable Energy Bill Passes Japan's Lower House of Parliament](#)

Japan's lower house of parliament approved legislation to subsidize electricity from renewable sources as the country reduces its dependence on atomic energy after the Fukushima nuclear crisis.

### [Fuel plant cancels lease](#)

ALBANY -- Plans for a \$350 million ethanol plant at the Port of Albany have been scrapped as Congress inches closer to eliminating lucrative tax subsidies for the corn-to-fuel industry.

### [Bachmann the oil geologist](#)

Bachmann also talked about U.S. oil reserves. "What Barack Obama has done is to lock up America's energy reserves," she said. "We're the No. 1 energy-resource-rich nation in the world. We have more oil in three Western states in the form of shale oil than all the oil in Saudi Arabia."

Oil companies have spent billions and several decades on the "vast shale oil deposits" in those three western states that she lists as exceeding Saudi Arabia's reserves. So far that so-called shale oil has produced nothing because it isn't oil. It's a very low grade substance called kerogen which nature never got around to cooking into oil.

### [Global Trade Wars, Smoot-Hawley, and Peak Oil Followup to 12 Predictions from Michael Pettis](#)

I also want to add a note that peak oil (some say "peak everything") will impact China's ability to have an investment led economy based forever expanding infrastructure. Add peak oil to the list of reasons China will slow, whether they like it or not.

### [Sneak Peak: Oil Age Presentation Script](#)

Below is the script written by Senior Fellow Richard Heinberg for the presentation Post Carbon Institute would like to create for all the hundreds of concerned citizens out there who have asked us over the years for help in educating their neighbors, family, and friends about the end of the oil age. I've adapted the script a bit to include mention of my family, just as presenters will be able to adapt the content and images to reflect personal and community histories.

### [Collapse scenarios – satire or vision of the future? Part 3](#)

If you are armed with Schumacher's distinction as your starting point, then the notion of sustainability or the lack of it is front-and-centre in your thinking. Use up nature's bounty and that's the end of your secondary production process. Conserve it and you get to stay in business, just as a firm that conserves its capital gets to stay in the game while one that runs through its capital goes bust. If we'd been smart, we would have used the oil discoveries of the 1970s to buy time to shift advanced economies to a sustainable platform. We weren't smart and we ran through that part of nature's bounty at a goodly clip.

### [Richard Heinberg on The End of Growth, with State Rep. Bill Botzow](#)

Richard Heinberg has spent decades exploring how peak oil and other resource constraints will affect industrial societies. In his new book, *The End of Growth*, Heinberg argues that we seem to be at the point where resource limits prevent a return to growth. On the air, Heinberg explored what to do if nothing we can do will bring back a growing economy.

Vermont state representative Bill Botzow, chair of the House Commerce Committee, joined the conversation to talk about what Vermont can do if economic growth is at an end.

### [How Higher Energy Prices Will Affect U.S. Agricultural Production](#)

Note that this post is based upon the newly released USDA report, "Impacts of Higher Energy Prices on Agriculture and Rural Economies" by Ronald Sands and Paul Westcott. It focuses upon a subject which interests me greatly, that of how agriculture can adapt to higher energy prices (or less availability).

### [Algeria Needs To Do More To Build Its Food Security](#)

ALGIERS (Bernama) -- The instability due to climate change and globalisation reinforces more than ever the need to build national food security, General Director of the National Institute of Agronomic Research Fouad Chehat said here on Monday.

"The risks associated with climate change and the globalisation make the need to build a national food security based on the continuous increase in local agricultural production more than ever necessary," Algerian Press Service (APS) quoted Chehat as saying during Algeria-Invest press centre forum.

### [Number of Green Jobs Fails to Live Up to Promises](#)

In the Bay Area as in much of the country, the green economy is not proving to be the job-creation engine that many politicians envisioned. President Obama once pledged to create five million green jobs over 10 years. Gov. Jerry Brown promised 500,000 clean-technology jobs statewide by the end of the decade. But the results so far suggest such numbers are a pipe dream.

### [Taking Stock of Campus Sustainability](#)

Colleges and universities across the country have quickly taken to measuring their environmental footprint: energy efficiency, consumption levels, renewable energy targets, number of green buildings, recycling rates, water use and even the prevalence of sustainability curriculums. But in this rush to go green, two of the three sustainability pillars have remained largely in shadow.

### [Denmark says preparing North Pole claim](#)

(Reuters) - Denmark and its self-governing dependency of Greenland plan to present a seabed claim extending to the North Pole before the end of 2014 against competing claims from other Arctic states, Danish officials said on Monday.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).