



Drumbeat: February 17, 2012

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[Citigroup Says Peak Oil Is Dead](#)

Citigroup announced to the world Thursday that peak oil is dead. The controversial idea that world crude oil production is almost at its peak and will soon begin an irrevocable long-term decline has been laid to rest in the highly productive shale oil formations of North Dakota, with potentially big consequences for oil prices, the bank said.

However, despite this reading of last rites, the data suggest it would be premature to pronounce this patient dead.

Changes in oil markets in the past decade have given significant traction to the argument that world oil production is close to peaking. Despite the huge incentive of a near-threefold increase in the price of benchmark Brent crude from 2000 to 2010, the world barely managed to eke out a 10% increase in crude oil production, according to BP data.

[The End of the Peak Oil Theory](#)

Last week I got caught up in a show from a few years ago called "Mega Disasters: Oil Apocalypse" on The History Channel, spelling out the doom our economy was facing as oil production declined over the next 100 years. Domestic production was already declining, and we had no plan B. Stock up on canned soup and ammo while you still can!

If you haven't noticed, the oil apocalypse has been delayed -- again -- and the doomsday predictors are undoubtedly eating crow while they concoct another mega disaster. "Peak oil," the theory that oil production will soon hit a peak and begin declining, sending the world into an economic disaster, failed to live up to its hype again.

[American Oil Shale to Kick Off New Economic Era](#)

Founded in 1924, the *World Energy Council* is an international congress of scientists and energy resource experts that gathers once every three years to discuss the topic of energy: its current state and its future.

At their Rome meeting in 2007, this unsponsored, politically-unbiased pool of experts delivered in its 600-page Survey of Energy Resources Report the most significant statement ever issued by the group since its inception.

[Crude Oil Set for Biggest Weekly Gain This Year on U.S. Economy, Greek Aid](#)

Oil rose for a third day in New York, heading for the biggest weekly gain this year, as signs of an improving U.S. economy and progress on a bailout for Greece bolstered the outlook for fuel demand. Brent touched an eight-month high.

West Texas Intermediate futures climbed as much as 0.6 percent today and have gained 4.1 percent this week, the most since the five days ended Dec. 23. U.S. applications for jobless payments fell to the lowest since 2008, the Labor Department said yesterday. European governments are considering cutting interest rates on emergency loans to Greece and using European Central Bank contributions to plug a financing gap for the second bailout, two people familiar with the discussions said.

[Prices at the pump soar ... and it's only February](#)

Gas prices are back on the rise, and some analysts say it could get even worse before the summer driving season.

[Payroll tax cut, meet \\$4 gas](#)

The payroll tax cut is more of a cushion than a stimulus for the U.S. economy. With higher fuel prices, that cushion may already be deflating.

[Consumer Prices in U.S. Likely Rose in January on Fuel](#)

The cost of living in the U.S. probably rose in January by the most in four months, boosted by higher prices for food and energy, economists said before a report today.

[Saudi Aramco to Re-Open Oldest Field to Tap Heavy Oil, EIU](#)

Saudi Arabian Oil Co. plans to re-open the Gulf kingdom's oldest oil field and produce there for the first time in 30 years as the company boosts output of heavy crude, the Economist Intelligence Unit said.

The state-owned producer, known as Saudi Aramco, may revive a plan from 2008 to restore production at the mothballed Dammam field, the EIU said in a report. Dammam contains some 500 million barrels of oil and may yield as much as 100,000 barrels a day of Arabian Heavy crude, according to the report.

[Encana Strikes \\$2.9 Billion Shale Deal With Mitsubishi](#)

The shale-gas buying spree continues.

The Encana Corporation, a Canadian natural gas producer, said on Thursday that it had formed a partnership with Mitsubishi, receiving an investment from the Japanese conglomerate worth 2.9 billion Canadian dollars, or \$2.9 billion. In return, Encana has sold Mitsubishi a 40 percent stake in its holdings at Cutbank Ridge in British Columbia, where the Canadian company owns about 409,000 net acres.

[US, Mexico Close To 'Major' Oil-Drilling Practices Pact](#)

WASHINGTON -- The U.S. is close to signing a "major agreement" with Mexico that establishes oil-drilling practices in the Gulf of Mexico, a shared body of water where both countries could be affected by spills, Interior Secretary Ken Salazar said Thursday.

[Norway's DNO to restart Yemeni oil output as strike ends](#)

(Reuters) - DNO is about to restart production at several oil fields in Yemen after striking state pipeline workers there decided to go back to work, the Norwegian oil firm said on Friday.

[Enbridge says Line 5 returned to service](#)

(Reuters) - Enbridge Inc on Friday said it returned its 491,000 barrel-a-day Line 5 oil pipeline to service after repairing a leak in Michigan.

[Gazprom Chases China, India as European Demand Falts: Russia Overnight](#)

OAO Gazprom (OGZPY), the world's largest natural gas producer, will strive to forge supply deals with India and China this year as it seeks to win customers outside of Europe, where demand is waning.

[How Chinese Energy Politics Will Reshape the Middle East](#)

China's going to import a lot more oil from Iran and the Arab world over the next two decades. America will import far less. Those two facts will profoundly change the geopolitics of the Middle East.

[China's Arctic Powerplay](#)

The United States is shifting its focus from the Atlantic across to the Pacific. However, if an Arctic century is on the horizon, then China is at the forefront of it. While Washington

enhances its relationships across the Asia-Pacific basin, Beijing is busy engaging Arctic Ocean coastal states en masse. The Middle Kingdom is apparently interested in the commercial viability of new shipping lanes and developing the resources that lie underneath and along the Arctic seabed. Ostensibly to achieve its objectives, China is engaging the region at an unprecedented pace. Beijing's comprehensive engagement of Arctic states demonstrates that China's ambition isn't just to be a Pacific power, but a global one. Questions that remain are: what is Beijing's intention in the Arctic, and by extension what type of global power will China be?

[Argentina's YPF to pay debt, resume trade-source](#)

YPF, Argentina's biggest energy company, will shortly pay a tax debt that prompted authorities to ban it from foreign trade, meaning imports and exports should not be significantly affected, a source with knowledge of the case said on Thursday.

[Coal India May Revive Fuel Imports to Comply With Prime Minister's Order](#)

Coal India Ltd., the world's biggest producer of the commodity, may revive plans to import the fuel to comply with Prime Minister Manmohan Singh's order to increase supplies to utilities and avoid paying penalties.

"Coal India will have to supply the coal even if they don't have domestic production, and this is going to force them to import," said Kamlesh Kotak, vice president of research at Asian Markets Securities Pvt. in Mumbai. "The company is being driven into a corner to boost the power sector."

[Shipping executive: Picking up Iranian crude 'is like getting leprosy'](#)

(CNN) -- Russian steel, Ukrainian maize, tea from India, palm oil from Malaysia -- myriad products are shipped through the Gulf emirates. Iran wants and needs them all. But in the last few months, the growing web of U.S. and European sanctions has begun to paralyze its ability to import and export key products.

Multiple banking, shipping and trade sources tell CNN that Iran is struggling to import staples and export crude oil as its access to the global financial system is curbed. As a result, inflation is rising and shortages of basic products are growing.

[Japan refiners eye force majeure clause for Iran oil contracts](#)

(Reuters) - Japanese refiners should consider having a force majeure clause in term crude contracts with Iran in case they have difficulties making payments in the face of pressure from U.S. sanctions, the industry's top official said on Friday.

The United States, angry over Iran's nuclear programme, wants Japan's oil industry to cut back on Iranian imports but Japan must import swathes of oil in the wake of the

Fukushima nuclear crisis and the country's refiners have yet to make significant cuts.

[Greek dependence on Iranian oil proves latest headache for EU](#)

ATHENS : Add the prospect of running out of oil to the mountain of problems that Greece is already facing.

Iran's threat this week to cut off oil to some European countries before a boycott planned for July would do little harm to the continent's powerhouse countries. But Greece has been heavily dependent on Iran's oil, which it buys on generous terms of credit, crucial when few others trust Greece to ever pay them back.

[So Much for Sanctions: China, Iran Iron Out Oil Agreement](#)

China has, at least for now, dashed any hopes that it plans to obey tighter U.S. sanctions against Iran after hammering out an agreement to resume some imports of Iranian crude.

State-owned Unipecc, one of China's top importers, reached an agreement with National Iranian Oil Co. earlier this week to renew an annual supply contract that had lapsed at the end of the year.

[Shelling continues in Syria as protesters hit the streets](#)

Homs, Syria (CNN) -- Shelling continued in the besieged Syrian city of Homs early Friday and demonstrators hit the streets, a day after the United Nations General Assembly passed a non-binding resolution condemning the brutal government crackdown on anti-government protesters.

The shelling in the flashpoint city marks the 14th consecutive day of constant bombardment as Syrian forces targeted stronghold neighborhoods of Baba Amr, Inshaat and Khailidya.

[Report: Venezuela's Chavez ships fuel to Syria regime, undermining sanctions](#)

The government of Venezuela's Hugo Chavez is emerging as a rare supplier of diesel to Syria, potentially undermining Western sanctions and helping the Syrian government fuel its military in the middle of a bloody crackdown on civilian protests.

A cargo of diesel, which can be used to fuel army tanks or as heating fuel, was expected to arrive at Syria's Mediterranean port of Baniyas this week, according to two traders and shipping data reported by Reuters. The cargo could be worth up to \$50 million.

[Revolution brings instability to Sinai Peninsula](#)

The overthrow of dictator Hosni Mubarak a year ago was followed by a dwindling of the presence of Egyptian security forces, giving the Bedouins more authority over their lives. Egypt analysts say it has also led to more lawlessness, making the peninsula known for its smuggling routes a possible trouble spot for extremism and banditry.

"Throughout history, few people have paid much attention to the Sinai and that's part of the problem," said Bruce Hoffman, professor and director of the Center for Peace and Security Studies Program at George Washington University. "It is an area of neglect potentially becoming much more dangerous."

[Japan's nuclear safety standards called flawed](#)

TOKYO (AP) — Japan's nuclear safety chief said Wednesday the country's regulations are flawed, outdated and below global standards, and he apologized for their failure when a tsunami crippled one plant last year.

[Heinberg's serious message has silver lining](#)

World-renowned "Peak Oil" expert Richard Heinberg packed the 100 Mile House Community Hall on Feb. 8 to deliver his seriously troubling message that economic growth is effectively over.

The audience of 220 all stayed to hear there is a silver lining if we can curb our spending on credit and apply principles of sustainability to our resources. People came to the event to hear what we can do, locally and globally, to begin to live within our means and preserve resources for the future.

[Oil refineries: Sustainable communities for the post-oil world?](#)

A '100% self-supporting housing solution for the post-oil world,' the Oil Silo Home concept makes use of the thousands of oil storage units that will inevitably be abandoned in the peak oil era.

[Al Gore takes aim at "unsustainable" capitalism](#)

LONDON (Reuters) - Former U.S. Vice President Al Gore wants to end the default practice of quarterly earnings guidance and explore issuing loyalty-driven securities as part of an overhaul of capitalism which he says has turned many of the world's largest economies into hotbeds of irresponsible short-term investment.

Together with David Blood, senior partner of 'green' fund firm Generation Investment

Management, the environmental activist has crafted a blueprint for "sustainable capitalism" he wants the financial industry to adopt to support lasting economic growth.

[For Mexico City, a Repurposed Landfill](#)

In developing countries, closing a landfill often means just that: locking the gate and walking away.

But when Mexico City's government shut down the giant Bordo Poniente landfill last December, officials announced that they had a full-blown plan for the site. As I wrote on Friday in The New York Times, the city aims to capture the methane gas produced by the landfill to fuel a power plant that could supply electricity to as many as 35,000 homes.

[Larger Turbines May Help China's Wind Developers, Ming Yang Says](#)

Developers of wind-power projects in China are increasing installations of larger capacity turbines to reduce costs in the world's biggest market, the chief executive officer of China Ming Yang Wind Power Group Ltd. said.

[Tracking How the World Guzzles Water](#)

With the world's freshwater supplies under mounting pressure from pollution and galloping consumption, understanding the how, where and why of water use is more important than ever.

To that end, scientists from the University of Twente in the Netherlands have released a new study analyzing the quantity and distribution of global water use from 1996 to 2005.

[U.S. Pushes to Cut Emissions of Some Pollutants That Hasten Climate Change](#)

WASHINGTON — Impatient with the slow pace of international climate change negotiations, a small group of countries led by the United States is starting a program to reduce emissions of common pollutants that contribute to rapid climate change and widespread health problems.

[Leak Offers Glimpse of Campaign Against Climate Science](#)

A spokesman for Microsoft, another listed donor, said that the company believes that "climate change is a serious issue that demands immediate worldwide action." The company is shown in the documents as having contributed \$59,908 last year to a

Heartland technology newsletter. But the Microsoft spokesman, Mark Murray, said the gift was not a cash contribution but rather the value of free software, which Microsoft gives to thousands of nonprofit groups.

Perhaps the most intriguing aspect of the Heartland documents was what they did not contain: evidence of contributions from the major publicly traded oil companies, long suspected by environmentalists of secretly financing efforts to undermine climate science.

[Web leak shows trail of climate sceptic funding](#)

THE paper trail connecting the climate change sceptic movement in Australia and the conservative US expert panel the Heartland Institute goes back at least to 2009, documents released on the internet this week show.

[Heartland Institute says leaked climate change documents were stolen, fake](#)

Heartland Institute, a think tank in Chicago known for its undermining of climate change, announced Wednesday that leaked lists of high-profile donors and details of future projects to discredit global warming were "stolen" and that at least one was fake, according to a statement from the organization.

[Bay Area Climate Change Plans Lack Regional Cooperation](#)

Unless municipalities coordinate efforts to prepare for climate change, cities' plans to protect themselves from rising seas and other changes could make matters worse for their neighbors.



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