



Drumbeat: November 21, 2011

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[Gregor Macdonald: The New Price Era of Oil and Gold](#)

There was a time when central bankers used to fight high oil prices with interest-rate hikes. But we are now in a different era with that equation, and central bankers are more likely to lament, as Ben Bernanke quipped in his spring 2011 press conference, that "the FED can't print oil." Yes, precisely. At the zero bound of interest rates and with debt saturation coursing through the private and public sector, the developed world faces not an inflationary restraint from oil prices, but rather an additional *deflationary* barrier. Welcome to the new oil cycle.

In the old oil cycle, new supply of petroleum was brought online to capture rising prices. In the new oil cycle, declines from existing fields neutralize this new supply, for a net global supply gain of zero. In the old oil cycle, recessions benefited large consumer countries like the United States as oil prices fell, giving a boost to the economy. In the new oil cycle, the price of oil falls only for a short time before resuming a higher swing. In the old oil cycle, the developed world set the oil price through swings in its demand. In the new oil cycle, the developing world, with its much lower sensitivity to high prices now sets the floor on oil. Most of all, the new oil cycle caps growth in the developed world. The new oil cycle kills the economies of the OECD nations.

[Saudi Arabia halts \\$100bn oil expansion programme](#)

Saudi Arabia has halted the \$100bn expansion of its oil production capacity after reaching a target of 12m barrels a day as the kingdom believes that new oil sources will meet raising demand.

Khalid al-Falih, chief executive of state-owned Saudi Aramco, said on Monday that pressure on Riyadh to raise its output capacity had "substantially reduced", the clearest indication yet that the world's top oil producer is not pushing ahead with an assumed expansion plan to 15m b/d by the end of 2020.

[Aramco CEO: No plan to raise capacity to 15 mln bpd](#)

RIYADH (Reuters) - Saudi Aramco has no plans currently to increase its oil production capacity to 15 million barrels per day (bpd), its chief executive said on Monday.

"Saudi Aramco has more spare capacity than the kingdom is obligated to or has

committed to ... so it wouldn't make sense," Khalid al-Falih told journalists in Riyadh when asked if the state-run energy company was considering expanding its upstream oil capacity from around 12 million bpd.

[Saudi sees threat of shale oil revolution](#)

(Reuters) - Saudi Arabia's state energy company said on Monday that its dominant role in world oil supply had been altered by large new reserves in North America, sapping the urgency to develop the kingdom's own reserves.

The speech by Saudi Aramco's chief executive was the first from the globe's top oil exporter to acknowledge that unconventional oil was set to shift the energy balance of power and cut U.S. dependence on Middle East crude.

[Analysis: Saudi Aramco acknowledges oil revolution from unconventional sources](#)

LONDON — In a landmark speech given in Riyadh on Monday, the head of Saudi Arabia's national oil company acknowledged that new technology has transformed the world energy outlook from scarcity to plenty.

Worries about peaking oil and gas supplies have been replaced by news of increasingly abundant resources, as conventional production pushes into new frontiers and hydraulic fracturing unlocks unconventional supplies from tight rock formations, according to Saudi Aramco's chief executive Khalid Al-Falih.

[Pemex could need shale help](#)

Mexico must decide whether state oil monopoly Pemex alone will develop the country's huge shale gas reserves before the resource can be fully exploited, a government regulator said.

[False energy crisis in Yemen?](#)

SANAA, Yemen (UPI) -- The Yemeni president is creating an energy crisis in the country to fend off international pressure to resign, an opposition leader said.

[Canada: Diesel prices could fuel inflation](#)

Higher diesel prices could lead to higher prices for everyone on everything, truckers are warning.

[UAE pipeline to flow first oil in December](#)

ABU DHABI: A crude oil pipeline in the United Arab Emirates that will bypass the Strait of Hormuz is nearly complete with first oil to flow next month, as talk of military action against Iran intensifies, four industry sources said yesterday. The Abu Dhabi Crude Oil Pipeline (ADCOP) project, a 480-km pipeline with a capacity of up to 2.5 million barrels per day (bpd) - would allow OPEC member UAE, one of the world's top five oil exporters, to avoid the risky sea route and boost exports from its Fujairah terminal on the Gulf of Oman.

[Stop buying Iran oil, allies urged](#)

France is calling on its allies to stop buying Iranian oil in order to pressure the regime to halt its nuclear activities.

The call came after the US, Canada and Britain announced they were imposing new economic sanctions on Iran in the wake of a UN nuclear agency report suggesting Iranian work towards the development of atomic weapons.

[Canada oil sector must keep cleaning up act: Prentice](#)

(Reuters) - The U.S.-imposed delay of TransCanada Corp's Keystone XL oil pipeline shows Canada's energy industry cannot relax efforts to improve its environmental record, a former top minister in Prime Minister Stephen Harper's government said on Monday.

The U.S. move has also helped build consensus that the oil industry must lessen its near-total export reliance on the U.S. market, said Jim Prentice, who left the Conservative government last year to become vice-chairman of Canadian Imperial Bank of Commerce.

[Egypt's Cabinet resigns amid protests, violence](#)

Cairo (CNN) -- Egypt's Cabinet resigned Monday night, the prime minister's office said, as thousands of people gathered again in Cairo to protest the military-led government.

The military leadership subsequently accepted the resignation, said Lt. Col. Amr Imam, a spokesman for the ruling Supreme Council for the Armed Forces. State TV was still reporting Monday night that the resignations had not yet been accepted.

[Saudi Arabia poised to become solar powerhouse](#)

NEW YORK (CNMoney) -- The United States may be known as the Saudi Arabia of coal thanks to its large deposits. But under an expected investment push, Saudi Arabia

could soon become the Saudi Arabia of solar power.

Early next year the oil rich kingdom is expected to announce a plan to get up to 10% of its electricity from the sun by 2020 -- a more aggressive national policy than what's in place in the United States.

[Saudi Aramco Says Renewable Energy Progress Is 'Faltering'](#)

Progress in implementing renewable energy globally is "faltering" as companies have been slow in starting projects and some companies may fail, Saudi Arabian Oil Co. Chief Executive Officer Khali Al Falih said.

[Some shelters dish out organic Thanksgiving to homeless](#)

"If I have a guest coming to my house for Thanksgiving, I'm not going to open a can of beans for them," explains Steve Badt, director of kitchen operations at Miriam's Kitchen in Washington D.C. "A homeless person who is my guest deserves no less."

[Kurt Cobb: Emperor Vespasian has a solution for unemployment](#)

I was reminded of Vespasian when Charlie Hall, perhaps the best-known energy researcher you've never heard of, commented at a recent conference that we have built a society where fossil fuels have consistently displaced labor. This has had the unfortunate result that those whose primary aptitude is with their hands are finding less and less work.

[Outline of the "Transition Companion"](#)

This outline of "Transition Companion" was compiled to help guide discussions in our local book groups. I thought other people might find it useful as an overview of this rich and dense work. There are links to any sections of the book that are online. The 12 Steps from the Transition Handbook are mapped to the corresponding Ingredients and Tools in the new model.

[Richard Heinberg: Islands in an Expanding Sea](#)

Expansion of trade depends not just upon favorable trade rules, but financial and monetary integration between nations, as well as the availability of affordable transport fuels. I will argue that current APEC negotiations to increase trade within the Pacific region are a hollow exercise because the preconditions necessary for expanded commerce are disappearing. The peoples of this region therefore need to develop alternative economic plans and strategies.

[Saudis Say OPEC Is Asked to Pay More Than Fair Share on Climate Action](#)

Saudi Arabia and its OPEC partners are asked to bear too much of the burden of cutting greenhouse- gas emissions because of their economic dependence on oil and gas exports, the kingdom's climate envoy said.

"Climate policies on the international level are mainly targeting the transportation sector, so they will impact the demand for oil," Mohammed al-Sabban, the country's chief negotiator at talks on global climate change, said today in Riyadh. Saudi Arabia should "take seriously" the potential impact of oil demand peaking in 2050, he said.

[Oil near \\$97 after China leader negative on growth](#)

SINGAPORE – Oil prices fell to near \$97 a barrel Monday in Asia after a Chinese leader predicted the world's current economic malaise will be long lasting.

...The effects of slowing global demand were also evident in Japan, where exports fell for the first time in three months in October. Singapore's government, meanwhile, said it expects the island's economy to grow as little as 1 percent next year, down from a 5 percent expansion this year as export demand from developed countries wanes.

[Just in time for holiday travel: Gas prices fall 5 cents](#)

U.S. average gasoline prices fell nearly 5 cents a gallon to \$3.38 over the last two weeks due to a combination of weak economic conditions and fewer daylight hours, an industry analyst said on Sunday.

[Hedge Funds Cut Bullish Bets by Most in Seven Weeks on Europe](#)

Hedge funds cut bullish commodity bets by the most in seven weeks on mounting concern that Europe's debt crisis will restrain global economic growth and demand for raw materials.

[UAE to bypass Straits of Hormuz with new pipeline-sources](#)

ABU DHABI/DUBAI (Reuters) - The United Arab Emirates could soon start pumping oil via a key pipeline that will allow it to bypass the Straits of Hormuz and protect exports if Western powers resort to military action in a row over Iran's nuclear programme.

[Russia-Belarus gas deal seen this week](#)

MOSCOW (Reuters) - Russia and Belarus are expected to strike a new gas agreement on Friday, Nov. 25, preventing a row that had threatened to disrupt gas supplies to Europe, Russian government sources and news agencies said on Monday.

[Centrica deal with Norway secures UK gas supplies](#)

British Gas owner Centrica today signed a series of deals worth billions of pounds with Norway's Statoil to secure gas supplies for the UK through until 2025.

Centrica is paying £1 billion to buy stakes in a series of producing and exploratory gas and oilfields located in the Norwegian sector of the North Sea.

[Poland's PGNiG eyes 900 bcm of shale gas](#)

(Reuters) - Gas monopoly PGNiG has the potential to loosen Russia's supply stranglehold on Poland after it revealed it may have up to 900 billion cubic metres (BCM) of shale gas at its 15 licences.

[Saudi Aramco denies it plans Bangladesh refinery](#)

(Reuters) - The head of state-run Saudi Aramco denied it was considering construction of an oil refinery in Bangladesh after a senior Dhaka energy official said on Monday the proposal had been raised last week.

"This is not true. There is no discussion at all about refineries in Bangladesh," Khalid al-Falih, Aramco's chief executive officer, told reporters in Riyadh.

[Iraq oil: fools rush in](#)

There is something unseemly about the scramble for Kurdistan. Western oil companies are flocking to Erbil, capital of this semi-autonomous region of northern Iraq, to secure exploration and drilling contracts. The prize: a possible 50 billion barrels of oil, or 40 per cent of Iraq's proved reserves.

Yet Iraq remains bitterly divided. Critically, there is no agreement between Baghdad and the regions on a petroleum law and the sharing of resource revenues. Oil company bosses could be walking themselves and their investors into a legal and political minefield.

[Iraq's Kurds keen to mine riches](#)

Iraqi Kurdistan has opened its relatively undeveloped land to foreign oil companies, and

it wants to bring in miners next.

[The Gulf region can squeeze more value from its oil industry](#)

While hydrocarbons will remain the bedrock of the economy, they can no longer be the driver of growth in the Gulf.

[Iran Says Oil Market to Suffer If Its Exports Affected, Seeks 'Fair' Price](#)

Any disruptions to Iran's oil exports would create "severe problems" for the global crude market, Oil Minister Rostam Qasemi said in an interview broadcast by Al Jazeera television.

Iran will seek a "fair price" for crude when the Organization of Petroleum Exporting Countries meets next on Dec. 14, Qasemi said, adding that the global market for crude does not face a shortage.

[Iranian boycott mars rare Middle East nuclear talks](#)

(Reuters) - The U.N. nuclear chief urged Middle East adversaries on Monday to engage in "fresh thinking" in rare talks on efforts to rid the world of atom bombs, attended by Israel and Arab states but boycotted by Iran.

[Israel in hot seat at Middle East nuclear ban conference](#)

Vienna - Arab countries urged Israel to give up its nuclear arms as a precondition for a nuclear weapons ban in the Middle East, participants at an International Atomic Energy Agency (IAEA) conference said Monday.

[Congressman rails against more fracking regulations](#)

One of this area's two U.S. congressmen presided over a subcommittee meeting last Wednesday regarding the regulatory approach of horizontal hydraulic fracturing ("fracking"), which has become a major issue across the country including here in Athens County.

During the hearing, U.S. Rep. Bob Gibbs, R-Ohio, reinforced his oft-stated skepticism about federal environmental regulations, by disputing concerns about fracking's negative effects on drinking water supplies.

[Chevron Says Brazil Oil Spill Reduced to 'Residual' Seepage](#)

Chevron Corp., the second-largest U.S. energy company, said it is reducing the amount of oil leaking from a project off the coast of Brazil after plugging the source of the spill on Nov. 13.

[Technology: What is Unconventional Oil All About](#)

There are four generally accepted definitions of Peak Oil – 1) when maximum oil production has been reached, 2) when over 50% of the estimated original-oil-in-place has been produced, 3) when oil demand exceeds oil production, or 4) when new reserves added are consistently less than the reserves used on an annual basis. In 2005, few people in the oil industry believed in Peak Oil despite the warnings of M. King Hubbert, a Shell Oil scientist. Daniel Yergin, Michael Lynch, Steve Forbes, and others have generally considered Peak Oil to be a myth. Now, in 2011, many more knowledgeable oil people are considering the viability of the Peak Oil reality and there are some very good organizations like Association for the Study of Peak Oil and Gas who continue to promote Peak Oil as a serious world problem and both a near-term issue and a long-term challenge.

[Energy firm Ecotricity scraps Somerset solar farm plans](#)

Energy firm Ecotricity has cancelled its plans to build a solar panel farm in Somerset, blaming cuts in government solar energy subsidies.

[New Zealand: Greens keen on boosting rail](#)

The Greens want stronger rail/road networks and would make investing in the Northland rail network, particularly a Marsden Pt link, a priority, they said. The Green Party's value-for-money solutions to Northland's current roading problems would deliver safety improvements to State Highway 1 instead of the Puhoi to Wellsford motorway.

[Cutting Back on Defense Spending Will Make the World Safer](#)

We have a once-in-a-lifetime opportunity to switch spending for defense to more sensible priorities, such as the amelioration of peak oil and global warming, while optimizing educational, public infrastructure, and environmental needs. Except for a few politically necessary expendables, however, the military-industrial complex will prevent what should be a slam dunk obvious answer.

[Volkswagen Aims to Make Electric Vehicles in China in 2013](#)

Volkswagen AG (VOW), Europe's largest carmaker, aims to build electric vehicles in China from 2013, the head of the company's business in China said.

[Laos to Wait for 'Positive Signals' Before Building Mekong Dam](#)

Laos will wait for “positive signals” from its neighbors before it builds the \$3.7 billion Thai-financed Xayaburi hydropower plant on the Mekong River, Deputy Prime Minister Thongloun Sisolith said.

[South Africa's Eskom Starts Solar Plant at Its Lethabo Operation](#)

Eskom Holdings SOC Ltd., South Africa's state-owned power utility, said a solar photovoltaic installation at its Lethabo power plant has the potential to produce as much as 1.25 million kilowatts a year.

[India's Cabinet to Fix Ethanol Price Within a Month, Minister Says](#)

India's federal cabinet will set the final price for ethanol within a month, Minister for New and Renewable Energy Farooq Abdullah told reporters in New Delhi today.

[A consuming passion](#)

It's not yet a full-blown crisis - in the developed world at least - but we are facing disaster unless we rethink everything about the way we produce, distribute and consume food, he says. Think of a global issue, from peak oil to biodiversity and climate change to obesity, and it can be tracked back to food.

[Eating what in the future?](#)

The CSIRO estimates that in seven years' time we'll be paying \$8 a litre for fuel.

As well as cutting out the Sunday drive, have you thought what it might mean for our diets?

We know a lot of food is freighted to Tasmania but it also takes a lot of fuel to produce food on farms here.

['Organic' certification gives farmers a tough row to hoe](#)

Across the USA, many small-scale farmers do not feel the need to become certified organic, even if their method of farming would meet or exceed federal standards. It's a phenomenon that can be credited in part to the eat-local movement and the explosion of farmers markets, where consumers can meet, ask questions of and even visit the people who grow their food. Many locavores feel they don't need a third-party certification for something they've seen with their own eyes.

[Call for prayer and action on climate change](#)

The Rev Canon Rachel Mash, Environmental Coordinator of the Anglican Church of Southern Africa and member of the Anglican Communion Environmental Network, wants greater assurance from world governments that they are taking the issue of climate change seriously.

"Despite 17 years of negotiations to cut warming emissions, current global pledges to cut emissions leave Earth on track for between 2.5 and 4 degrees of warming, widely agreed to be catastrophic," she said.

[U.S. Sets High Bar for Post-2020 Climate Accord After Durban, Stern Says](#)

Climate-change deals reached at a United Nations meeting starting this month may be "completely silent" about how to combat global warming after 2020, the U.S. climate envoy said.

"It's not self-evident that you need to talk about that at all," Todd Stern, President Barack Obama's lead climate negotiator, told reporters yesterday at a briefing in Arlington, Virginia.

[Rising sea level will lead to big changes, scientist says](#)

Rising sea levels will make it riskier to live in New Zealand and render parts of the coast uninhabitable over the next century, a climate scientist says in the wake of an international report.

[Air-Conditioning Gases Must Be Curbed to Protect Climate, UN Says](#)

Emissions of hydrofluorocarbons, heat-trapping industrial gases used in air conditioners and refrigerators, must be curbed to help combat climate change, according to the United Nations.

[Greenhouse Gases Rise to Record in 2010: UN](#)

Atmospheric concentrations of the three main gases blamed for global warming all rose in 2010 to their highest since records began, the United Nations said.



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