



## Drumbeat: February 6, 2012

Posted by [Leanan](#) on February 6, 2012 - 8:51am

### [Debate rages on when oil will peak](#)

The discussion about the peak oil proposition is as lively as ever across the divide between proponents and opponents.

Peak oil is when the maximum rate of world oil production is reached and the rate enters terminal decline. The idea was proposed by King Hubbert in 1956. He accurately predicted that US oil production would peak between 1965 and 1970 and that world oil production would peak in 1995. However, it did not, due to the rise in oil prices and the persistent substitution of oil by other energy sources in the 1970s and 1980s, thus shifting the time when the peak would be reached.

### [Global oil demand forecasts could be cut this week](#)

(Reuters) - The International Energy Agency may reduce its world oil demand forecast for 2012 this week due to a weaker outlook for the world economy, even though some evidence points to stronger consumption in the latter part of the year.

### [Oil below \\$97 as traders eye Greek debt talks](#)

Traders are concerned that Greece's political leaders may fail to agree on new austerity measures demanded by international bailout rescuers if the country is to receive more bailout loans. On Monday, Prime Minister Lucas Papademos will meet with negotiators from the eurozone and the International Monetary Fund and then with the leaders of the three parties backing his coalition to discuss the austerity measures.

"The continued undercurrent of uncertainty regarding the threat of Greek insolvency may lead to profit-taking, especially since the oil price is at the top end of the trading corridor we have seen in recent weeks," said a report from Commerzbank in Frankfurt.

### [Gas prices to spike 60 cents or more by May](#)

After rising 19 cents a gallon in the past four weeks, regular unleaded gasoline now averages \$3.48 a gallon, vs. \$3.12 a year ago and \$2.67 in February 2010.

Prices could spike another 60 cents or more by May. "I think it's going to be a chaotic spring, with huge price increases in some places," says Tom Kloza of the Oil Price Information Service. Kloza expects average prices to peak at \$4.05, although he and other industry trackers say prices could be sharply higher in some markets.

### [Saudi Aramco Raises March Oil-Price Differentials to Europe, Cuts to U.S.](#)

Saudi Arabian Oil Co., the world's largest crude exporter, raised differentials used in determining its official selling prices for all grades to customers in Northwest Europe and the Mediterranean for shipments in March.

The state-owned producer, known as Saudi Aramco, increased the premium for Arab Super Light (PGCRSRLT) crude to Asia by 10 cents a barrel to \$4.20 above the average of Oman and Dubai grades, the Gulf benchmarks used by traders in Asia, while cutting Asian differentials for four other grades. Aramco reduced all premiums and discounts for U.S. buyers, the company said in an e-mailed statement today.

### [Europe gas supply up, but Italy says critical](#)

The European Commission maintains the situation does not constitute a crisis, with countries being able to meet their needs using storage facilities and other market measures.

In Italy, where demand reached all-time highs following a sixth straight day of curtailed supply from Russia, Italian Industry Minister Corrado Passera described the situation as "critical" on Monday.

### [Putin urges Gazprom to meet cold demand](#)

MOSCOW (UPI) -- Gazprom should do all it can to meet the natural gas demands of its European customers during a bitter cold wave, Russian Prime Minister Vladimir Putin says.

Putin, meeting with Gazprom officials Saturday in Moscow, urged the natural gas provider to meet the requests of foreign countries for higher amounts as Europe shivers through a freeze that has claimed more than 200 lives.

### [Gazprom Expects Narrowing Gap Between EU Natural-Gas Requests and Supply](#)

Gazprom is supplying at the maximum capacity possible while requests for the fuel became more balanced over the weekend, an official at the export division of the world's biggest gas producer said today by phone, asking not to be identified in line with corporate policy. While consumption tends to decline at the weekend, the trend will

probably continue, he said.

### [Ukraine premier offers increased Russian gas transfer to Europe](#)

Kiev - Ukraine is ready to send more gas to Europe if Russian energy company Gazprom is capable of providing it, Ukrainian Prime Minister Mykola Azarov said on Monday.

'We have told them (Gazprom) that they should talk to us, we can put together a contract to help, if they see the need,' Azarov said, according to the Interfax news agency.

### [US energy plans pinned on gas](#)

IN THE race to shore up energy certainty in the face of peak oil, vastly differing strategies are on the international table.

In his State of the Nation address last week, United States president Barack Obama pinned much of his nation's future to its vast gas reserves.

### [Tehran Won't Block Hormuz, Says Diplomat](#)

PARIS -- Iran has no intention of blockading the Strait of Hormuz, the sea route through which about a fifth of the world's oil is shipped, a senior Iranian diplomat said Friday, downplaying threats by others in Tehran.

The remarks by Ali Ahani, Iran's ambassador to France, are in contrast with threats to close the Strait over the past six weeks that have come from legislators and some members of the country's Revolutionary Guard. Ahani's remarks suggest the country's highest authorities are not backing these threats, which could dampen oil prices that have recently risen on fears of supply disruptions.

### [Iran Sanctions Plan Targets Oil Companies, Tanker Fleet to Slash Business](#)

A U.S. proposal to sanction Iran's state-owned oil company and its main tanker fleet may ensnare any person or business in the world involved in purchasing or shipping Iranian oil.

The Abu Dhabi-owned company, which owns Cepsa, Spain's largest oil refiner, is seeking to calm fears among consumers that a phase-out of Iranian crude from European markets might aggravate the economic woes of Europe's Mediterranean nations.

### [Ipic would relieve Spain if embargo hit](#)

International Petroleum Investment Company (Ipic) has reportedly promised to compensate Spain for any shortfalls in oil supply arising from the embargo on Iran.

### [Iran issues ultimatum to India over gas field](#)

TEHRAN: Iran has given a one-month ultimatum to an Indian consortium over the development of a gas field whose delay by India has been attributed to western pressure, the semi-official Fars news agency reported on Sunday.

### [Iran oil exports: where do they go?](#)

Iran has threatened to close the Strait of Hormuz through which 20% of global oil supplies pass through. Which countries does Iran export to and how much of their crude oil supply does it make up?

### [China's Iran oil imports reduced again](#)

China will reduce its crude oil imports from Iran for a third month, sources said today, as the two remain divided over payment and price terms, although they plan to meet again for talks as early as this week.

China is the top buyer of Iranian oil and also the fastest expanding major oil importer, putting it in a strong position to negotiate for better terms after it more than halved imports for both January and February.

### [Report: Iran navy rescues tanker from pirates](#)

TEHRAN, Iran (AP) -- Iran's state TV reports that the country's navy has opened fire on pirates to foil an attack on an Iranian oil tanker near the Gulf of Aden.

### [Report: Key oil refinery in southern Kazakhstan damaged in blaze](#)

ALMATY, Kazakhstan — Media in Kazakhstan are reporting that a major oil-refining plant in the southern city of Shymkent has been damaged in a fire.

They say the scale of the damage is not yet clear, but the blaze may further deepen occasional fuel deficits in the former Soviet Central Asian nation.

### [Aral Sea challenge to Kazakhstan](#)

It seems that Gazprom chose the correct political moment to make forays into hydrocarbon reserves after the brutally quenched Andijan riots of 2005. In 2010, Gazprom Zarubezhneftegaz, a subsidiary of Gazprom, funneled US\$200 million into prospective drilling of the Ustyurt fields in Uzbekistan, but with no significant results. Uzbek experts forecast gas reserves in Aral deposits at 470 billion cubic meters.

But Russians, after repeated failures to confirm these estimates, are becoming skeptical. The only plausible explanation for their staying in the Aral project seems to be the reluctance of Moscow to lose its dominant position in Uzbekistan's oil and gas sector.

### [Dead fish, health problems emerge as Chevron rig off Nigeria continues to burn after accident](#)

LAGOS, Nigeria — The burning inferno of what used to be a Chevron Corp. natural gas rig still stains the night's sky orange more than two weeks after the rig caught fire, and no one can say when it will end as swarms of dead fish surface.

The environmental damage is hitting a region whose poor still rely on the delta's muddy waters for survival. A nearby clinic remains overrun with patients who are showing up with skin irritations and gastrointestinal problems.

### [Eni Nigeria Pipeline Struck by Delta Militants in 'Sign of Things to Come'](#)

The Movement for the Emancipation of the Niger Delta, the main armed group in Nigeria's oil-rich southern region, attacked and damaged a pipeline belonging to a unit of Italy's Eni SpA. (ENI)

The pipeline carries crude to an export terminal in the coastal town of Brass, about 250 kilometers (155 miles) southwest of the oil-industry hub of Port Harcourt, said Jomo Gbomo, spokesman for the group also known as MEND. "This relatively insignificant attack is a reminder of our presence in the creeks of the Niger delta and a sign of things to come," he said in an e-mailed statement after yesterday's incident.

### [Russia oil tsar makes play for port stake - source](#)

(Reuters) - Russia's top oil official has written to the prime minister asking the state to transfer its remaining stake in a major oil outlet to state oil company Rosneft, setting up a fight for the stake between powerful industry players.

### [Algeria sees problems with pipeline to Italy-paper](#)

ALGIERS: Economic and technical problems are blocking the construction of a new gas pipeline that would link Algeria to Italy, Algeria's energy minister was quoted by a newspaper as saying, raising doubts the project will come on stream on schedule.

Italy, struggling to diversify its gas supplies to meet growing domestic demand, depends on imports for 90 percent of its natural gas. Algeria provides it with around 35 percent of its imported gas through an existing pipeline that passed through Tunisia.

### [Activist: 'We're really tired of talk' as rockets blast through Syrian city](#)

(CNN) -- Intense blasts echoed through the ravaged Syrian city of Homs on Monday after a weekend bloodbath ended in hundreds of deaths there, local activists said.

"It is horrible. Especially today, it is horrible," said Abu Omar, a local activist who said the Syrian army was attacking without warning. "Usually they are using mortars. They are now using rockets in the sky. We can see them in the sky."

### [Months after his death, Libyan leader's weapons arm a rebel movement in Africa](#)

BAMAKO, Mali — In life, he delighted in fomenting insurgencies in the African nations to the south. And in death, Col. Muammar el-Qaddafi is doing it all over again.

Hundreds of Tuareg rebels, heavily armed courtesy of Colonel Qaddafi's extensive arsenal, have stormed towns in Mali's northern desert in recent weeks, in one of the most significant regional shock waves to emanate directly from the colonel's fall.

### [Top GOP lawmakers seek vote on Pa. gas-drilling bill framework this week](#)

HARRISBURG, Pa. (AP) — A final framework is at hand on sweeping legislation to impose an impact fee and update safety regulations on Pennsylvania's booming natural gas industry, top Republican state lawmakers say.

### [Tentative deal on Pennsylvania shale-gas fee](#)

HARRISBURG - After months of wrangling behind closed doors, Gov. Corbett and Republicans who hold the majority in both legislative chambers have reached a tentative agreement to impose a fee on the extraction of natural gas from the Marcellus Shale.

The so-called "local impact fee," which could be voted on as early as this week, would fluctuate depending on the price of natural gas and, starting in 2013, on the rate of inflation, according to a summary circulated to Republican senators during the weekend.

### [Natural gas tax 'relief' would hurt](#)

When is tax relief not a good idea?

Maybe when the tax is one of the few dependable sources of revenue for a state facing a budget deficit spiraling out of control. And particularly when abolishing the tax would provide only a nominal return to the taxpayers.

### [Rowdy public meeting on teens' mystery Tourette's](#)

Some health officials have said that the outbreak of symptoms is conversion disorder, a psychological affliction that manifests itself in physical ways, such as Tourette-like tics.

But several parents do not agree with that diagnosis, and some at Saturday's meeting expressed anger that the soil around the natural gas wells on school grounds -- which had been drilled using the hydraulic fracturing method -- had not been tested, despite the fact that trees and greenery surrounding at least one of those wells has died.

### [Most radicalism linked to Internet, say UK lawmakers](#)

LONDON — Internet service providers should do more to prevent the Web from playing a role in promoting violent extremism, British lawmakers said in a report published Monday.

The Internet has become an important factor in nurturing the extremist threat, surpassing universities and prisons as a place where dangerous ideas are developed and traded, the lawmakers said.

### [States seek currencies made of silver and gold](#)

NEW YORK (CNNMoney) -- A growing number of states are seeking shiny new currencies made of silver and gold.

Worried that the Federal Reserve and the U.S. dollar are on the brink of collapse, lawmakers from 13 states, including Minnesota, Tennessee, Iowa, South Carolina and Georgia, are seeking approval from their state governments to either issue their own alternative currency or explore it as an option. Just three years ago, only three states had similar proposals in place.

"In the event of hyperinflation, depression, or other economic calamity related to the breakdown of the Federal Reserve System ... the State's governmental finances and private economy will be thrown into chaos," said North Carolina Republican Representative Glen Bradley in a currency bill he introduced last year.

### [New energy secretary confirms green targets](#)

(Reuters) - Newly-appointed Energy and Climate Change Secretary Edward Davey on

Monday confirmed the country's commitment to its green energy targets and its focus on growing the offshore wind power generation capacities.

"There may have been a change at the helm, but there'll be no change in direction or ambition," he said at the Building Research Establishment's Innovation Park near Watford.

### [Wind energy: over 21% of all new power capacity in 2011](#)

2011, 9,616 MW of wind energy capacity was installed in the EU, making a total of 93,957 MW - enough to supply 6.3% of the EU's electricity, according to figures published today by the European Wind Energy Association (EWEA).

Representing 21.4% of new power capacity, wind energy installations in 2011 were very similar to the previous year's 9,648 MW. The wind industry has had an average annual growth of 15.6% over the last 17 years (1995-2011).

### [The Earth Times Asks: Should We Embrace Wind Power?](#)

The EU climate change targets are crucial, but this is also about increasing the security of energy generation as well as the cheapest and most technologically developed renewable energy source. In terms of cost, onshore wind is competitive with coal and gas, and with a quarter of the UK's coal stations shutting down over the next five years, we will need to replace that generation. Many people suggest we should ignore wind in favour of nuclear, which vastly overestimates how quickly new power stations can be built. A few years ago, early estimates suggested that the next generation of nuclear power stations, like Bradley and Hinkley Point, could be online by 2018; but now it's unlikely they'll be up and running before 2025. Wind can be deployed considerably faster, helping us plug that gap with something more sustainable.

### [Solar Tariff's Impact on U.S. Can't Be Measured in Jobs, Professor Says](#)

A report that concluded a tariff on importing Chinese solar panels into the U.S. would threaten more than 60,000 jobs is "nonsense," a researcher said.

It's impossible to accurately estimate the number of jobs that would be lost either directly, through closed factories, or indirectly, when people spend less on goods and services, said Russ Roberts, a professor of economics at George Mason University.

### [Sanyo to Dismiss 140 Workers in California Solar Factory Closing](#)

Sanyo Electric Co. will cut about 140 jobs and close an aging solar wafer factory in Carson, California, as it prepares to start up operations at a plant in Malaysia.



The plant, which makes the equivalent of 30 megawatts of silicon ingots and wafers for solar cells a year, will stop production next month and close in October, Masatsugu Uemura, a spokesman for Panasonic Energy Co., said by phone from Osaka. Sanyo is a unit of Panasonic Corp.

### [State Goes Its Own Way to Regulate Forest Roads](#)

DENVER — A road into the piney woods can be fraught with consequences. That was the premise, more than a decade ago, behind a Clinton administration rule that restricted road building on millions of acres of national forests in the West. The so-called roadless rule, fought over in court from the start, was validated last year by a federal appeals panel, setting off a wave of euphoria among supporters and consternation among critics.

But there is a big wrinkle here in Colorado, which was one of only two states — Idaho was the other — that at the urging of the Bush administration developed their own rules about roads in the wild.

### [China Fires 7 Officials After Spill](#)

BEIJING — Seven officials in southern China have been removed from their jobs in the wake of a toxic heavy metal spill that fouled drinking water supplies for tens of millions of people, the state news media reported Friday.

### [Shell hopes to drill this summer in the Arctic](#)

It's the billion-dollar question in Alaska for 2012: Will this be the year Shell Oil begins large-scale offshore exploratory drilling in Arctic waters?

### [China Bans Airlines From Joining EU Carbon Levies System](#)

(Bloomberg) -- China, home to the world's fastest growing aviation market, banned airlines from taking part in a European Union carbon-emissions system designed to curb pollution, saying the program violates international rules.

### [Bill Gates backs climate scientists lobbying for large-scale geoengineering](#)

A small group of leading climate scientists, financially supported by billionaires including Bill Gates, are lobbying governments and international bodies to back experiments into manipulating the climate on a global scale to avoid catastrophic climate change.

The scientists, who advocate geoengineering methods such as spraying millions of tonnes of reflective particles of sulphur dioxide 30 miles above earth, argue that a "plan

B" for climate change will be needed if the UN and politicians cannot agree to making the necessary cuts in greenhouse gases, and say the US government and others should pay for a major programme of international research.



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