



Drumbeat: October 15, 2011

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[Saudi energy demand to double by 2028](#)

Riyadh: Saudi Aramco has forecast that the kingdom's daily energy demand will reach an equivalent of 8.3 million barrels by 2028, more than double the 3.4 million barrels equivalent in 2009.

Currently, of the 8.3 million barrels daily in oil production, more than three million barrels are consumed by the domestic market mainly to fuel national industries.

[World's top energy provider is beginning to look beyond oil](#)

The energy world is changing and so is Saudi Aramco, the world's leading energy supplier.

Despite not having the Crystal Ball, yet one could say with certainty that the global dependence on crude is undergoing a major metamorphosis. It is definitely going to change, if not evaporate, over the next few decades. While the global economy already is in tatters, being kept in an oxygen tent as the capitalistic model is under threat all around, crude intensity is changing too and is changing fast and for good. More efficient machines – from cars to airplanes and refrigerators to industrial equipment – all are attempting to reduce energy consumption. This would have a major impact on the global energy demand.

[IEA chides MENA producers to increase output capacity](#)

The International Energy Agency, responding to statements by officials of Saudi Aramco, said it is “very important” that oil producers in the Middle East and North Africa (MENA) continue to invest in increasing their oil production capacity.

“In the next 10 years, more than 90% of the growth in global oil production needs to come from MENA countries,” said IEA Chief Economist Fatih Birol. “There are major risks if this investment doesn’t come in a timely manner,” he said. “Oil demand is set to increase.”

[The worsening oil crisis and views of a German military think tank](#)

While the problem of credit remains the main focus of economists, there is also another factor to consider that many seem to have overlooked. The world is running out of affordable oil. The International Energy Agency stated in its 2010 report that the world saw an “all-time peak” in the production of conventional crude oil in 2006. While it delivered an optimistic scenario with respect to the discovery and utilisation of unconventional oil sources, such as tar sands and deep-ocean oil, there are still some problems when it comes to the ability to supply the global economy with these sorts of fuels.

[Yergin's new book reflects a different world](#)

The intent of *The Quest*, which is divided into five distinct parts that stand alone, is to help the reader understand how much energy the world will need, the costs and time involved in developing the resources, the effect of environmental concerns on the future of energy development, and what energy security looks like today - especially in light of the continued unrest in the Middle East and North Africa.

[Daniel Yergin: Enormous resource requires ingenuity](#)

Oilsands production more than doubled from 600,000 barrels per day in 2000 to almost 1.5 million barrels per day in 2010. By 2020 it could double again to 3 mbd - an output that would be higher than the current oil production of either Venezuela or Kuwait. Adding in its conventional output, Canada could reach almost 4 mbd by 2020.

[The Quest: Energy, Security and the Remaking of the Modern World by Daniel Yergin – review](#)

Forget Lehman Brothers and Greece. The oil-price spike of 2008 caused the crash and the surge in crude markets since the beginning of 2011 is bringing the world's economy to the brink again. In just four years, oil prices rose by more than 300% to their peak above \$147 a barrel in the summer of 2008. The spike meant the big consumer economies of the west were transferring an extra \$700bn a year to cover their fuel bill, a colossal cash transfer from high-spending economies to high-saving oil exporters such as Saudi Arabia. Soaring fuel costs ate away disposable incomes. Triple-digit oil prices are stunting the recovery now.

[Daniel Yergin discusses global politics of oil](#)

Q: How high an oil price do we need to have for those oil shale plays to pan out?

A: Probably these new resources need a \$50, \$60 price to support them.

Q: So if we are going to have that kind of boom in oil production, is that going to bring us back to an era when we'll see \$2 or below for gasoline?

A: I think in the foreseeable future that would only happen with a big downturn in the

global economy. We are just at a higher floor. And one of the points I make in "The Quest" is we entered this new era around 2004, when it became clear that China was not just a source of cheap manufacturing and a lid on inflation but, it in fact was a huge market in itself. The dynamism of the growth there offsets what we call peak (oil) demand in the developed world. Last year, 11 million cars were sold in the U.S. and 17 million were sold in China.

[Energy and the Future](#)

Why does the global energy system work the way it does and what will it take to meet our energy needs in the future? We'll find out this hour with Daniel Yergin, chairman of IHS Cambridge Energy Research Associates and author of the new book "The Quest: Energy, Security, and the Remaking of the Modern World" (The Penguin Press, 2011). Yergin will speak to the World Affairs Council of Dallas Fort Worth on Monday, October 24th.

[The Tuesday Podcast: The Future Of Energy](#)

On today's show, we talk to Daniel Yergin, one of the world's most influential thinkers about energy.

[Keystone XL 'terrific' for U.S. energy security: Daniel Yergin](#)

Energy guru Daniel Yergin says the Keystone XL pipeline is "terrific" for U.S. energy security, and refutes the argument that the pipeline's development is 'game over' for the environment.

[Uganda To Expedite Oil Laws As Key Deal Hangs In Balance](#)

KAMPALA Uganda -(Dow Jones)- The Ugandan government will expedite the enactment of laws to regulate its nascent oil sector as a key deal involving U.K.-based Tullow Oil PLC, France's Total SA and China's Cnooc Ltd. hangs in the balance following a parliamentary resolution to delay its approval earlier this week, Uganda's energy and minerals minister said Saturday.

[NISA secretly calculated Fukushima meltdown risks / Agency considered worst-case scenario of 'China syndrome'](#)

The Nuclear and Industrial Safety Agency secretly calculated the possibility of a worst-case meltdown at Tokyo Electric Power Co.'s Fukushima No. 1 power plant, it has been learned.

The agency was working on the calculations just as TEPCO was saying the nuclear fuel in three reactors at the plant was "slightly damaged."

[Is the Fukushima moratorium over?](#)

Seven months after the Fukushima disaster, numerous countries including the United States and China are reviving suspended or moribund nuclear power programs, suggesting a thaw in a broadly imposed freeze on the construction of new reactors.

[More Americans than Chinese can't put food on the table](#)

The number of Americans who lack access to basic necessities like food and health care is now higher than it was at the peak of the Great Recession, a survey released Thursday found. And in a finding that could worsen fears of U.S. decline, the share of Americans struggling to put food on the table is now three times as large as the share of the Chinese population in the same position.

[Mexico's newest export to US: Water](#)

SAN DIEGO — Mexico ships televisions, cars, sugar and medical equipment to the United States. Soon, it may be sending water north.

Western states are looking south of the border for water to fill drinking glasses, flush toilets and sprinkle lawns, as four major U.S. water districts help plan one of two huge desalination plant proposals in Playas de Rosarito, about 15 miles south of San Diego. Combined, they would produce 150 million a day, enough to supply more than 300,000 homes on both sides of the border.

[Citizens' Testing Finds 20 Hot Spots Around Tokyo](#)

TOKYO — Takeo Hayashida signed on with a citizens' group to test for radiation near his son's baseball field in Tokyo after government officials told him they had no plans to check for fallout from the devastated Fukushima Daiichi nuclear plant. Like Japan's central government, local officials said there was nothing to fear in the capital, 160 miles from the disaster zone.

Then came the test result: the level of radioactive cesium in a patch of dirt just yards from where his 11-year-old son, Koshiro, played baseball was equal to those in some contaminated areas around Chernobyl.

[Occupy protests spread to cities around the world](#)

People rallied in Europe, including the cities of London, Zurich and Rome.

In Japan, about 200 people marched through Tokyo carrying various signs, including

"No More Nukes and "Free Tibet." The crowd included children jumping and skipping behind the adults. Some protesters wore costumes -- including a giant panda.

[Oil prices rise near \\$87 as recession fears ease](#)

NEW YORK – A series of encouraging economic reports sparked oil prices Friday, pushing the benchmark to the highest level in nearly a month.

Investors shrugged off declining oil demand forecasts that came out earlier this week and focused instead on growing U.S. consumer spending, a rise in bank lending in China and a meeting of world leaders to discuss Europe's debt crisis.

"You're seeing one big sigh of relief" across world financial markets, independent analyst Jim Ritterbusch said. "Three weeks ago, it looked like we were definitely headed for a recession."

[When will volatility in commodity prices end?](#)

Concerned over soaring oil and commodity prices resulting in high inflation, India today asked G20 member countries to evolve a mechanism for stabilising the volatile price movements.

"The best way to cool soaring prices is to boost output with better technology, more competition among more producers and better information," Finance Minister Pranab Mukherjee said at meeting of G20 finance ministers and central bank governors on commodities and energy.

[US gains 11 rigs](#)

The number of rigs drilling in the US rose by 11 this week, raising the total in the country to 2023, according to the weekly report by Houston-based oilfield services giant Baker Hughes.

[Reliance Profit Rises to Highest Since 2007 on Refining Boost](#)

Reliance Industries Ltd. (RIL), India's biggest company by market value, posted its highest quarterly profit since 2007 as earnings from turning crude oil into fuels offset a drop in natural gas output.

[China's oil demand growth slows further in Q3 - NDRC](#)

(Reuters) - China's apparent oil demand growth slowed further in the third quarter,

largely in line with economic growth in the world's second-largest economy amid domestic policy constraints and global uncertainties.

[Electricity council predicts 16-mln-kw power shortage in central China this winter](#)

BEIJING (Xinhua) -- Central China is expected to face a 16-million-kilowatt (kw) power shortage during the coming winter, the China Electricity Council said Saturday.

The forecast lent some support to an earlier report that predicted a 30-million-kw shortage for the winter, as coal supplies for thermal plants are expected to fall short.

[Energy companies' profit margins soar](#)

Britain's big energy companies are making profit margins of £125 a year from every household in the UK, up from just £15 in June, according to Ofgem, the energy regulator.

The eight-fold increase follows recent above-inflation rises in household energy bills and has led to accusations that the energy firms are profiting from consumers' misery.

[China and Vietnam to strengthen military ties - Xinhua](#)

(Reuters) - China and Vietnam have agreed to strengthen military cooperation, increase contacts between high-ranking officers and establish a hotline for the two defense ministries, in a bid to cool tensions between the Communist-ruled neighbours.

[Russia's Medvedev Casts Gas Problems With EU As Security Threat](#)

MOSCOW -(Dow Jones)- Russian President Dmitry Medvedev raised the stakes for Europe's energy markets Friday by portraying recent natural-gas troubles with the European Union as a potential threat to be reviewed by the country's Security Council, which is led by the former chief of the KGB's successor agency.

"Unfortunately, in recent days a whole series of events have occurred that are creating problems for gas cooperation," Medvedev told the council, which includes Russia's ministers of foreign affairs, emergency situations and defense, as well as Prime Minister Vladimir Putin.

['Pak-Iran gas pipeline to bring industrial revolution'](#)

LAHORE: Iranian Ambassador to Pakistan Mashallah Shakari has said Pakistan-Iran gas pipeline has great geo-political value and it was bound to bring industrial revolution

in Pakistan.

[New oil leak from CNOOC oil field found in China's polluted Bohai Bay](#)

BEIJING — Chinese offshore oil and gas producer CNOOC Ltd. says it has suspended operation of an oil platform after finding a leak in one of its oil fields in the Bohai Bay.

It is the latest in a series of offshore spills in the Bohai Bay that have raised an outcry among fishermen and environmentalists.

[Gas Boom Aids Pennsylvania, but Some Worry Over the Risk](#)

The gas boom is transforming small towns like this one (population 4,400 and growing) and revitalizing the economy of this once-forgotten stretch of rural northeastern Pennsylvania. The few hotels here have expanded, restaurants are packed and housing rentals have more than doubled.

“There’s been a snowball effect due to the gas companies coming in,” Mr. Diaz, 33, said recently at his bustling empire near here.

But the boom — brought on by an advanced drilling technique called hydraulic fracturing, known as fracking — has brought problems too. While the gas companies have created numerous high-paying drilling jobs, many residents lack the skills for them. Some people’s drinking water has been contaminated. Narrow country roads are crumbling under the weight of heavy trucks. With housing scarce and expensive, more residents are becoming homeless. Local services and infrastructure are strained.

[Bank of England's Quantitative Inflation Bankster's Paradise Inflationary Depression Economy](#)

Now if you disagree with my analysis, then before you start emailing me about why debt deflation must happen, then first read my Inflation Mega-trend Ebook (FREE DOWNLOAD) because the sum of the whole analysis includes climate change, scarcity of resources i.e. peak oil, changing demographics, and the rise of Chindia - ALL contributing to the perpetual Inflation mega-trend.

[Monetary fallacies](#)

Higher energy costs will affect other aspects of our lives, and nowhere is this more important than in the production of raw materials, particularly those that are mined. A paper published on ZeroHedge last Monday analyses the impact of energy costs on silver mining. The message is clear: Peak Oil also means Peak Silver, and Peak lots-of-other-things as well.

It is against this background of a growing imbalance between falling supply and static demand for energy and raw materials that central banks are injecting large quantities of

new money. It matters not whether the process is done formally through QE, or informally through an open cheque book; the effect on prices for basics from this winter onwards is potentially explosive.

[Transition Times – Peak Oil & Climate Change](#)

Peak Oil and Climate Change are set to be the defining issues for our civilisation and society in the years ahead. These issues will lead to a paradigm shift in geo political, social and economic relations on a local and global level and will inevitably lead to a more localised world.

[Ghana: The World's Fastest Growing Economy in 2011](#)

- Energy still remains a major key and will continue to play a key role. We expect this trend to continue with the advent of “peak oil” and the continuing upward trend in oil and natural gas prices. Countries like Qatar and Azerbaijan with their huge natural gas and oil reserves will continue to boom.
- Rapid population growth is a key factor in economic growth. The countries with some of the highest rates of population growth in the world dominate the growth chart. As their economies mature, expect to see this trend slow down somewhat for these countries.

[Khosla Raises Bet on Clean Technology With \\$1.05 Billion Investment Fund](#)

Vinod Khosla, the billionaire venture capital investor, is increasing his bet on clean technology.

Khosla Ventures, the venture capital company he formed in 2004, will steer as much as 65 percent of its new \$1.05 billion fund to support businesses developing renewable sources of power, energy-efficiency technology and LED lighting products, Khosla said.

[House Panel Examines Details of Solyndra Deal](#)

WASHINGTON — The Energy Department may have made a decision without precedent when it allowed Solyndra, the now bankrupt solar technology company, to restructure its loans so private investors — not the government — would have first call on its assets in case of liquidation, two Treasury Department officials acknowledged Friday before a House subcommittee.

[Another White House Description of Solyndra](#)

Among the insights to be drawn from the unfolding Solyndra scandal is that the flavor and texture of political scandal has changed in the digital age. The leaked Pentagon Papers consisted of mostly dry academic prose. The written reports submitted in the Red Scare investigations of the 1950s varied in tone from sinister to bombastic.

But most of the recent disclosures about government missteps in handling federal loan guarantees about Solyndra, the solar equipment manufacturer that declared bankruptcy six weeks ago, have been e-mails, private and conversational in tone.

[Solar plant may tower over desert](#)

A new solar energy project proposed near Blythe would place hundreds of thousands of reflective mirrors on a desert mesa along with three mammoth towers that would stand more than twice as high as the region's tallest building.

[Unlike Solyndra, other California solar projects appear on track](#)

Reporting from Sacramento— As Republican lawmakers pound the Obama administration for pouring a half-billion dollars into now-bankrupt solar panel maker Solyndra, a much bigger federal government bet on green energy looks to be quietly paying off for California.

Six large solar power plants to help the state meet its ambitious clean electricity goals are proceeding on schedule, according to their developers. Like Solyndra, these projects carry federal loan guarantees — \$7 billion worth in total — which are considered key to attracting private investment in alternative energy.

[GE Solar Panels With 14% Efficiency Rate May Surpass First Solar](#)

General Electric Co., the world's biggest maker of power-generating equipment, said it will produce thin-film solar panels that convert at least 14 percent of the energy in sunlight into electricity and may surpass products offered by First Solar Inc.

[International Power Rejects U.K. Sea Wind on Need for Subsidies](#)

International Power Plc (IPR) said the engineering challenges of building offshore windfarms in the U.K. and their overdependence on subsidies make them unattractive compared with other types of generation.

[Monsanto Sorghum Seeds to Yield Brazil Ethanol During Cane Break](#)

Monsanto Co., the world's largest seed company, will sell enough sweet sorghum for 20,000 hectares (49,400 acres) of plantations in Brazil this year as sugar cane mills

struggle to meet demand for ethanol and are seeking an alternative source of the renewable fuel.

The plantations may generate enough sorghum to produce 80 million liters (21.1 million gallons) of ethanol, said Jose Carramate, St. Louis-based Monsanto's sugar cane leader.

[Electricity plants to close if floods threaten](#)

Three power plants of the Electricity Generating Authority of Thailand are at risk of being hit by flooding.

[Texans Face Billions in Water Works Bills as Drought Saps Perry's Economy](#)

Allan Ritter pushed a bill to make 25 million Texans pay an extra \$3.25 a year to help provide water for decades. Then, with a record drought devastating farms and ranches, the state representative's party leaders waded in.

"We couldn't get the votes," said the Republican from Nederland who heads the Natural Resources Committee in the House of Representatives. Lawmakers who run the chamber sought to oblige Governor Rick Perry's pledge not to boost taxes instead.

[Recent weather proves climate crisis, Gore says at Wayne State](#)

Reacting to a cool-off in concern over global warming, former Vice President and Nobel Peace Prize winner Al Gore was unbowed and unrepentant in blaming recent storms, droughts and wildfires on climate change.

Gore, speaking Thursday in Detroit, reeled off statistics about huge downpours in Pakistan and Colombia, wildfires in Australia and drought in Texas the past year that he said are clear evidence of the looming climate crisis.

[The Arctic Sea may be free of ice in ten years](#)

The melting of the Arctic sea ice is progressing much faster and more dramatically than earlier estimated, according to new research by the Norwegian Polar Institute (NPI).

This means that the Arctic Sea could be free of ice in the summer in ten years time, rather than the 50 to 100 years estimated earlier.



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