



## Drumbeat: December 30, 2011

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### [Tight oil rises to front of mind](#)

Just when it seemed the Earth was serving up its last drops of oil, squeezing from tough spots such as the oil sands in northern Alberta and the deepest seas offshore Brazil, a new oil age is emerging.

Tight oil, a catch-all for oil trapped in shale, carbonate or sand formations recoverable with the type of drilling methods that revolutionized the natural-gas side of the business, is reviving the oil sector on a scale that only a couple of years ago would have been unthinkable.

“It turns out there are a lot of big piles of oil in North America,” said Denver-based John Schopp, vice-president for the North Rockies and new ventures at Encana Corp., one of the companies in a hurry to turn it into new revenue.

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### [What the Frack?](#)

The recent press about the potential of shale gas would have you believe that America is now sitting on a 100-year supply of natural gas. It's a "game-changer." A "golden age of gas" awaits, one in which the United States will be energy independent, even exporting gas to the rest of the world, upending our current energy-importing situation.

The data, however, tell a very different story. Between the demonstrable gas reserves, and the potential resources blared in the headlines, lies an enormous gulf of uncertainty.

### [Oil Heads for Third Yearly Gain on Iran Tension, U.S. Economy Speculation](#)

Crude was little changed, heading for a third yearly advance, on speculation escalating tension in the Middle East may disrupt supplies as a recovery in the U.S. economy bolsters demand.

West Texas Intermediate gained yesterday after U.S. jobless claims fell to a three-year low. A U.S. State Department spokeswoman yesterday called Iran's threats to shut the Strait of Hormuz "irrational behavior." About one-sixth of global supply travels through the seaway. The country faces sanctions on its crude exports and a possible boycott by European buyers.

### [Natural Gas Falls Below \\$3 for First Time in More Than 2 Years in New York](#)

Natural-gas futures in New York dropped below \$3 per British thermal units for the first time in more than two years as mild weather and rising production contribute to a growing U.S. stockpile surplus.

### [Commodities Poised for First Annual Decline Since 2008 on European Crisis](#)

Commodities headed for the first annual drop since 2008, paced by declines in cotton, copper and cocoa, on concern that the European sovereign-debt crisis and a cooling Chinese economy will sap demand for raw materials.

### [Slowing Chinese Growth Means Ore-Vessel Rates at Lowest in Decade: Freight](#)

The weakest growth in demand in at least a decade for shipments of iron ore, the second-biggest commodity cargo after crude oil, means rates for the largest vessels will plunge to the lowest level since 2002.

### [Russia cuts Sakhalin-1 2012 funds to \\$2.89 bln-source](#)

(Reuters) - Russia has approved a 2012 budget of \$2.89 billion for the ExxonMobil-led Sakhalin-1 oil project, down from \$3.26 billion for this year, an industry source told Reuters on Friday.

### [BP confirms Sakhalin 5 exit](#)

BP has confirmed its intention to exit a huge gas joint venture with Rosneft off Russian Far Eastern coast, in part citing the “challenging economics” if the project, a report claims.

### [Ukraine asks for \\$9 bln gas discount from Russia to form joint transit consortium](#)

Kiev is seeking a \$9 billion annual gas discount to reach agreement with Moscow on operating the Ukrainian gas transportation system, Russian gas export monopoly Gazprom CEO Alexei Miller said on Friday.

### [Russia pushes ahead with South Stream project as talks with Ukraine stall](#)

MOSCOW - Prime Minister Vladimir Putin on Friday instructed gas giant Gazprom to speed up the construction of a gas pipeline under the Black Sea in an apparent attempt to put pressure on Ukraine, the current chief export route for Russia.

## [Natural gas firms among top stock winners of 2011](#)

Despite the fact natural gas prices have been falling this year, producers such as Cbot Oil are gaining appreciation with investors due to their ability to boost production, says Gabriele Sorbara of Caris.

## [Silver Price: Attention All Crybabies, Get the Checkbook Out!](#)

Who is Stephen Leeb. He's not the marquee name in Google's search results. He is not as well-known as Jim Rogers; he's not Marc Faber; and he's not Peter Schiff.

Leeb is, however, a prolific author and researcher who's looked at China's multi-decade economic plans—plans that require a monstrous amount of critical industrial metals, including silver, to fulfill a national, strategic goal of reducing fossil fuels consumption within the People's Republic. Leeb predicted the oil price would top \$100 when it traded at \$27. Now, he's more alarmed at what he has discovered about China's future consumption needs for the new energy commodity, silver. (See [Robert Hirsch](#) interview (audio) on the subject of Peak Oil on Financial Sense Newshour of Dec. 15.)

## [Mexican candidate sees possible Pemex listing](#)

MEXICO CITY (Reuters) - A leading presidential candidate of Mexico's ruling conservatives raised the possibility on Thursday of listing oil company Pemex on the stock exchange to help revamp the state-owned giant.

## [Brazil passes key mark on second sub-salt oil development](#)

RIO DE JANEIRO (Reuters) - A second major sub-salt oil development in Brazil passed a critical milestone on Thursday when operator Petrobras and its partners declared the Guara field commercially viable.

## [Protesters in Syria 'Crawl to Freedom Square'](#)

Cairo (CNN) -- Large-scale anti-government protests and more violence unfolded across Syria Friday as opposition groups called on demonstrators to camp out in public squares to protest the al-Assad regime -- nationwide rallies dubbed "The Crawl to Freedom Square."

## [Civilians in Syria face fight for supplies](#)

(CNN) -- In Homs, Syria's third-largest city and a focus of resistance to the regime of

President Bashar al-Assad, snipers pose a direct threat to civilians. But the risk of being shot is just one problem they face -- their daily challenge is finding food, fuel and medical care.

One foreign journalist and film-maker who was recently in Homs said trash was piling up in the streets and fighting has led to a shutdown of basic services.

### [Iran adept at chipping away at bigger enemies, analysts say](#)

Iran's latest threat to seal off the Strait of Hormuz is probably a bluff, but its ability to slowly escalate tensions in the Persian Gulf with small attacks on commercial shipping or other incidents is a genuine danger, military analysts say.

"If they are going to do something to us, it makes a lot more sense to raise the level of tension without getting into a fight," said Anthony Cordesman, a national security analyst at the Center for Strategic and International Studies.

### [It's 2012--It's Just Absurd That We're Still Addicted To Middle-Eastern Oil](#)

So, to reiterate:

- We're highly dependent on a finite fuel source controlled by crazy people who hate us
- We've done next to nothing about this problem for four decades

### [Chinese court accepts case of oil spill-related compensation claims from aqua farmers](#)

BEIJING (Xinhua) -- A maritime court in the northern coastal city of Tianjin on Friday accepted a case of compensation claims from the aquaculture farmers who believe the oil leaked from the ConocoPhillips-operated oil platforms in Bohai Sea resulted in their businesses losses.

### [Bitter Twist in Louisiana Family's Long Drilling Fight](#)

In a lawsuit, the Broussards argued that the contamination was so bad that Texaco had breached the lease and that they would try to kick the company off the property unless it was cleaned to their standards.

Less than a month later, the family received a surprise: Sabine, a company that seemed completely unrelated to the contamination suit, offered the Broussards a little under \$1 million to buy most of the land in question. If the offer was not accepted, the letter said, Sabine would expropriate the land and pay the family the fair market value.

That Sabine had been operating a pipeline across the street since 1964 the family knew.

They knew that in 1990 Sabine began managing the so-called Henry Hub, an interchange of gas lines so crucial that it is where the prices are set for natural gas futures based on the traffic there. What the family did not know is that part of this hub had migrated onto their property. And they are still unsure of just how much of it is on their property.

### [Cut Heating Costs, Live Closer Together](#)

In the not-so-distant future, the only energy-affordable private domicile for people having trouble paying their heating bills may be within a large apartment building with central climate control and sharing exterior walls. This conservation strategy works, as proven by the lower per capita heating costs of cities relative to isolated homes.

Those who can afford to live the American "dream" of a stand-alone home losing heat on six sides will likely opt to do so. But those who cannot may want to reconsider congregate housing.

### [The Future Needs an Attitude Adjustment](#)

This basic desire for more has meshed beautifully with a growth-based economic model and a planet offering up its stored resources. The last few hundred years is when things really broke lose. And it's not because we suddenly got smarter. Sure, we have a knack for accumulating knowledge, and there is a corresponding ratchet effect as we lock in new understanding. But we have the same biological brains that we did 10,000 years ago—so we haven't increased our mental horsepower. What happened is that our accumulation of knowledge allowed us to recognize the value of fossil fuels. Since then, we have been on a tear to develop as quickly as we might. It's working: the average American is responsible for 10 kW of continuous power production, which is somewhat like having 100 energy slaves (humans being 100 W machines). We're satisfying our innate need for more and more—and the availability of cheap, abundant, self-storing, energy-dense sources of energy have made it all possible.

### [It's time to cut our fertility rate](#)

Only children were the objects of pity within my extended family when I was growing up. It was assumed that no-one could possibly want to have only one child – there had to be a physiological reason for not having more.

It was not until I became a mother myself that I met a couple who were very assertive about only having one child. They were both healthy and could have had more but chose not to. Indeed, they were angry with those who put pressure on them to have more than one. Part of it was economic – by only having one it meant the wife could stay home in their smallish house and not go out to work. But it was also psychological – they felt they had fulfilled all their parental urges by having just one.

## [Doomsday comes to East County](#)

Early last December, Bill Flynn of Troutdale sat down to knock out a story that had been percolating in the back of his head since fall.

When he finally looked up Jan. 11, he had written a novel.

Titled “Shut Down,” Flynn’s self-published fiction is about the collapse of an oil-dependent society.

## [The Top 10 Words of 2011](#)

3. Fracking — Hydraulic fracturing, a controversial method of extracting fossil fuels from otherwise unreachable places , has turned into a hot-button issue dividing ultra-capitalists and environmentalists.

## [Top 10 Most-read News Stories of 2011](#)

[The Peak Oil Catastrophe-in-waiting](#): The United States continues to slumber while a catastrophe lies in wait. Increasing numbers of analysts and policymakers are warning of another super price spike for oil and the likelihood of "peak oil" more generally. Peak oil is the point at which global oil production reaches a maximum and then declines. The speed of the decline is a key unknown and if it is relatively fast, the results could be truly dire for economies around the world.

## [Are the Chevy Volt or Nissan Leaf flops as some naysayers claim?](#)

An article from 24/7 Wall Street published yesterday on Yahoo Finance lists their picks for the worst product flops of 2011. The list includes some understandable big flops such as Netflix's failed decision to change their business model, and curiously listed the Chevy Volt as one of the flops. Given the number of naysayers (many with apparent political motives) who are railing against the development of electrified cars it's worth taking a look at the reasoning by which they call not only the Chevy Volt, but the Nissan Leaf, flops (or worst).

## [No-man's land attests to Japan's nuclear nightmare](#)

For those who lived on the perimeter of the Fukushima Dai-ichi nuclear plant, fliers used to come in the mail every so often explaining that someday this might happen. Most recipients saw them as junk mail, and threw them away without a second glance. For those who did read them, the fliers were always worded to be reassuring — suggesting that although a catastrophic nuclear accident was extremely unlikely, it could require evacuating the area.



Never was it even hinted that the evacuation could last years, or decades.

### [Incandescent light bulb phaseout begins Jan. 1](#)

The nation's light bulbs begin facing new efficiency and labeling standards starting Jan. 1, but don't expect old-fashioned incandescents to suddenly disappear from store shelves.

### [4 U.S. Makers of Towers for Wind Turbines File Complaint Over China's Steel Subsidies](#)

WASHINGTON — Four domestic companies that make most of the steel towers for wind turbines in the United States filed a trade complaint against China and Vietnam on Thursday, seeking tariffs in the range of 60 percent. The action is a significant new skirmish in an emerging green energy trade war.

### [Europe's Biggest Solar Park Completed With Russian Bank Debt](#)

Europe's biggest solar park was completed today after its Vienna-based developer, Activ Solar GmbH, obtained financing from two Russian banks.

### [In Solar Power, India Begins Living Up to Its Own Ambitions](#)

KHADODA, India — Solar power is a clean energy source. But in this arid part of northwest India it can also be a dusty one.

Every five days or so, in a marriage of low and high tech, field hands with long-handled dust mops wipe down each of the 36,000 solar panels at a 63-acre installation operated by Azure Power. The site is one of the biggest examples of India's ambitious plan to use solar energy to help modernize its notoriously underpowered national electricity grid, and reduce its dependence on coal-fired power plants.

### [China Proceeds on Plan for Disputed Yangtze Dam](#)

BEIJING — The Chinese State Council has removed a crucial roadblock to building one of the nation's most contentious hydroelectric dams, dealing a decisive defeat to environmentalists critical of the project — and showcasing the clout of one of the most powerful and ambitious politicians in China.

In a little-noticed ruling made public on Dec. 14, the council approved changes to shrink the boundaries of a Yangtze River preserve that is home to many of the river's rare and endangered fish species. The decision is likely to clear the way for construction of the Xiaonanhai Dam, a \$3.8 billion project that environmental experts say will flood much of the preserve and probably wipe out many species.

### [\\$6 billion-a-year ethanol subsidy dies -- but wait there's more](#)

America's corn farmers have been benefiting from annual federal subsidies of around \$6 billion in recent years, all in the name of ethanol used as an additive for the nation's vehicles.

That ends on Jan. 1, when the companies making ethanol will lose a tax credit of 46 cents per gallon, and even the ethanol industry is OK with it -- thanks in part to high oil prices that make ethanol competitive.

### [Solazyme's Modern Alchemy: Expanding Global Food Supply](#)

When people think of Solazyme, the first instinct is to immediately group it together with all those other not-yet-functional biofuel concepts that sound great if they worked in the real world. Indeed, those who know better might even go as far as distinguishing it as an advanced biofuel maker, separated from the heavily subsidized conventional biofuel makers that rely on food-based resources as the input costs to its chemistry.

Yet those who truly understand Solazyme see more than just a part of a solution towards the Peak Oil crisis. Solazyme's potential stretches beyond the realm of big oil companies. It holds the power of modern-day alchemy.

### [In search of a better bee](#)

The desire for a bee that will look after itself may seem pretty basic. But with as many as one-third of honeybee colonies routinely dying off each year and the rest requiring extraordinary care, the quest for a better bee has become critical.

### [Hawaii: Our Very Own Island Nation, Battling Climate Change Via Innovation](#)

While people continue to argue over whether human activity is affecting global temperatures, no one disputes the fact that many of our most fundamental resources – water, energy, clean air – are increasingly constrained as the planet's population grows. Given its isolated location, Hawaii is in a particularly precarious position. Currently the state imports 90 percent of its energy and has the highest energy prices in the country.

### [Record Surge in CO2 Credits May Hamper Rebound](#)

More than twice as many new carbon credits were supplied to the world's second-biggest emissions market this year, damping prospects for a recovery from record- low prices in 2012.



## [Federal judge blocks Calif. low-carbon fuels rule](#)

FRESNO, Calif. (AP) – A federal judge moved Thursday to block California from enforcing its first-in-the-nation mandate for cleaner, low-carbon fuels, saying the rules favor biofuels produced in the state.

The lawsuit challenging the state regulations, which were adopted as part of California's landmark 2006 global warming law, was filed in federal court last year by a coalition that includes the National Petrochemical & Refiners Association and the Consumer Energy Alliance.



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