



## Drumbeat: May 2, 2012

Posted by [Leanan](#) on May 2, 2012 - 8:18am

### [Falling natural gas prices hit states' pocketbooks](#)

Energy-producing states are bracing for lower tax revenue from the plummeting price of natural gas, which is just above half of what some states forecast when they put together budgets for 2013 and beyond.

Production of natural gas is up nationally largely because of the spread of hydraulic fracturing, a drilling practice that allows tapping of deposits formerly out of reach. A warm winter cut demand, driving the price below \$2 per thousand cubic feet in April.

### [Operators see access challenges](#)

While ample evidence exists to effectively debunk the peak oil theories, locating and extracting reserves that are more than capable of meeting future demand remains a primary challenge going forward, a diverse panel of national and international companies said Tuesday morning.

“Between 2010 and 2035, we see energy demand increasing by 51%, and 82% of that demand will be met by oil and gas,” said Farouk Hussain Al Zanki, CEO of Kuwait Petroleum Corp. (KPC). “The primary challenges we face in the future are availability, reliability and affordability of energy supplies. These are critical for the good of all societies”.

### [“Too Much Magic” With James Howard Kunstler | The DisinfoCast with Matt Staggs: Episode 07](#)

Social critic and peak oil provocateur James Howard Kunstler is on The DisinfoCast to discuss his upcoming book *Too Much Magic: Technology, Wishful Thinking and the Fate of the Nation*. Kunstler believes that the end of cheap, readily available oil is very near, and with it the collapse of the industrial society as we know it. According to Kunstler, alternative energy sources and other technological solutions are just wishful thinking, and the future that awaits us may very well resemble our past.

### [Chesapeake stock drops 12% on missed earnings](#)

NEW YORK (CNNMoney) -- Chesapeake Energy's stock price plunged after the opening

bell on Wednesday, as investors reacted to disappointing earnings released Tuesday after the close.

### [Trafigura Following Raffles Into Heart of Asian Trade](#)

Staff at Trafigura Group, the third- largest independent oil trader, are getting a real-time snapshot of demand in the top crude and metals-consuming region as they look from their new office onto lines of ships off Singapore.

The Amsterdam-based company moved 30 people in the past year to Singapore to trade metals and bulk commodities. Jonathan Pegler, the oil director for the Asia-Pacific region, came from Geneva in February and is already adding staff to the offices on the 28th and 29th floors of a downtown skyscraper that can seat 250. The group had nine people in the state in 2000.

### [Asian Coal Slips to Lowest Since 2010 as China Imports Ease](#)

Newcastle thermal coal prices fell below \$100 a metric ton to the lowest level since October 2010 as demand from China weakened and supply to Asia from countries including South Africa and the U.S. increased.

### [Venezuela JV progressing](#)

The Petromacareo heavy oil joint venture in Venezuela's Orinoco belt expects to pump first oil from its Junin 2 project later this year, said a top executive in state-run Petrovietnam, a partner in the venture.

### [Pipeline 'Chess Master' Cuts Third Deal Since 2011 for Su](#)

Energy Transfer Partners LP (ETP) Chief Executive Officer Kelcy Warren flew to Philadelphia near the end of February to discuss a pipeline project with his counterpart at Sunoco Inc. (SUN) Before the talks were over, he'd decided to buy the whole company for \$5.3 billion.

Warren's agreement to purchase Sunoco is the third time he's swept up a rival pipeline operator in the past 13 months, paying a total \$12.6 billion in cash and shares. Each deal has been calculated to expand Dallas-based Energy Transfer's footprint and business mix, transforming it from a regional natural-gas pipeline operator to a national shipper of gas, crude and refined fuels.

### [Drowned former oil boss was wanted in Libya](#)

TRIPOLI (Reuters) - Libya had sought to question Muammar Gaddafi's former oil chief

in a graft inquiry before his body was found in the Danube river in Austria this week, Prosecutor General Abdelaziz Al-Hasadi said on Wednesday.

### [NRC sets relicensing hearing for Ohio reactor](#)

(Reuters) - With four groups seeking to deny renewal of FirstEnergy Corp's license to operate the Davis-Besse nuclear reactor in Ohio due to cracks in its shield building, the U.S. nuclear regulator said on Wednesday it has set a hearing on the matter for May 18.

### [Arab countries reiterate call for forcing Israel to join NPT](#)

VIENNA (KUNA) -- The Arab countries on Wednesday renewed the call for subjecting all nuclear facilities in the Middle East, notably the Israeli ones, to safeguards of the International Atomic Energy Agency (IAEA).

### [The Peak Oil Crisis: Implications](#)

Last week we talked about the possibility that researchers have found a second and potentially useful and inexpensive way of converting hydrogen into helium accompanied by a release of significant quantities of energy.

Many, of course, believe such a discovery is too good to be true, for it implies that in the long run the world might be able to abandon other more expensive ways to obtain energy including oil, coal, and natural gas. Moreover, the new "green energy" renewable technologies – solar, wind, waves, tides, and biofuels – might no longer be competitive because the fuel for the hydrogen reaction would be only water. This of course sounds impossible, until one remembers that during the last 150 years electricity, internal combustion, airplanes, nuclear fission and DNA have all emerged from scientific discoveries. In this light, a more subtle way to coax hydrogen atoms to fuse into helium does not seem completely impossible.

### [U.S., Japan Complete Field Trial Of Methane Hydrate Production Technologies](#)

WASHINGTON -- U.S. Energy Secretary Steven Chu announced today the completion of a successful, unprecedented test of technology in the North Slope of Alaska that was able to safely extract a steady flow of natural gas from methane hydrates – a vast, entirely untapped resource that holds enormous potential for U.S. economic and energy security. Building upon this initial, small-scale test, the Department is launching a new research effort to conduct a long-term production test in the Arctic as well as research to test additional technologies that could be used to locate, characterize and safely extract methane hydrates on a larger scale in the U.S. Gulf Coast.

### [Whole Food Blues: Why Organic Agriculture May Not Be So Sustainable](#)

When it comes to energy, everyone loves efficiency. Cutting energy waste is one of those goals that both sides of the political divide can agree on, even if they sometimes diverge on how best to get there. Energy efficiency allows us to get more out of our given resources, which is good for the economy and (mostly) good for the environment as well. In an increasingly hot and crowded world, the only sustainable way to live is to get more out of less. Every environmentalist would agree.

But change the conversation to food, and suddenly efficiency doesn't look so good. Conventional industrial agriculture has become incredibly efficient on a simple land to food basis.

### [Joel Salatin: Life Lessons from a Farmer](#)

“For people like me who think we are really attached to nature, we'd better figure out how to build a nest, live in it and regenerate it or we're not going to be doing right by our own stewardship mandates,” Joel said. “What led me to write *Folks, This Ain't Normal* was this profound disconnect and even almost seeming ambivalence toward a really basic response to an intuitive understanding that we're heading for a precarious precipice. It's so difficult that nobody wants to even think about it; so we'll simply bury our heads in the celebrity Hollywood bellybutton-piercing culture and somehow it will all work out.”

### [A Grim Portrait of Palm Oil Emissions](#)

Indonesia ranks right behind the United States and China in the lineup of the world's top 10 greenhouse gas emitters. It's not because of smokestacks or freeways, but massive deforestation starting in the 1990s — driven in large part by the expansion of plantations for palm oil, an edible vegetable oil used in cookies, crackers, soap and European diesel fuel.

### [Fukushima Prefecture to restore destroyed coastal forests](#)

FUKUSHIMA--With the help of generous prefectures, Fukushima Prefecture is starting a nine-year plan to restore disaster-prevention coastal forests along a 145-kilometer stretch of the 185-km tsunami-inundated coastline.

The prefecture will plant 4.6 million seedlings in an area covering about 460 hectares, or about 700,000 seedlings annually for seven years, starting in fiscal 2014, according to a report on the plan.

### [Global warming: New research emphasizes the role of economic growth](#)

ANN ARBOR, Mich.-It's a message no one wants to hear: To slow down global warming, we'll either have to put the brakes on economic growth or transform the way the world's economies work.

That's the implication of an innovative University of Michigan study examining the evolution of atmospheric CO<sub>2</sub>, the most likely cause of global climate change.

### [One in seven thinks end of world is coming: poll](#)

NEW YORK (Reuters) - - Nearly 15 percent of people worldwide believe the world will end during their lifetime and 10 percent think the Mayan calendar could signify it will happen in 2012, according to a new poll.

### [Fresno woman allegedly robbed bank then went to pay PG&E bill](#)

A woman who allegedly robbed a bank Tuesday was arrested minutes later at PG&E headquarters in downtown Fresno, where she told officers she had gone to pay her utility bill.

### [View From Inside Chesapeake's Board of Directors](#)

In light of all this, I thought people would be interested in this view from within Chesapeake's board, from a book that is probably little-read, called *Peak Oil Personalities*, in a chapter by Charles T. Maxwell, an oil industry analyst and investor who has been on Chesapeake's board since 2002 -- before the shale boom really took off.

*In 2002, I was invited to join the board of Chesapeake Energy Corporation... I came to the job full of traditional conventions about analytically correct balance sheet ratios, and so on. But in the first several years I was confronted by a riveting problem.*

The problem, as Maxwell explains, was that fracking had opened up new areas to production, and it was all sufficiently new that it was hard to know what to expect -- so his "traditional conventions" didn't fly. But also, McClendon didn't want to stick with traditional ways of financing the operation, as Maxwell explains.

### [Chesapeake: McClendon out as chairman](#)

Chesapeake Energy Corp will find an independent, non-executive chairman to replace current Chairman Aubrey McClendon, who will retain his position as chief executive of the natural gas producer, the company said on Tuesday.

McClendon, who is Chesapeake's founder, also agreed to an early end to a controversial program that grants him minority stakes in Chesapeake's wells, a perk that had sparked investor anger and inquiries from federal regulatory and tax agencies.

## [Oil Drops From Five-Week High as U.S. Stockpiles Advance](#)

Oil slid from the highest level in five weeks as increasing crude stockpiles in the U.S. and declining industrial output in Europe fanned concern that global demand may weaken.

Futures in New York dropped as much as 0.5 percent. U.S. crude inventories rose 2.04 million barrels last week, the fifth gain in six weeks, the American Petroleum Institute said yesterday. Euro-area manufacturing shrank for a ninth month in April, while France, Italy and Greece will hold elections this weekend. Prices advanced 1.2 percent yesterday after an index of U.S. manufacturing increased at the fastest pace in 10 months.

## [Jeff Rubin: What happens when oil becomes unaffordable?](#)

When the first OPEC oil shock hit in the 1970s, President Nixon responded by lowering the national speed limit to 55 miles per hour in a bid to conserve energy. But speed limits aren't the only thing that can change when oil prices go up. Right now, we're seeing that rising crude prices can influence much more than just how fast you can drive your car. High oil prices change the speed at which your economy can grow.

Just as people require food, economies require energy. The relationship is straightforward: economic growth is a function of energy consumption. With national economies around the world once again forced to pay more than \$100 (U.S.) for every barrel of oil consumed, a critical question must be asked -- what happens when the world's most important source of energy becomes unaffordable?

## [The 'Fixer' at Southwest Airlines](#)

Amid climbing jet-fuel costs, Southwest Airlines, the country's largest domestic passenger carrier, reported a loss in its first quarter. But as it moves into what could be another choppy period, it's looking to a seasoned "fixer" to smooth out the price swings: Chris Monroe.

Monroe, a boyish 45-year-old assistant treasurer, is the point man on Southwest's fuel-hedging strategy. In that role, he works with Southwest's chief executive and chief financial officer, among others, to figure out how the carrier can use options and other derivatives to lock in cheaper fuel prices when crude oil is on the rise — or, conversely, to avoid spending too much on hedges when prices begin to fall.

## [US LNG exports will not cause big price spike-report](#)

WASHINGTON (Reuters) - U.S. exports of liquefied natural gas will not dramatically raise natural gas prices or hurt the U.S. industrial sector, a new study said, bolstering the case for supporters of sending U.S. gas abroad.

The Brookings Institution's study said selling some of the U.S. shale gas bounty to



foreign consumers would have a "modest" upward impact on domestic prices.

### [Nine killed in Cairo clashes outside Defense Ministry](#)

CAIRO (AP) – Clashes erupted on Wednesday between assailants and mostly Islamist protesters gathered outside the Defense Ministry in the Egyptian capital, leaving nine people dead and nearly 50 wounded, security officials said.

### [Iran says optimistic about nuclear talks](#)

VIENNA (Reuters) - Iran is optimistic about progress in talks with world powers over its nuclear programme but it will never give up its right to the peaceful use of atomic energy, a senior Iranian official said on Wednesday.

Tehran reopened negotiations with six world powers over its uranium enrichment programme last month and they have agreed to meet again in Baghdad on May 23.

### [India insurance companies to give \\$50 million cover for Iran oil buy - Executive](#)

NEW DELHI (Reuters) - Indian state-run insurers have agreed to give limited cover to local ships for carrying Iranian oil, helping the energy-hungry country import reduced volumes from sanctions-hit Tehran from July, a Shipping Corp of India director said on Tuesday.

### [Pakistani anger lingers a year after raid killed bin Laden](#)

LAHORE, Pakistan – A year after Osama bin Laden's death, there is still anger among Pakistanis over the secret raid carried out by Navy SEALs on a compound near here. And some don't believe he's dead.

### [Bolivia Seizes Unit of Spanish Power Company Red Electrica](#)

Bolivia is nationalizing the local assets of Spain's Red Electrica Corp. (REE), giving the government control of the Andean nation's power grid two weeks after neighboring Argentina seized its biggest oil company.

### [Private Empire](#)

In *Private Empire* – a book that, no doubt, will be described as exhaustive in reviews – Coll all but avoids dry holes in his wildcatting expedition to drill down into the story of a company that operates in many respects as its own nation. To cite but one of many

examples, consider Raymond's speech in 1997 in Beijing to the World Petroleum Congress.

At a time when the Clinton administration was working on the environmental agreement that became known as the Kyoto Protocol, Raymond not only argued against the notion of global warming, he openly flouted American foreign-policy, too.

### [Reporting of fracking and drilling violations weak](#)

WILLIAMSPORT, Pa. (CNNMoney) -- For Pennsylvanians with natural gas wells on their land, chances are they won't know if a safety violation occurs on their property.

That's because the state agency charged with regulating the wells -- the Department of Environmental Protection (DEP) -- does not have to notify landowners if a violation is discovered. Even if landowners inquire about safety violations, DEP records are often too technical for the average person and incomplete.

### [Drillers May Frack First, Disclose Later Under Draft Plan](#)

Natural-gas companies drilling on U.S. land would be permitted to wait until after hydraulic fracturing is completed to disclose what chemicals they used, under a draft rule being considered by the Interior Department.

### [Freedom From Gazprom Tempts Ukraine as Exxon Hunts Shale](#)

For the first time in more than two centuries, Ukraine sees its way to independence from Moscow.

That path tracks through a patch of sealed Soviet-era natural gas wells that are ready to be tapped once again and fields of shale rocks that the U.S. Geological Survey estimates will hold enough gas to fire the eastern European nation for 100 years or more. Royal Dutch Shell Plc (RDSA), Exxon Mobil Corp., and Chevron Corp. -- three of the world's four largest oil companies -- bid last week for Ukrainian exploration rights.

### [Power storage needs government nudge](#)

LONDON (Reuters) - Electricity storage, a Holy Grail of the power industry, is years from being widely deployed because of market and regulatory barriers, said an executive of S&C Electric, whose projects include enabling homes to use solar power at night.

### [Ontario electricity rates going up](#)



Get ready for a heftier hydro bill. Ontario residents will start paying more for electricity starting Tuesday.

A typical household using 800 kilowatt hours a month will see the 'electricity' line on their hydro bill increase by nearly \$6, while consumers using smart meters — or time-of-use pricing — will see an increase of about \$4.

### [Combination of Errors Led to Power Loss in San Diego](#)

WASHINGTON — Millions of people in Southern California, Arizona and northern Mexico were plunged into darkness last September because of errors and system problems paralleling those that caused the great Eastern blackout of August 2003, federal investigators reported on Tuesday.

### [Thieves Make Off With 10-Ton Bridge](#)

(Newser) – How to steal a 10-ton bridge? Easy: Just pretend you've been hired to demolish it. That's what a gang of metal thieves allegedly did in the Czech Republic recently, showing employees at a depot forged paperwork and telling them the bridge over unused railroad tracks needed to come down. "The thieves said they had been hired to demolish the bridge, and remove the unwanted railway track to make way for a new cycle route," says a railroad spokesperson.

### [Water Part V: When Oil and Water Mix](#)

When someone, like me for example, starts talking about peak oil, a typical dismissive response is “what are you worried about, we have plenty of oil left”. It's true that when we hit the peak, we will still have around half of our oil reserve left. The key point about the peak is not that we are on the verge of running out. The point is that the supply will no longer grow.

Fresh water supplies are also about to peak. Today we use all of the rain water provided by Mother Nature by tapping into lakes and streams, and we supplement this by extracting water from subsurface aquifers. Many of these aquifers are rapidly approaching exhaustion and this part of the water supply cannot be replaced. When the aquifers are exhausted, rain water will become the limiting resource for food production.

### [Land Grabbing to Reshape Asia](#)

Cambodia has opened up its potential for natural resource development up greatly, handing out more than 2,800,000 hectares in concessions to foreign investors for mineral, precious metals, agriculture since 2008. When logging and forestry concessions have been added, concessions total nearly 38% of the country's area.

### ['Garbage chicken' a grim staple for Manila's poor](#)

In Tagalog "pagpag" means the dust you shake off your clothing or carpet, but in Fabon's poverty-stricken world, it means chicken pulled from the trash.

Pagpag is the product of a hidden food system for the urban poor that exists on the leftovers of the city's middle class.

### [David Suzuki: The fundamental failure of environmentalism](#)

Environmentalism has failed. Over the past 50 years, environmentalists have succeeded in raising awareness, changing logging practices, stopping mega-dams and offshore drilling, and reducing greenhouse gas emissions. But we were so focused on battling opponents and seeking public support that we failed to realize these battles reflect fundamentally different ways of seeing our place in the world. And it is our deep underlying worldview that determines the way we treat our surroundings.

### [Warren Buffett warned of BNSF coal train blockade by B.C. activists](#)

A group of B.C. climate-change activists says it plans to stop BNSF Railway Company trains loaded with U.S. coal from passing through White Rock for one day.

### [Critics say Discovery Channel's 'Frozen Planet' sidesteps climate change issue](#)

The Discovery Channel's popular "Frozen Planet" series states that global warming is harming arctic habitats. But it doesn't mention what the majority of the world's scientists believe: Accelerated warming is caused by carbon pollution from humans.

On Tuesday, a group devoted to spreading the news on climate change complained about the network's decision to omit that information. Calling it "dangerous self-censorship" that only satisfies climate deniers, Forecast the Facts delivered an online petition with what it said were 10,000 signatures to the network's Silver Spring headquarters. The petition criticized Discovery's "decision not to explain the science, and human causes, of global warming." A security official accepted the petition, said Brad Johnson, campaign manager for Forecast the Facts.

### [Analysis - Permit glut points to new EU carbon policy tool](#)

LONDON (Reuters) - Any one-off European Union intervention to clear the massive glut of permits now clogging its emissions trading scheme is likely to lead to a 'central bank' or other policy tool to manage future imbalances in the world's biggest carbon market.

If it does act, the European Commission, the bloc's executive, is cautious about

entrenching such a mechanism in the scheme, the bloc's chief weapon to fight climate change.

### [Insurance meddling a disaster - report](#)

Governments have been warned that meddling in the insurance business could stop households and businesses making the tough decisions required to adapt to dangerous climate change.

### [Climate Change and the Body Politic](#)

History is short on examples of a society's taking action on behalf of beneficiaries who are two or more generations into the future if it involves sacrifice, a scientist suggests.



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