



Drumbeat: September 23, 2011

Posted by [Leanan](#) on September 23, 2011 - 9:00am

[Whose Subsidies Trump Whose?](#) - *A new report calculates that nuclear, oil and gas subsidies in those industries' early years exceed the subsidies that have gone to renewable energy*

With differing periods and different eras, comparisons are difficult. But the report calculates that nuclear subsidies came to more than 1 percent of the federal budget in their first 15 years, and that oil and gas subsidies made up one-half of 1 percent of the total budget in their first 15 years. "Renewables have constituted only about a tenth of a percent," the report says.

It does not give a total number for coal, but notes that when Congress raised taxes to pay for the Korean War, it decided that the royalty payments received by people who owned land from which coal was mined should be taxed at the capital gains rate rather than the income tax rate, which is higher. The goal was to avoid depressing coal production. That provision remains on the books, the authors said.

[Oil below \\$81 amid growing global economy fears](#)

Crude has dropped 10 percent from above \$90 last week as investors fret Europe's debt crisis and a weak U.S. economy will stymie oil demand.

"Time is running out for Europe, and as a result, it is perhaps running out for the whole world," said James Swanson, chief strategist at MFS Investment Management.

[China oil refiners lost \\$751 mln in July - NDRC](#)

(Reuters) - China's oil refining industry recorded a loss of 4.8 billion yuan (\$751 million) in July because of high crude prices and rising selling costs, the National Development and Reform Commission said on Friday.

[Germany's Green Drive Subdues 2013 Power Prices](#)

A surge in renewable energy in Germany is pushing power prices for 2013 below next year's level even as natural gas, coal and emissions rise.

[Forward Brent points to easing supply concerns](#)

(Reuters) - Persistent supply shortfalls have kept Brent oil supported around \$110 per barrel, even as the economic outlook in Europe and North America darkens and the market prices an increasing risk of recession.

But the relative weakness of forward prices suggests most market participants expect the current tightness to prove temporary, gradually easing in the next 12 months.

[Shipowner Mothballing Newly Built Supertanker for First Time Since 1980s](#)

A shipowner will mothball a newly built supertanker for the first time since the 1980s as a glut of the ships drives down earnings to unprofitable levels.

[Gas Drillers Face 'Chaos' in Land Law Ruling](#)

A Pennsylvania appeals court ruling has raised questions about who can claim ownership of natural gas embedded in the Marcellus shale formation, potentially putting in doubt the legitimacy of thousands of drilling leases.

The state's Superior Court said Pennsylvania law governing ownership of oil and gas rights isn't clear and a lower-court judge should solicit expert opinions in a case pitting current landowners against the heirs to an 1881 deed.

"Dozens of energy companies have invested billions of dollars in leasing shale gas production rights in Pennsylvania," Larry Nettles, an attorney with the Houston-based law firm Vinson & Elkins LLP, said in a telephone interview. "This opinion calls into question whether they have those rights."

[Signing Leases for Drilling, and Now Having Regrets](#)

Now, she said, she is stricken with remorse. And she is not alone. Hundreds of other state residents who signed leases allowing gas companies to drill deep into their properties with a method known as horizontal hydraulic fracturing have changed their minds and are trying to break or renegotiate their contracts. Millions of acres in upstate New York are under lease, awaiting permits for the drilling, which has yet to begin, delayed by a state environmental review.

Some landowners who have soured on the gas companies say they are not opposed to the drilling itself, also called hydrofracking. But, they say, they regret not having bargained harder and are seeking better deals. Then there are residents like Ms. Dewart, who said she did not realize what the lease would mean until the regional debate over the potential environmental risks of the process heated up in recent years.

[Poland: No Need For EU-Wide Shale Gas Sector Regulation](#)

WARSAW -(Dow Jones)- Exploration and production of hydrocarbons, including from unconventional sources such as shale gas, are sufficiently regulated and the possibility of pan-European Union regulation of this sector isn't provided for in the Lisbon Treaty, Poland's Foreign Affairs Ministry said in a statement Monday.

[Reliance Said to Plan Acquiring Canadian Shale Assets After U.S. Purchase](#)

Reliance Industries Ltd. (RIL) is studying shale-gas assets in Canada after agreeing to spend \$3.4 billion to acquire and develop reserves in Pennsylvania and Texas last year, a person with direct knowledge of the plan said.

[Exxon taps into Utica shale](#)

HOUSTON (UPI) -- Exxon Mobil confirmed it was following other energy companies in the acquisition of acreage in the Utica shale play in eastern Ohio.

[Reliance decries regulatory 'paralysis'](#)

India's Reliance Industries is reportedly ready to start looking outside India for drilling projects with BP due its frustration with local regulators and auditors.

[Reliance Said to Need Up to Four Years to Increase Output at Largest Field](#)

Billionaire Mukesh Ambani's Reliance Industries Ltd. (RIL) and BP Plc (BP/) may need three to four years to raise output from India's biggest gas field because the reservoir is harder to tap than previously estimated, a person with direct knowledge of the matter said.

[Falkland Oil Delays Drilling, May Sell Stock If Well Successful, CEO Says](#)

[Norway 'to probe' high rig rates](#)

Norway's Oil & Gas Ministry intends to establish a working group to probe high drilling costs that threaten to stifle exploration in the country's offshore sector, according to a report.

Falkland Oil & Gas Ltd. (FOGL), a U.K.- based explorer in the South Atlantic, delayed the start of drilling at its Loligo well and may sell stock late 2012 if the well is successful, Chief Executive Officer Tim Bushell said.

[Gdansk reappears in Russia Oct oil export plans-trade](#)

(Reuters) - Russia will restart oil exports from Gdansk, trading sources said, citing amendments to the fourth quarter export schedule which included two 100,000 tonne Urals URL-NWE-E cargoes due to load in the Polish Baltic port in October.

[Russia-Ukraine Dispute Threatens Europe's Gas](#)

Ukrainian President Viktor Yanukovich visits Moscow tomorrow to spar over natural gas contracts as the two former Soviet states risk their third gas war in six years and another disruption to Europe's supplies.

[Lee Sees Russia Gas Pipeline Via North Korea as Win-Win for Cheaper Energy](#)

South Korean President Lee Myung Bak said plans to build a natural-gas pipeline across the divided peninsula are realistic, less than a year after a deadly North Korean artillery attack on a disputed island.

"I do not consider this as a far-fetched dream," Lee said in an interview in New York, speaking through an interpreter. He called the project "a win-win for everyone involved."

[Hungary Wants to Diversify Away from Russian Gas](#)

Hungary's reliance on natural gas deliveries from Russia is not going away anytime soon, but the country's government hopes to play a bigger regional role and produce gas domestically to become more energy-independent.

[EXTRA! EXTRA! Wall Street Journal and New York Times Finally Catch Up, Report "Peak Oil" Theory Is Bogus](#)

With "peak oil" finally in proper perspective the hegemony of OPEC over the oil market is starting to sunder. The ascendancy of oil production in many corners of the world is beginning to change the accepted rules of the market. As the *New York Times* has pointed out, the Western Hemisphere is coming to the fore. What needs be pointed out is that its impact on the oil marketplace is already significant.

[Book review: 'The Quest'](#)

Daniel Yergin explores the energy industry and how it's reshaped the modern world. Despite its broad sweep and timeliness, it could have delved deeper. As to the future, the quest for energy 'is a quest that will never end.'

[Peak Oil Debunked](#)

The timing of Daniel Yergin's new book, *The Quest: Energy, Security, and the Remaking of the Modern World*, could hardly be better. With oil prices remaining high, with new sources of natural gas and oil being exploited around the world, and with demand for energy expected to reach new highs over the next several decades, Yergin sets out to explain the history, economics, and politics behind the world's continuing love affair with fossil fuels and show, too, just how hard it will be to end our dependence, given the earth's surprising, and seemingly endless, ability to enable it.

If you're a believer in "peak oil"—the idea that the world is on the verge of running out of oil—you will probably want to burn this book. But if you want to truly understand today's energy problems and opportunities, there are few better places to start than with Daniel Yergin.

[Shell Nigeria oil sales to end with operator deal](#)

ABUJA (Reuters) - Shell's Nigerian oil block sales are heading for a messy conclusion due to a tussle over who operates the fields, sources close to the deals said, highlighting the complex nature of doing business in Africa's largest energy industry.

[EU bans investment in Syria's oil sector](#)

BRUSSELS—The European Union agreed on Friday to widen the bloc's sanctions against Syria by banning investment in the country's oil sector following President Bashar Assad's regime's brutal crackdown on protesters.

[Libyan oil flows, foreign workers wait](#)

BREGA, Libya - Scribbled in blue marker in Arabic on the walls of Brega oil terminal of Brega is a message meant to cheer returning workers: "Gaddafi is gone and the place has been checked."

Oil production has restarted in some Libyan fields including Sarir in the east, but the near-deserted Sirte Oil headquarters to the east of Muammar Gaddafi's hometown is testament to the damage the conflict has done to the country's main industry.

[Libya only has cash to last three to six months](#)

Libya has enough cash to keep functioning for at least three months as it waits for funds and oil to flow, say rebel officials.

[Yemeni president returns from Saudi Arabia](#)

SANAA, Yemen (AP) – President Ali Abdullah Saleh returned Friday to the violence-torn Yemeni capital after more than three months of medical treatment in Saudi Arabia in a surprise move certain to further enflame battles between forces loyal to him and his opponents.

[Does Peak Oil Really Matter?](#)

In this essay I will not focus on the question of whether Peak Oil theory has any merit. The problem that I will focus on is the fact that many adherents to Peak Oil ideology have fooled themselves and many others into thinking that oil prices can only go up due to the long-term secular forces that they cite.

Many Peak Oil enthusiasts do not seem to understand that to the extent that their pet theory is relevant at all, it is only relevant in the very long term. For any time frame that is less than a decade, the theory is not just irrelevant to investors; it is a dangerous distraction that can cause investors to lose a great deal of money.

[The Biggest Bubble of All Time](#)

Just as homes became financialized (in many ways, including serving as the collateral for “ATM” cash-out home equity loans), commodities became thoroughly financialized. (So did healthcare and death, with peasant insurance and death settlements—topics for another day.)

Here’s the reason. Believe it or not, commodities markets are tiny; except for soy, oil, and corn they are smaller than tiny. Managed money is huge—tens of trillions of dollars floating around the world looking for high returns. US pension funds alone are three-fourths of US GDP—\$10 trillion give or take. If you put even a fraction of managed money into commodities index funds, you blow up the prices.

[Glowing Prospects for Uranium](#)

Let's talk about peak oil first, though. I think that the Hubbert peak theory is accurate, and for good geological reasons—but understand that peak oil doesn't mean we're running out of oil. Rather, it means that we're running out of easily available, cheap light sweet oil. And we are.

However, technology is always improving, enabling economic recovery of oil and natural gas in places where it previously wasn't possible. Horizontal drilling and the fracking process have opened up gigantic reserves of gas, scores of trillion of cubic feet in some basins in the U.S. So, yes the U.S. could become a huge exporter of natural gas. It's entirely possible. It could happen in other regions of the world as well, but probably not with gas at its current prices.

The gas is available, but because it's very underpriced relative to other forms of energy, it probably won't be produced until the price doubles or even triples from where it is

now. That would bring it more into historical alignment with oil prices, which I expect will themselves go higher as well.

[U.S. learns nuclear plant lessons](#)

Six months after an earthquake and tsunami crippled Japan's Fukushima Dai-ichi nuclear power station, new recommendations for improved safety of U.S. nuclear reactors are beginning to emerge from the disaster.

[Nuclear power to play key role in China emissions reduction plan: report](#)

(Platts) Nuclear power will continue to play a key role in China's plan to control greenhouse emissions, and the country to will also focus on carbon capture and storage as a means of achieving its emission reduction targets, the nation's top climate change official was quoted as saying Friday.

[New Porsche 911: Saves gas, goes fast](#)

Like every other automaker, Porsche, famous for its sports cars, is thinking about fuel economy. New regulations in the U.S. and Europe mean every car will have to burn less fuel. Even an iconic sports car like the 911.

So the new 2012 Porsche 911, going on sale here in February, has a host of new fuel-saving technologies that will lead to an estimated fuel economy improvement of about 16% based on European tests.

[Solyndra hearing to go on, despite execs' silence](#)

WASHINGTON (AP) — Top executives from a bankrupt California solar energy company are to appear before a congressional hearing investigating their government loan, but they're not expected to say much.

Solyndra Inc. CEO Brian Harrison and the company's chief financial officer, Bill Stover, have notified the House Energy and Commerce Committee they will invoke their Fifth Amendment right to decline to testify to avoid self-incrimination.

[Republicans Attack on Handling of Stimulus Money and Green Jobs](#)

WASHINGTON — The battle over Solyndra, the California solar equipment manufacturer that took \$528 million in government loan guarantees and then declared bankruptcy, moved on to a second House committee on Thursday as Republicans broadened their attack on the Obama administration's management of stimulus money

and its pursuit of alternative energy as a way to spur employment.

[Real Solyndra Scandal Is U.S. Subsidy Approach](#)

Several issues cry out for investigation: Did government officials rush to approve a \$535 million loan guarantee to the company two years ago? Did company officers paint an overly rosy picture of Solyndra's finances after trouble set in? Why, earlier this year, did the Energy Department agree to let private investors get their money back from Solyndra before taxpayers did?

Lawmakers should dig deep for answers. But their most pressing duty at this stage goes beyond finding partisan dirt. Members of Congress need to figure out a more effective way to support the quest for cheaper alternative energy.

[Senate Democrats vow to reject clean energy cuts](#)

WASHINGTON (AP) — With the economy sputtering, the warring factions of Congress headed toward gridlock late Thursday over the usually noncontroversial process of approving disaster aid or even keeping the government from shutting down.

[Clean energy: A faded shade of green](#)

For clean technology fans, the dawn of the 21st century appeared to be the best of times. As the world confronted the growing scientific consensus that rising greenhouse gases were driving climate change, a move from fossil fuels to renewables seemed irresistible. Clean technology looked a hot prospect.

Now that vision seems more muddied. Renewables are on the rise, but fossil fuels are fighting back. Coal mining has soared to feed China's energy appetite.

[Urban gardening taking off at O'Hare](#)

Swiss chard, red habanero peppers, and onion chives are just a few of the 44 different types of organic herbs and vegetables growing in the middle of busy O'Hare Airport. The garden is tucked in the rotunda building, the area that connects terminals 2 and 3. Aviation commissioner Rosemarie Andolino hopes it will become a calming oasis for weary travelers.

...Stanley's Blackhawks Lounge and the Wicker Seafood and Sushi Restaurant are among several O'Hare eateries that are already serving the produce to their customers. Andolino says that not only cuts the carbon footprint from transporting the food but also guarantees quality.

[Poverty pervades the suburbs](#)

NEW YORK (CNNMoney) -- Guess where most people in poverty live? Hint: It's not in the inner cities or rural America.

It's in the idyllic suburbs.

A record 15.4 million suburban residents lived below the poverty line last year, up 11.5% from the year before, according to a Brookings Institution analysis of Census data released Thursday. That's one-third of the nation's poor.

[Books By Men Who Like Big Families](#)

Why the hard sell on siblinghood? Kluger is unabashed about the fact that his book's mission is to argue for what he calls the "sibling ideal." In his view, "as long as mom and dad are able to breed and support more young, they may as well keep having them." It's an unlikely stance for a science reporter who should know well the psychological, environmental, and financial costs of large families. And it places *The Sibling Effect* in an emerging canon of books, invariably written by men, arguing that women should have more children. These books tend to fall into one of three categories: 1. *It's better for your kids*, e.g. Kluger. 2. *It's better for you*, e.g. Bryan Caplan's *Selfish Reasons to Have More Kids*. 3. *It's better for society*, e.g. Philip Longman's *The Empty Cradle*.

[Staring at the cave bear straight in the eyes. Mass movements and decision taking in modern society](#)

Decision taking is not an easy task, unless you are forced by finding yourself staring at a cave bear in the eyes. That must be the reason why we are not reacting to major threats such as peak oil and global warming.

[UN Carbon Market Will Survive Should Kyoto Goals End, EU Says](#)

The United Nation's carbon market will survive if the Kyoto Protocol greenhouse gas-reduction goals for developed nations expire in 2012 without being immediately renewed, the European Union climate chief said.

[Beating a retreat](#)

Arctic sea ice is melting far faster than climate models predict. Why?

[Russia's Putin says Arctic trade route to rival Suez](#)

Arkhangelsk, Russia (Reuters) - Prime Minister Vladimir Putin on Thursday predicted Arctic shipping routes along Russia's northern coast would soon rival the Suez Canal as a

quicker trade link from Europe to Asia.

Russian plans to revive the Soviet-era shipping lane as polar ice cover receded to near record lows this summer could speed energy deliveries to China and boost business for cargo suppliers such as state-owned Sovkomflot.

[Bill Clinton: World Must Prepare for Climate Refugees](#)

Some of the most dramatic impacts of climate change will be felt by the millions of people who will be forced to leave their homes: Climate refugees will flee island nations rendered inhospitable by rising sea levels, arid regions increasingly wracked by drought, and wet, low-lying areas that grow ever more prone to flooding.

[U.S. military goes green](#)

The U.S. Department of Defense has tripled its spending on clean energy in recent years, and that investment is projected to grow as the military weans itself from reliance on costly fossil fuels.

Those are among the findings of a new report, "[From Barracks to the Battlefield](#)," published by the national security, energy and climate project at the Pew Charitable Trusts.



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