



Drumbeat: January 6, 2012

Posted by [Leanan](#) on January 6, 2012 - 9:17am

[The Peak Oil Crisis: Closing Out the Year](#)

The peak oil story changed little last year. Global oil production hung in around 88 million barrels a day (b/d) despite the Libyan uprising which took nearly 1.6 million b/d out of production for several months. For much of last year global oil production was below consumption resulting in a gradual drawdown of world reserves. With OECD stockpiles of about 2.6 billion barrels, plus the new reserves being accumulated in China, a slight shortfall in production is not a problem for the time being.

[Crude Oil Futures Head for Weekly Gain on U.S. Economy, Iranian Tensions](#)

Oil headed for a weekly gain in New York on signs that the U.S. economic recovery is gaining momentum and concern that tensions with Iran may lead to a disruption in Middle East exports.

West Texas Intermediate futures have advanced 3.4 percent this week. Hiring in the U.S. probably accelerated in December for a second month, pointing to a strengthening labor market heading into 2012, economists said before a report today. The European Union is working to halt oil purchases from Iran, said Victoria Nuland, a U.S. State Department spokeswoman. European foreign ministers aim to announce harsher penalties on the Persian Gulf nation's energy and banking industries at a meeting Jan. 30, according to EU spokesman Michael Mann.

[Petroplus Closures to Boost Oil-Refining Profits](#)

The closing of three Petroplus Holdings AG refineries in northwest Europe may increase first- quarter profits from processing crude as fuel supplies are curtailed.

[What is behind Nigeria fuel protests?](#)

The government is attempting to deregulate the oil sector in the country and believes subsidizing consumption of oil is a drain on public finances that will prove unsustainable in the long term. Many argue that the only people the subsidy benefited were fuel importers. The government says the move will save the Treasury more than 1 trillion naira (\$6.13 billion) in 2012.

Reuben Abati, spokesman for President Goodluck Jonathan, told CNN the money saved from removing the subsidy will help to improve public amenities and build much-needed infrastructure in a country with poor roads, lack of power and non-functioning refineries.

[Sinopec Says Ministry of Finance Raises Oil Windfall Tax Threshold to \\$55](#)

China raised the threshold on a windfall tax paid by crude oil producers including PetroChina Co. and China Petroleum & Chemical Corp. (600028) in a move that analysts say may spur exploration of the nation's energy resources.

[Kazakhstan cancels vote in troubled oil town](#)

ASTANA (Reuters) - Residents of a mutinous Kazakh oil town will be excluded from a parliamentary election this month due to a state of emergency imposed after the deadliest riots in the Central Asian state for decades, the Central Election Commission said on Friday.

[Cyprus Can Be Reunified Before Natural Gas Exports to EU, Minister Says](#)

Cyprus, the divided Mediterranean island that announced its first offshore gas find last week, said revenues will benefit Greek and Turkish Cypriots because reunification will be achieved before the fuel is shipped.

"Revenues are not envisaged to start accruing before a number of years pass because we need a number of years to develop the necessary infrastructure," Praxoula Antoniadou, minister for commerce, industry and tourism, said in an interview in Nicosia. "Our vision is that the Cyprus problem will be solved much sooner, within months."

[Trading oil on Iran: untangling rhetoric from reality](#)

LONDON (Reuters) - How does an oil trader play the market when Iran threatens to shut the Strait of Hormuz and strangle Middle East oil supplies?

"Buy!" some would say.

But "Sell!" could come from cooler heads, the grizzled veterans who can cut through the bellicose rhetoric and who remember the 1980s Gulf "tanker war" in the Iran-Iraq conflict.

Iran did not block the Strait then, nor during decades of tensions with the West.

"There's a lot of rhetoric," said Rob Montefusco, trader at Sucden Financial. "Some people who have been around a long time are saying 'we've seen it all before', so they are

using the recent price spikes as an opportunity to sell."

[Iran plans more war games in strait as sanctions bite](#)

(Reuters) - Iran announced plans on Friday for new military exercises in the world's most important oil shipping lane, the latest in weeks of bellicose gestures towards the West as new sanctions threaten Tehran's oil exports.

[Asian Refiners Seek Iran Oil Alternatives](#)

Refiners in Asia, the destination for 65 percent of Iran's oil exports, are seeking alternative sources of crude in the event of a supply disruption from the world's fourth-largest producer.

[Japan to Express Concerns to U.S. Over Possible Iranian Oil Ban](#)

Foreign Minister Koichi Gamba "expressed our concerns to the U.S. government in December, including our worries about the impact of a possible import ban on the Japanese and global economy," Fujimura told reporters in Tokyo today. "We are maintaining that position."

[EU governments consider delay on any Iran oil ban](#)

BRUSSELS (Reuters) - A European Union embargo on Iranian crude oil imports could take a few months to come into effect because of a push by some EU capitals for a delay that they say is necessary to shield their debt-stricken economies, EU diplomats said on Friday.

[Europeans paddle in troubled waters](#)

This week, as the European Union inches closer to imposing a total oil embargo on Iran, thus escalating tensions to dangerous new levels, it is important to scrutinize the causes of what is rapidly turning into a major international crisis with unforeseen consequences, and to ponder the potential option of alternative Western policies that would prevent yet another crisis of choice, rather than necessity.

[New sanctions on Iran pose problem for India's crude oil payments](#)

NEW DELHI: India may face problems in making payments for crude oil it buys from Iran because of recent moves by the US to curb Tehran's nuclear programme, a top government official said today.

[Iran accused of diplomacy offensive in US backyard](#)

IRAN is quietly seeking to expand its ties with Latin America in what US officials and regional experts say is an effort to circumvent economic sanctions and gain access to much-needed markets and raw materials.

[Want to Put Iran Out of Business? Here's How](#)

If you want bloodless regime change in Iran, then do one thing: drop the price of oil to \$25/barrel. Yes, it's entirely possible.

[Italy Last for Potential Libya Oil Concessions](#)

Libya's new leaders will remember who provided the most help in overthrowing Muammar Qaddafi when it comes to new oil concessions. Italy, the biggest investor in the country, may find itself at a disadvantage.

Libya has the world's ninth-largest proved reserves of oil, estimated at more than 46 billion barrels, according to the Central Intelligence Agency's World Factbook. Much of the oil is prized for its high, low-sulfur quality.

[Libya opens door to UAE oil companies](#)

UAE oil and gas companies are positioning themselves for a move into Libya, encouraged by assurances that they will receive preferential treatment as payback for the Government's support of anti-Qaddafi forces during last year's civil war.

[25 dead in Syrian 'terrorist' blast, state media says](#)

(CNN) -- A suicide bomber blew himself up in the heart of the Syrian capital Friday, killing at least 25 people and wounding 46 others, Syrian state media reported.

The incident took place in the al-Midan quarter of Damascus. Casualties included mostly civilians and some law enforcement personnel, the Syrian Arab News Agency said.

[Witnesses: Bombs strike Iraq's Army Day parade in Baghdad](#)

Baghdad (CNN) -- At least three explosions struck Friday near Baghdad's Green Zone, where a parade to mark Iraq's Army Day was taking place, witnesses said.

[Tepco to Boost Capacity of Natural-Gas Power Plant Near Tokyo](#)

Tokyo Electric Power Co. (9501) will expand the capacity of gas turbines at its Chiba power station near Tokyo as part of measures to make up for the loss of atomic power following the Fukushima nuclear plant disaster.

[A Shale-Fuelled Economic Miracle for 2012](#)

Amidst the doom and gloom headlines presaging dire prognostications for the Western economies in 2012 there is the very real promise of a global economy re-directing miracle in the making. The impact and promise of shale gas and shale oil is probably *the* good news story as we step into 2012. Not that you would know it, given the media's predilection for bad news.

[Fidel Castro says world marching into abyss with shale gas](#)

(Reuters) - Former Cuban leader Fidel Castro said on Thursday the world was on an "inexorable march toward the abyss," which he blamed in part on the discovery and exploitation of vast reserves of so-called "shale gas" around the world.

[Pennsylvania Fracking Site Gets U.S. Scrutiny After Complaints](#)

Water from wells in a Pennsylvania town near a gas-drilling site that used hydraulic fracturing will be collected and sampled by U.S. regulators after residents complained, the Environmental Protection Agency said.

[Exxon's Shale Driller Tightens Drug Testing for Rig Workers](#)

Union Drilling Inc., the rig owner hired by Exxon Mobil Corp. to explore U.S. shale rock formations for natural gas, toughened drug testing of rig workers in an attempt to cut down on accidents.

[Why "But We Walked On the Moon!" Doesn't Mean What They Think It Does](#)

Going to the moon was impressive, but it wasn't a case of taking an extant need, determining to fill it, and doing so rapidly and in response that need. Instead, it was about creating a need and moving a sideshow (the space race) to the center of things (this is, of course, normative in politics and always has been). It was an important sideshow for any number of historical reasons but not in any way parallel to facing a national crisis and engendering a technological response that prevents disaster. Indeed, it involved us acknowledging, with the case of the space station, that time was inadequate to complete many desired projects.

[Daniel Yergin: A perilous and crucial quest](#)

The author and policy advisor on peak oil, shale gas and how climate change will impact where people get their energy from

[Why Rising Debt Will Lead to \\$10,000 Gold](#)

These events gave me the confidence to title my new book *\$10,000 Gold*. The book connects the many trends that will be directly and indirectly responsible for both the rising debt and the rising gold price over the next five years. It will be published this year.

To make matters worse, the irreversible macro trends I discussed in last year's Empire Club speech are still very much in place today. These include the added costs of retiring baby boomers, systemic unemployment due to outsourcing of Western jobs through globalization and rising oil prices due to peak oil. These irreversible trends will increase unemployment, lower GDP, reduce tax revenues, increase deficits further and force governments to borrow even greater amounts.

[Oil Prices: Moving to Red Alert](#)

Peak oil is moving back fast as permitted dinner time talk - and even office time action on futures and options. And the reasons are multiple, well known, but heavily discounted until now. Through late 2011, many times, the IEA's chief economist Fatih Birol has outlined how radically the IEA sees the oil price outlook. Lost in the climate crisis talk however, the oil price message was often sidelined. Birol's agency in November said this: "If fossil fuel (energy) infrastructure is not rapidly changed, the world will lose for ever the chance to avoid dangerous climate change", but the oil price punch line came later. Birol has many times provided the IEA's estimate of how oil prices levered up through 2011, despite the European crisis, near-recession in the US, recession in Japan and falling growth in China and India.

[Trying to beat the oil addiction](#)

Her children. They're the reason Karen Andreassen became involved in the Transition Town movement.

As the world faces diminishing oil reserves, an unstable climate and unpredictable food production, the Transition movement is a worldwide network of communities working to move away from dependency on oil and create a more sustainable future.

[Truck sales revving despite high gas prices](#)

Ford Motor, casting itself as a fuel-economy champ emphasizing small cars,

nevertheless sold three trucks in December for every car. For all of 2011, the ratio was two trucks for every car. Overall, Ford truck sales were up and car sales were down despite new Fiesta and Focus fuel-sipping small cars.

Honda, likewise known for fuel-efficient small cars, reported that its Fit subcompact was the only car with improved sales in December and that its Insight hybrid hatchback almost disappeared from the December tallies, attracting just 690 buyers, a drop of 57.8%.

At the same time, sales of Honda's Pilot SUV and Odyssey family van both were strong.

[GM recalls Volts to fix fire risk](#)

NEW YORK (CNNMoney) -- General Motors is recalling the Chevrolet Volt to make changes that it says will help prevent fires from coolant leaks which may follow a severe side impact.

[Weather 'doubles' UK wind farm output](#)

Wind farms across the UK have seen their electricity output double as a result of the recent weather, industry body Scottish Renewables has claimed.

[Illegal Fishermen 4. Enforcement o](#)

Even when suspected illegal fishermen are caught, penalties can be elusive, as two recent cases in Sierra Leone and Costa Rica show.

[Water From Yosemite Is Still Cheap, for Now](#)

The going rent for a one-bedroom apartment in San Francisco is about \$2,500 a month. That's the same amount the city pays to use eight miles of Hetch Hetchy Valley in Yosemite National Park as a reservoir.

The \$30,000 annual fee was set by federal law in 1913 and has not been changed since. But now, as the federal government struggles with budget problems, a Central Valley congressman is pushing to increase the city's Hetch Hetchy rent by a thousandfold, to \$34 million a year.

[A Coal-Fired Plant That Is Eager for U.S. Rules](#)

BALTIMORE — As operators of coal-fired power plants around the country welcome a court-ordered delay on tighter pollution rules, the owner of a retrofitted plant here says that the rules cannot come too soon.

The company, Constellation Energy, says it is an issue of fairness. A little more than two years ago, it completed an \$885 million installation that has vastly reduced emissions from two giant coal-burning units at its Brandon Shores plant here, within view of the city's downtown office towers.

[Depleted gas reservoirs can double as geologic carbon storage sites](#)

(PhysOrg.com) -- A demonstration project on the southeastern tip of Australia has helped to verify that depleted natural gas reservoirs can be repurposed for geologic carbon sequestration, which is a climate change mitigation strategy that involves pumping CO2 deep underground for permanent storage.

[Economist: Recycling and Hybrids Won't Save the Planet But Here's What Will](#)

There's only one solution to climate change, warns Wagner. "Policy. That's what makes the difference."

[Why investors need to act on climate change in 2012](#)

The Intergovernmental Panel on Climate Change (IPCC) has long described investors as aggregators of risk from climate change. It can be argued that if governments fail to act sufficiently then investors have to do so in order to protect their assets.

[Maldives warns of climate refugees](#)

The president of what could be the first country in the world lost to rising sea levels has urged Australia to prepare for a wave of climate refugees.



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