



Drumbeat: November 12, 2011

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[A New Era of Gunboat Diplomacy](#)

It may seem strange in an era of cyberwarfare and drone attacks, but the newest front in the rivalry between the United States and China is a tropical sea, where the drive to tap rich offshore oil and gas reserves has set off a conflict akin to the gunboat diplomacy of the 19th century.

The Obama administration first waded into the treacherous waters of the South China Sea last year when Secretary of State Hillary Rodham Clinton declared, at a tense meeting of Asian countries in Hanoi, that the United States would join Vietnam, the Philippines and other countries in resisting Beijing's efforts to dominate the sea. China, predictably, was enraged by what it viewed as American meddling.

For all its echoes of the 1800s, not to mention the cold war, the showdown in the South China Sea augurs a new type of maritime conflict — one that is playing out from the Mediterranean Sea to the Arctic Ocean, where fuel-hungry economic powers, newly accessible undersea energy riches and even changes in the earth's climate are conspiring to create a 21st-century contest for the seas.

[Officials report diesel supplies short in Nebraska](#)

(AP) LINCOLN, Neb. — Gasoline and diesel shortages at fuel terminals in the Upper Midwest have forced fuel truck drivers to sit in line for hours, waiting for fuel to arrive via pipeline.

Other truck drivers have seen diesel prices rise, nearing \$4 a gallon in Nebraska and passing that in the Dakotas.

"I've never seen anything like it in my life," Dick Salem, president of Lincoln Trucking Lightning, told the Lincoln Journal Star (<http://bit.ly/vaLoDK>). "We went through three big-time shortages in the '70s, and it was never like this."

[Diesel Shortage Continues](#)

Truckers in western Canada are having to really plan ahead to figure out where to fill up with diesel, because of the shortage.

An owner/operator in the trucking industry says Canada is in need of a new, more modern refinery.

[Saudi Aramco Said to Supply Europe Full Volumes of December Oil](#)

Saudi Arabian Oil Co., the world's largest crude exporter, will supply full volumes in December to customers in Europe, unchanged from this month, according to two refinery officials with knowledge of the matter.

[Aramco offers extra supplies to Indian refinery](#)

SINGAPORE: Saudi Aramco has offered an extra 20,000 barrels per day (bpd) of oil to Indian refiner MRPL for 2012, sources close to the talks said, nearly doubling supply just a month before an OPEC meeting that is expected to try to keep output quotas flat.

[Malaysia: Long-term supply solution needed](#)

"We must have some concrete plans to secure our future energy supply," says an industry observer. "This is not about TNB or Petronas but the country as a whole."

[Power shortages on the way](#)

SHANGHAI / BEIJING - The coming winter months may see nationwide power shortages, as the soaring cost of coal hits stockpiles, industry sources said.

China's top five thermal power generators are expected to post losses of as much as 35 billion yuan (\$5.5 billion) in their thermal generation businesses this year, according to Chinese media reports on Thursday.

[Alaska Governor: Send our gas to Asia](#)

The governor of Alaska is saying publicly what we've known for some time -- that his state's bonanza of natural gas is best shipped to Asia. Gov. Sean Parnell is asking oil companies that control Alaska's gas equivalent of 6 billion barrels of oil -- BP, Shell ExxonMobil and ConocoPhillips -- to explore the details of shipping the largesse across the Pacific. Yet the companies continue to be slow off the mark, and may still have their eye stubbornly on the hopelessly glutted Lower 48 U.S. states, according to Rebecca Penty of the *Calgary Herald*.

[Daniel Yergin - Energy Efficiency: The New "First Fuel"](#)

The long-awaited first flight by the Dreamliner -- Boeing's new 787 -- demonstrated not only the most advanced jet liner in the sky. It also carried aloft a powerful idea -- the critical role of energy efficiency in carrying us to a better energy future.

[Mexico reopens one Gulf port after bad weather](#)

(Reuters) - Mexico reopened one of its three major oil-exporting ports in the Gulf of Mexico on Saturday as bad weather eased.

[Yemen Shells Protesters; 16 Killed, 50 Injured](#)

Yemeni forces killed 16 people and injured more than 50 when they shelled the southern city of Taiz to suppress anti-government demonstrators at Friday prayers, a protest activist said.

A nine-year-old child was among the dead, Taha Sharabi, who's also a doctor at the al-Rawdah hospital, said today in a telephone interview. The shelling also killed four women and prompted a general strike in the city today, according to Ahmed al-Wafi, another protester.

[Nigeria: 'Ghost worker' baby earned \\$150 a month](#)

LAGOS, Nigeria — A newborn baby in Nigeria got added to a government payroll, earning about \$150 a month for the last two or three years, a discovery indicative of the widespread corruption starving the oil-rich West African nation of much needed funds, authorities said.

The baby was one of many so-called "ghost workers" found to be getting salaries without performing a job, said Garba Gajam, the attorney general of Zamfara state located in Nigeria's arid and impoverished northwest.

[Iraq: Agreement Made With Kurds on Oil Contracts](#)

Iraq, home to the world's fourth- largest oil reserves, has reached a tentative agreement on crude exploration and revenue with the semi-autonomous Kurdish region, according to an adviser to Prime Minister Nouri Kamil al-Maliki.

[As Oil Declines, Can We Fill Our Lives with Creative Energy Instead?](#)

We have a problem — and the fixes cited by technological optimists don't offer complete solutions. Simply finding a lot more oil is not an option. Global oil discoveries peaked in the middle 1960s. If this trend could be reversed by using technological advancements, there's little doubt it would have been by now. The globe has been pretty thoroughly

explored by petroleum geologists, and new finds typically don't compare well in size to earlier ones.

[Nuclear: why Britain is right and Germany wrong](#)

For decades Britain seemed to have cornered the market in bad energy policy, but these days it has some stiff competition from Germany. Which is ironic, really. Germany has long been widely admired for setting world-leading growth in wind and solar, while Britain trailed near the bottom of the European league. But now Germany's decision to ditch nuclear by 2022 will set back efforts to decarbonize its electricity supply by ten crucial years, and Britain's support for nuclear renewal looks far more sensible. Yet Britain and Europe may end up paying for the German U-turn.

[Pakistan plans purchase of two nuclear plants from China: Report](#)

ISLAMABAD: Pakistan plans to purchase two atomic power plants with a combined capacity of 2,000 MW from China despite concerns expressed by the West over nuclear cooperation between the two countries.

[Analyst: bills rising due to overpriced renewables](#)

SAN FRANCISCO—Dozens of renewable energy plants being built to meet California's tough global warming laws, including a major Spanish-owned solar plant in the Mojave Desert, are so overpriced they will increase consumers' energy bills for decades, according to the independent watchdog arm of the state's utility regulator.

[How far can solar go? A less-optimistic take.](#)

Earlier this week, I wrote about how solar power is steadily getting cheaper, but there are still plenty of questions about just how cheap it can get — and whether it can ever get cheap enough to become a major energy source in the future. The International Energy Agency, for one, projects that solar could provide more than half of the world's energy needs by 2060, but that assumes a *huge* drop in costs, to around 50 cents per watt installed. So is solar on that path? Here are a few reasons to be skeptical.

[Driving the one-and-only electric Rolls-Royce](#)

The Rolls-Royce 102EX is a fully electric plug-in version of the Rolls-Royce Phantom. The only one like it in the world, it was built to gauge customer response to the very idea of an electric ultra-luxury sedan.

[Chinese Study Says Dam Didn't Affect Climate Change](#)

BEIJING — A scientific study has found that the Three Gorges Dam, the world's largest hydropower project, has not contributed to climate change, according to a report by Xinhua, the Chinese state news agency.

[Greece turns to Iranian oil as default fears deter trade](#)

(Reuters) - Greece is relying on Iran for most of its oil as traders pull the plug on supplies and banks refuse to provide financing for fear that Athens will default on its debt.

Traders said Greece has turned to Iran as the supplier of last resort despite rising pressure from Washington and Brussels to stifle trade as part of a campaign against Tehran's nuclear program.

The near paralysis of oil dealings with Greece, which has four refineries, shows how trade in Europe could stall due to a breakdown in trust caused by the euro zone debt crisis, which is threatening to spread to further countries.

[Oil price flirts with \\$100 per barrel](#)

NEW YORK – The price of oil is flirting with \$100 per barrel for the first time since the summer, as fears fade that Europe's debt crisis will spread and trigger another recession.

[Oil rigs hit record, US count down 10](#)

The number of rigs drilling in the US fell by 10 this week as gas rigs continued a decline and oil rigs hit a record high, according to Houston-based oilfield services company Baker Hughes.

[Iran calls for OPEC cuts](#)

TEHRAN/LONDON: OPEC president Iran threw down the gauntlet to the Gulf Arab oil producers yesterday, asking them to reduce output back to pre-Libya crisis volumes, making agreement on output policy at OPEC's December meeting more difficult. The Organization of the Petroleum Exporting Countries, source of more than a third of the world's oil, meets on Dec 14 in Vienna, six months after its last gathering collapsed in acrimony and without a deal.

[Will the “economic price” limit oil production?](#)

In a widely-circulated article in September 2011, Chris Skrebowski, who runs a peak oil consulting firm and was editor of the [Petroleum Review](#) for eleven years until 2008, argued that there are two forms of oil peak. One is, or will be, caused directly by

depletion – the oil is no longer in the ground in sufficient quantities for producers to be able to maintain production. The other is the economic oil peak, which he says is the “price at which oil becomes unaffordable to consume and therefore to produce.” He says that oil becomes unaffordable when the “cost of the supply exceeds the price economies can pay without destroying growth at a given point in time.” In other words, the unaffordable limit is passed when extra cost of the oil after a price increase captures all, or more, of the increase in income that the growth process seemed likely to deliver.

[Americans are increasing energy use, report shows](#)

A report released early this week by the Lawrence Livermore National Laboratory for the U.S. Department of Energy shows American energy consumption went up in 2010, as opposed to 2009, when energy consumption decreased.

[Sobering Outlook from the IEA](#)

Not all the important news is centered on Greece and Italy. The International Energy Agency, or IEA, this week released its World Energy Outlook. The IEA is not some wild-eyed “peak oil/global warming” fringe group. They are about as mainstream and staid a group as you are going to find.

[China refinery to help market Kuwaiti oil](#)

GUANGZHOU, China: The Chinese-Kuwaiti oil refinery project in this Asian nation will secure rapid refining and marketing of the Gulf nation's crude oil, said Kuwait's Consul General to Guangzhou, Abdulwahab Al-Saqer yesterday.

[Hubbert's third prophecy](#)

In light of recent events such as the Arab Spring and Occupy Wall Street I thought it would be pertinent to review Hubbert's Third Prophecy about the cultural crisis he expected. He wrote about it in the article entitled “Exponential Growth as a Transient Phenomenon in Human History”. In case you are not familiar with Hubbert's first two prophecies, he predicted both the US and world oil peak very accurately.

[Siberian Court Rejects \\$16B Claims Against BP](#)

A Russian court Friday rejected two multi-billion dollar claims against BP PLC brought by minority shareholders in the U.K. oil major's Russian joint venture TNK-BP Holding.

[Petrobras Profit Slides 26% on Currency, Higher Fuel Costs](#)

Petroleo Brasileiro SA (PETR4), Brazil's state-controlled oil producer, said third-quarter

profit fell 26 percent as government price controls prevented it from capitalizing on surging crude prices and fuel costs climbed.

[Syria Suspended From Arab League for State's Violence Against Protesters](#)

Syria's participation in the Arab League has been suspended for failing to halt violence against demonstrators as the regional bloc invites opposition leaders for talks next week over the future of the country.

The Arab League voted to suspend Syria's participation in meetings with effect from Nov. 16 until it withdraws tanks from its cities, releases detained protesters and starts supervised talks with the opposition, the league said in a statement handed to reporters today in Cairo.

[Syria uprising: Key events](#)

Syria is turning increasingly violent as the crackdown on protests continues and an armed opposition emerges.

[Canadian Gas Exports Threaten Energy Security](#)

Natural gas has been hyped of late as a way to reduce carbon emissions and reliance on oil and coal in business-as-usual growth scenarios. Much of this speculation rests on new technology to produce gas from previously inaccessible shale reservoirs.

Governing politicians in British Columbia have been particularly receptive to the perceived gold mine that could result from developing shale gas in northeast British Columbia and constructing the Pacific Trail Pipeline so that gas may be exported to Asia via a new terminal in Kitimat. Does this make sense considering the longer term interests of Canadians?

[Gas Drillers Invade Hunters' Pennsylvania Paradise](#)

STATE GAME LAND 59, Pa. — For those who have ever stalked deer, turkey and bear here in "God's Country" in north central Pennsylvania, this hunting season is like no other.

For one thing, it is louder. The soundtrack of birds chirping, thorns scraping against a hunter's brush pants and twigs crunching underfoot is now accompanied by the dull roar of compressor stations and the chugging of big trucks up these hills.

[Findings Downplay Fracking as Cause of Water Contamination](#)

Preliminary findings from a study on the use of hydraulic fracturing in shale gas development suggest no direct link to reports of groundwater contamination, the project leader at The University of Texas at Austin's Energy Institute said Wednesday.

[Fracking Firm Admits It Caused Earthquakes](#)

Given that the geological structures found beneath the ground are the result of dynamic processes and not of intentional design, they are not always as stable as they could possibly be. In some cases, the disturbance caused by the injection of high pressure water jets designed to fracture rock could cause them to collapse. This is apparently what happened at a fracking site near Blackpool, in England. This is not simply the pet theory of some fringe environmental group trying to pin the blame for a natural phenomenon on a company performing operations that they vigorously object to. In fact, it was the fracking company itself, Cuadrilla Resources, who announced after an investigation that, "It is highly probable that the hydraulic fracturing of Cuadrilla's Preese Hall-1 well did trigger a number of minor seismic events."

[Traders bet Keystone alternative will end US oil glut](#)

NEW YORK (Reuters) - Within hours of news that a proposed Canada to Texas pipeline won't be built any time soon, oil traders were already betting on alternative ways to ship a glut of crude from the U.S. Midwest to the Gulf Coast.

[Obama, jobs, and the Keystone XL pipeline](#)

There are two possible explanations for the delay — politics or incompetence in the original review. "This is all about politics and keeping a radical constituency, opposed to any and all oil and gas development, in the president's camp in 2012," said Jack N. Gerard, head of the American Petroleum Institute. Kerri-Ann Jones, the State Department official overseeing the review, denied that. "This is not a political decision," she said. Although President Obama had conspicuously announced that he could overrule State, she said "there was no effort to influence our decision."

[Pipeline from Canada Trickles Down to Georgia](#)

Choosing between energy independence and energy security is like choosing between cherry pie and pie-in-the-sky: Only one is real. A 1,700-mile planned oil pipeline from Canada to Texas could bring security to this nation's oil supply, but environmental activists and (more recently) "Occupy" types pushing for pie-in-the-sky independence from fossil fuel energy are doing everything they can to deny Americans energy security.

[IAEA reports unusual radiation in Europe](#)

VIENNA — Very low levels of radiation, which are higher than normal but don't seem to pose a health hazard, are being registered in the Czech Republic and elsewhere in Europe, the International Atomic Energy Agency said Friday.

The agency said the cause was not known but was not the result of Japan's Fukushima Daiichi nuclear disaster, which spread radiation across the globe in March.

[Virginia: Shaken Reactors Cleared](#)

The twin North Anna nuclear reactors, located about 10 miles from the epicenter of the Aug. 23 earthquake, are safe to restart, the Nuclear Regulatory Commission said on Friday.

[Report Gives New Details of Chaos at Stricken Plant](#)

Fukushima Daiichi Unit 1 was stuck in darkness, and everyone on site feared that the reactor core was damaged. It was the day after a huge earthquake and a towering tsunami devastated the plant, and the workers for Tokyo Electric Power Company knew they were the only hope for halting an unfolding nuclear disaster.

[Obama administration circulated plan to revamp Energy Department and replace Secretary Chu](#)

WASHINGTON — Top officials at the White House circulated a plan calling for the ouster of Energy Secretary Steven Chu and other top Energy Department officials as the administration braced for a political storm brewing over the failing solar energy company Solyndra.

[A Gold Rush of Subsidies in the Search for Clean Energy](#)

WASHINGTON — Halfway between Los Angeles and San Francisco, on a former cattle ranch and gypsum mine, NRG Energy is building an engineering marvel: a compound of nearly a million solar panels that will produce enough electricity to power about 100,000 homes.

The project is also a marvel in another, less obvious way: Taxpayers and ratepayers are providing subsidies worth almost as much as the entire \$1.6 billion cost of the project. Similar subsidy packages have been given to 15 other solar- and wind-power electric plants since 2009.

[Peak oil narratives](#)

In contrast with this kind of description, the narrative of the Oil Crash is much more gray. It is not black as it is sometimes said. The Oil Crash is not the end of humankind;

not, at least, if we don't want it to be such. The oil crash is not the narrative of an apocalypse; but it really is a narrative of humiliation. Because it consists in accepting that human beings have limits, that for once it is impossible to win.

[John Michael Greer: A gathering of the tribe](#)

That evening is Speakers' Dinner, and a bona fide fanboy moment for me. William Catton is there, of course, and I nervously approach him, say a little about how much *Overshoot* meant to me, and ask if he'd like a copy of my latest peak oil book, *The Wealth of Nature*. He graciously accepts, and then flummoxes me completely by offering me a copy of his new book *Bottleneck*. We talk for around a quarter of an hour. I do my best not to act like a 14-year-old *Twilight* fan who meets the actor that plays the sparkly vampire, but that's basically how I feel the whole time; few books influenced me as powerfully as *Overshoot*, and anyone familiar with Catton's ideas can find them easily enough right down at the foundations of most of mine.

[Who will sound the peak oil alarm?](#)

ASPO-USA was founded to sound the alarm on peak oil. But are they suited for the role of Paul Revere?

Don't expect to hear that the age of cheap oil might be coming to an end in President Obama's next State of the Union speech. Don't expect Energy Secretary Steven Chu to announce gas rationing to begin in January so America can gradually prepare for more expensive oil. And don't expect ExxonMobil, the American Petroleum Institute or OPEC to apologize for cooking their books all these years and admit that it turns out they really can't extract another 100, 50 or even 20 years of cheap oil. Sorry!

[A unique insight into one of the greatest problems ever to face mankind](#)

Peak Oil Personalities is a collection of biographical essays by some of those who have played - and continue to play - a crucial role in raising awareness about the impact of Peak Oil.

Compiled by *Colin Campbell*, a pioneering exponent of the Peak Oil concept and a founder of ASPO, it shows how the various contributors, many with direct experience in the oil industry, came to realise the importance of the issue for themselves and for society in general.

[Personnel Profile: Chris Paine](#)

It's always been strange to me that peak oil is such a hard idea for people to wrap their minds around.

If you go to WikiLeaks, there's even Saudi cables about overstating oil supplies by 40

percent. The oil companies will tell you that the sweet crude is no longer so sweet. There's a lot more carbon in it, it takes a lot more electricity to refine it than it used to. We might begin to refine gasoline out of coal sands, but it's all going to drive the price up. We don't have all the cheap oil we used to have. I think the car companies now are demonstrating that they're not just short-termers.

There's also pressure from the military saying peak oil is real. We'll need the oil for our navy and will not be providing it for your Escalade any longer. We shouldn't be blowing it on ground transportation. Buckminster Fuller used to say the real value of gasoline is \$1 million a gallon and we're going to deplete this amazing resource in such stupid ways.

[Australia: Government attacked for closing grain network](#)

The State Government has been labelled short-sighted for wanting to shift from rail haulage to trucks to move grain from the Wheatbelt to port.

The Government has indicated it will close the Western Australia's Tier 3 line which runs through the Wheatbelt and is used to transport grain to Perth.

The Australian Association for the Study of Peak Oil and Gas says a CSIRO study shows the price of oil is expected to rise to \$8 a litre by 2018, making road haulage a very expensive option.

[Smart Meters and Dumb Technocrats](#)

According to StopSmartMeters.org, the Californian electric power company PG&E has started quietly removing and replacing its wireless smart meters, just as the company reaches the final phase of its deployment of them in California. The State's largest Investor Owned Utility (with the very symbolic anagram IOU) has reversed course, supposedly because so many electricity consumers are reporting health impacts they did not have with the old trusty, cheap and low energy analog versions. So-called smart meters are heavily touted but their biggest, most-important role is to instantly enable huge rises in tariffs at "bad" times of the day, week, month or year when electricity supplies are limited and expensive. Consumers, of course, are expected to rapidly cut their electricity use at those times and with 'smart' meters cannot pretend they didn't know their tariffs were going to rise.

[Defense insiders: Sustainable communities are key to the future](#)

Environmental studies professor David Orr has set out to turn the aging rust belt town of Oberlin, Ohio, into a laboratory for sustainability. In the process, he has drawn interest from unlikely places: Experts from the military and in national security see the Oberlin Project as a compelling plan to focus on vulnerabilities in the nation's food, energy, and socioeconomic systems. They and others, including leaders of the New America Foundation, a nonpartisan Washington research group, see it as a model that communities across the country could follow.

[Imagining the post-industrial economy](#)

Thus we can begin to imagine the Post-industrial economy as a kind of hybrid - just as our industrial economy is a hybrid, but one with different emphases. It will not consist entirely of exchanges of eggs and vegetables, nor will it consist entirely of people whose whole economic activity exists in the realm of a single job for which they are trained and on which they are wholly dependent. Instead, it may involve a complex mix of formal economy work to meet formal economy obligations, subsistence labor to provide for things unaffordable in the new economy, domestic labor to reduce expenses and provide excess of some material for sale, barter with neighbors for a complex mix of needs as yet unmet, and perhaps forays into the areas of money work not legitimized by society as a whole in the criminal or under-the-table economy.

[The Climate Movement Temporarily Stops an Oil Sands Pipeline. Now They Need to Start Something](#)

Give Bill McKibben and the thousands of other protesters who put their safety and freedom on the line in protest after protest against the proposed Keystone XL oil sands pipeline: they won their battle.

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

There's been a huge boom in gas production from shale deposits in the Northeast, for instance (though a series of newspaper stories indicates that the drilling companies may be grossly overstating the size of their reserves). If Yergin is correct, it is all the more important that he tackle the implications for global warming. But he goes lightly on this. If we took declining supplies of conventional fossil fuel as a signal to make the rapid transition to renewable energy, we might be able to slow the onset of climate change. If, instead, we take them as a signal to seek out these unconventional supplies, then we may have very little chance.



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