



## Drumbeat: January 4, 2012

Posted by [Leanan](#) on January 4, 2012 - 9:35am

### [Violence erupts in Nigeria over petrol prices](#)

Protesters furious over spiralling petrol prices started fires on a motorway and at least one person was killed in the unrest after Nigeria's government scrapped a subsidy that had kept fuel costs down for more than 20 years.

One union leader described the government's hugely unpopular move as "immoral and politically suicidal" and urged Nigerians to resist "with everything they have". But yesterday's protest showed that, once unleashed, the pent-up anger of the masses could be hard to curtail.

### ['Searing anger' as Nigerians protest fuel price increase](#)

(CNN) -- Car tires were set on fire and gas stations blockaded as hundreds of Nigerians took to the streets to protest the removal of fuel subsidies that saw the price of petrol more than double virtually overnight.

Angry Nigerians chanted anti-government slogans and brandished placards in a largely peaceful protest Tuesday against the removal of government subsidies.

### [Crude Oil Falls From Near Eight-Month High on European Economic Concerns](#)

Oil fell from its highest settlement in almost eight months on signs that Europe's debt crisis may drag the region into a recession, curbing fuel consumption.

West Texas Intermediate crude futures reversed gains as the euro dropped from near a one-week high against the dollar after European reports showed services and manufacturing output contracted and inflation slowed. German 10-year bonds stayed lower after the country sold additional securities. Oil rallied 4.2 percent yesterday as the head of Iran's army warned the U.S. against sending an aircraft carrier back to the Persian Gulf.

### [OPEC oil output hits 3-year high](#)

OPEC oil output rose in December to the highest since October 2008, mainly due to a further recovery in Libya's production, a Reuters survey found on Wednesday.

Supply from all 12 members of the Organization of the Petroleum Exporting Countries averaged 30.74 million barrels per day last month, up from a revised 30.62 million bpd in November, the survey of sources at oil companies, OPEC officials and analysts found.

### [UK spot gas rises due to undersupplied system](#)

LONDON (Reuters) - British prompt gas prices rose on Wednesday because supplies were short but gains were capped by stable Norwegian and North Sea production, while topped up inventories and warm weather flattened prices along the forward curve.

### [Raw Materials Seen Rebounding as Global Economy Skirts Slump: Commodities](#)

Commodities may rebound from their first retreat in three years as developing economies shore up global growth, driving demand higher at a time when raw-material producers are already struggling to keep up.

Precious metals will advance 27 percent or more, industrial metals at least 17 percent and grains 5 percent, according to the median estimates in a Bloomberg survey of 143 analysts, traders and investors. Nine of the 15 commodities covered by a similar survey a year earlier reached their predicted highs in 2011, with another five no more than 4 percent away.

### [U.S. to Iran: Warships to remain in Persian Gulf](#)

WASHINGTON (AP) – The Obama administration on Tuesday brushed aside Iran's warning to keep U.S. aircraft carriers out of the Gulf, dismissing its threats as a consequence of hard-hitting American sanctions on the Iranian economy.

Provoking a hostile start to what could prove a pivotal year for Iran, the country's army chief said American vessels were unwelcome in the Gulf, the strategic waterway that carries to market much of the oil pumped in the Middle East.

### [Iran oil standoff could mean higher gas prices](#)

The standoff between Iran and the West in the Strait of Hormuz has more to do with your daily commute than you might realize. If investors are spooked by the angry rhetoric coming out of the Persian Gulf, it could drive up the price of a barrel of oil, which means pain at the pump for American drivers.

### [Iran's Nuclear Fuel Rod Isn't a Military Threat, U.S. Energy Analysts Say](#)

Iran's development of a nuclear fuel rod for medical research isn't a milestone in a quest for atomic weapons, according to energy analysts in the U.S.

### [Turkey to seek U.S. waiver on Iran oil - energy official](#)

ANKARA (Reuters) - Turkey will seek a waiver from the United States to exempt its biggest refiner Tupras from new U.S. sanctions on institutions that deal with Iran's central bank, a Turkish energy ministry official told Reuters on Wednesday.

### [South Korea Increases Oil Deal with Iran](#)

South Korea has made an agreement to increase its oil business dealings with Iran and helping to sabotage U.S. economic sanctions against the Iranian Republic.

### [Kuwait protests at Iran step to develop gas field](#)

DUBAI: Kuwait protested on Tuesday against Iran's intention to unilaterally develop a disputed offshore gas field in the Gulf unless an agreement is reached, Kuwait's state news agency KUNA reported.

Iran said on Sunday it would launch full-scale unilateral development of the field if Kuwait does not respond to its offer of joint development.

### [Greece speeds up oil and gas exploration](#)

Debt-stricken Greece, which currently has the least exploration for hydrocarbons in the region, is vowing to exploit its oil and gas reserves.

### [Enterprise Products, Genesis Energy To Build Gulf of Mexico Crude Oil Pipeline](#)

DOW JONES NEWSWIRES - Enterprise Products Partners L.P. (EPD) and Genesis Energy L.P. (GEL) plan to build a crude oil gathering pipeline in the deepwater Gulf of Mexico for a consortium of six producers.

### [Kazakh state of emergency extended](#)

Kazakh president Nursultan Nazarbayev has extended a state of emergency in the western oil city of Zhanaozen until the end of January.

### [Deepwater oil rig work takes a certain attitude](#)

No one has issues with the money — but the long hours, isolation and danger? Sometimes.

### [Shell trying to plug second Nigeria leak](#)

ABUJA (Reuters) - Royal Dutch Shell's operation in Nigeria is working to plug a leak caused by sabotage that shut its 70,000 barrel-per-day (bpd) Nembe Creek pipeline, the company said in a statement emailed to Reuters on Wednesday.

The pipeline in the swampy creeks of the Niger Delta was shut down on December 24 but went unreported, eclipsed by a much bigger leak at Shell's offshore Bongo facility.

### [Appeals court in Ecuador upholds \\$18 billion decision against Chevron](#)

QUITO, Ecuador — An appeals court in Ecuador upheld an \$18 billion ruling against Chevron Corp. on Tuesday for oil pollution in the Amazon rain forest more than two decades ago.

The ruling confirmed a February judgment in the case. The Ecuadorean plaintiffs said in a statement that the decision is based on scientific evidence presented at trial proving that waste had poisoned the water supply.

### [Deepwater liabilities make momma look small](#)

BP and Halliburton are engaged in a war of words via filings to a New Orleans court. This resembles tit-for-tat schoolyard trash talking of the “Yo momma’s so fat” variety, though with more legal verbiage and higher financial stakes. The latest sally, from the energy major on Monday, reasserted its optimistic conviction that the oil services group could be liable for all the costs of the horrendous 2010 Gulf of Mexico oil spill. These have been estimated at between \$40bn and \$60bn.

### [Shale gas turns energy tables](#)

CARACAS - Countries that have always depended on imported oil and gas, like Chile, Paraguay, Poland or Ukraine, and especially heavy consumers such as the United States and China, could become self-sufficient in natural gas in the near future and even start exporting it.

### [Energy Giants Undeterred by Quakes Seek Shale Growth Runway](#)

Asian and European energy producers are spending billions of dollars to amass stakes in

oil and natural-gas discoveries from Ohio to British Columbia even as earthquakes and tainted water threaten to stall the biggest drilling boom in at least two decades.

### [China approves shale gas as independent resource](#)

(Reuters) - China has approved shale gas as an independent mining resource, a legal status that may allow smaller Chinese energy firms to develop the unconventional energy source, state media reported on Wednesday.

The world's top energy user could hold shale gas reserves exceeding those of the United States, where a revolution in production techniques is overturning the country's dependence on imported gas.

### [Quakes could cause shift in support for fracking](#)

COLUMBUS, Ohio — In Ohio, geographically and politically positioned to become a leading importer of wastewater from gas drilling, environmentalists and lawmakers opposed to the technique known as fracking are seizing on a series of small earthquakes as a signal to proceed with caution.

### [Proceed with caution in Alaska](#)

The Arctic Ocean is much shallower than the Gulf of Mexico. Shell would drill in 160 feet of water or less, compared with the mile-deep water where BP was drilling in the Gulf. And well pressures off Alaska are just a third to a half what they are where BP drilled. If something did go horribly wrong, Shell would benefit from BP's experience.

### [Say no to Arctic drilling](#)

As long as the Obama administration allows Royal Dutch Shell to push forward with plans to drill in the Arctic's Chukchi and Beaufort seas, the closer America's Arctic comes to a disaster that could eclipse the tragedy in the Gulf.

### [2011 Winning Strategies Still Look Good For 2012](#)

Peak oil theory is still valid, even if energy companies manage to transition advanced natural gas drilling techniques to oil production. After all, peak oil does not hold that we are running out of oil, only that production becomes increasingly difficult and less productive as we tap the planet's reserves. Fracking oil shale or drilling miles into the ocean off the shores of Brazil is definitely much more resource-intensive than drilling in Saudi Arabia 50 years ago. Green energy remains insufficient to replace carbon fuels and Japan's nuclear incident may have set back that industry world-wide. A decade into the 21st century, 20th century energy is still the primary fuel of the global economy, thus peak oil remains an actionable investment thesis.

## [Breaking U.S. Dependence On Foreign Oil](#)

We've heard the beating of the drum time and time again: "We must reduce our dependence on foreign oil." It forces us into poor economic, political, diplomatic, and military choices. But, what are we really doing about it?

## [University of Alaska Fairbanks professor predicts spike in oil prices](#)

FAIRBANKS — Gasoline prices in the \$4-per-gallon range may be uncomfortably high for many Fairbanks residents, but Doug Reynolds believes prices in the years ahead could make these seem like the good old days.

Reynolds, a professor of oil and energy economics at the University of Alaska Fairbanks, said he sees oil prices soaring in the next five to 10 years, "easily" reaching \$200 per barrel or more.

## [Jeff Rubin: What do triple-digit oil prices mean for growth?](#)

The real story behind triple-digit oil prices is not the threat of supply shocks, but the sheer, unrelenting rise in world oil demand. Already closing in on 90 million barrels a day, the quick rebound in world oil consumption to new record highs demonstrates the global economy can't grow without burning greater amounts of oil.

No matter how many rabbits the oil industry can pull out of its hat, be it tar sands from Alberta or shale oil from the Bakken, supply just can't seem to keep pace - at least not at the prices most consumers can afford to pay. That is the message that triple digit prices keeps telling us.

## [Correcting the Growth of Human History](#)

Today, there is hardly a stock, bond, municipal plan, government budget, student loan, retirement program, housing development, business plan, political campaign, health care program or insurance company that doesn't rely on growth. Everybody expects growth to resume...after we have put this crisis behind us.

Growth is normal, they believe.

But what if it isn't normal? What if it was a once-in-a-centi-millennium event, made possible by cheap energy?

## [Turn off your TVs](#)



We are now extracting the hardest to reach oil reserves and have hit or exceeded peak oil. Sorry folks, the North American dream of capitalism and consumerism is over. We can choose to continue supporting these destructive systems and support another dead end industry, or we can choose to start supporting each other in our communities.

### [The Road to Resilience](#)

In practice, sustainability is a moving target because it has to be tied to things like demand. What is sustainable at one level may not be at a higher level. It often does not engage a new paradigm. It simply extends an older and frequently decrepit one. But resilience puts us on a new track with an unlimited future, and that's where I prefer to be. All this has a practical business and CRM side.

### [Oil dependence](#)

If you run a business today or sit at the executive decision-making table, have you run this analysis? Do you know how reliant on oil and fossil fuels your business is across the board (transportation, packaging, formulation, etc.)? Have you projected your costs and profitability for when oil does reach \$250?

### [What non-scientist Paul Krugman doesn't understand about debt](#)

Granted, the notion that America's growth going forward is going to be limited by declining supplies of net energy — i.e. peak oil — isn't yet a popular one. But as the work of economists like James Hamilton suggests, the price of oil has a powerful effect on our economy, and the explanatory power of energy supplies is indisputable for people with scientific — specifically biological — training.

### [Crisis of Leadership, Not Crisis of Capitalism](#)

According to what I read, we face not just the worst recession since the 1930s, but a challenge to the West's entire economic order. The Great Recession exposes the poverty of orthodox economics. It constitutes an ideological crisis. It shows that capitalism itself is "fundamentally" flawed. If all this were true, I'd be a lot more worried about the coming year than I am -- which is saying something.

A new year's corrective is in order. Reports of the death of capitalism are greatly exaggerated.

### [Report: Green economy to be determined by corporate control](#)

As global corporations ready themselves for a post-petroleum world, a green economy will be centered on exploiting biomass (food and fiber crops, plant oils, algae, grasses, forest residues, etc.). Supporters of the post-petroleum future involve many of the

world's largest, and most powerful corporations and governments, all touting new technologies - including genomics, nanotechnology and synthetic biology - for transforming biomass into high-value products.

### [Honda sued over mileage in small claims court](#)

TORRANCE, Calif. — A woman who expected her 2006 Honda Civic Hybrid to be her dream car wants Honda to pay for not delivering the high mileage it promised. But rather than joining other owners in a class-action lawsuit, she is going solo in small claims court, an unusual move that could offer a bigger payout if it doesn't backfire.

### [So far, battery cars coming up short](#)

Add them all up, hybrids, plug-ins and pure battery-electric vehicles, or BEVs, and they accounted for little more than 2% of the U.S. automotive market last year. Remove conventional gas-electric models, such as the Toyota Prius and Ford Fusion Hybrid, from the equation and more advanced battery vehicles generated barely 20,000 sales.

"I'd say they failed," proclaims Joe Phillippi, chief analyst with AutoTrends Consulting.

### [Subsidies on fuel slow biodiesel adoption, says Neutral Group](#)

Biofuel and energy-efficient cars are making inroads in the Emirates but fuel subsidies are undermining the appeal of the "green drive".

### [Storehouses for Solar Energy Can Step In When the Sun Goes Down](#)

If solar energy is eventually going to matter — that is, generate a significant portion of the nation's electricity — the industry must overcome a major stumbling block, experts say: finding a way to store it for use when the sun isn't shining.

That challenge seems to be creating an opening for a different form of power, solar thermal, which makes electricity by using the sun's heat to boil water. The water can be used to heat salt that stores the energy until later, when the sun dips and households power up their appliances and air-conditioning at peak demand hours in the summer.

### [The Convoluted Economics of Storing Energy](#)

The economics of a plant that can store bulk amounts of energy are a bit arcane. At the simplest level, the idea is to gather the sun's heat when it is available and save it until prices for electricity reach a peak. At the moment, though, prices peak when the sun is high in the sky, because that is when the demand for power, mostly for air-conditioning, is highest. Some experts think it will be years before the power system is so saturated



with solar photovoltaics that thermal storage becomes worthwhile.

### [Geothermal Working Group- Final Report unveiled by the County of Hawai'i](#)

The report was sponsored by the County of Hawai'i to evaluate geothermal energy as the primary source of baseload power for electricity on the Island of Hawai'i. The report includes an analysis of technical data and expert testimony providing convincing rationale to develop local renewable energy plants and transition away from the county's dependence on petroleum-fueled generators for baseload electricity. The report, which is currently being circulated within Hawai'i's State Legislation, was developed as research to help support Hawai'i's Clean Energy Initiative goals.

### [After 40-Year Battle, Train May Roll for Oahu](#)

KAPOLEI, Hawaii — From the farmlands here on the western side of Oahu, the hotels of Honolulu and the bluffs of Diamond Head can be seen rising 20 miles in the distance. This is rural Hawaii: waves and coastline on one side, lush mountains on the other and barely a building or vehicle in sight.

But sometime this spring, a \$5.3 billion project is scheduled to rise from the Kapolei farmlands that offers powerful evidence of how much this island, a symbol of Pacific tranquillity, is changing. A 40-year battle to build a mass transit line appears to be nearing its end. Barring a court intervention, construction is to begin in March on a 20-mile rail line that will be elevated 40 feet in the air, barreling over farmland, commercial districts and parts of downtown Honolulu, and stretching from here to Waikiki.

### [EDF Reactor Extensions May Cost \\$65 Billion on Safety Review](#)

Electricite de France SA (EDF) said the cost of extending nuclear reactor lives to 60 years could reach 50 billion euros (\$65 billion) as safety measures ordered by regulators force the utility to accelerate investment.

### [Habitat goes green and saves new residents some green](#)

NASHVILLE – Antonio and Christie Miller of Nashville can smile when they talk about their utility bills. So can Casey Greer.

That's because they're residents of new Habitat for Humanity homes that were built to meet top energy-efficiency standards.

### [Is Southern California Finally Getting Serious About Its Water Crisis?](#)

To quench the thirst of Southern California's some 20 million people, water must be

imported from hundreds of miles away, across a daunting array of deserts, valleys and mountains. For decades, Angelenos have muttered a doomsday refrain: our water supply isn't sustainable, and we are going to have to get smarter about managing it — at some point. The obviousness of the problem, however, instilled a kind of panicked lassitude. The discussion became predictable: alarm would set in during times of drought, as authorities talked of restrictions and plans to boost local water sources. Then rainy years would follow, and L.A. and its surrounding cities would move on to other, supposedly more pressing issues. Through it all, the mentality remained the same: sprinklers outside city buildings and private homes continued to feed large lawns even while it was raining, using water brought from far away.

Now authorities are once again saying the time has come for a change. They say they're going to follow through. Should we believe them?

### [Climate change means regional opportunity](#)

Take a little Rorschach test for me: What do the words, climate change, peak oil and energy conservation mean to you?

If you think like the U.S. Chamber of Commerce the alarm bells of regulation, taxation and invading greensies go off in your head. But, if you are like the leading businesses in Europe, it's visions of Pounds, Kroner and Euros dancing in your mind. What many here see as a threat to America's economic future is an economic as well as environmental imperative in Europe.

### [Will Fossil Fuel Companies Face Liability for Climate Change?](#)

It is one thing to do your own research, but it is another to deliberately deceive people, contributing to widespread harm primarily to retain profits.

### [20 inches to disaster: U.S. coasts unprepared for higher seas](#)

Let's say the rise in sea level that climate change will bring us -- from melting ice caps and expanding seas -- won't be "all that bad" by, oh, the year 2080. Maybe ... just half a meter (a little under 20 inches). We can deal with half a meter, right?

Well, yeah -- if we're ready to "deal with" almost 50 percent more affected people and 73 percent more property losses from a typical Category 3 hurricane -- all because of the higher storm surge that'll come from that additional 20 inches of sea level. ("Storm surge," in case you don't know, describes the ocean water that a storm's winds bring ashore, in addition to what's usually there with normal tides.)



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