



Drumbeat: May 16, 2012

Posted by [Leanan](#) on May 16, 2012 - 9:20am

[U.S. energy independence is no longer just a pipe dream](#)

Every president since Richard Nixon has called for the U.S. to wean itself from needing oil from unstable or unsavory countries. The nation's new-found energy riches are likely to bring that ambition closer to reality in the next two decades, according to many forecasters.

It's no pipe dream. The U.S. is already the world's fastest-growing oil and natural gas producer. Counting the output from Canada and Mexico, North America is "the new Middle East," Citigroup analysts declare in a recent report.

The U.S. Energy Information Agency says U.S. oil imports will drop 20% by 2025. Oil giant BP projects the U.S. will get 94% of its energy domestically by 2030, up from 77% now, as oil imports fall by half. Energy billionaire T. Boone Pickens, a major investor in oil and natural-gas companies, said the U.S. can at least end oil imports from Organization of Petroleum Exporting Countries, about half its total, through new drilling and by shifting diesel-swilling trucks to natural gas. Any other oil needs should be from politically stable allies such as Canada, Pickens said.

Most enticing, a team of analysts and economists at Citigroup argues that the U.S., or at least North America, can achieve energy independence by 2020, as more domestic production and doubling down on conservation produce a virtuous cycle. The U.S. can make itself a net exporter of crude oil, refined products and natural gas — says Citigroup energy strategist Seth Kleinman.

[Oil Drops to Six-Month Low on Rising Stockpiles, Greek Crisis](#)

Oil dropped to the lowest price in more than six months in New York after U.S. crude stockpiles increased and talks to form a coalition government in Greece collapsed, raising concern the region's debt crisis will worsen.

[Budget-minded consumers skimping on summer travel](#)

Gas was averaging around \$3.85 per gallon when AAA spoke with 315 would-be travelers from April 20 to 24. The survey showed that those making under \$50,000 a year will make up about a quarter of all Memorial Day travelers, down from nearly a third a year ago. Higher gas prices eat up a larger share of lower-income families' household budgets.

AAA says the 66 cent increase in the average gas price from January through early April made many people skittish about taking long road trips. The average trip will be 642 miles this Memorial Day, compared with 792 miles. Half of those surveyed said they'll travel less than 400 miles.

[Petrobras Quarterly Profit Beats Estimates on Oil Export Growth](#)

Petroleo Brasileiro SA, the world's biggest oil producer in deep waters, said first-quarter profit topped analysts' expectations because of increased revenue from crude exports and higher fuel prices.

[North Dakota passes Alaska in oil production](#)

BISMARCK, N.D. (AP) — North Dakota has passed Alaska to become the second-leading oil-producing state in the nation, trailing only Texas, state officials said Tuesday.

North Dakota oil drillers pumped 17.8 million barrels in March, with a daily average of 575,490 barrels, Assistant State Mineral Resources Director Bruce Hicks. That compares to 17.5 million barrels in Alaska, though still far behind Texas.

[North Sea oil output at 2012 low, supporting Brent](#)

LONDON (Reuters) - Crude oil output from the North Sea will fall by 2.8 percent in June to its lowest this year due to oilfield glitches and natural declines, helping support the price of global benchmark Brent crude.

Supply from 12 North Sea crudes will average 2.11 million barrels per day (bpd), compared with 2.17 million bpd in May, Reuters calculations based on shipping schedules showed on Wednesday.

[Gas prices fall as main Norway supply restarts](#)

(Reuters) - British prompt gas prices fell on Wednesday morning ahead of the scheduled return from maintenance of Norway's Ormen Lange gas processing plant, which is expected to boost supplies.

[Tom Murphy: Time to Be Honest With Ourselves About Our Looming Energy Risks](#)

What we are really missing is the liquid fuel. It is very difficult to transition from solar, nuclear, whatever you want into the liquid fuels that allow us to move ourselves around, it is very important in agriculture. And it is, I think...that is where the pinch point will

come. There are certainly sources that can be labeled as abundant. The gulf is really one of practicality more than one of the sheer energy scale. That is a little bit harder to quantify. So you can quantify the abundance and how much you might get out of a certain source. But it is very hard to quantify things like public acceptance or how difficult it will be to pull off things like intermittency, how to deal with the storage, practical storage solutions. All of these are very tricky.

And one perspective is that we have known since 1970 roughly that fossil fuel peak was coming at some point. We knew that we needed alternatives in the 70s. We had lots of discussion of alternative energies. **Forty years later we really aren't that much further along.** We sort of don't have any new players, and it feels to me that if the liquid fuels decline in the next few decades, which I think is likely, we have already got the players on the stage right now.

[Acknowledging the Arrival of Peak Government](#)

The twin peaks of oil and government are causally linked: central government's great era of expansion has been fueled by **abundant, cheap liquid fuels**. As economies powered by abundant cheap energy expanded, so did tax revenues.

[Peeking at Peak Oil: book review](#)

The leader of the world's foremost Peak Oil research group is Kjell Aleklett, Professor of Physics at the University of Uppsala in Sweden. He has just published a book on Peak Oil that summarises a decade of scientific research.

Kjell's book is truly remarkable but not only as an unparalleled analysis of the reality and implications of Peak Oil. The book is also a unique example of how art can be used to assist the understanding of science. For these reasons I believe Kjell's book will soon be recognised both as the definitive work on Peak Oil and also as a unique scientific text. I simply do not see how it can be surpassed – unless there is another person who is willing to devote a decade of their life to building up a research enterprise that has now published over 30 peer-reviewed scientific papers on Peak Oil and related issues. Of course, there is no other person than Kjell.

[How high priced oil is changing our lives: Fewer cars and commuters, but also lower emissions](#)

TORONTO Only rich people will be able to afford cars. Everyone else will be taking public transit.

Commuters will move into Toronto and other urban centres, leaving the suburbs to revert to their former status as farmland.

The only provinces creating jobs will be those with oil. The poorest regions may resort to job-sharing.

Such is the controversial/bleak/contrarian view in Jeff Rubin's latest book *The End of*

Growth, published by Random House Canada.

[Book Review: *The End of Growth*](#)

What would happen if world economic growth, on a real, aggregate and average basis, stopped? Would houses be built? Would cars be purchased? Would people still work gainfully and consume? Richard Heinberg's *The End of Growth* argues we're nearing a watershed moment—"transitioning us from decades of economic growth to decades of economic contraction."

[UAE to merge with 'Gas OPEC'](#)

The UAE has won cabinet approval to join the Gas Exporting Countries Forum (GECF), an intergovernmental organization of the world's leading gas exporters, said a report.

[Moody's maintains negative outlook on Chesapeake Energy](#)

Moody's is maintaining its negative outlook on Chesapeake Energy, despite an announcement late Friday of a \$3 billion unsecured loan that the company will use to pay down its \$4 billion revolving credit facility.

[Chesapeake Energy Said to Increase Term Loan to \\$4 Billion](#)

Chesapeake Energy Corp. (CHK), the second- largest U.S. gas producer, increased the size of a term loan it's seeking to pay off a revolving credit line to \$4 billion from \$3 billion, according to data compiled by Bloomberg.

"That level of demand is an encouraging sign of the market's demand for Chesapeake debt at these price levels," Brian Gibbons, an analyst at CreditSights Inc. in New York, wrote in an e-mail.

[Chesapeake's Rapidly Declining Stock Is Putting Employees' Retirement Savings At Risk](#)

NEW YORK (Reuters) - The woes of Chesapeake Energy Corp are hitting shareholders hard, including its employees.

Thousands of Chesapeake workers have retirement portfolios that are heavily invested in Chesapeake stock, which has declined sharply following revelations about Chief Executive Aubrey K. McClendon's business dealings.

But while retail and institutional investors have sold the stock, employees don't always have that option.

[China Doubling Gas Use Makes Ex-Clothing Retailer Target](#)

China Gas Holdings Ltd., the utility that began life as an online retailer, has become the industry's hottest property as China plans to double use of natural gas and replace coal in the biggest-polluting nation.

[Naftogaz Ukrainy forecasts average annual imported Russian gas price at \\$440 for 2012](#)

Each month, Ukraine shells out around \$1 billion for imported Russian gas, which greatly surpasses the price of the acquired modern SEFDR, with the help of which Naftogaz counts on significantly expanding Ukrainian gas production, Bakulin said.

"Ukraine pays around \$1 billion each month for imported natural gas. For the year, that ends up being an amount equal to the cost of 28 drilling rigs like Petro Hodovanets. Therefore, at the current natural gas price of \$425, the first billion cubic meters produced with the help of this rig will compensate for its cost," he said.

[Genel Energy takes chance with another stake in Kurdistan](#)

Genel Energy, the company headed by the former BP chief executive Tony Hayward, is expanding its operations in Kurdistan.

The move comes despite a renewed bar on exports from the autonomous region and an unresolved payments dispute between Baghdad and Erbil.

[Korea Gas, Shell Start Discussions on Canada LNG Project](#)

Royal Dutch Shell Plc and three Asian partners will jointly develop a liquefied natural gas export project in Canada's British Columbia province and are in talks with local communities to win their support.

[Trafigura, Mercuria Said to Rent Vopak Singapore Fuel Storage](#)

Trafigura Beheer BV, the world's third-biggest independent oil trader, and Mercuria Energy Group Ltd. rented fuel-oil storage in Singapore from Royal Vopak NV after Westport Petroleum Inc. ended its contract for the space, according to four people with knowledge of the deals.

[Keystone isn't the only pipeline](#)

NEW YORK (CNNMoney) -- At least a dozen new oil pipeline projects are slated to

move forward in the United States over the next few years, bringing controversial sources of new crude to market despite the holdup of a portion of the Keystone pipeline expansion.

Some of the projects reverse the flow of existing pipelines.

[Angola's crude exports set to fall in July](#)

LONDON (Reuters) - Angola's crude oil exports are expected to fall in July from June, marking a drop in volume for the third consecutive month, a provisional loading schedule showed on Wednesday.

Traders attributed the fall in overall volume, which they said was significant, to the reduced exports of Angola's key Girassol crude due to maintenance at the oil field.

[Shell seeks to cut targets in Iraq](#)

Royal Dutch Shell is in talks with Iraq to cut its output target for the giant Majnoon oilfield, a move that could prompt other companies to seek similar revisions.

The European oil major won the rights to develop the giant oilfield in 2009, and is contractually obliged to increase production to 1.8 million barrels per day (bpd). But in a meeting held with government officials last month, the company proposed to cut the target to 1 million bpd, reduce spending, and extend the period under which peak production will be sustained, documents seen by Reuters show.

[Experts differ in assessing Iran's oil and gas opportunities in Caspian Sea](#)

Azerbaijan, Baku / Trend / Iran has stated about launching the oil and gas extraction operations in Iran's sector of the Caspian Sea.

Iran's oil minister Rostam Qasemi said earlier that the first "oil" torch will be sparked on the "Amir Kabir" platform (Alborz).

[Iran seen losing 500,000 barrels of oil shipments daily](#)

Iran's oil exports have the potential to fall another 300,000 to 500,000 barrels a day or more when the European Union's embargo takes effect in July, Reuters reported referring to Barclays Plc.

The decline will extend existing losses of 500,000 barrels a day, Barclays analysts led by Helima Croft in London said in an e-mailed report yesterday.

[Iranians feel the pain of sanctions: 'Everything has doubled in price'](#)

TEHRAN – The economy here is in shambles, according to Iranians, whether the government will admit it or not.

The United States, the European Union and the U.N. have imposed tough economic sanctions against Iran -- blocking access to the international banking system and hurting sales of Iranian crude oil -- as a way to persuade Tehran to abandon its nuclear program.

[Will have more talks with India on Iran oil import: US](#)

Tweet WASHINGTON: The US has said that it will have more consultations with India on New Delhi reducing dependence on Iranian crude.

"There is more progress to be made and that's what Carlos is talking about and we will have more on his consultations after they are complete," US State Department spokesperson Victoria Nuland said on Tuesday.

[Libya currently producing nearly 1.5 mil b/d crude: NTC official](#)

Dubai (Platts) - Libya is currently pumping nearly 1.5 million b/d of crude and expects to achieve "normal" pre-war production levels of 1.6 million b/d by mid-2012, Abdulbaset Abadi, a member of the oil committee at the National Transitional Council, said Wednesday.

[EU carries out strikes on Somali pirates](#)

BRUSSELS (AP) – The European Union naval force patrolling the Indian Ocean on Tuesday carried out its first air strikes against pirate targets on shore, with a pirate reporting that the raid destroyed speed boats, fuel depots and an arms store.

[Do we know enough to ensure safe Arctic drilling?](#)

FOR the oil and gas industry, the Arctic Ocean is the final frontier. Beneath the ocean floor lies an estimated 90 billion barrels of recoverable oil - about 13 per cent of the global total. As the sea ice retreats and traditional sources of hydrocarbons dwindle, the pressure to drill is becoming irresistible.

It now seems inevitable that this harsh environment will be opened up to oil and gas production, which poses a big question: how much scientific research is "enough" to ensure safe drilling in the Arctic Ocean?

[Total stops gas leak at N.Sea Elgin platform](#)

(Reuters) - Total has succeeded in plugging a well at its North Sea Elgin platform that has been leaking gas for more than seven weeks, the French oil group said on Wednesday.

[Ukraine sees 2017 for commercial shale gas output](#)

(Reuters) - Royal Dutch Shell and Chevron Corp, Ukraine's partners for exploring and developing shale gas, will start commercial gas production in 2017, a government minister said on Wednesday.

"Drilling is likely to start next year," Environment and Natural Resources Minister Eduard Stavitsky told a news conference of plans which focus on two potentially large shale gas fields.

[Taxpayers Pay as Fracking Trucks Overwhelm Rural Cow Paths](#)

A surge in hydraulic fracturing to get gas and oil trapped in rock means drillers need to haul hundreds of truckloads of sand, water and equipment for a single well. Drilling that added jobs and tax revenue for many states also has increased traffic on roads too flimsy to handle the 80,000-pound (36,300 kilogram) trucks that serve well sites.

The resulting road damage will cost tens of millions of dollars to fix and is catching officials from Pennsylvania to Texas off guard. Measures to ensure that roads are repaired don't capture the full cost of damage, potentially leaving taxpayers with the bill, according to Lynne Irwin, director of Cornell University's local roads program in Ithaca, New York.

[Some attack plans bolstered, others eased at nukes](#)

The U.S. government has adopted the first set of comprehensive changes in the emergency planning program for communities near nuclear power plants since its creation after the Three Mile Island accident in 1979.

[Sustainable energy for all focus of summit](#)

Nearly two billion people, about one-third of the world's population, don't have access to energy, according to the United Nations.

So the leading goal for the upcoming 2012 United Nations Earth Summit is "energy for all" by the year 2030, mostly from renewable and sustainable resources.

[Britain is rising to the challenge of greening our economy](#)

It's clear that with unprecedented pressure on our natural resources and our climate, the world economy needs to "green up". I want UK businesses to be in the vanguard of that move. On Wednesday, I'll take my seat alongside British business leaders at the Aldersgate Rio +20 Business Summit where we'll debate the opportunities – and the challenges – of transforming our whole economy to one geared towards long-term green growth.

[Can we please just declare the end of 'peak oil' and start worrying about something important?](#)

Apparently something terrible happens when we get to peak oil. I've never really quite understood the argument myself, but when we've used half of all the oil then civilisation collapses or something. I'm not sure why this should happen: we don't start starving when there's only half a loaf of bread left. But I am assured that something awful does happen.

[Small Wind Farms to Grow as U.S. Tax Incentives Expand](#)

Installations of wind farms with less than 20 megawatts of capacity may rise to a record this year if lawmakers expand a federal tax credit.

At least 44 wind farms were built last year to serve individual U.S. communities, often with financial support from local residents. They made up 6.7 percent of the total capacity installed, up from 5.6 percent in 2010 and the most to date, according to data compiled by the American Wind Energy Association.

[Surprise! SUVs are more popular than ever](#)

NEW YORK (CNNMoney) -- If you thought the "SUV craze" was over, you're wrong. Very wrong. Market share for SUVs in recent months is the largest it has ever been.

During the height of the so-called "SUV craze" in the late 1990s and early 2000s, about one in five vehicles sold in America was an SUV. Today, in an era of near \$4 gasoline and heightened environmental awareness, nearly one in three vehicles sold is an SUV.

[Ferrari goes green](#)

The Italian firm, one of the most elite names in motoring, indicated that one of its glitziest products, the Enzo, will be released in a hybrid version.

[Economic growth sows unhappiness in China: study](#)

"There are many who believe that well-being is increased by economic growth, and that the faster the growth, the happier people are. There could hardly be a better country than China to test these expectations," said lead author Richard Easterlin, professor of economics at the University of Southern California.

"But there is no evidence of a marked increase in life satisfaction in China of the magnitude that might have been expected due to the enormous multiplication in per capita consumption," said Easterlin, who is known for his work in the 1970s on how happiness is often not linked to wealth, coined the Easterlin Paradox.

"Indeed people are slightly less happy overall, and China has gone from being one of the most egalitarian countries in the world in terms of life satisfaction to one of the least."

[Grads, pursue a realistic dream](#)

Finding cheap housing is the best thing you can do to improve your balance sheet — freeing up far more cash than cutting out those lattes. The trick for young grads is to keep that same mindset through life, as the huge house that will eat up a third of your income starts beckoning. Rethink what's sold as the American Dream— ownership of a house you have to stretch to afford — and you might discover the real American Dream. That is, the freedom to pursue happiness.

[Stocks-to-Use Ratio Updates for Corn, Wheat, Rice, Soybeans, Cotton and Sugar](#)

Twice a year, I try to update my ongoing stocks-to-use ratio charts using the latest available data on U.S. and global crop supplies. The stocks-to-use ratio reflects the excess of supply against demand. It is calculated by dividing the ending stocks of a commodity by the total demand of that commodity and is one of the most useful statistics that we have for measuring supply and demand of food commodities. Of course, these ratios are only as good as the data that goes into the calculations, but in our electronic information age these numbers are hopefully improving all of the time.

[Q. and A.: The Most Endangered Rivers](#)

Q. Of these 10 rivers, there seem to be some patterns. Several are threatened by the same types of activities: energy development or dam- and reservoir-building.

A. There's a threat from natural gas development and fracking in the Grand River in Ohio and the Hoback in Wyoming. There's a threat to water quality as chemicals are injected into groundwater and the disposal of the fluids is not regulated, and also a threat to water quantity because massive amounts of water are used.

[Your Heart on Air Pollution: An Olympic Case Study](#)

Although the period of blue skies in Beijing may have been fleeting, researchers from the University of Southern California (USC) and colleagues have found that even such a small window of cleaner air may have proved useful for residents' cardiovascular health. That's according to a new study published yesterday in the Journal of the American Medical Association.

[Dam Project Threatens a Way of Life in Peru](#)

BOCA SANIBENI, Peru — Along the murky waters of the Ene River, in a remote jungle valley on the verdant eastern slopes of the Andes, the rhythmic humming of an outboard motor draws the stares of curious Ashaninka children.

With encroachment from settlers and speculators, and after a devastating war against Shining Path rebels a decade ago, the indigenous Ashaninkas' hold is precarious. And they are now facing a new peril, the proposed 2,200-megawatt Pakitzapango hydroelectric dam, which would flood much of the Ene River valley.

[Pondering That Green Label](#)

Recently I stopped at an upmarket cafeteria near Rockefeller Center in Manhattan where plaques and posters proclaimed that it had been certified by the Green Restaurant Association, a nonprofit group that is endorsed by the Environmental Defense Fund, the National Resources Defense Council and the New York State Restaurant Association. After buying a sandwich, I asked for tap water. They informed me that the cafe only offered bottled water.

How can a restaurant with a green rating not offer tap water?! I was floored.

[Only biofuels will cut plane emissions](#)

We need something that can deliver emission reductions from existing fleets of planes — and the solution already exists.

[UK climate experiment cancelled on patent concern](#)

LONDON (Reuters) - British scientists have abandoned an experiment to test the possibility of spraying particles into the upper atmosphere to stem global warming, largely due to concerns over a patent for some of the technology, the project's leader said.

[UN to Help Give World's Poor Fairer Share of Carbon Credits](#)

Efforts by the United Nations to ease rules for carbon-cutting projects may encourage investments in small-scale projects in solar water heaters and efficient cookstoves in Africa and Asia.

The UN Clean Development Mechanism's Executive Board, regulator of the world's second-biggest carbon market by traded volume, agreed last week to consider ways to quicken the approval procedure for some emission-reduction activities. The new process would help ease difficulties facing projects that produce fewer emission reductions than others, including those that create usable fuel from animal dung and renewable energy initiatives small enough to power a light-bulb.

[Bangladesh seeks \\$10 billion grant to tackle effects of climate change](#)

Bangladesh asks donors and development partners for a \$10 billion grant as financial assistance to tackle the adverse effects of climate change and to protect the country's existing infrastructure.

[Hawaii's Beaches Are in Retreat, and Its Way of Life May Follow](#)

Little by little, Hawaii's iconic beaches are disappearing.

Most beaches on the state's three largest islands are eroding, and the erosion is likely to accelerate as sea levels rise, the United States Geological Survey is reporting.

['Nobody is exempt from climate responsibility'](#) (interview with Christiana Figueres)

To keep below this 2 °C target, the science says we have to peak our greenhouse gas emissions before 2020. But we won't have an agreement until 2015, or global binding targets until 2020. Doesn't that make keeping below the 2 °C target impossible?

That very much depends on what effort is made now by governments. They must move forward with their negotiations for legal agreement by 2015. But they mustn't wait until 2015 to start their mitigation efforts, but rather accelerate mitigation efforts right now. They must also adopt the policies that give the right signals and incentives for the private sector to come on board.



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