



Drumbeat: April 23, 2012

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[Rethinking peak oil](#)

In recent years, Chinese scholars have been embracing “peak oil” theory in increasing numbers. The idea – first put forward by American geophysicist MK Hubbert in 1949 – is that individual oil fields, oil-producing regions and world oil production will display a “bell curve”: a steep rise in available supplies, narrow peak and subsequent rapid fall.

Proponents argue that world oil supplies will peak in the mid 2020s at an annual output of 40.3 billion tonnes, while China will see domestic oil production peak at 190 million tonnes per year by around 2015.

At first glance, their view that finite subsoil resources like oil will be harder to find and harder to tap appears very reasonable. But the peak oil model itself shows an inadequate empirical representation of historical patterns. World oil discoveries have peaked at least four times since 1950. Take the United States: here, there has been a major deviation between Hubbert’s projections and real figures of oil production. As economist Daniel Yergin has pointed out, at the end of 2010, US oil production was 3.5 times higher than Hubbert forecast.

Peak oil theory holds a static view of the world, and its models ignore price effects: lots of oil discoveries and high production mean that prices and profits wane, and incentives for further exploration decline. But ensuing oil shortages then restore these incentives. When incentives exist, the industry will continue to produce and is likely to produce even more.

[Oil Drops From Three-Day High as China Crude Consumption Falls](#)

Oil dropped from the highest closing price in three days in New York after a report showed that Chinese consumption growth is slowing.

Futures slid as much as 0.9 percent as Chinese customs data showed the country’s apparent oil demand dropped to the lowest level since October. A separate report indicated Chinese manufacturing may shrink for a sixth month. Goldman Sachs Group Inc. closed a recommendation to trade the difference between two futures contracts in New York.

[Peak Oil Is Nowhere To Be Found On The WTI Futures Curve: April 22, 2012](#)

And despite ongoing Middle East threats to global supplies and a complicated background comprised of market manipulation talk, government oversight proposals and pipeline changes and expansions, many analysts don't believe prices are where they should be — simply because there's too much oil in the market.

[Mideast Oil-Tanker Supply Is Biggest Since October, Marex Says](#)

The supply of the largest oil tankers competing to load cargoes of crude in the Persian Gulf rose to a six-month high on slower demand to charter vessels, Marex Spectron Group said.

There are 103 very large crude carriers available in the gulf over the next four weeks, Kevin Sy, a Singapore-based freight-derivatives broker at Marex Spectron, said by e-mail today. That's the biggest local supply of the ships since Oct. 10, when 110 vessels were available, he said. Each of the tankers can hold 2 million barrels of crude.

[Weather-driven demand boosts UK gas prices](#)

LONDON, April 23 (Reuters) - British prompt gas prices rose on Monday morning as supply lagged demand amid colder-than-average temperatures forecast until the end of the month, while curve gas slumped with weakening oil prices.

However, average summer temperatures across Europe will be higher-than-normal between May and July, with the exception of southeastern parts of the continent, forecaster Weather Services International (WSI) said.

[N.Sea Buzzard oilfield output shut after fire-traders](#)

LONDON (Reuters) - Output has been shut at Nexen's North Sea Buzzard oilfield after a weekend fire which has been extinguished, traders said on Monday.

The Buzzard oilfield, the UK's largest, is set to return to full production in 24-48 hours, traders said.

[Ambani Plans \\$12 Billion Expansion to Offset Profit Slump](#)

Reliance Industries Ltd., owner of the largest oil-refining complex, will expand its petrochemicals businesses as it bets Indian demand for materials used to make plastics and polyester will help offset weak global fuel sales.

[Qatar Investment Authority Has \\$30 Billion to Invest in 2012](#)

Qatar, holder of the world's third-largest natural gas reserves, is seeking to diversify its economy by investing in companies, industrial projects and real estate abroad. The Qatar Investment Authority, or QIA, has "much more" than \$100 billion of assets, Al Abdulla said today.

[China urges Sudan, South Sudan to protect oil firms](#)

BEIJING - China urged Sudan and South Sudan on Monday to protect the rights and interests of Chinese oil companies that have established projects in the two countries.

"Chinese oil companies and their partners have major projects in both Sudan and South Sudan. Their legitimate rights and interests deserve substantial protection," Foreign Ministry spokesman Liu Weimin said at a regular press conference.

[Lukoil Bulgaria CEO Seeks Short-Term Fuel Price Measures](#)

Given the current crude oil prices on international markets, liquid fuel prices in Bulgaria could drop by BGN 0.09-0.10 per liter as a result of short-term measures adopted by the state, according to Lukoil CEO Valentin Zlatev.

In a Monday interview for Presa daily, Zlatev says that prices have already overstepped the psychological boundary.

He notes that drivers in Bulgaria now buy below 11 liters per fill up, compared to 17 liters a few years ago.

[Argentina Aims to Pay Nothing For Seized YPF Stake, Nacion Says](#)

Argentina aims to pay nothing for the 51 percent of YPF SA is seized from Repsol YPF SA last week, La Nacion reported.

[Repsol warns potential YPF investors of lawsuits](#)

MADRID (Reuters) - Oil major Repsol warned it could take legal action against companies that invest in YPF after Argentina seized control of the Spanish company's energy unit last week.

Argentina expropriated the 51 percent of YPF owned by Repsol, saying that the company needed to invest more to address the South American country's energy shortage.

[Argentina's YPF Cuts Computer Links With Repsol](#)

(Reuters) -- Argentine oil group YPF has cut computer links with parent Repsol, two sources familiar with the matter said Sunday, following Buenos Aires' plans unveiled last week to seize control of the leading energy company.

The move is the latest in a string of actions that have shut Spain's Repsol out of YPF, even before Argentina has implemented laws to provide the basis for the nationalization.

[Europe loses oil argument to OPEC](#)

OPEC countries have said they will not increase oil supplies to Europe, even though there have been requests for it to do so.

OPEC countries have decided that European consumers and producers should be able to cope with the current prices of oil and shortfalls from the boycott of Iranian fuel.

[Report: Iran unplugs oil terminal from Internet](#)

TEHRAN, Iran (AP) — Iran has disconnected its oil ministry and its main crude export terminal from the Internet to avoid being attacked by computer malware, a semiofficial news agency reported on Monday.

Mehr said an export terminal in Kharg Island and other oil facilities came under attack from malware and hackers but continued their work as usual.

[Iraq Says Crude Exports Via Turkey Are Halted by Fault](#)

Iraq halted crude exports from northern oil fields because of a technical fault at a pipeline network in neighboring Turkey, the Oil Ministry said.

The crude oil exports stopped at 7:45 p.m. yesterday, the ministry said in a statement on the website of the official National Media Center.

[U.S., Afghanistan reach deal on strategic pact](#)

KABUL, Afghanistan (AP) – The U.S. and Afghanistan reached a deal Sunday on a long-delayed strategic partnership agreement that ensures Americans will provide military and financial support to the Afghan people for at least a decade beyond 2014, the deadline for most foreign forces to withdraw.

[Official: Sudan bombs S.Sudan, killing a boy](#)

BENTIU, South Sudan (AP) — An official and a witness say Sudanese aircraft have bombed an area near Bentiu, the capital of Unity State in South Sudan, killing a boy and leaving at least two people wounded.

Maj. Gen. Mac Paul, the Deputy Director of Military Intelligence for South Sudan, said Monday that two Mig 29 jets belonging to Sudan dropped three bombs, two of which landed near a bridge that connects Bentiu, the capital of Unity State and Rubkona.

[China Plans Shale-Gas Investment Floor to Tap Largest Reserves](#)

China, holder of the world's biggest shale-gas reserves, plans to speed up exploration of the resource by asking companies including PetroChina Co. (857) invest three times the minimum amount sought for crude oil areas.

[China Shale Auction Likely Before July, Ministry Official Says](#)

China will likely hold its second auction of shale-gas exploration areas before July, an official at the Ministry of Land and Resources said.

[Accident at Russia's Trebs Deposit Causes Oil Spill, RIA Says](#)

An accident at northern Russia's Trebs crude deposit, jointly developed by OAO Bashneft and OAO Lukoil, caused a "large" oil spill, RIA Novosti reported today.

The accident happened around 5:30 p.m. on April 20 and caused an uncontrolled oil blowout that rescue workers contained by around 6 a.m. today, the Russian news service wrote, citing an Emergency Ministry official it did not identify.

[Electrical malfunction causes shutdown at Limerick nuke](#)

LIMERICK — An electrical malfunction at the Limerick Generating Station early Thursday caused Exelon Nuclear to remove Unit 1 from service, according to a press release issued by the company.

The malfunction occurred "on the non-nuclear side of the plant," according to Exelon," but caused "loss of power to the plant's main generator cooling pumps."

[Japan's Kansai Elec sees summer shortfall without reactors](#)

TOKYO (Reuters) - Kansai Electric Power Co, the Japanese utility most reliant on nuclear energy, might face a power shortage of about 20 percent in July unless it can restart reactors taken offline after the Fukushima crisis amid safety concerns, the

company warned on Monday.

Kansai Electric's expected deficit was the highest among four Japanese nuclear plant operators that forecast shortfalls for the summer, when demand peaks.

[Getting a Charge out of Driving](#)

The inherent gross inefficiency of the internal combustion engine surpasses even that of conventional thermal power plants. About 5% of the energy in the fuel actually moves a typical automobile. Battery electric vehicles, fuel-cell electrics, plug-in hybrids and others that eschew ICE technology get much more bang for the buck. California is proving this, as are many others.

[U.K. Needs 'Bolder, Broader' Renewable Energy Policy](#)

The U.K. needs "much bolder and broader" renewable energy policies to encourage technologies ranging from solar thermal power to liquid biofuels, said the Renewable Energy Association, an industry lobby group.

While Britain has "broadly positive" policies to spur offshore wind and wave and tidal energy, other technologies either suffer from "policy failures, or lack of political support," including biomass combined heat and power plants, onshore wind, deep geothermal and anaerobic digestion plants on farms, the REA said today in an e-mailed report.

[Q-Cells Resumes Solar Production Amid Investor Interest](#)

Q-Cells SE, the German solar-cell maker that filed for insolvency this month, has resumed production amid a push to sell the company.

[Floating Offshore Wind Kit Gets Spur From U.S., Britain](#)

Britain and the U.S. said they'd fund work on offshore wind generation technologies that work in waters as much as 500 feet deep, a measure aimed at opening vast new areas of ocean to development.

U.S. Energy Secretary Steven Chu and his U.K. counterpart Edward Davey said their departments will collaborate on ways to spur development of floating platforms for offshore wind turbines that can be stationed in depths beyond 60 meters (200 feet), the limit for traditional structures fixed to the seabed.

[Japan May Announce Preferential Rates for Clean Energy in April](#)

Japan may announce preferential price rates this month for electricity generated from renewable energy in a program that will start in July to encourage investment in non-fossil fuel power plants.

A five-person panel have been discussing the preferential rates, known as feed-in tariffs, since March 6 and will hold their sixth meeting on April 25.

[In Hippy Holdout, a Fight Over Worms and Moats](#)

The village has long prided itself on its pristine beauty and live-and-let-live attitude. But that was before the bitter dispute that pitted Mr. Hoffman, with his unconventional techniques for living in a what he calls a sustainable way, against county code enforcers whose demands for permits he has repeatedly ignored.

[Seeing Green Mirages, a Film Review](#)

We count on these things to solve our biggest problems, whether it's the ecological crisis, malnourishment or peak oil. If you don't believe in them, you're a defeatist. But do they earn the blind faith we have in them? The documentary film *Green Mirages*, directed by Egyptian Nadia Kamal and Tunisian Habib Ayeb, about the Tunisian village of Demmer, suggests we shouldn't, and points out some important questions to ask.

[Does giving antibiotics to animals hurt humans?](#)

WASHINGTON – The bacon Americans have for breakfast is at the center of a 35-year debate over antibiotics.

That's because the same life-saving drugs that are prescribed to treat everything from ear infections to tuberculosis in humans also are used to fatten the animals that supply the chicken, beef and pork we eat every day.

[A Ban on Some Seafood Has Fishermen Fuming](#)

GLOUCESTER, Mass. — Standing on the deck of his rusted steel trawler, Naz Sanfilippo fumed about the latest bad news for New England fishermen: a decision by Whole Foods to stop selling any seafood it does not consider sustainable.

Starting Sunday, gray sole and skate, common catches in the region, will no longer appear in the grocery chain's artfully arranged fish cases. Atlantic cod, a New England staple, will be sold only if it is not caught by trawlers, which drag nets across the ocean floor, a much-used method here.

"It's totally maddening," Mr. Sanfilippo said. "They're just doing it to make all the green people happy."

[Arctic fishing moratorium needed, scientists say](#)

A group of more than 2,000 scientists from 67 countries has called for a moratorium on commercial fishing in the Arctic until more research can be completed on waters that were once covered by ice year-round.

The scientists said the loss of permanent sea ice has opened up as much as 40 per cent of the Central Arctic Ocean during recent summers, making industrial fishing viable for the first time.

[Study: State needs to prepare for climate change](#)

Wisconsin needs to move now if it wants to remain on the cutting edge of climate change preparation, according to a recent study by a national environmental group.

The state is one of only nine that have taken comprehensive steps to address possible vulnerability to global warming and climate change, according to the Natural Resources Defense Council, a nonprofit, non-partisan advocacy group. However, those steps primarily involve planning, and the state needs to make implementation a priority, according to the council's first-of-its-kind state-by-state analysis.

[Experts: Cuba To Suffer More Intense Droughts, Hurricanes](#)

HAVANA (Bernama) -- More severe droughts and intense hurricanes will likely hit Cuba due to world climate change, experts have warned.

According to experts from the Intergovernmental Panel on Climate Change (IPCC), there is evidence that some of the weather events in the area are caused by increased concentration of gases from greenhouse effect in the atmosphere.

[Climate Change to Affect Corn Prices, Study Says](#)

Researchers have found that climate change is likely to have far greater influence on the volatility of corn prices over the next three decades than factors that recently have been blamed for price swings — like oil prices, trade policies and government biofuel mandates.

The new study, published on Sunday in the journal *Nature Climate Change*, suggests that unless farmers develop more heat-tolerant corn varieties or gradually move corn production from the United States into Canada, frequent heat waves will cause sharp price spikes.

[Danger from the deep: New climate threat as methane rises from cracks in Arctic ice](#)

A new source of methane – a greenhouse gas many times more powerful than carbon dioxide – has been identified by scientists flying over areas in the Arctic where the sea ice has melted.

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[The Arab Spring puts a strain on Jordan's ecology](#)

Jordan is a dry country, but tries to manage its scarce resources wisely. Population growth has been slowing in line with prosperity and careful development might have supplied everyone without damaging the underlying ecology. But Jordan has an extra problem: repeated, sudden influxes of refugees.

Palestinians from successive Israeli conflicts already account for about one-third of the country's 6.5 million people. Less publicised waves of Iraqi refugees arrived in 1990 and 2003; the Jordanian government estimates that about 450,000 remain. Now refugees are arriving from Syria.



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