



Drumbeat: October 7, 2011

Posted by [Leanan](#) on October 7, 2011 - 8:53am

[Nestle chief warns of new food riots](#)

The head of the world's biggest food company Nestle said on Friday that rising food prices have created conditions "similar" to 2008 when hunger riots took place in many countries.

"The situation is similar (to 2008). This has become the new reality," the Swiss giant's chairman Peter Brabeck-Letmathe told the Salzburger Nachrichten daily in his native Austria in an interview.

[Pakistan's energy shortage](#)



ALTHOUGH Pakistan makes international news for terrorist attacks, anti-American demonstrations and its alleged support for insurgents in Afghanistan, it is the basic inability to switch on a light that is pushing this volatile country closer to the edge. Popular anger over Pakistan's crippling electricity shortage boiled over on to the streets this week, with riots that paralysed whole cities, unleashing running battles with the police and causing widespread damage to government offices (see picture above).

[Chile Energy Min: Water Level In Some Reservoirs Worrisome](#)

SANTIAGO -(Dow Jones)- Low water levels at some of Chile's reservoirs, which fuel hydroelectric generation, are worrisome, Energy Minister Rodrigo Alvarez said Friday.

[US natgas rig count at 9-1/2-mth high-Baker Hughes](#)

NEW YORK (Reuters) - The number of rigs drilling for natural gas in the United States climbed by 12 this week to a 9-1/2-month high of 935, data from oil services firm Baker Hughes showed on Friday.

The gas-directed rig count is at its highest since Dec. 17, when the total stood at 941. The count is down 6 percent from its 2010 peak of 992, its highest since February 2009, when 1,018 rigs were drilling for gas.

[Russia refiners could shut with fuel duty hike-LUKOIL](#)

(Reuters) - More than 600,000 barrels per day of Russian refining capacity will not survive the next stage of oil product export duty reform, due in 2015, if they do not modernise, Russia's No.2 oil producer said late on Thursday.

[Zalmay Khalilzad's not-so-excellent Afghan oil adventure](#)

The private investment firm of Zalmay Khalilzad, the former U.S. ambassador to Afghanistan and one of the most powerful diplomats in the George W. Bush Administration, is upset that a client has lost an oil deal in the country. Khalilzad's son, Alexander Benard, is on the attack in Washington, in particular against the Pentagon, which he says acted against U.S. interests by not advising the Afghan government to favor Western companies in the deal.

[ConocoPhillips to Split in Two, Names CEOs](#)

ConocoPhillips announced that its board of directors has chosen the leaders for the two independent energy companies that will result from the previously announced strategic repositioning of ConocoPhillips. Ryan M. Lance will become the chairman and chief executive officer of ConocoPhillips, the upstream company, and Greg C. Garland will become the chairman and chief executive officer of the downstream company. Jim Mulva, the current chairman and chief executive officer of ConocoPhillips will retire subsequent to completion of the separation. The repositioning is expected to be completed in the second quarter of 2012.

[Exxon CEO: To Invest over \\$37B on Capital Projects this Year - CNBC](#)

ExxonMobil Chief Executive Rex Tillerson said Thursday the company expects to spend a record \$37 billion on capital projects this year, almost 9% more than it has previously said it was planning to invest.

[Poland Leads Wave of European Shale Gas Development](#)

Major oil companies such as ExxonMobil and Talisman Energy are seeking to unlock Poland's shale gas, which some say could significantly change the future European gas market.

[USDOT Tries to Resuscitate the HSR Dreams Congress Wants to Bury](#)

High-speed rail has had a rough go of it lately. The House refused to give it a dime for next year, while the Senate only managed to allocate a fraction of what the president wanted. President Obama stuck some money back in via his jobs package, but it already seems clear that the package won't pass as proposed, and we know high-speed rail is the always first for the chopping block.

Meanwhile, if you look at USDOT, the well of rail funding just seems to keep on giving.

[Amtrak: more popular - and more at risk - than ever](#)

U.S. train travel is enjoying a remarkable surge in popularity — everywhere, it seems, except in the halls of Congress. Even as Amtrak posts its best numbers ever, the federal funding that keeps it alive is on the verge of being slashed.

[This year's best green homes? Stylish efficiency wins](#)

This year's best green home, a compact and affordable three-bedroom, is designed to use up to 90% less energy and produce all the power it needs via rooftop solar panels, the U.S. Green Building Council (USGBC) announced Thursday at its annual Greenbuild conference held this year in Toronto.

[John Michael Greer: The peak oil initiation](#)

I may be wrong, but I've long thought that one question above all would haunt my imagined historian of our future: why did we do it? Given that our entire civilization had plenty of warning, and that ten minutes of unprejudiced thought ought to have been enough to demonstrate to anybody the absurdity of expecting to get away with infinite economic growth on a finite planet, why didn't we do what must, to the eyes of the future, look like the obviously right decision, and downshift to a less energy- and resource-intensive steady state economy while we had the chance? Why, instead, did we keep on lurching blindly forward on a one-way street headed straight to history's compost bin, all the while angrily shouting down the few that tried to warn us of where

we were going?

[Sustainable means bunky to me](#)

A child who wants a pony might first be asked to demonstrate that he or she can feed and take care of a gerbil, then graduate to a kitten, a puppy, a goat, and finally a pony. Currently, *we're not taking care of our gerbil*, so we have not demonstrated that we deserve a pony. Perhaps we also don't deserve to be brandishing the term "sustainable" for chicken-scratch contributions.

Sure, hanging the towel back up on a multi-day hotel visit is definitely a step in the right direction, and I'm all for it. But if we don't focus on the big picture, these little acts are mere distractions.

[Why is it so tricky to define 'peak oil'?](#)

The debate over peak oil can get pretty slippery at times. Geologists will point out the (obvious, banal) truth that there's a finite amount of oil out there beneath the rocks and, at some point, we *have* to reach maximum production. Economists and other peak-oil skeptics, for their part, will say that markets can always adjust. If current supplies dwindle and oil gets pricier, then companies will find it profitable to drill for harder-to-extract oil in the Arctic and Canada's tar sands and elsewhere. No big deal. Yet often it seems like the two sides are talking past each other.

Perhaps a clearer way of looking at matters, though, comes from petroleum economist Chris Skrebrowski, who argues that peak oil is best defined as the point at which "the cost of incremental supply exceeds the price economies can pay without destroying growth." In other words, eventually the world will max out on production of the cheap, easy oil — the stuff that comes from Saudi Arabia and other OPEC countries. At *that* point, as long as demand for crude keeps growing, prices will rise and we'll have to resort to more expensive oil from the Arctic and tar sands and so forth. And those higher oil prices will cripple the global economy. On this view, then, "peak oil" just means the point at which the price of crude acts as a hard ceiling on growth.

[Crude Oil Trims First Weekly Gain in Three Weeks Before U.S. Jobs Report](#)

Oil fell, trimming its first weekly gain in three in New York on forecasts that a projected gain in U.S. jobs last month was probably too small to bring down the unemployment rate in the world's largest crude user.

[Parched Texans Impose Water-Use Limits for Fracking Gas Wells](#)

(Bloomberg) -- An intensifying drought in Texas is prompting limits on water consumption that for the first time target oil and natural gas producers.

Local water districts, which have authority to allocate water from subterranean aquifers, are adding a water-intensive production method called hydraulic fracturing, or fracking, to some of the pumping restrictions they're imposing on farmers and small towns.

[Oil-Tanker Demand Poised to Match Supply by Winter 2012, Owner Teekay Says](#)

Demand for oil tankers will match supply by the Northern Hemisphere's next winter, lifting charter rates for the vessels, according to Teekay Corp. (TK), the largest U.S.-listed owner of the ships.

"The tanker market is bottoming," Chief Executive Officer Peter Evensen said in an interview at a conference in London today, adding that the smaller-sized oil tankers which dominate Teekay's fleet will recover before larger carriers. "We see a recovery in the winter of 2012 going into 2013, when demand catches up with supply."

[Power Companies Borrow Record in Loans as Cost of Fuel Jumps: Japan Credit](#)

Japan's top five electric utilities, shut out of the bond market following the Fukushima nuclear disaster, are borrowing a record 4 trillion yen (\$52 billion) in loans at a premium to pay for the surging cost of fuel.

[Moody's says may view any Tepco loan waiver as default](#)

(Reuters) - Moody's Investors Service said on Friday it would likely view any agreement forced on lenders to waive part of Tokyo Electric Power's (Tepco) debt a default that would prompt it to cut the utility's credit rating by several notches.

[Japan hopes to keep UAE oil relationship](#)

Japan's trade minister is to meet with Abu Dhabi's top officials as the expiration date for its concession in the emirate's massive offshore fields looms.

[Russia to lend Venezuela \\$4 bln to pay for arms deals](#)

Russia and Venezuela have signed an agreement on a \$4 billion loan for the oil-rich Latin American partner to buy Russian weaponry, Venezuelan leader Hugo Chavez said on Thursday.

[Insight - Libyan oil export flow a trickle, not a gush](#)

LONDON/TRIPOLI (Reuters) - Libya's prized light, sweet oil is trickling slowly onto the global spot market but demand from domestic refiners, production glitches and an internal struggle for control of the sector means it is unlikely to gush until deep into 2012.

[Libyan Council Forces From Misrata Battle Qaddafi Loyalists Inside Sirte](#)

Libyan forces mounted an offensive on supporters of Muammar Qaddafi in Sirte in a bid to control the former leader's hometown and complete a drive to form a new government.

[Mubadala spends \\$23m for oil and gas exploration site in Tanzania](#)

Mubadala, the Abu Dhabi government's strategic investment company, has bought into an oil exploration block in Tanzania, a nation that has yet to find any crude.

[Gazprom unit seeks own generation in Europe, Asia](#)

(Reuters) - Russia's Gazprom , in talks with Germany's RWE on a joint venture in European power generation, is also looking at Asian markets and independent moves in Europe through its power unit, the head of the unit said.

[Alpha Hunter Chris Brodie Talks About 20 Years' Worth of Commodities](#)

There is a structural deficit in oil, even Including the Libyan supply issue: by the time it is resolved, demand will have increased again. Big finds in Norway and Brazil are never enough due to the compounded nature of oil demand. This is best explained by a you-tube video called "Arithmetic Population and Energy" or "the most important video you will ever see" , where a Boulder Colorado Physics Professor talks about the nature of compounding. When you compound demand, you need more and more production to maintain adequate supply. Its not about "peak oil", because supply could carry on growing and still not meet demand – it's about structural supply deficits.

[Back to the future for oil?](#)

Seismic engineers replaced the wildcatters. Jet drillers supplanted the derricks. And Jed Clampett, that poor mountaineer who barely kept his family fed before he struck black gold, doesn't come around here anymore.

The oil and gas industry isn't what it used to be. It's better, or so says a rising choir of geologists, economists, bankers and various pundits who never thought North America's on-again, off-again romance with so-called green power made much sense.

[OilVoice Interview with Richard Kluth, Director of Pulse Monitoring](#)

Production may have already peaked, but I think it will plateau and remain fairly constant for a while rather than going into steep decline. Economics will be the defining factor as the global market negotiates the fine balance between supply and demand.

Brazil and West Africa aside, large 'elephant field' discoveries are becoming limited and the oil is getting harder to extract and so new oil coming online will come in smaller increments and will be much harder to get out of the ground. However, as is being shown in the mature fields in the North Sea, with new technologies and the right kind of investment we are increasingly reaping greater efficiencies and improving recovery rates far beyond what was originally forecast. With this continual focus on efficiency and new technologies I believe we can maintain the current production levels for a while to come.

[Does Expensive Oil Inevitably Cause Recession?](#)

If you scratch the surface, though, claims of a threshold beyond which the economy goes into recession turn out to be pretty shaky.

Let's start with a basic theoretical point: There is no fundamental reason to believe that 5% (or anything similar) should be a magic number. Petroleum expenditures were equal to 4.5, 4.5, and 4.3% of GDP in 1970, 1971, and 1972 respectively. Does anyone really believe that the U.S. economy would have gone into recession had that spending been half a percentage point higher?

[Big ideas take centre stage at the Grand as thinker Jeremy Rifkin touts our sustainable future](#)

Have you ever wondered what our world will look like in 25 years? How about 50? 100? Have you ever thought about how the communications revolution that is sweeping the globe will refashion old ideas of national and political ideology? Or about how we will ever manage to overcome the economic and ecological crises currently ravaging the planet?

[New Navy Postgrad Program Aims to Train 'Energy Warriors'](#)

Marine officers last week became the first students of a new Naval Postgraduate School program that aims to make energy a priority for U.S. military leaders.

"We have to change the culture," said Commander James Goudreau, director of the Navy's energy coordination office.

"We have to reach the point where everyone from the deck plate sailor all the way to the secretary of the Navy recognizes that every action they take has the opportunity to either increase our war-fighting capability or increase our vulnerability, depending upon

each individual energy decision."

[E-Mails Suggest White House Weighed a 2nd Solyndra Loan Worth Almost Half a Billion Dollars](#)

WASHINGTON — Early last year, the Obama administration was so optimistic about the business prospects of Solyndra, the solar equipment manufacturer that declared bankruptcy last month after receiving a \$528 million government loan, that officials entertained the possibility of giving the California company a second loan of almost half a billion dollars, according to internal e-mails.

[Energy Dept. Loan Director Leaving After Solyndra](#)

Jonathan Silver, executive director of the U.S. program that awarded Solyndra LLC a \$535 million federal loan guarantee, is leaving, the Energy Department said.

While Silver joined the Energy Department after the solar panel maker received its loan, Representative Cliff Stearns, a Florida Republican and chairman of the House panel investigating the award, has said he should be fired for his handling of the loan since arriving.

[Large solar energy project slated for Puerto Rico](#)

SAN JUAN, Puerto Rico (AP) — Gov. Luis Fortuno announced Thursday that the Caribbean's largest solar energy project will be built in Puerto Rico, an island heavily dependent on petroleum where power costs twice what it does on the U.S. mainland.

[Greece Expects \\$27B Solar Project to Advance](#)

Greece's Energy Minister George Papaconstantinou said he expects an agreement by the end of the year that will advance a 20 billion-euro (\$27 billion) solar power project, part of an initiative to boost the economy.

[Contra Costa County supervisors furious with solar company that cut down 100 trees](#)

MARTINEZ -- Contra Costa's Board of Supervisors is furious with the company hired to install solar panels on and near county buildings after the green energy firm ignited a public uproar by cutting down 100 eucalyptus trees near the entrance of a popular regional park near Pinole.

"It's outlandish!" said Supervisor Mary Nejedly Piepho, of Discovery Bay. "I have had it with this company!"

[Judge sides with coal industry in EPA challenge](#)

CHARLESTON, W.Va. (AP) — The U.S. Environmental Protection Agency went too far when it began reviewing individual Clean Water Act permits on mountaintop mining operations, a federal judge ruled Thursday.

[EPA rolls back air rule; Texas gets most leeway](#)

HOUSTON (AP) — The U.S. Environmental Protection Agency on Thursday proposed easing new pollution restrictions that angered several states and infuriated GOP presidential contender Texas Gov. Rick Perry.

[Opposing paradigms converge on Hawaii](#)

Richard Heinberg, a senior fellow at the Post Carbon Institute and author of ten books on peak oil and related issues, will attend Moana Nui. Heinberg says the globalisation of trade is highly vulnerable for two reasons: The depletion of fossil fuels and associated rising costs and the global credit crisis.

"Partly as a result of the gradual failure of our system of cheap energy and transport, we are seeing the unravelling of the global credit system," says Heinberg.

"We need to develop more local resilience, more self-sufficiency and more ability to provision ourselves within our local ecosystems."

[U.S. unlikely to hit advanced biofuel goal, study says](#)

"Absent major technological innovation or policy changes, the...mandated consumption of 16 billion gallons of ethanol-equivalent cellulosic biofuels is unlikely to be met in 2022," a study by the council said, referring to long-term targets in U.S. law for the biofuel.

The study, which drew challenges from the U.S. agriculture secretary and industry groups, also said cellulosic fuel without subsidies would be feasible only with oil above \$190 a barrel, far higher than the current level near \$80.

[Group Opposed to Pipeline Seeks More Documents on Lobbyists](#)

Friends of the Earth, an environmental group, expanded its Freedom of Information Act request concerning the State Department's evaluation of the Keystone XL pipeline proposal, which involves the construction of a new pipeline to carry crude from Canadian oil sands to the Gulf Coast.

[Supporters, opponents gather for final public hearing on oil pipeline from Canada](#)

WASHINGTON — Environmental activists, religious groups and young people inspired by the protests against Wall Street plan to rally in opposition to a Canadian company's plan to pipe oil from tar sands in western Canada to the Texas Gulf Coast.

[Bill McKibben: With the Keystone Pipeline, Drawing a Line in the Tar Sands](#)

For environmentalists protesting the Keystone XL pipeline, the battle is about more than just transporting tar sands oil from Alberta. It's about whether the United States — and the rest of the world — will finally come to its senses about global warming.

[EU wins key round in carbon fight with airlines](#)

The European Union on Thursday won a key legal round against US airlines fighting EU plans to force foreign carriers to buy carbon permits to fly to and out of the 27-nation bloc.

[Why conservative white men are more likely to deny climate change](#)

White men fear all kinds of risks less than women and minorities do, according to Riley Dunlap, who co-authored the study, printed in the October 2011 issue of Global Environmental Change.

For conservative white men — who tend to benefit most from the current socio-economic system — recognizing climate change would be against the status quo, Mr. Dunlap explained to the Huffington Post.

[And not a drop to drink](#)

ONE canary in the climate-change coalmine may have just quietly fallen from her perch. The tiny Pacific island nation of Tuvalu has declared a state of emergency after a fresh water shortage forced it to shutter its schools and hospitals and begin water rationing across the country. Observers blame the shortage on the changing weather patterns and rising sea levels associated with climate change—and warn they could be a sign of things to come for the whole region.

[To Rule the Arctic's Waves, U.S. Can't Waive the Rules](#)

The melting of Arctic ice as a result of global warming has set off a race to capitalize on the polar region's suddenly accessible resources and expanding navigable waterways. Yet even as Canada, Russia and others stake their claims to this potential bounty of

economic and trade opportunities, the U.S. is choosing to sit on the sidelines.

Why? Because it won't sign on to the rules of the game: the United Nations Convention on the Law of the Sea. The opponents justify their obduracy by citing a nonexistent threat to national sovereignty. The greater threat to the U.S. lies in its continued failure to ensure it will have a central role on this new frontier.



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