



## Drumbeat: October 5, 2011

Posted by [Leanan](#) on October 5, 2011 - 8:42am

### [The Peak Oil Crisis: Turmoil Erupts](#)

The Financial Times and Wall Street Journal have gone into full crisis mode with live blogs continuously reporting unfolding events.

Equity markets are falling and London oil prices have been flirting with \$100 a barrel for the first time since February. Talk of recessions, depressions, and even collapse of the euro zone is everywhere. There seems to be general agreement that a Greek debt default is inevitable. This is to be followed by insolvency of many European banks, which in turn will lead to the possibility of debt defaults by Italy and Spain. These countries, of course, are too big to be bailed out by the rest of EU, which is what has everybody worried. Economic contraction in Europe - perhaps even a major contraction - looks likely.

### [Harry Brekelmans on the future of Shell](#)

People talk about peak oil in the sense of supply. But I think of Sheikh Yamani's classic quote, "The Stone Age didn't end because we ran out of stone." People simply moved on to different and better things. The same will happen with fossil fuels. It's very important to realize that we'll be moving on to alternatives before we run out of oil and gas.

The year 2040 is not necessarily the demand peak either. The interaction between supply and demand will govern at what point -- 2030, 2040, 2050 -- we really see the peak. But rest assured, I think there will be gas and oil left by the time we've moved on to those alternatives.

### [The Energy Expert You Shouldn't Trust](#)

Nearly all the data cited in the book is from his company and is proprietary and non-public, so it can't be verified or challenged. He doesn't appear to take seriously the views of people he doesn't agree with, and they are not included in his extensive bibliography or interviewee list. When he makes (or quotes himself making) forecasts, it is almost always at the high end of "as much as," putting the best possible picture on things. He treats overall supplies and continued growth as assured. He is skeptical only when it comes to the concept that new sources of energy could upset the status quo.

One thing Yergin never asks, though, is what if he's wrong?

## [The geopolitics of energy in the 21st century](#)

Daniel Yergin: One of the key features is the idea that I focus on -- the "globalization of energy demand." Energy demand used to be a business of the developed world, and now the growth is all in the emerging world. So, for instance, the Middle East will increasingly look east for its growth markets. That raises interesting geopolitical questions about responsibility for security in the Gulf.

## [Daniel Yergin: The perils, prizes and pitfalls of the post-Gaddafi era of oil](#)

The modern oil era began in 1969 when the 29-year-old Muammar Gaddafi seized power in Libya. A year later, he used threats of production cuts and nationalisation to begin forcing western oil companies to accept new terms. At the signing of the first of the new contracts, one of the western negotiators said: "Everybody who drives a tractor, truck or car in the western world will be affected by this." He was more prescient than he knew.

Riding a wave of rising oil demand and in a tightening global petroleum market, Col Gaddafi initiated the dramatic shifts that burst upon the rest of the world with the 1973 oil crisis, thrusting oil to the centre of world politics. Today the price of oil, when adjusted for inflation, is 10 times higher than when he took power – beyond imagining then.

## [S.Arabia puts record premium on Asia oil price](#)

KHOBAR (Reuters) - Saudi Arabia has raised the price of its flagship Arab Light crude oil for customers in Asia, who buy more than half its crude exports, to a record premium to Oman/Dubai prices while cutting costs for U.S. and European buyers.

## [Shell: More Than 100 Oil Wells Drilled in Jordan in 2 Years](#)

Shell has drilled more than 100 wells in Jordan in the two years since it a concession agreement to explore for oil from the country's vast oil shale reserves, a person familiar with the project said.

## [Power outage: protests continue across Punjab](#)

LAHORE: Violent protests, demonstrations and strikes against power cut continued on third day in Punjab as the energy crisis is aggravating in the country.

## [When it comes to Arctic oil drilling, all geopolitics are local](#)

The great Arctic oil race is under way. In Russia, where one needs only Vladimir Putin's signature to drill in the most environmentally vulnerable region on the planet, ExxonMobil a month ago sealed a deal to explore underneath the Kara Sea. Now, the United States may allow Shell to explore the Chukchi Sea offshore from Alaska. At stake are the world's largest remaining untapped oil and gas reserves, and for Russia a chance to extend its economic and geopolitical power.

### [Arbitration Ruling In Chevron Case -Ecuador Attorney General](#)

QUITO -(Dow Jones)- Ecuador plans to launch an appeal in a court in the Netherlands next month against an Aug. 31 ruling from an international tribunal in the Hague that awarded oil company Chevron Corp. (CVX) \$96 million in connection with claims made in Ecuadorean courts in the early 1990s.

"We are on time to prepare an action for annulment of the ruling," Ecuador's Attorney General Diego Garcia told reporters Wednesday.

### [Doctors Urge N.Y. to Weigh Health Risks of Fracking](#)

New York's environmental study of the possible risks of high-volume hydraulic fracturing, a technique for natural gas drilling, addresses everything from the possible impact on job creation and the character of communities to damage to roads and wildlife. But a group of doctors, medical associations and environmental groups say there is one glaring omission: the possible effects on public health.

### [GM teams with car-sharing company RelayRides](#)

NEW YORK (CNNMoney) -- General Motors is making it easier to let complete strangers take your car. An arrangement between the automaker's OnStar division and RelayRides, a peer-to-peer car-rental company, will give GM car owners a simple way to rent out their cars on the RelayRides network.

### [A peak oil Technocrat ignored the power of technology](#)

"Hubbert's Peak," says U.S. energy historian Daniel Yergin, "is still not in sight." This is true: Global oil production is still on the rise with no evident decline any time in this century. We should take a moment to acknowledge this fact. It's not only that resurgent oil and gas reserves have abruptly extended the world supply of fossil energy for another 100 years. It's that market economics has again triumphed over the Luddite left, that democracy has prevailed again over "Technocracy" – the ideology, memorably captured in 1984, that George Orwell once described as "a prerequisite for fascism."

### [Oil Climbs for First Time in Four Days on Surprise Drop in U.S. Stockpiles](#)

Oil rose from its lowest in a year in New York after a surprise drop in crude stockpiles and on signs the U.S. may take further steps to sustain an economic recovery.

Futures rose as much as 3.7 percent after sliding 7.9 percent in the past three days. Crude inventories dropped 3.1 million barrels last week, the American Petroleum Institute said yesterday. An Energy Department report today was forecast to show a gain of 1.5 million barrels. Federal Reserve Chairman Ben S. Bernanke signaled yesterday he'll push forward with further expansion of monetary stimulus if needed.

### [OPEC Risks Bear Market as Libyan Output Recovers](#)

(Bloomberg) -- The decline in OPEC's oil below \$100 a barrel for the first time since February is raising the likelihood the group will cut production, as Libya revives output and the global economic recovery falters.

...“Saudi Arabia stepped up production to help compensate for the loss of Libya, and they will probably calibrate and go the other direction as production comes back,” Daniel Yergin, co- founder of IHS Cambridge Energy Research Associates and author of the 1991 Pulitzer-winning “The Prize: The Epic Quest for Oil, Money and Power,” said in a Sept. 21 interview in New York. “The impact of Libya will be determined by what’s happening in the overall global economy.”

### [Iran To Propose Maintaining OPEC Output](#)

LONDON -- Iran's oil minister will call for unchanged crude oil output by the Organization of Petroleum Exporting Countries at the oil body's next meeting in December.

Speaking to Iran's oil ministry website Shana, Rostam Ghasemi said "Iran's request at the next OPEC meeting is to maintain the production ceiling."

### [Foreboding from Opec official](#)

The UAE's Opec governor has warned of dark days ahead for the global economy and urged oil producers to prepare for a slump in demand.

### [Prices for food and gas could soon fall](#)

Consumers may catch a break on the price of gasoline and baked goods and sweets as the Thanksgiving-Christmas season approaches, thanks to a sudden tumble in worldwide commodity markets.

The consumer price outlook has brightened, in part, because commodity speculators

have fled the energy and grain markets in the face of fears of a global recession triggered by the European debt crisis, says Tomm Pfitzenmaier of Summit Commodity Brokerage.

### [Commodities Climb From 10-Month Low as Bernanke Vows Steps to Boost Growth](#)

Commodities rebounded from the lowest level in 10 months after Federal Reserve Chairman Ben S. Bernanke said the central bank may take further steps to sustain an economic recovery.

### [Saudi Arabia Vows 'Iron Fist' After Attack](#)

Saudi Arabia vowed to use "an iron fist" after 11 members of the security forces were attacked and injured during unrest in a Shiite Muslim town in the east, the official Saudi Press Agency said.

The government accused an unidentified foreign country of seeking to undermine the stability of the kingdom as a result of the violence in Awwamiya, in which the assailants, some on motorcycles, used machine guns and Molotov cocktails, the Riyadh-based news service reported late yesterday. A man and two women were also injured, it said.

### [U.S. to regulate contractors of offshore oil firms](#)

STAVANGER, Norway (Reuters) - U.S. authorities are looking to regulate the contractors of oil companies that work offshore in the wake of the Gulf of Mexico oil spill, a senior federal official said on Tuesday.

"We will regulate contractors as well as operators. There is no compelling reason or logic not to do so," Michael Bromwich, director of the U.S. Bureau of Ocean Energy Management, Regulation and Enforcement, told an oil conference.

### [Ruble's fate depends on Greek tragedy](#)

Debt-laden Greece is holding a sword of Damocles over the fate of the ruble, with a solution to Europe's debt problem key to boosting the price of oil, Russia's key revenue source, analysts said on Wednesday.

### [Russia-EU energy relations too politicized - EU official](#)

Energy relations between Russia and the European Union are still heavily politicized and a new gas war between Ukraine and Russia is still possible, an EU energy expert said on Tuesday.

### [Russia vetoes UN resolution against Syria](#)

UNITED NATIONS (AP) — Russia and China vetoed a European-backed U.N. Security Council resolution Tuesday that threatened sanctions against Syria if it didn't immediately halt its military crackdown against civilians.

### [Turkey says sanctions on Syria to go ahead](#)

ANKARA, Turkey (AP) — Turkey's prime minister increased pressure on Syria to halt its military crackdown on protesters Wednesday, saying his country and other would press ahead with plans to sanction Damascus.

Turkey's military meanwhile, was scheduled to carry out exercises close to the 850-kilometer (520-mile) long border with Syria.

### [Lax Law Gives U.S. Subsidiaries an Opening to Sell to Iran](#)

“U.S. and international officials appear to agree that the sanctions have not, to date, hurt Iran's economy to the point at which the core Western goals on Iran's nuclear program can be accomplished.”

That was the conclusion of a report last month by Kenneth Katzman of the Congressional Research Service, a nonpartisan group that writes policy and legal analysis for lawmakers.

### [Belarus, China to join Venezuelan oil deposit project](#)

Belarus and China are to take part in the development of an oil field in Venezuela, Belarusian state television said on Wednesday.

### [Basic Minigrids Promise Major Fuel Savings in Afghanistan](#)

A simple change being made to military camps in Afghanistan will save enough energy to take an estimated 7,900 fuel trucks off the road over the next year, an Army officer in charge of battlefield energy said this week.

### [EU to put higher pollution price on tar sands](#)

The European Commission on Tuesday (4 October) proposed that oil derived from tar sands be given a higher greenhouse-gas emission value, a move slammed as "unjustified" and "discriminatory" by Canada, the world's largest producer of this fossil fuel.



### [Shale gas discovery should be a cause for celebration in UK](#)

The fells of Northern England hold a treasure for the United Kingdom - shale gas.

### [Poland lobbies against EU shale gas regulation](#)

Poland, long seen as promoting a common European approach to shale gas, has now published a surprising study describing possible EU regulation on the industry as "unfeasible".

### [LNG Market May Tighten Further on Japanese Nuclear Shutdown, SocGen Says](#)

Kyushu Electric Power Co.'s nuclear shutdown may exacerbate tightness in the global liquefied natural gas market as demand for the fuel used in electricity generation has exceeded estimates, Societe Generale SA said.

### [Cooling Problem Shuts Nuclear Reactor in Japan](#)

TOKYO — In a fresh blow to public confidence, a reactor in southern Japan went into automatic shutdown on Tuesday because of problems with its cooling system, clouding the outlook for an imminent restart of the country's idled nuclear plants.

### [Japan panned for pushing nuke plant exports after accident](#)

Japan has been given the Fossil of the Day "award" at a U.N. climate change conference in Panama for pushing a scheme to promote its exports of nuclear power generation technologies to developing countries as a way of curbing global warming, an international environmental group said Monday.

### [Nuclear power essential to cut emissions: UK expert](#)

SEOUL (AFP) - Britain's chief scientific adviser voiced concern on Wednesday at moves to abandon nuclear power after Japan's Fukushima crisis, saying it remains vital to combat global warming.

### [Like it or not: Hybrid cars are here to stay](#)

There's been lots of handwringing lately about the future of hybrid cars. "Too expensive" the critics say. "Since buyers believe they will never recoup their additional upfront cost with savings from improved mileage, hybrids will remain a specialized

niche."

They remind me of the same people a few years ago who didn't see any future for navigation systems because "\$2,000 is too much to pay for an electronic map." Today, very competent aftermarket systems are available for a tenth of that price, and nav systems have become as essential as power steering and anti-lock brakes.

### [Consumer Reports recommends Chevy Volt](#)

NEW YORK (CNNMoney) -- The Chevrolet Volt, General Motors' plug-in car, has earned a recommendation from Consumer Reports magazine.

### [Molycorp Set to Announce a Rare Earth Rediscovery](#)

An all-but-forgotten rocky outcropping in Southern California contains ore that could help break the country's dependence on China for certain types of rare earth metals, according to the only American producer of rare earths.

### [Overbearing Brasilia at fault in ethanol shortage](#)

SAO PAULO (Reuters Breakingviews) - Once seen as a potential supplier of ethanol to the world, Brazil is now itself short. Lack of investment in the past few years and squeezed margins mean biofuel production is not matching demand growth. The industry's predicament is also affecting oil giant Petrobras and shows the risks of a crop-based fuel market constrained by government policies.

### [Sahara Solar Project to Outline First Plant Next Year, CEO Says](#)

The Sahara solar initiative backed by German turbine maker Siemens AG (SIE) and Deutsche Bank AG (DBK) will sketch out plans in 2012 for its first power plant, a 600 million-euro (\$800 million) station in Morocco, its project manager said.

### ['Solar-coaster' hits as sun sets on federal subsidies](#)

The booming U.S. solar industry faces a potential tipping point — what some call a "solar-coaster" — as the sun starts to set on billions in federal subsidies.

Can it make it on its own? Can it compete with China, which U.S. officials say spent \$33 billion in 2010 alone on solar loans?

### [Obama warned not to visit Solyndra](#)



A Silicon Valley investor and senior administration officials warned the White House to reconsider having President Obama visit a solar start-up company because of its mounting financial problems, saying he might be embarrassed later.

### [As farmers markets thrive, so do concerns](#)

Although the fare sold at farmers markets often is perceived as more wholesome than what's available on grocery shelves, there is no evidence that it is less prone to cause foodborne illness — and it generally receives less federal and local oversight.

### [Ameren cites EPA rules in closure of 2 Ill. plants](#)

ST. LOUIS (AP) — Ameren Corp. said Tuesday it will close two power plants in Illinois by the end of the year, blaming the cost of complying with new pollution rules issued by the Environmental Protection Agency.

### [Climate Change Policy: Should We Tax the Poor to Help the Rich?](#)

If the government limits carbon emissions now through taxes or direct caps, it is taxing the poor today to benefit wealthier future generations. Perversely, such limits would also deprive future generations of the additional capital that would accumulate if the money were invested in the market instead of being used to combat climate change.

### [Who's Bankrolling the Climate-Change Deniers?](#)

As the sociologists Riley Dunlap of Oklahoma State University and Aaron McCright of Michigan State University suggest, climate denialism exists in part because there has been a long-term, well-financed effort on the part of conservative groups and corporations to distort global-warming science. That's the conclusion of a chapter the two researchers recently wrote for *The Oxford Handbook of Climate Change and Society*. "Contrarian scientists, fossil-fuel corporations, conservative think tanks and various front groups have assaulted mainstream climate science and scientists for over two decades," Dunlap and McCright write. "The blows have been struck by a well-funded, highly complex and relatively coordinated denial machine."

### [Coastal Cities Face Serious Threat From Rising Sea Levels, Warns UN Sec Gen](#)

UNITED NATIONS (Bernama) -- UN Secretary-General Ban Ki-Moon has warned that rising sea levels could put coastal cities from Kolkata to Miami at "serious" risk in the years to come.

..."Major coastal cities - such as Cairo, New York, Karachi, Calcutta, Belem, New Orleans, Shanghai, Tokyo, Lagos, Miami and Amsterdam - could face serious threats from storm surges and are at risk of being inundated by rising waters.

## [Arctic Sea Ice Continues Decline, Hits Second-Lowest Level](#)

WASHINGTON -- Last month the extent of sea ice covering the Arctic Ocean declined to the second-lowest extent on record. Satellite data from NASA and the NASA-supported National Snow and Ice Data Center (NSIDC) at the University of Colorado in Boulder showed that the summertime sea ice cover narrowly avoided a new record low.

## [Melting Arctic ice clears the way for supertanker voyages](#)

Supertankers and giant cargo ships could next year voyage regularly between the Atlantic and Pacific Oceans via the Arctic to save time, money and emissions, say Scandinavian shipowners.

New data from companies who have taken advantage of receding Arctic sea ice this year to complete several voyages across the north of Russia shows that the "northern sea route" can save even a medium size bulk carrier 18 days and 580 tons of bunker fuel on a journey between northern Norway and China.



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