



Drumbeat: October 24, 2011

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[Studying the Energy Trap](#)

How do Americans cope with high gas prices? What are the keys to driving costs down? The Energy Trap did scores of interviews, scrutinized historical spending data, and surveyed 2,000 households. The stories on this site share what we've learned.

[John E. Sununu: Natural gas isn't PC, but it's the future](#)

Despite a tough national environment, investors still see an opportunity for long-term returns in natural gas, banks are willing to commit capital, and the industry is hiring. The combined firm will employ over 12,000 people. Plus, this isn't a case of bankers doing a deal just for the sake of ginning up fees. The gas pipeline business is capital-intensive, and it's growing: The industry estimates that over \$150 billion in new construction will be needed during the next 20 years.

That projection tells us something about the underlying resource as well. While many analysts, political pundits, and doomsayers continue to talk about "peak oil" and the end of fossil fuels, technology has passed them by. Hydraulic fracturing has been around for 50 years, but when combined with the latest technology for underground modeling and mapping, it has unlocked vast new domestic gas formations. Over just the past two years, the government's Energy Information Administration has doubled its estimates of recoverable shale gas in America.

[Shale Gas Could Be the Answer to Our Energy Woes](#)

Given the importance of North Sea oil to our country, imagine how absurd it would have been if politicians had refused to exploit this discovery. Any reluctance to drill on the sea bed would have been an epic act of folly.

Yet just this kind of grotesque scenario might be happening today.

For it appears that a vast new source of energy may have been found in the north of England with the same potential to enrich us as North Sea oil possessed 40 years ago.

[Technology gains are energy efficiency's future](#)

Post: Between technological breakthroughs with shale gas and tight oil, does that reset where the U.S. is in terms of its energy independence?

Yergin: In 2007, the expectation was that the U.S. would be importing very large amounts of liquefied natural gas, and you know, we would've been spending upwards of \$100 billion a year on those imports. So that's a complete turnaround, that people are talking about moving to exporting gas. Inconceivable half a decade ago. It's more recent on the oil side, but it does change the picture, and what's striking to me is if you take tight oil in the U.S., you take Canadian oil sands, and you take the offshore pre-salt in Brazil, you suddenly have this kind of resurgence of Western Hemisphere oil production.

[India's GAIL eyes more shale gas assets in US](#)

NEW DELHI (Reuters) - State-run gas utility GAIL India plans to buy stakes in more shale gas assets in the United States, its chairman B.C. Tripathi said on Monday as the company reported results.

"We are looking for more assets there. We can't fix a timeline but we hope something will come out in six month," Tripathi told reporters at a press conference.

[Iraq's Shahrstani says sees no need for OPEC cut](#)

(Reuters) - Iraq's deputy prime minister for energy, Hussain al-Shahrstani, said on Monday current oil prices are acceptable for both consumers and producers and that he saw no need for OPEC to cut production at its next meeting.

[Uganda Ruling Party Lawmakers Vote to OK Tullow Oil Deal](#)

Ugandan lawmakers from the ruling National Resistance Movement party Saturday voted to rescind a resolution that blocked the government from approving U.K.-based Tullow Oil's \$2.9 billion sale of some of its interests in the country to France's Total and China's Cnooc, officials said Monday.

[Electricity prices could stunt South Africa growth: Coface](#)

High electricity pricing could stunt South African economic growth and impact on its competitiveness, credit insurance group Coface said on Monday.

Asking whether SA is doing enough to mitigate the impact of the current power shortage, Coface suggested that alternative energy sources needed to be made a priority to meet demand.

[Cyber attacks against Energy Department disclosed](#)

(Reuters) - The U.S. Department of Energy has been hit by recent successful cyber attacks and needs to do more to protect its computer systems, the department's internal watchdog said in a report on Monday.

The report by the department's inspector general did not disclose who launched the cyber attacks or the consequences at four affected locations.

[Prince's death sets challenge to ageing Saudi royals](#)

(Reuters) - The death of Saudi Arabia's Crown Prince Sultan sets the stage for an eventual generational shift in the ageing leadership of the world's top oil exporter, even if King Abdullah picks 77-year-old Prince Nayef to succeed him.

At stake is the direction of a U.S. ally attempting to reconcile its conservative traditions with the needs of a modern economy and a young, increasingly outward-looking population.

[U.N. report seen worsening fear over Iran nuclear plans](#)

(Reuters) - The U.N. nuclear watchdog is expected to publish intelligence soon pointing to military dimensions to Iran's nuclear activities but stopping short of saying explicitly that Tehran is trying to build atom bombs, Western diplomats say.

[Locals to big oil: We want our town back!](#)

WATFORD CITY, N.D. (CNMoney) -- For those who have spent their entire lives in the previously quiet farm towns that dot the northwestern corner of North Dakota, the discovery of oil in the Bakken formation has been anything but fortuitous.

The thousands of people from around the country flocking to these boomtowns has led to a housing shortage and an increase in traffic, crime and frustration among the locals who feel like their small, close-knit towns are now gone forever.

[Canada pushes back in EU oilsands trade spat](#)

Canada's natural resources minister is criticizing the European Union over its plan to discriminate against Canadian oil derived from Alberta's oilsands.

[Chris Martenson: Oil and the economy](#)

By itself, the concept of having to get by on just a little bit less oil each year seems to be manageable enough. Some think that a steadily, or even sharply, rising price will merely reduce demand and promote exploration and that everything will more or less normally work itself out through well understood market mechanisms. Perhaps it will, but I think the odds are stacked against a smooth transition to a future of less net energy.

The critical fact is this: Because all money is loaned into existence, our economy requires perpetual growth to function. The purpose of this article is not to opine on whether this is a good or a bad system, but merely to describe it and the risks it carries by virtue of its design.

[Drilling Down on the Family Farm](#)

The working dairy farms that used to surround us had failed, most of them choked to death by a complex system that held the price of milk in check while energy prices, which drove up the cost of everything on those farms, spiraled upward. Those who could leave did, selling off their land, often in small chunks to people from New York or New Jersey who imported with them a fantasy of country living. Little by little, the country I had known, that whole way of life, was vanishing. It was, as one of my neighbors put it, “the end of country.”

And now, the drillers were coming.

[Crude Oil Advances a Second Day on Japanese Exports, European Debt Meeting](#)

Oil gained for a second day in New York as European leaders made progress with their debt rescue fund, while economic data from Asia signaled that growth is holding up in the region’s two biggest crude consumers.

Futures climbed as much as 1.4 percent after reports showed Japanese exports rose more than forecast last month and Chinese manufacturing may expand at the fastest pace in five months in October. Europe may agree on a blueprint to rein in the debt crisis at an Oct. 26 summit after leaders yesterday said they’ll aid banks.

[Cost of gas up almost 5 cents in past 2 weeks](#)

CAMARILLO, Calif. — A survey says the average U.S. price of a gallon of gasoline has risen nearly five cents over the past two weeks.

The Lundberg Survey of fuel prices released Sunday puts the price of a gallon of regular at \$3.47.

[Hedge Funds Bullish Raw-Material Bets Jump Most in Two Months: Commodities](#)

Hedge funds increased bullish bets on commodities by the most since August on mounting optimism the global economy will avoid another recession, boosting prospects for raw-materials demand.

Money managers raised combined net-long positions across 18 U.S. futures and options by 12 percent to 737,647 contracts in the week ended Oct. 18, Commodity Futures Trading Commission data show. Wagers increased most in energy and agriculture, led by heating oil, gasoline, coffee and soybeans.

[Billionaire Sprott Funds Buy Energy With Commodities Near Recession Values](#)

Chemical, metal and agricultural companies around the world have fallen to valuations whose only precedent came in the last recession.

Commodity producers in the MSCI All-Country World Index lost 21 percent since the second quarter and trade for 10.6 times reported income, cheaper than 96 percent of days since 1995, according to data compiled by Bloomberg. In Canada, where stocks get more value from producers of fuels and minerals than any other major developed market, losses in energy shares are exceeding oil prices for the first time in 17 years.

[Saudi Arabia won't tap reserves, mulls project bonds](#)

Saudi Arabia will not need to tap into its reserves this year to finance additional budget spending but it is considering whether to issue Islamic or conventional bonds to help fund specific projects, the country's Finance Minister Ibrahim Alassaf told Reuters.

Responding to a wave of social unrest across the region, the world's top oil exporter pledged early this year to spend an estimated \$130 billion, or nearly 30 percent of its economic output, on housing and other social measures for its citizens over an unspecified period.

[Kuwait Pumped 2.9 Million Barrels a Day of Oil in September](#)

Kuwait, the fifth-largest producer in OPEC, pumped 2.9 million barrels a day of crude in September and sees current prices as reasonable for exporters and importers, Oil Minister Mohammad al-Busairy said.

[A conversation about energy with Daniel Yergin, Pulitzer-winning author and economist](#)

You're not a believer in peak oil. Why?

This is the fifth time the world has run out of oil. Whenever markets are tight and prices are high, you get this fear that the end is near. There's a picture in "The Quest" of Woodrow Wilson walking to church and he said I'll have to walk to church because we'll

have gasoline-less Sundays in the United States, because we didn't have enough oil. In the 1970s, it was thought that we were going to run out of oil and, of course, it turned out that there is a lot of oil. The theory today is that we're about halfway through the global endowment. Our view is that we're probably more like 20 percent, based on what we know today.

[Our 5 Biggest Long-Term Challenges](#)

Jeremy Grantham, founder of fund managers GMO, has been examining the real limits to our economic development. How will the world look a generation from now, or ten generations from now?

[N.Sea Grane field back to full output -Statoil](#)

(Reuters) - Statoil's Grane oil and gas field in the North Sea is back to full production of some 150,000 barrels per day after technical problems reduced output to a fifth of its normal level for several weeks, the Norwegian firm said on Monday.

[Russia, South Korea to discuss gas supplies via North Korea](#)

A Russian delegation has left for Seoul for a meeting of the intergovernmental commission on gas supplies to South Korea and construction of a pipeline via North Korea, a source in the Russian Energy Ministry said on Monday.

[Russia-EU talks on 3rd energy package deadlocked - Shmatko](#)

Talks between Russia and the European Union on the EU Third Energy Package, which requires the separation of energy production, transportation and sales, are deadlocked, Energy Minister Sergei Shmatko said on Monday.

The Third Energy Package particularly affects Russian gas export monopoly Gazprom, which produces and sells gas and owns transportation facilities.

[Price China pays for Russian gas should be similar to European price](#)

MOSCOW (RIA Novosti) – The price China pays for Russian gas should be tied to the European gas price formula, Deputy Energy Minister Anatoly Yanovsky said on Monday, following talks between Moscow and Beijing on a long-awaited 30-year gas deal.

Although Russia and China have agreed on the formula, the biggest stumbling block to a deal between the world's largest gas producer and the fastest growing energy market concern the specific ratios, Yanovsky told reporters.

[PetroChina Dalian LNG terminal to start mid-Nov-source](#)

(Reuters) - China's fifth liquefied natural gas (LNG) import terminal, in the northeast city of Dalian and operated by PetroChina, will start receiving its first LNG shipment around mid-November, an industry official said on Monday.

The start-up comes about four months later than previously scheduled.

[Boom: Welcome to shale gas revolution](#)

While the Obama administration has been busy lining the pockets of its campaign contributors with solar-power handouts, an energy revolution is taking place that even the Washington Luddites and federal Gosplanners can't buck. American technology, borrowing offshore deep-water drilling techniques, has started exploiting huge deposits of natural gas buried deep in the Earth below shale rock across the country. It would be hard to exaggerate the meaning of this "new" fuel for the American economy and the world - what with three-quarters of the known new resources outside North America.

[Revenue-strapped states pull back on hybrid auto tax breaks](#)

As New Jersey and other states look to get out of financial crunches, exemptions and credits aimed at putting car buyers in hybrids and high-mileage automobiles are becoming harder to find.

[Nissan Targets Sales of 1.5 Million Zero-Emission Cars by FY2016](#)

Nissan Motor Co., the world's largest maker of battery-powered cars, expects to sell 1.5 million zero-emission models with partner Renault SA (RNO) in five years, betting consumers will accept cars that need charging.

[Japan urges Tokyo Electric to cut 33 billion dollars in costs](#)

Tokyo - Japan's industry minister told Tokyo Electric Power Co (TEPCO) Monday to cut at least 2.5 trillion yen (33 billion dollars) in costs over 10 years before it can receive financial aid for compensation payments over the nuclear disaster.

[Russian Grid Boosts Spending to Promote Smart Grids, Chair Says](#)

Federal Grid Co., Russia's state monopoly for high-voltage power transmission, will spend \$116 million this year on research and development, according to Chairman Ernesto Ferlenghi.

The company is boosting spending to explore environmental developments including smart meters and grids, he said in an interview in London today. In 2008 the transmission operator spent \$3 million on research and development, he said.

[Mitsui to Double Power Capacity in Five Years, Expand Renewables](#)

Mitsui & Co., Japan's second-largest trading firm, plans to more than double its power-generating capacity within five years to profit from a global shift to spot electricity sales rather than long-term contracts.

[Mirrors in the desert reflect future energy](#)

PARIS // The first tribes to live in what is now San Bernardino in California called it "The Valley of the Cupped Hand of God".

Today its desert is home to the construction site of what developers hope will be the world's biggest solar power plant - a field of more than 165,000 mirrors to concentrate the sun's energy. The mirrors will reflect sunlight on to three towers containing a liquid that, when heated, makes the steam to drive electricity turbines.

[Siemens Poised to Enter Geothermal Industry With Steam Turbine](#)

Siemens AG (SIE), Europe's largest engineering company, already makes wind turbines and solar energy equipment. Now it's getting into the geothermal energy business.

[Environmental Features in Science Campus Plans](#)

If Cornell University were to win the city's competition to build a new science graduate school, it would install on Roosevelt Island almost four acres of solar panels, 500 geothermal wells, and buildings with the rare distinction of generating as much power as they use.

Stanford University's proposal for the island calls for minimizing energy use, creating a marsh to filter water, and recycling water from storm runoff and sinks, and possibly from toilets as well.

[Repower to Supply 12 Turbines for Alaska's Biggest Wind Farm](#)

Repower Systems SE, a German unit of the India turbine maker Suzlon Energy Ltd., won an order to supply what will become Alaska's largest wind farm.

[Cuts Threaten to Close Center for Crop Safety in South Texas](#)

An agricultural research center that ensures the safety of crops imported from Mexico is in danger of being shut down because of budget cuts.

[2 Fisheries Collapsed Unnoticed, Study Says](#)

Two popular Southern California fisheries have collapsed right under the noses of management agencies that had inadequate data, a new study suggests.

[Empty Fields Fill Urban Basins and Farmers' Pockets](#)

With water increasingly scarce in the West, some other communities are allowing farmers to sell their allotment of it for whatever price they can find, in some cases thousands of dollars for the amount it takes to grow an acre of a crop. But this comes with a hitch. Working farms provide jobs and income to their many suppliers. There are 450 farmers in the Imperial Valley, but half the jobs held by the 174,000 residents are tied to agriculture.

When land is idled, the communities around the farms can wither. Residents here point to the neighboring Palo Verde Valley, where farmers can sell more than a quarter of their water supply at much higher prices in a process they control. As a result, nearly a third of the agricultural land was not farmed this year; over time, businesses and workers have suffered.

[Americans Don't Care About Climate Change—And That's OK](#)

While there's no excuse for people to deny the dangers of climate change, it's important to keep in mind that public opinion on the subject matters less and less. The deniers may be winning the battle for Americans' hearts and minds, but they've lost the true war: The market is tipping in favor of renewable energy, leaving them behind.

The price of fossil fuel energy has been rising for the last decade, and every year those fuels get even more expensive to extract. Meanwhile, the price of solar power has fallen steadily since the 1970s, and manufacturing capacity for solar panels has quadrupled in the last three years alone. The inexorable result is that electricity generated from solar plants will soon become as cheap as electricity generated by gas and coal power plants, a moment known as "grid parity."

[Why current population growth is costing us the Earth](#)

Our population is rising while our ability to sustain life on Earth is shrinking – we must change before nature does it for us.

[7 Billion People: A Growing Number of Assets or Liabilities?](#)

Agricultural, energy, or water issues aside, the problem with contemporary analyses on overpopulation is that such analyses are usually based in the contemporary mindset of functional needs, way of life, housing, reproduction, technology, and energy usage. Contrary to popular belief, humans do not need cars, cell phones, televisions, indoor plumbing, electricity, and computers to survive.

[Paul Ehrlich, a prophet of global population doom who is gloomier than ever](#)

The population of Earth has doubled since Paul Ehrlich first warned the world that there were too many humans. Three and a half billion people later, he is more pessimistic than ever, estimating there is only a 10% chance of avoiding a collapse of global civilisation.



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