



Drumbeat: January 25, 2012

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[Oil Supply as a Strategic Risk](#)

Concerns about the climate have not inspired a lot of action lately on global energy policy. Now two professors are arguing that supply concerns and rising oil prices ought to be enough to get governments moving, even if the climate does not.

In an opinion piece released on Wednesday by the journal *Nature*, James Murray of the University of Washington and David King of the University of Oxford point out that global oil production appeared to hit a cap of about 75 million barrels a day in 2005. Since then, they note, small supply bumps have caused big price gyrations, yet even when prices spike above \$100 a barrel, supply appears incapable of rising to meet the demand.

The professors make only a glancing mention of the term “peak oil,” a widely touted and widely attacked concept, but their argument resembles some of the less feverish versions of the peak oil case.

[IMF: Iran Oil Export Halt May Send Prices Surging 30%](#)

The International Monetary Fund warned on Wednesday that global crude prices could rise as much as 30 percent if Iran halts oil exports as a result of U.S. and European Union sanctions.

If Iran halts exports to countries without offsets from other sources it would likely trigger an “initial” oil price jump of 20 to 30 percent, or about \$20 to \$30 a barrel, the IMF said in its first public comment on a possible Iranian oil supply disruption.

[A brighter energy future?](#)

A week after President Obama denied the application for the Keystone XL pipeline — which would carry oil from Canada’s tar sands deposits in Alberta to U.S. refineries along the Gulf of Mexico — it’s time for an energy reality check. What does the future hold? It may be better than you think. That’s one message from the U.S. Energy Information Administration’s latest “Annual Energy Outlook,” which projects the supply and demand for fuels through 2035.

[Canadian pipeline needs aboriginal consent: chief](#)

OTTAWA (Reuters) - A Canadian firm seeking to build a pipeline from oil-rich Alberta to the Pacific Coast needs to obtain the consent of aboriginal bands, some of whom oppose the project, Canada's top native leader indicated on Wednesday.

The comments underline the difficulties facing Enbridge Inc as it tries to push through the C\$5.5 billion (\$5.4 billion Northern Gateway oil pipeline, which would cross land belonging to many Indian bands, or first nations.

[Staying in Afghanistan: Where's the sense?](#)

Since Sept. 11, 2001, we have spent hundreds of billions of dollars on the Iraq war. Forty-five hundred members of our armed forces have sacrificed their lives. Nearly 32,000 American troops have been wounded on the battlefield of Iraq. And yet this is the news that greeted America this spring: "Syria and Iraq Eager for Cooperation with Iran in Building Joint Gas Pipeline."

[What Detroit Might Tell Us About America's Future](#)

"This is coming to you," declares Tommy Stevens, owner of a blues bar in Detroit. By that he means the decay, deflation, and defeat of the middle class that has comprised the last decade of Detroit's history. That painful story and its meaning for the rest of America is the subject of *Detropia*, an important, heartbreaking, and yet still occasionally hilarious documentary directed by Heidi Ewing and Rachel Grady, which premiered this past week at Sundance.

[Historic Buildings May Be Greener Than You Think](#)

Despite prevailing conceptions, said Lisa Kersavage, the senior director for preservation and sustainability at the society, many historic buildings actually already incorporate energy-efficient design features — a legacy of having been built before the advent of cheap energy and modern mechanical systems. In those days, natural ventilation and light and the collection of water in cisterns were standard in quality construction.

[Farmer Groupies and Chicken Coddlers](#)

Thus the paradox of the modern DIY movement. Farmers have gone from 20 percent to 2 percent of the American workforce since World War II, and 80 percent of Americans now live in cities. Modern Americans may yearn for simplicity and self-sufficiency, but they're much less familiar with the gritty realities of rural life than even 45 years ago, when more city dwellers knew or were related to farmers. The result is that today's back-to-the-landers, whether suburban chicken fanciers, serious urban foragers, or just obsessive locavores, have much farther to go before they can even get

back to the land.

[New federal map for what to plant reflects warming](#)

WASHINGTON (AP) — Global warming is hitting not just home, but garden. The government's colorful map of planting zones, most often seen on the back of seed packets, is changing, illustrating a hotter 21st century.

An update of the official guide for 80 million gardeners reflects a new reality: The coldest day of the year isn't as cold as it used to be. So some plants and trees that once seemed too vulnerable to cold can now survive farther north.

[Obama Supports Fracking to Create 600,000 Jobs, Vows Safe Drilling for Gas](#)

President Barack Obama pushed drilling for gas in shale rock and support for cleaner energy sources to boost the economy in his final State of the Union address before facing U.S. voters in November.

Hydraulic fracturing, the process of injecting water, sand and chemicals underground to free gas trapped in rock, could create more than 600,000 jobs by the end of the decade, Obama said yesterday. The process, called fracking, is among a list of energy policies Obama said would fuel economic growth.

“We have a supply of natural gas that can last America nearly 100 years, and my administration will take every possible action to safely develop this energy,” Obama said.

[Oil Trades Below \\$100 as Rising U.S. Stockpiles Counter Gasoline Demand](#)

Oil declined a second day in New York as rising U.S. crude inventories countered data showing gasoline demand increased last week in the world's largest oil consumer.

Futures fell as much as 0.9 percent after dropping 0.6 percent yesterday. Crude stockpiles probably rose last week as imports rebounded, according to a Bloomberg News survey before an Energy Department report today. U.S. gasoline demand grew for a second week, MasterCard Inc. data showed yesterday. The European Union embargo on Iranian oil supplies will “bear bitter fruit,” Iran's Foreign Affairs Ministry said this week.

[Asia to Boost West African Crude Imports on Cheaper Brent, China Demand](#)

Asian refineries will boost their imports of West African crude oil for loading in February to the highest in at least seven months amid cheaper Atlantic Basin grades and rising demand in China.

[Saudi Aramco buys gasoline for Feb-June -trade](#)

(Reuters) - State oil giant Saudi Aramco has agreed to buy at least three to four cargoes of gasoline per month in a term contract for delivery between February to June, trade and industry sources said on Wednesday.

"Aramco is still in the market," one industry source said. "We have seen regular demand from them."

[Prices continue to slide on gushers of natural gas](#)

Natural gas's worst start to a year since 2001 has the most accurate forecasters predicting further price declines as surging U.S. shale production threatens to overwhelm the nation's storage facilities.

[Natural Gas Spike? Don't Trust It](#)

Poor natural gas bulls. The general public has been patiently bullish on natty for years now, with the kind of fervor that makes you hear unsolicited "buy natural gas" tips from taxi cab drivers in local diners.

(That actually happened to me, when a guy at the counter found out I was a trader.)

Thing is, the actual performance of natty has sucked like an electrolux — nearly cut in half over the past year. We've got natural gas coming out our ears, thanks to the miracle of shale.

[Electricity Declines 50% as Shale Spurs Natural Gas Glut](#)

(Bloomberg) -- A shale-driven glut of natural gas has cut electricity prices for the U.S. power industry by 50 percent and reduced investment in costlier sources of energy.

[North Dakota Oil Boom Brings Blight With Growth as Costs Soar](#)

The gravel road that borders Dave Hynek's North Dakota farm is designed to carry 10 tractor-trailer trucks a day. In a recent 24-hour period, about 800 passed by.

Some are traveling 90 minutes west to Williston, where schools Superintendent Viola LaFontaine expects as many as 3,800 students this fall, about 57 percent more than her primary schools were built to hold.

[Obama Claiming Credit for Energy Gains Angers Industry](#)

(Bloomberg) -- President Barack Obama is taking credit for higher U.S. oil and gas production and lower imports, angering industry groups and Republicans who say he is working against domestic energy production.

[Jeff Rubin: Chilly reception awaits U.S. energy companies in Canada](#)

After Obama sandbagged TransCanada, and all the Alberta producers that were going to supply it, I wouldn't want to be a U.S. pipeline company looking for regulatory approval in Canada these days

When it comes to energy markets things can change in a hurry. No doubt rainmakers in Calgary's Petroleum Club are already starting to brush up on their Mandarin. How the goal posts have moved.

[Harper Builds Oil Links With China After Obama 'Slap' on Keystone Pipeline](#)

Prime Minister Stephen Harper is gaining support among Canadians for his plan to ship oilsands crude to China after President Barack Obama rejected TransCanada Corp.'s \$7 billion Keystone XL pipeline to the U.S. Gulf Coast.

[Keystone XL environmental disaster train derailed for now](#)

A lot of readers may not be familiar with what Keystone is and why it's such a big deal, politically and environmentally. But it's time people got up to speed.

This project has all the makings of a mega environmental disaster running through the heart of America that could make the Gulf oil spill seem as easy to clean up as a dropped Big Mac.

[Nebraska's Governor Plans to Urge Obama to Proceed With Keystone](#)

(Bloomberg) -- Nebraska Governor Dave Heineman said he will urge President Barack Obama to reverse his decision denying a permit for TransCanada Corp.'s Keystone XL pipeline and let construction begin in segments in U.S. border states.

[Kuwait Selects France's Total as Partner for \\$9 Billion China Refinery](#)

Kuwait chose Total (FP) SA as the third partner to build a \$9 billion oil refinery in China, Kuwait Petroleum Corp. Chief Executive Officer Farouk Al-Zanki said.

[Analysis - UK NBP gas hub faces rising challenge from Europe](#)

LONDON (Reuters) - Britain risks losing its rank as Europe's dominant gas trading hub in the next decade as rivals in continental Europe enjoy rising trade volumes spurred by deregulated energy markets and a diversifying array of supply.

[6 Key Trends And What They Mean For You](#)

As emerging markets continue to boom and the world population continues to rise, the demand for commodities such as oil, gas, minerals and food is only going to increase.

People have talked about 'commodity supercycles' and 'peak oil', but, in basic terms, it is all about supply and demand. Demand is rising, and supply simply can't keep up, leading to rocketing commodity prices. This process began in the mid-Noughties, and has a long way to run.

[Peak oil preview: London motorists could soon be without gasoline](#)

Call it a fire drill for the day the world runs out of petroleum. London motorists awoke this morning to a news report that they might not have gasoline.

"There may be severe problems of supply across the whole of London and the southeast to petrol forecourts, with a refinery stopping deliveries which supplies one sixth of the market," politician Richard Howitt told BBC's Radio 4. (A petrol forecourt is Britspeak for a gas station).

[Petroplus UK refinery to resume fuel deliveries-union](#)

(Reuters) - Swiss refiner Petroplus' British Coryton refinery is expected to resume oil product deliveries out of the site in 24-48 hours, a union official said on Wednesday.

[A year after uprising, Egyptians celebrate and protest](#)

CAIRO (Reuters) - Thousands of Egyptians gathered in Cairo's Tahrir Square on Wednesday to mark the first anniversary of the revolt that toppled Hosni Mubarak with some seeking a new revolt against army rule and others celebrating the changes already achieved.

It is a year since protesters inspired by an uprising in Tunisia took to the streets in Egypt and the January 25 anniversary has exposed divisions in the Arab world's most populous country over the pace of democratic evolution.

[Egypt struggling a year after Mubarak's overthrow](#)

CAIRO – Azouz Ahmed doesn't remember a time when things were as bad as what some Egyptians call the "dark year."

"I wish things would go back to the way they were under Mubarak," Ahmed, 61, said, outfitting a horse with its loose-fitting bridle in a stable on the edge of the desert. "There has been nothing good since the revolution, and there is no work."

[UK urges tougher Syria sanctions, Russia issues warning](#)

BEIRUT (Reuters) - Britain called on Wednesday for harsher sanctions on Syria, where an Arab monitoring mission has failed to halt bloodshed in a 10-month-old revolt against President Bashar al-Assad.

But Russia underlined divisions at the United Nations, saying it would work with China to prevent the Security Council from approving any military intervention in Syria.

[Obama Vows to Stop Iran Nuclear Program by All Means](#)

The United States will use all available options to prevent Iran from getting a nuclear weapon, President Barack Obama said in his State of the Union address on Tuesday.

"Let there be no doubt: America is determined to prevent Iran from getting a nuclear weapon, and I will take no options off the table to achieve that goal," Obama said.

[Sanctions Against Iran Grow Tighter, but What's the Next Step?](#)

WASHINGTON — As the Obama administration and its European allies toughened economic sanctions against Iran on Monday — blocking its access to the world financial system and undermining its critical oil and gas industry — officials on both sides of the Atlantic acknowledge that their last-ditch effort has only a limited chance of persuading Tehran to abandon what the West fears is its pursuit of nuclear weapons.

That leaves open this critical question: And then what?

[Iran Embargo May Speed Refinery Closures](#)

The European Union's embargo on Iranian oil threatens to accelerate refinery closures in Europe, the head of Italy's refiners' lobby said.

"Asian countries not applying the embargo could buy the Iranian oil at a discount and

sell cheap refined products back to us,” Piero De Simone, general manager of Unione Petrolifera, said in an interview in Rome yesterday. “Italy already risks the closure of five refineries and at a European level we’re talking about 70 possible shut downs.”

[Iran sanctions could help GCC producers](#)

Saudia Arabian looks set to benefit from sanctions against Iran as the kingdom is one of the few oil producers with capacity to make up any shortfall they will cause.

[India says still buying Iran oil, despite new sanctions](#)

(NEW DELHI) - India's oil minister said Wednesday the energy-hungry nation was continuing to import oil from Iran and was not bound by new sanctions imposed by the European Union.

[FACTBOX-EU imports more Iranian oil in Q3](#)

(Reuters) - OPEC's second largest producer, Iran, sells large volumes of oil to China, India, South Korea, Japan and Italy. But Greece, Turkey, South Africa and Sri Lanka rely most heavily on Iranian oil as a percentage of imports.

[Iran sanctions will hit its economy, but not kill it](#)

In Iran's case expert opinion varies as to just how hard sanctions will hit that economy. But there is consensus around two points: 1) It won't be as bad as Iraq. 2) It's already hurting Iranians and the suffering is bound to get worse.

[ConocoPhillips Net Income Rises as Oil Prices Counter Drop in Production](#)

ConocoPhillips (COP), the U.S. oil company that plans to spin off its refining business this year, said fourth-quarter profit rose as higher oil prices and asset sales made up for lower production.

[Conoco Phillips agrees \\$160m payout for China oil spill](#)

Conoco Phillips and China National Offshore Oil Corporation (CNOOC) have agreed to pay \$1bn yuan (\$158m; £101m) for the oil spill at their Penglai offshore field in China.

[Will the Costa Concordia become an oil-spill disaster?](#)

Work is finally under way to begin pumping oil from the stricken Costa Concordia cruise liner. The vast ship ran aground and capsized off the Italian island of Giglio on 13 January. At least 16 people died and the search for bodies continues. Attention is now turning to the vessel's fuel, which could pollute the sensitive marine environment.

[Japan task force kept no records of nuclear crisis response](#)

TOKYO (Reuters) - Japan's energy minister admitted on Tuesday that no records were kept of top level discussions in the critical early days on how to respond to the world's worst nuclear disaster in 25 years.

The admission, and apology, by Trade Minister Yukio Edano comes in the face of widespread debate over the government's response to the Fukushima nuclear crisis triggered by a massive earthquake and tsunami last March.

[Japan's first trade deficit since 1980 raises debt doubts](#)

TOKYO (Reuters) - Japan first annual trade deficit in more than 30 years calls into question how much longer the country can rely on exports to help finance a huge public debt without having to turn to fickle foreign investors.

The aftermath of the March earthquake raised fuel import costs while slowing global growth and the yen's strength hit exports, data released on Wednesday showed, swinging the 2011 trade balance into deficit.

ATHENS — Rising oil prices and chilly economic times are prompting increasing numbers of Greeks to chop down trees for winter warmth, a group of forest engineers warned Tuesday.

[What's the Best Way To Get Users To Embrace Mass Transit?](#)

Make it pleasant? Or make it efficient?

[Chevy Volt's problems may not be over as GM's CEO prepares to face Congress](#)

The Chevrolet Volt got a clean bill of health, last Friday, with the National Highway Traffic Safety Administration closing its investigation into potential problems with the plug-in hybrid's battery pack – but that doesn't mean General Motors' problems with the Volt are over, as a Congressional hearing is scheduled to begin on Wednesday.

[China driving schools teaching millions the art of war](#)

China surpassed the United States in 2009 to become the world's largest auto market, and just as newly affluent Chinese are snapping up expensive cars in staggering numbers, driving schools are bursting at the seams.

[How Much Energy Does Energy Efficiency Save?](#)

It's obvious that under some circumstances increased energy efficiency won't actually cut energy consumption. The underlying technology of the internal combustion engine, for example, has improved dramatically over the past 40 years making our cars much more energy efficient than they used to be. But one main result of that has been for the cars to get much larger with more powerful engines rather than simply consuming less fuel.

[Solar Proving Cheaper Than Diesel in India Making Mittal Believer](#)

India is producing power from solar cells more cheaply than by burning diesel for the first time, spurring billionaire Sunil Mittal and Coca-Cola Co. (KO)'s mango supplier to jettison the fuel in favor of photovoltaic panels.

The cost of solar energy in India declined by 28 percent since December 2010, according to Bloomberg New Energy Finance. The cause was a 51 percent drop in panel prices last year as the world's 10 largest manufacturers, led by China's Suntech Power Holdings Co. (STP), doubled output capacity.

[Court rejects UK appeal on early solar subsidy cut](#)

LONDON (Reuters) - The British government on Wednesday lost a bid to overturn a High Court ruling that the timing of its decision to cut subsidies for solar panels on homes was unlawful.

The Court of Appeal rejected Energy Secretary Chris Huhne's claim that he had the power to go ahead with subsidy cuts from Dec. 12, nearly two weeks ahead of the end of the official consultation period.

[What happened to the greening of capitalism?](#)

Martin Wolf has presented a provocative diagnosis of the current flaws found in capitalism. Unfortunately, he has nothing to say about the biggest issue of all – how to transform capitalism so that it does not continue to destroy the planet.

[Look to future, not dirty past](#)

WE have much to thank the oil industry for — that source of energy has enabled humans to achieve all sorts of things that people living 100 years ago would never have dreamed about. I love the fact that I can take my family on holiday to Tauranga and complete the trip in four hours instead of the week or two it would take by horse. I love the medicines, food, clothing and technology that uses cheap oil and gas in their production and distribution processes.

I also know that future generations are going to look back on us in disbelief that we burned good oil so quickly and carelessly.

[Government requires more fruits, veggies for school lunches](#)

Today the government is releasing new nutrition standards for school meals that spell out dramatic changes, including slashing the sodium, limiting calories and offering students a wider variety and larger portions of fruits and vegetables. These changes will raise the nutrition standards for meals for the first time in more than 15 years.

[In Brazil, Fears of a Slide Back for Amazon Protection](#)

Since Dilma Rousseff was elected president, the government has shifted its stance on the Amazon to side more with agricultural interests.

[Why does agriculture keep getting a climate pass?](#)

Agriculture has been hovering just on the margins of climate change policy. Of course, that's no coincidence. Precise measurement of the climate impact of many industrial farming practices remains difficult and controversial, and the U.S in particular has resisted any attempts to formalize the agricultural sector's obligation to climate mitigation.

The reasons for this are two-fold: Big and Ag. After all, it was American agribusiness that exacted virtual exemption from the Obama administration's failed attempt at a climate bill as a price for its potential support. The EPA continues to develop its carbon emissions tracking plan but the agricultural sector has managed to keep itself out of that, too.

[Wasting the Wastewater](#)

Each day, American municipalities discharge enough treated wastewater into natural sources to fill Lake Champlain within six months. Growing pressure on water supplies and calls for updating the ancient subterranean piping infrastructure have brought new scrutiny to this step in the treatment process, which is labeled wasteful and unnecessary by a spectrum of voices.

[Clean up world seas to boost economy, UN body says](#)

Cleaner and better-managed seas and coasts would help boost economic growth and reduce poverty and pollution, a United Nations Environment Programme (UNEP) report said on Wednesday.

[In Mackerel's Plunder, Hints of Epic Fish Collapse](#)

Jack mackerel, rich in oily protein, is manna to a hungry planet, a staple in Africa. Elsewhere, people eat it unaware; much of it is reduced to feed for aquaculture and pigs. It can take more than five kilograms, more than 11 pounds, of jack mackerel to raise a single kilogram of farmed salmon.

Stocks have dropped from an estimated 30 million metric tons to less than a tenth of that in two decades. The world's largest trawlers, after depleting other oceans, now head south toward the edge of Antarctica to compete for what is left.

[Runaway Salmon Stir Conservation Worries](#)

The disappearance of 300,000 farmed Scottish salmon from their cages in a storm has left many wondering whether they will breed with wild ones and upset the gene pool.

[Not All Wetlands Are Created Equal](#)

From biological diversity to carbon storage, restored and artificially created wetlands lag far behind wetlands that developed naturally.

[Despite Denial, Even Oil Companies Are Planning for Inevitable Climate Change](#)

Having bank rolled climate denial for years, it seems many oil companies and utilities are planning for the inevitability of man-made climate change.

[Signs of New Life as U.N. Searches for a Climate Accord](#)

WASHINGTON — Critics and supporters alike agree that the U.N. forum for negotiating international climate change policies is an ungainly mess, its annual gatherings marked by discord, disarray and brinkmanship.

Each year, exhausted delegates and observers return home thinking that there has to be a better way to address what they believe to be one of the defining challenges of our time: the relentless warming of the planet and its impact on the world's inhabitants.

But the recently concluded meeting in Durban, South Africa, which established a new

mandate for concluding a binding agreement of some sort by 2015, has given the process new life and hushed many of its critics. For now.

[Fracking complicates the climate debate](#)

(Reuters) - Hydraulic fracturing and horizontal drilling have laid to rest concerns about peaking oil and gas supplies for a generation, but they have also made the search for comprehensive policies to restrain greenhouse gas emissions more urgent.

In a world where fossil energy remains abundant and relatively cheap the economy will combust increasing quantities. Oil and gas reserves will last long after the planet has been gently cooked unless governments enact deliberate policies to restrain consumption.

Fracking has solved one problem (peak fuel) but sharpened another (climate change). Policymakers and voters can no longer rely on increasing scarcity, and rising oil and gas prices, to restrain demand and carbon emissions through the market.



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