



Drumbeat: December 28, 2011

Posted by [Leanan](#) on December 28, 2011 - 9:32am

[Iran navy chief says closing Gulf "really easy"](#)

TEHRAN (Reuters) - Closing off the Gulf to oil tankers will be "easier than drinking a glass of water" for Iran if the Islamic state deems it necessary, state television reported on Wednesday, ratcheting up fears over the world's most important oil chokepoint.

"Closing the Strait of Hormuz for Iran's armed forces is really easy ... or as Iranians say it will be easier than drinking a glass of water," Iran's navy chief Habibollah Sayyari told Iran's English language Press TV.

[Oil Trades Near Six-Week High on Iran Threat to Strait of Hormuz Shipping](#)

Oil declined from a six-week high as concerns eased that Iran will block the Strait of Hormuz, a corridor linking the Persian Gulf with international ports.

Futures lost as much as 0.7 percent after rising yesterday for a sixth day, the longest run of advances since November 2010. Iran's official Islamic Republic News Agency cited Vice President Mohammad Reza Rahimi as saying the country would bar shipments through the strait if sanctions are imposed on its oil exports. Iran is attempting to "distract attention" from its nuclear program with its threat, Mark Toner, a State Department spokesman, said at a briefing yesterday in Washington.

[Paris calls on Iran not to block Hormuz strait](#)

The French foreign ministry called on Iran to observe international laws and refrain from blocking the Strait of Hormuz, one of the world's most important oil routes.

[Official: Gulf states ready to offset Iran oil](#)

RIYADH, Saudi Arabia (AP) - Gulf Arab nations are prepared to offset any potential loss of Iranian oil in the world market, a senior Saudi oil official said as Iranian officials stepped up their rhetoric Wednesday about shutting off a key supply route.

The remarks from the world's largest oil producer came after Iran's vice president on Tuesday warned his country was ready to close the Strait of Hormuz — a vital waterway

through which a sixth of the world's oil flows — if Western nations impose sanctions on its oil shipments.

[Iran oil route threats are 'rhetoric'](#)

Britain dismissed Iranian threats to close a vital route for the oil trade today as "rhetoric" intended to distract attention from its nuclear programme.

[Supply problem likely to hike summer gas prices](#)

Gasoline prices may rise above \$4 a gallon next summer as refineries along the U. S. East Coast close, reducing fuel supply, said Edward Morse, New Yorkbased head of commodities research at Citigroup Global Markets Inc.

[Indonesia's Pertamina may import more fuel](#)

(Reuters) - Indonesia's state oil and gas company Pertamina may import 12 million kiloliters of gasoline in the future, due to increasing consumption, a company official said on Wednesday.

[HECO sees electric prices staying high](#)

Electric rates on Oahu have hit record levels in four out of the past five months largely due to an unprecedented hike in the cost of petroleum-based fuel, which the utility burns for more than 75 percent of its electricity production.

HECO will air a series of television commercials starting tonight explaining the forces behind the rising fuel prices and what consumers and businesses can do to help manage the impact both in the short and long term.

"For the first time in our history, we're going to essentially alert people to the fact that these high bills are going to continue," said Robbie Alm, HECO executive vice president.

[Petroplus May Halt European Refineries, French Labor Union Says](#)

Petroplus Holdings AG may announce the halt of its five European refineries today because it can't buy the crude it needs to maintain operations, according to a French union representative.

Petroplus management and union representatives are meeting later today at the Petit Couronne plant in northern France following yesterday's announcement by the company that lenders have frozen credit, Laurent Patinier, a representative of the CFTD union, said by telephone.

[China wins first rights to drill for Afghan oil](#)

China's need to diversify its energy sources has led it to kick-start Afghanistan's hydrocarbon sector.

[Thailand, Cambodia to re-start talks on oil and gas](#)

(Reuters) - Thailand will send a ministerial delegation to Cambodia on Thursday to revive stalled talks on the joint development of offshore energy reserves in the Gulf of Thailand, its energy minister said on Wednesday.

[Iraqi Bloc Calls for Dissolving Parliament as Sectarian Tensions Increase](#)

The Iraqi political bloc loyal to anti-American Shi'ite cleric Moktada al-Sadr called for parliament to be dissolved and new elections held as sectarian tensions increase.

"The existing political partners cannot reach solutions and there are blocs carrying out foreign agendas while others work with terror," said Baha al-Araji, head of the al-Ahrar bloc, which has 39 seats in the 325-member parliament.

[Exxon Mobil deal hikes tension in northern Iraq](#)

BAGHDAD (AP) — An oil exploration deal between U.S. oil giant Exxon Mobil and Iraq's autonomous Kurdish region is fueling political tensions in a country where a post-U.S.-troop withdrawal spike in violence and political turmoil is clouding the climate for foreign investments sorely needed by Iraq.

[TNK-BP group claims bullying in BP case](#)

MOSCOW (UPI) -- Russian police pressured minority shareholders at Anglo-Russian joint venture TNK-BP into dropping legal claims against BP, an executive said.

A proposed January deal between BP and Rosneft for work in the arctic collapsed after TNK-BP said the proposal violated terms of its shareholder agreement with BP. Rosneft later landed a similar deal with U.S. supermajor Exxon Mobil.

[Yemen's leader causes headaches in Washington](#)

WASHINGTON (AP) — The Obama administration is weighing an unprecedented diplomatic act — whether to bar a friendly president from U.S. soil.

American officials were evaluating on Tuesday an awkward request from Yemeni strongman and longtime U.S. counterterrorism partner Ali Abdullah Saleh. Saleh has said he plans to come to the United States for medical treatment for injuries suffered in a June assassination attempt, and he has asked for a U.S. visa for entry to the country. Fearful of appearing to harbor an autocrat with blood on his hands, the Obama administration was trying to ensure that Saleh visits only for medical care and doesn't plan to stay, U.S. officials said.

[Financial apocalypse 2012](#)

As we've seen over the last few years, oil prices can spike for seemingly any reason at any time.

Of particular concern in 2012 is a situation involving Iran. The country, the world's third-largest oil exporter, could see its crude shipments squeezed by deepening sanctions imposed by Europe and the United States.

If the country's 2.2 million barrels day of crude are shut off completely Merrill Lynch predicts a \$40 rise in oil prices.

[Renewed Faith in Oil and Gas: Jim Letourneau](#)

Shale gas was actually the first big game changer. Five years ago we were building natural gas import terminals because we thought we would run out of domestic natural gas. Today, North America has the cheapest natural gas in the world and we are building export terminals. It started in Texas, in the Barnett Shale. For every argument that says shale gas will not work, there are arguments that say it will. A lot of the technical problems that exist today will be solved in the not-too-distant future. That is one of the reasons I am not a huge believer in peak oil; yes, you can extrapolate present-day trends, but you cannot predict what human innovation will come up with to increase supply.

[Hopping mad: Uganda power cuts hit grasshopper harvest](#)

This time of year should be peak season for the insect catchers but Turyamugumya -- who uses bright lights to attract the flying insects before disorientating them with smoke and trapping them in disused oil drums -- says that business is tough.

"The problem has been power, it is on and off. Like last night, the whole night it was off," Turyamugumya, 33, says.

From bakeries to beauticians to building firms, small businesses across Uganda have been struggling to cope with worsening power cuts in recent months.

[Cameron Loses Appeal to Scuttle BP February Trial Plan for Gulf Oil Spill](#)

Cameron International Corp. lost its appeal to derail the February nonjury trial over which companies should be blamed for the 2010 BP Plc oil spill in the Gulf of Mexico.

[With Gas Drilling Next Door, County in New York Gets an Economic Lift](#)

The workers stream across the Pennsylvania border in search of amenities that are relatively scarce at the rural drilling sites. "Places are jammed," said Thomas J. Santulli, the Chemung County executive.

The county's hospitality, while hardly uniform, as opponents of fracking have made themselves heard, contrasts with the natural gas industry's reception in some other corners of New York State. A few municipalities have moved pre-emptively to ban hydrofracking, citing the potential for heavy truck traffic, noise and, above all, the risk of contamination of groundwater supplies.

[Japan may put nuclear power firm under state control](#)

Japan's government on Tuesday floated the idea of putting the operator of the crippled Fukushima nuclear power plant under temporary state control, as it asked for \$8.9 billion more in compensation aid.

Yukio Edano, the minister of economy, trade and industry, told Tokyo Electric Power Co. (TEPCO) to consider "every possibility including temporary state control" to strengthen its financial base, the Jiji and Kyodo news agencies reported.

[Tepco Plunges on Possible Nationalization](#)

Tokyo Electric Power Co. shares fell to the lowest in at least 37 years after Trade and Industry Minister Yukio Edano said the company should consider being nationalized.

...Tepco's shares have plunged 91 percent since the day before the March 11 quake and tsunami wrecked the utility's Fukushima Dai-Ichi nuclear station, wiping out about 3.1 trillion yen (\$39 billion) in market value, according to data compiled by Bloomberg.

[China cuts 2012 rare earths export quota](#)

BEIJING (AP) — China announced a cut Tuesday in its rare earths export quota as it tries to shore up sagging prices for the exotic metals used in mobile phones and other high-tech goods.

China accounts for 97 percent of rare earth output and its 2009 decision to curb exports while it builds up an industry to create products made with them alarmed foreign

companies that depend on Chinese supplies.

[Copper thieves darken streetlights, create road hazards](#)

Although petty thieves have long targeted air-conditioning compressors and vacant houses, thieves sometimes use trucks and heavy equipment to steal hundreds of feet of copper wiring, he says.

"The knee-jerk reaction is thinking they're drug addicts trying to find a quick buck to make it to their next fix, or homeless people, or whatever," says Schoenfelder of the Mid-Atlantic Innovative Technology Center. "People are involved in this because it's a smart business. It's an illegal business, but it's a smart business."

[Electric-car charger tax breaks ending as more EVs arrive](#)

Just as several new plug-in electric vehicles are headed to showrooms, the government is letting expire a tax credit for installing home and commercial charging equipment.

[Safest small cars you can buy for less than \\$20K](#)

While record low fatality rates indicate that today's cars are safer than ever, the latest crash test results confirm that some models still do a better job than others at protecting their occupants in a serious collision.

[2012: Terra incognita](#)

In the fall of 2010, I was having a long email discussion with some fellow peak oil analysts about our outlooks for oil supply, trying to identify when the next big oil price spike might occur. After working over several detailed models of OPEC and non-OPEC supply, I snipped irritably that oil prices would likely be affected far more by above-ground factors in the next few years than below-ground factors. Geopolitics would soon trump geology, I ventured, and we would do well to pay attention to the news overseas. One well-placed bomb, another big hurricane in the Gulf of Mexico, a civil war in the Middle East, or any number of other events could blow our carefully constructed mathematical models out of the water.

But even I did not anticipate how radical the upsets of 2011 would be. No one could have predicted the earthquake and devastating tsunami that struck Japan on March 11, or foreseen how wide-ranging its effects would be: from shutting down automobile manufacturing plants, to record grid power prices in Hawaii, to several of the world's most advanced economies turning their backs on nuclear power. We had plenty of advanced warning that weather would become more erratic due to climate change, but a record 12 natural disasters in the U.S. costing \$1 billion or more, each, was an eye-opener. And I don't think anyone expected the Arab Spring. It was a tough year for dictators.

[Limits To Growth And Beyond – Part 1 \(VIDEO\)](#)

In my post 'Darker side of growth' in European Journalism Centre I asked a question: In a pond if lotuses grow such that every next minute they double and if this minute the pond is half full, how long will it take for the lotuses to fill the pond?

[Limits To Growth And Beyond – Part II](#)

The peak oil, climate change, ecosystem pressure and worldwide recession are dots one needs to connect to see the tip of a Malthusian ice-berg. That's business-as-usual for you.

In 1944, in a war ravaged Europe, an Austro-Hungarian political economist, Karl Polanyi, wrote a book named *The Great Transformation*. In a way, this I think is the first warning and critique of the perils of a Market Society where markets are the paramount institution for the exchange of goods through price mechanisms.

[Oil from tar sands one of the world's dirtiest fuels](#)

Peak oil has never concerned me. Not because it's untrue. The production of conventional oil probably has peaked or soon will. It's because other fossil fuels can be converted into oil. Even if conventional oil peaks, oil derived from other fossil fuels can flow for decades. The longer we burn petroleum, however, the more carbon emissions we generate.

Our greatest problem is not running out of oil. It's that it won't happen quickly enough to prevent uncontrollable climate change.

[A faithful perspective](#)

The world's religions may differ in subtle and profound ways, but according to research by the New Jersey chapter of the Citizens Climate Lobby, when it comes to caring for the earth and addressing global warming, the world's major religions are in agreement – human beings are responsible for the environment and time is running out.

[The dragon looks north](#)

Vancouver, Canada - As the Arctic sea-ice melts, the Dragon looks to the north. China has a voracious appetite for oil, natural gas and minerals - of which the Arctic has plenty. The world's newest superpower is also the world's largest shipping nation, and well positioned to take advantage of shorter routes across an increasingly ice-free Arctic

Ocean.

There is no unclaimed land available in the Arctic, because Russia, Canada, Denmark, Norway and the United States carved up the region centuries ago. But this fact doesn't discourage a resource-hungry China, which knows it can buy the access it needs.

[Insurers Worry 2012 Will Top 2011 for Record Weather Disasters](#)

From floods that crippled countries, to mega cyclones, huge blizzards, killer tornadoes to famine-inducing droughts, 2011 has been another record-breaker for bad weather.

While it is too early to predict what 2012 will be like, insurers and weather prediction agencies point to a clear trend: the world's weather is becoming more extreme and more costly.

[How to Save Venice: Make It Float](#)

Just as withdrawing groundwater can cause subsidence, injecting water can reverse it. It's not entirely a two-way street—much of the pore space lost during compaction can't be recovered—but increased pore pressure can begin to unpack the sediment. Injection was used successfully in Long Beach, California in the late 1950s to halt subsidence caused by oil and gas extraction as well as groundwater usage. After the land surface dropped nearly 30 feet, injection stabilized the subsidence and a slight rebound in land surface elevation (a little over 30cm) was even seen in some spots. Early research indicated that a similar amount of uplift could be achieved in Venice, which could make a big difference for a city on the edge.

[Leaders of Arctic Methane Project Clarify Climate Concerns](#)

We would first note that we have never stated that the reason for the currently observed methane emissions were due to recent climate change. In fact, we explained in detail the mechanism of subsea permafrost destabilization as a result of inundation with seawater thousands of years ago. We have been working in this scientific field and this region for a decade. We understand its complexity more than anyone. And like most scientists in our field, we have to deal with slowly improving understanding of ongoing processes that often incorporates different points of views expressed by different groups of researchers.

[Peru's Glaciers Melting, Decreasing Water Supply 20 Years Earlier Than Expected](#)

A new study in the Journal of Glaciology shows that the glaciers in Peru's Cordillera Blanca mountain range are melting so quickly that the water they supply to the arid region is being threatened 20-30 years earlier than expected.

[Portraits of the Southwest in the Shadow of Drought](#)

The intense, deep blue skies of the American Southwest, skies that have drawn painters and photographers for a century or more, are a product of the region's extremely dry air.

Yet here's another interesting fact: Though we think of the Southwest as dry — and it is dry — its development and population took off during a period in the 20th century when it enjoyed perhaps its wettest weather in hundreds of years. The killing droughts that have lately gripped the region were unusual by recent standards but otherwise all too typical and all too likely to recur — a prospect the National Research Council has called “sobering.”



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