



Drumbeat: February 1, 2012

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[Thomas Homer-Dixon: Our peak oil premium](#)

Peak oil – it’s history, right?

Everything has changed so fast.

Two years ago, the world was facing an intractable oil crisis. “By 2012, surplus oil production capacity could entirely disappear,” the U.S. Defence Department declared in a major report. “A severe energy crunch is inevitable without a massive expansion of production and refining capacity.”

But now we’re told that the world is awash in oil. Deepwater production from the Gulf of Mexico and offshore Brazil is soaring. New “elephant” fields have been discovered off Ghana and possibly Angola. Meanwhile, hydrofracking technology is liberating hundreds of thousands of barrels a day from “tight” shale oil formations in North Dakota and Texas, with more coming on line from Colorado, Wyoming and even Ohio.

[Oil inches above \\$99 on China data, US supply jump](#)

Oil prices inched above \$99 a barrel Wednesday as investors weighed encouraging economic data from China against a jump in U.S. crude inventories and signs of sluggish growth.

[The Peak Oil Crisis: On Closing Our Refineries](#)

Here is one more thing for those of us who live in the northeastern U.S. to start worrying about - the refineries that make our gasoline, diesel, heating oil, etc. are dropping like flies.

In today's economy, these refineries are simply losing so much money that their owners who are not major oil companies that make billions from oil production are having put them up for sale or close them down. In recent years we lost refineries in Westville, NJ, and Yorktown, Va. A large refinery in southeastern Pennsylvania was shut down in December as was one in New Jersey. A third large Philadelphia refinery is up for sale and will be closed in July if no buyer can be found.

[The politics of peak oil](#)

It's a bit hard to believe that in 2012 anyone is still unclear about what "peak oil" means, but enough confusion about it has surfaced in the past week that I feel compelled to, once again, try to set the record straight.

[Al-Naimi: Investing for the Future in Turbulent Times \[PDF\]](#)

I would like to begin, though, by correcting a particular misunderstanding, or misperception, about Saudi Arabia – specifically about its domestic oil consumption and the impact this may or may not have on its position as the world's leading crude oil supplier.

[U.S. Refiners, Oil Workers Avert Strike With Tentative Three-Year Contract](#)

The United Steelworkers union and Royal Dutch Shell Plc (RDSA) averted a potential strike that would have idled as many as 69 refineries by tentatively agreeing to a new three-year contract.

The proposal includes pay increases of 2.5 percent in the first year and 3 percent in the second and third years, along with some of the improvements in safety language sought by the union, according to three labor representatives with direct knowledge of the negotiations.

[Scottish independence: Minister says referendum brings oil uncertainty](#)

The UK energy minister has described the independence referendum as "a point of uncertainty that could cause concern" to oil and gas firms.

[Russia, Ukraine Consider EU Role in Gas Talks](#)

Ukraine and Russia are considering inviting the European Commission to take part in bilateral gas talks, Ukraine's energy minister Yury Boyko said on Wednesday.

"Russia shows understanding on the issue. Constructive talks to invite European partners are underway," the minister said.

[Gazprom can't meet all requests for gas-source](#)

(Reuters) - Gazprom is getting more requests for gas deliveries to Europe than it can physically accommodate, a source at the Russian gas export monopoly said on Wednesday, adding that demand had been at elevated levels for more than a week.

[Russia cuts EU gas, blames cold weather](#)

BRUSSELS - Gazprom has begun cutting gas supplies to the EU in order to meet higher demand in Russia caused by severe cold weather.

[Gazprom Sees 2011 Net Profit Up 25% On-Year At \\$40 Billion](#)

MOSCOW – Russian gas giant OAO Gazprom (GAZP.RS) said Wednesday it expects net profit for 2011 to grow 25% from a year earlier to \$40 billion.

[Michael C. Lynch: Restraining Gas Exports \(and Prices\)](#)

Calls for a ban on natural gas exports are perhaps the surest proof of the success of "fracking," or hydraulic fracturing of shale, which has seen a boom that has depressed wellhead prices by 75 percent, bringing major benefits to both residential and industrial consumers. The benefits to the overall economy include lower inflation, a better balance of trade, and more money in the pockets of consumers. Banning exports of natural gas to keep prices low, as some have suggested, would seem to be a win-win for both the economy and consumers. What could go wrong with the government trying to manipulate commodity markets?

[Iraq oil bid delay seen as positive](#)

Iraq is amending contract terms amid signs that ExxonMobil's move into Kurdistan will go unpunished.

[Oman plans 230km gas pipeline to once-sleepy fishing village](#)

The gas supply will be provided by the state-run Petroleum Development Oman from one of its largest gasfields in central Oman.

Oman is developing Duqm to be the second industrial city after Sohar in the north-east of the sultanate, in its bid to diversify its oil dependent economy.

[Michael Klare: If the Iranian powder keg explodes](#)

No one knows just how high oil prices would go under such circumstances, but many energy analysts believe that the price of a barrel might immediately leap by \$50 or more. "You would get an international reaction that would not only be high, but irrationally high," says Lawrence J. Goldstein, a director of the Energy Policy Research Foundation. Even though military experts assume the U.S. will use its overwhelming might to clear the strait of Iranian mines and obstructions in a few days or weeks, the

chaos to follow in the region might not end quickly, keeping oil prices elevated for a long time. Indeed, some analysts fear that oil prices, already hovering around \$100 per barrel, would quickly double to more than \$200, erasing any prospect of economic recovery in the United States and Western Europe, and possibly plunging the planet into a renewed Great Recession.

The Iranians are well aware of all this, and it is with such a nightmare scenario that they seek to deter Western leaders from further economic sanctions and other more covert acts when they threaten to close the strait. To calm such fears, U.S. officials have been equally adamant in stressing their determination to keep the strait open. In such circumstances of heightened tension, one misstep by either side might prove calamitous and turn mutual rhetorical belligerence into actual conflict.

[Iran More Willing to Attack in U.S., National Intelligence Director Says](#)

Iran is stepping up its support for international terrorism and its intelligence operations against the U.S., the Director of National Intelligence told Congress.

[Afghans' attacks on U.S. troops often personal](#)

WASHINGTON (AP) – Supposedly friendly Afghan security forces have attacked U.S. and coalition troops 45 times since May 2007, U.S. officials say, for the first time laying out details and analysis of attacks that have killed 70 and wounded 110.

[Egypt snubs U.S. envoy regarding Americans barred from leaving](#)

CAIRO (AP) – The Egyptian justice minister returned a letter Tuesday from the U.S. Ambassador to Egypt asking him to re-examine the issue of Americans barred from leaving the country.

The snub is the latest in a spat between the allies over a politically charged Egyptian investigation into foreign funded groups.

[Clinton: U.N. action in Syria won't be military](#)

UNITED NATIONS (AP) – Vowing to avoid "another Libya," the U.S. and its allies challenged Russia on Tuesday to overcome its opposition to a U.N. draft resolution demanding that Syrian President Bashar Assad yield power and end the violence that has killed thousands.

[Buying Oil Investments – Chapter 11: Peak Oil](#)

The idea of peak oil is that it is a theoretical date at which time the world's production of

oil will have peaked. Any production of oil after this date will be in a state of continuous decline facing an ever decreasing oil reserve. In short, the world's output of oil can never be increased after this stage. We are all aware that fossil fuels resources are finite and that we might be decades away from peak oil.

Nevertheless, the idea of peak oil has served to spur on developments in other areas of the energy sector hoping that when the date for peak oil arrives we will already have a viable alternative source of fuel in place of oil.

[Peak Oil: The Crisis No One Is Talking About](#)

While human innovation has allowed us to use oil as a novel source of energy, and made us an exception in nature, it does not free us from the binding laws of physics. We cannot use more energy than we gather. Neither a single being nor a species as a whole can survive without the energy to sustain it. Energy from fossil fuels can never be replaced once it is burnt, and unlike energy from the Sun it does not flow in an endless stream.

[Oil reaches peak after overestimation](#)

Peak oil is a key character in a host of conspiracy theories, but by now has achieved a degree of legitimacy. The theory was postulated in the 1950s when economists began to consider the consequences of employing a highly finite resource as the foundation of the country's new transportation infrastructure. Observing that oil fields typically have a life cycle, production growing until a point and declining thereafter, economists inferred that a similar condition might be reached by the world's reserves as a whole should demand continue to increase.

Constructing the modern world on oil now seems to have been a bad idea or at least a fleeting one, as we stand here sixty-odd years later staring at the possibility – that the most advanced sectors of modern civilization will begin a permanent decline – in the face. And it will happen sooner than we think, as the Wiki-leaked State Department cables of last year revealed a radical overestimation of Saudi oil reserves, perhaps by as much as 40 percent.

[The Geopolitics of Oil](#)

Oil is one of the most useful substances on this earth, a fact that hasn't gone unrecognised by world leaders. Billions of pounds and thousands of lives have been spent protecting or seizing oil assets across the globe. If a country is going to go to war, it seems that many people think large oil supplies are a decent enough reason to do so. It is impossible to ignore the historical legacy of what happens to poorly defended countries that are unfortunate enough to have oil and decide they want to keep it. It's not so much about expanding power, as it about managing an inevitable decline.

[Exxon Setback as Shale-Gas Wells Fail in Poland](#)

Exxon Mobil Corp.'s failed shale-gas wells in Poland may hobble the nation's effort to become one of the world's major energy sources and dismantle Russian dominance of Eastern European gas markets.

[ExxonMobil rakes in \\$9.4 billion in 4th-quarter profit](#)

ExxonMobil Corp. posted fourth-quarter net income Tuesday of \$9.4 billion, up 2 percent from the same quarter a year ago and slightly above market expectations, helped by rising crude oil prices.

It's also more money than The Bahamas' annual GDP, according to the CIA Factbook.

[Tainted-Well Lawsuits Mount Against Gas Frackers Led by Cabot](#)

For 36 years, Norma Fiorentino drew water from a well near her home in Dimock, Pennsylvania. "It was the best water in town," she says.

Then on Jan. 1, 2009, she says her well blew up.

[Petrobras Shuts Fifth Most Productive Well After Accident](#)

Petroleo Brasileiro SA (PETR4), Brazil's state-controlled oil producer, shut its fifth most productive well after detecting a leak of 160 barrels in deep waters of the Atlantic Ocean.

[BP Must Cover Some Halliburton Gulf Spill Costs, Judge Says](#)

BP Plc (BP) must cover some of any direct damage claims awarded against Halliburton Co. (HAL) for the \$40 billion in cleanup costs and economic losses caused by the 2010 oil-well blowout and Gulf of Mexico spill.

[Cameron Sues Insurer Over Refusal It Says Threatened BP Deal](#)

Cameron International Corp., facing thousands of claims from the 2010 Gulf of Mexico oil spill, sued one of its insurers for allegedly refusing to pay \$50 million in coverage, a move the manufacturer says threatened a \$250 million settlement with BP Plc.

[Atomic Agency Backs Safety Tests for Japan's Reactors](#)

TOKYO — A United Nations fact-finding mission on Tuesday tentatively supported new stress tests devised to determine whether Japan's nuclear plants can withstand another

emergency, throwing its weight behind a government push to restart reactors idled in the wake of the disaster at the Fukushima Daiichi plant after an earthquake and tsunami in March.

[Japan's Nuclear Plant Safety Tests Ignore Fukushima Lessons, Advisers Say](#)

Japan's so-called stress tests to review nuclear plant safety don't include lessons from the Fukushima Dai-Ichi disaster, effectively ignoring the reason for running the checks, two government advisers said.

[California Nuclear plant shuts down reactor as precaution](#)

(Reuters) - One of two reactors at the San Onofre nuclear power station in Southern California was shut down on Tuesday after a small leak was detected in a steam generator tube, but the incident posed no risk to the public or plant workers, the facility operator said.

[Quakes and U.S. Reactors: An Analytic Tool](#)

With the release of a computer model of all known geologic faults east of Denver, nearly all of the nuclear power plants in the United States are about to embark on a broad re-evaluation of their vulnerability to earthquakes. The new mapping is the first major update of the fault situation for plants since 1989.

[Democrats to unveil anti-price gouging bill](#)

EAST HAVEN, Conn. (AP) - Senate Democratic leaders are unveiling a bill that attempts to protect consumers from price gouging following storms.

Senate President Donald Williams said lawmakers want to build upon an existing law that bans price gouging of gasoline and home heating fuels. They would add weather-related services and products, such as snow rakes and snow removal services.

[Obama green jobs program faces further investigation](#)

WASHINGTON - House Republicans are expanding their probe into the Obama administration's energy programs, investigating \$500 million in green job training grants that reached just 10% of its job-placement goal, according to a government report.

[Rare Earth Metal Refinery Nears Approval](#)

KUANTAN, Malaysia — The world's largest refinery for rare earth metals has risen out of the red mud of a coastal swamp here and could soon obtain permission to operate — a step that would help break China's near monopoly on rare earths but also worsen an emerging glut of some of these strategic minerals.

[Is Your Building Gobbling Energy?](#)

A new interactive map prepared by Columbia University's School of Engineering and Applied Science allows New York City residents to compare estimates of their use of electricity and heat by neighborhood and by building. Posted online on Tuesday, it offers statistics on energy consumption by ZIP code in all five boroughs of the city.

[Why Historic Buildings Are Greener Than LEED-Certified New One](#)

Buildings eat up a huge amount of energy—about two-fifths of the country's total use—so to suppress their appetite for power, efficiency entrepreneurs are churning out a suite of nifty technologies, like automatically shading windows, smarter thermostats, and high-tech heating and cooling systems. But a new report from the National Trust for Historic Preservation's Preservation Green Lab concludes that constructing new, energy-efficient buildings almost never saves as much energy as renovating old ones.

[New York's Solar Balance Sheet](#)

Despite uncertainties in the solar energy market, New York officials should support the "steady and measured growth" of solar power in the state as part of a balanced renewable energy strategy, a new report recommends.

[Train in Vain](#)

The idiotic Department of Transportation rule that's hobbled America's mass transit—and the wonderful regulation that may soon replace it.

[Gas-tax hike may not be answer to commuter-rail crisis](#)

BOSTON -- Transportation Secretary Richard Davey said yesterday he would be "shocked" if a proposal to slash commuter-rail service on nights and weekends was adopted in full this year.

But any plan to keep the trains running is unlikely to include an increase in the gas tax, despite Boston Mayor Tom Menino recently endorsing the tax as an alternative to fare hikes and service cuts.

[Foldable electric car debuts in Europe](#)

The commercial version of a two-seater foldable electric car that driver and passenger enter through a pop-out windshield was officially unveiled this week in Europe.

The car, called Hiriko, is powered by four in-wheel motors that each turn a full 90 degrees. Its compact — and compactable — design coupled with four-wheel steering should allow parking in the tightest of spaces on crowded city streets.

[India plan to raise tax on diesel vehicles ignites row](#)

The Indian finance ministry's plan to raise a tax on diesel vehicles, as part of the current national budget, has left motorists and industry chiefs spluttering.

[Japan population to shrink by one-third by 2060](#)

TOKYO (AP) — Japan's population of 128 million will shrink by one-third and seniors will account for 40 percent of people by 2060, placing a greater burden on a smaller working-age population to support the social security and tax systems.

The grim estimate of how rapid aging will shrink Japan's population was released Monday by the Health and Welfare Ministry.

[Kiwis take the lead in heading off global food crisis](#)

Say goodbye to the era of food abundance. And hello to an era of global food scarcity, where hunger and the rising cost of eating has fuelled revolutions in countries such as Tunisia and Egypt.

As the world begins to recognise there is a real food-supply crisis, Kiwis are leading the challenge to the way agriculture is organised internationally, taking principal roles in organising a major international congress on "Rethinking Agriculture".

[Food Crisis as Drought and Cold Hit Mexico](#)

MEXICO CITY — A drought that a government official called the most severe Mexico had ever faced has left two million people without access to water and, coupled with a cold snap, has devastated cropland in nearly half of the country.

The government in the past week has authorized \$2.63 billion in aid, including potable water, food and temporary jobs for the most affected areas, rural communities in 19 of Mexico's 31 states. But officials warned that no serious relief was expected for at least another five months, when the rainy season typically begins in earnest.

[Sharon Astyk: Disaster Recovery and Big Government](#)

The increasing number of natural disasters attributable to climate change will make us more dependent on institutional response structures, and we are likely to have no choice but to prioritize those. At the same time, I'm less optimistic than Parenti that this will change rhetoric - after all, disaster recovery is big government, but so is the world's largest military force, and many of those who oppose big government favor highly interventionist militarism. Imagining a sudden outbreak of consistency seems optimistic to me.

[When carbon credits work in the Amazon](#)

For Brazil nut farmers in the Amazon, carbon credits could offer new income.

[Kiwi climate sceptics get American funding](#)

New Zealand's most prominent group of global warming sceptics has received at least \$84,000 from an American think-tank which has been backed by fossil fuel interests and accused of "climate change denialism".

The Chicago-based Heartland Institute paid the New Zealand Climate Science Coalition grants of US\$25,000 (\$30,800) and US\$45,000 in in 2007.

[A dangerous shift in Obama's 'climate change' rhetoric](#)

What happened to "climate change" and "global warming"?

The Earth is still getting hotter, but those terms have nearly disappeared from political vocabulary. Instead, they have been replaced by less charged and more consumer-friendly expressions for the warming planet.

[In the Little Ice Age, Lessons for Today](#)

"I think people might look at the Little Ice Age and think that all we need to save us from rising temperatures are some volcanic eruptions or the geo-engineering equivalent," she said. "But when you see what happened when global temperatures dropped by just one degree and you look at current predictions of six or seven degree increases for the future, you realize how precarious things are for life as we know it."

[Al Gore - From Antarctica to Bangladesh: The Story of Rising Seas](#)

The ice on land is melting at a faster rate and large ice sheets are moving toward the ocean more rapidly. As a result, sea levels are rising worldwide. Most of the world's ice is contained in Antarctica -- more than 90 percent. The West Antarctic Ice Sheet, which lies south of the Peninsula, contains enough water to raise sea levels worldwide by more than 20 feet. Part of the ice sheet, the Pine Island Glacier ice shelf, is among the many in Antarctica that are shrinking at an accelerating rate. This has direct consequences for low-lying coastal and island communities all over the world -- and for their inland neighbors.

[India's stake in Arctic cold war](#)

It is ironic that while on the one hand the world is grappling with global warming triggered by climate change, the world's major powers are scrambling to profit from its consequences in the fragile Arctic zone. There is a deliberate effort to minimise the dangers of the melting of Arctic ice, which may affect the chemical composition of the world's oceans, raise sea-levels, affect ocean currents and thereby weather patterns across the globe, including our own monsoons, which are vital to our survival.



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