



## Drumbeat: May 19, 2012

Posted by [Leanan](#) on May 19, 2012 - 9:09am

### [The age of extreme oil: 'This used to be a forest?'](#)

Over the course of three days spent visiting reserves, band offices and the vast sand dunes left behind by the bitumen-scrubbers surrounding Fort McMurray, the Achuar confronted a reality that may one day be their own. And they didn't much like what they saw.

This encounter was born of a new dynamic: the age of extreme oil. Gone are the days of sweet Texas crude and boundless Arabian oil fields, when petroleum lay so near the surface that all a company had to do was prick the Earth's crust and let the black gold gush. To the environmentalists who worry about reaching "peak oil" (and a subsequent decline in fossil fuels), critics can point out accurately enough that the world is flush with new hydrocarbon reserves. They are less quick to acknowledge the epic complexity and risks of most of these new finds.

Alberta's oil sands are the obvious example: Here, on average, two tonnes of earth must be strip-mined and seven barrels of water heated to steam in order to produce a barrel of oil. It takes a barrel's worth of energy to produce just three barrels of oil; 30 years ago it would have been 100.

### [Oil Falls to Six-Month Low on Europe](#)

Oil dropped to a six-month low in New York on concern that Greece will have to exit the euro system, compounding Europe's debt troubles and curbing fuel demand.

Futures declined 1.2 percent after German Finance Minister Wolfgang Schaeuble said that market turmoil caused by the euro-zone crisis may last two more years. Crude capped its third weekly decline as U.S. consumer confidence fell and oil supplies rose to a 22-year high. Prices are down 11 percent this quarter after climbing 4.2 percent during the previous three months.

### [Expect lower gas prices heading into Memorial Day](#)

If you're lucky enough to live in some parts of the United States, you may see gas pump prices fall to around \$3.25 a gallon or less in the next week or two. Even West Coast drivers should get some relief from prices that are still above \$4 a gallon.

### [Total: Fallout Of Arab Spring Will Sustain High Prices](#)

LONDON (Dow Jones)--High oil prices will be sustained in part through increased social spending by Middle Eastern governments in the wake of the Arab spring, Total SA Chief Economist Pierre Sigonney said Friday.

A wave of uprisings against long-entrenched rulers in North Africa and the Middle East last spring, which led to the overthrow of Moammar Gadhafi, means that the region's leaders will have to spend more of their oil revenues on social programs in an attempt to keep a lid on popular discontent.

### [\\$85 the make or break price for the oil patch](#)

Canadian Natural Resources Ltd. has rolled out two key numbers: 85 and 75.

Réal Cusson, the company's senior vice president of marketing, on Wednesday told investors where the price of oil must trade in order for energy companies to make a go of it in the oil sands and shale gas formations.

### [Qatar Producing Crude Oil At Full Capacity -Energy Minister](#)

SEOUL (Dow Jones)--Qatar is currently producing crude oil at full capacity and is sticking with its OPEC quota, Minister of Energy and Industry Mohammed Bin Saleh Al-Sada said Friday.

### [Colombia says will increase natgas flow to Venezuela](#)

(Reuters) - Colombia said on Friday it would send 50 percent more natural gas this year to neighboring Venezuela, which has yet to start producing the fuel commercially despite huge reserves.

Colombia currently exports about 200 million cubic feet (mcf) of natural gas per day to OPEC-member Venezuela, but Energy Minister Mauricio Cardenas said that would rise to 300 mcf in September.

### [Gasoline Cargoes to Brazil May Rise on Ethanol Drop in JBC View](#)

Gasoline shipments to Brazil from the U.S. and Europe may rise as slumping ethanol production encourages consumption of the auto fuel, JBC Energy GmbH said.

Brazilian ethanol production fell more than 40 percent from a year earlier in April, the Vienna-based consultant said in a report today, citing data from the Brazilian Sugarcane Industry Association, or Unica. Output of hydrous ethanol, sold at pumps in Brazilian

filling stations, slid 18 percent, JBC said.

### [Japan extends steep Iran crude oil cut to May](#)

TOKYO (RTRS): Japan's crude imports from Iran in May will be little changed from April, extending a sharp cut in purchases that began after the United States and Europe said they would impose sanctions against Tehran, traders said on Friday.

### [G-8 Leaders to Discuss Oil Market as Iran Embargo Nears](#)

The impact on oil prices from sanctions on Iran will be on the agenda when President Barack Obama meets with other leaders of the Group of Eight nations, National Security Adviser Tom Donilon said.

### [Iran plans to expand oil exploration](#)

PanARMENIAN.Net - Iranian officials announced that the country plans to expand oil exploration throughout the country, especially in Northeastern provinces, Fars News Agency reports.

### [Wheat exports to Iran near certain; to help settle fuel import bill](#)

NEW DELHI: The government is working out the details of wheat exports to Iran, a move that can help India settle part of its fuel import bill with the oil-rich nation and also reduce its grains stockpile at warehouses.

### [Venezuela says third diesel shipment sent to Syria](#)

(Reuters) - Venezuela has sent a third shipment of diesel to Syria, the energy minister said on Friday, underscoring President Hugo Chavez's support of the Middle East country despite its intensified crackdown on protesters.

Earlier this year, Venezuela's government said it had sent at least two shipments of fuel to Syria, potentially undermining Western sanctions as a rare supplier to the increasingly isolated regime of President Bashar al-Assad.

### [Turkey warns gas speculators to stay away from Cyprus waters](#)

ANKARA // Turkey on Friday called on major international oil and gas companies seeking licenses to search for gas deposits off Cyprus to withdraw their bids, saying it will not allow exploration to go ahead and threatening to ban them from Turkish energy

projects.

### [FG loses \\$7billion to crude oil theft](#)

The Federal Government said it is losing about \$7billion annually to crude oil theft in Nigeria, at the rate of 180,000 barrels per day.

To stem the trend, which government claimed rose rapidly in the last 12 months because of the collusion of some foreign nationals , a new industry joint task force, JTF, has been set up to tackle the menace.

### [Proposal to turn Kuwait into world's oil capital – State's energy consumption up 66%: Study](#)

KUWAIT: The concept of 'Kuwait as the world's oil capital' will see the light after being studied comprehensively, said, Fadhel Safar Minister of Public Works and Planning and Development revealed on Thursday. On the sidelines of a preparatory meeting for the country's second mid-term development plan, Safar told KUNA that the idea of turning Kuwait into a world oil capital goes falls in line with the vision of turning it also into a financial and commercial hub. This can be accomplished by offering a complete set of Kuwaiti oil and manufacturing industries by providing job opportunities for 21,000 potential employees, the minister said during last night's meeting that included the presence of representatives for the Kuwaiti oil and industrial sectors.

### [Consultant: nimble footwork on gas exports, energy rethink needed](#)

However, the high oil prices have brought to light the weakness of a theory that the world is about to pass an unsustainable peak in oil supplies. New oil and gas resources have magically appeared in improbable locations such as Uganda, offshore Mozambique and the eastern Mediterranean, Chow said.

"The other thing that we've learned in the last few years ... is the peak oil theory is bunk," he said.

It turns out that the availability of oil and gas supplies is determined by people's imagination, their ability to harness innovative technology and by the amount of investment that people are willing to risk, and not so much by geology, he said.

### [Peak oil debate is over, and U.S. energy independence will be obtained by 2020](#)

Amazingly, a growing chorus of analysts are arguing that the peak oil debate is over and the U.S. will soon achieve energy independence. I agree. It is over, and the U.S. will soon achieve energy independence. However, the implications of this are negative for the economy and jobs, and prove that analysts like Matt Simmons and Richard Heinberg were right in their dire peak oil predictions, as a careful analysis clearly shows.

### [First India Shale Gas Seen in 4 Years, China Output Nears](#)

Oil & Natural Gas Corp. of India and competitors may drill for at least four years before producing the first commercial shale gas in the nation as China expects to commence output next month and Australia boosts reserves.

### [Chesapeake Cash Crunch May Shrink as Gas Prices Rise 42%](#)

Rising natural-gas prices have provided some relief to Chesapeake Energy Corp., which has seen its shares plummet this year on management controversy and a looming cash-flow shortfall.

### [Chesapeake Turns to Jefferies' Eads in \\$28 Billion Deals](#)

Fitch Ratings estimates the company's cash-flow shortfall may reach \$10 billion this year. The stock has dropped 36 percent this year and McClendon said this week that Carl Icahn, the activist investor, may be buying shares. Chesapeake rose 6 percent to \$14.36 at the close in New York.

### [Sudan set to devalue pound amid oil crunch](#)

(Reuters) - Sudan will allow foreign exchange bureaux and banks to trade dollars at a level close to the black market rate, effectively devaluing the pound, a senior banking official said on Friday.

Sudan's economy has been battered since the country lost three-quarters of its oil production to South Sudan when the latter became independent in July. Even though the pipelines are in Sudan, the two have been unable to agree on how much the South should pay to transport its oil.

### [Ghana Loses GH¢583 million Oil Revenue](#)

Ghana has failed to achieve the targeted oil revenue of GH¢1.250 billion for 2011 as the nation has only raked in GH¢666 million from the commodity.

This represents a shortfall of GH¢583 million, which the Jubilee partners have attributed to the inability of the Jubilee field to produce the estimated 120 barrels of oil daily.

### [Ethical Oil challenges Harper, Mulcair to back reversal of Ontario pipeline](#)

A pro-oil-sands lobby group is calling on politicians to support a proposal that would see

an existing Southwestern Ontario pipeline reversed to send oil from west to east.

“This decision should be a no-brainer,” said Jamie Ellerton, executive director of Ethical Oil. “But it will still be opposed – it will face opposition from radical environmental groups.”

### [Reviving Arctic oil rush, Ottawa to auction rights in massive area](#)

Ottawa has placed 905,000 hectares of the northern offshore up for bids, clearing the way for energy companies to snap up exploration rights for an area half the size of Lake Ontario. The scale of the offer indicates eagerness in the oil patch to drill for new finds in Canada’s northern waters less than two years after such plans were put on hold following the BP spill in the Gulf of Mexico and a major Arctic drilling safety review.

### [Exxon Valdez-like oil disaster in Arctic feared](#)

One of Canada's top experts on Arctic issues is warning of the "near-inevitability" of an Exxon Valdez-scale oil spill at a fragile choke point in Alaskan waters if Canada ends up shipping oil-sands fuel to China via pipeline terminals on the British Columbia coast.

### [Two women charged over WA gas hub protest](#)

Two women have been charged over their protest against the \$30 billion gas hub planned by Woodside Petroleum at James Price Point in Western Australia.

### [Green Peak Oil Stock Expanding in North America](#)

In our new peak oil world of \$4 gas and, more and more people are opting for bus travel. The young like it: My girlfriend’s daughter travels by bus almost exclusively, even though she owns a car. None of the problems above are likely to get any better. Airline and gas prices will go up with oil prices. TSA procedures are ever more invasive. Amtrak needs fundamental reform and rail lines that are separate from freight to deliver better service.

Hence the Bus.

### [Many benefits of wind power make tax credit a smart idea](#)

Entrenched special interests and their friends in Congress are blocking an extension of the production tax credit that has helped drive much of my industry's growth and helps level the playing field for wind energy. (Oil, coal and other fossil fuels are all highly subsidized and have been for most of the last century.) If the tax credit is not extended soon, 37,000 U.S. wind-industry workers could lose their jobs, according to Navigant



Consulting. Not a week goes by now when I do not hear of layoffs due to tax-credit uncertainty. Ohio will be especially hard hit without a production tax credit, as orders for wind turbine components dry up completely.

### [Break Up Big Wind's Subsidies](#)

Not that long ago, we noted that the wind power industry has not fulfilled the lofty expectations it generated or met the claims of its more zealous advocates. Expectations and government subsidies are the only sure things that wind farms are creating.

### [Wind power 100 times cleaner than coal, Colorado NREL researchers say](#)

A kilowatt-hour of electricity generated by wind power emits less than one percent of the greenhouse gases as a kilowatt made by burning coal, according to a new National Renewable Energy Laboratory study.

### [Swapping Out Charcoal With Ethanol](#)

Africa used to boast nearly three million square miles of forest, only about one-third of which remain today. The principal culprit is charcoal production for cookstove fuel, which emits soot that leads to endemic health problems.

### [Last Ones Left in a Toxic Kansas Town](#)

At the entrance to Treece, something strange happens: Mountains appear on the horizon. Except they're not really mountains. They're mounds of toxic stone. Gray, treeless monuments to the town's more profitable past.

### [Obama unveils US food security plan for Africa](#)

US President Barack Obama has announced a \$3bn (£1.9bn) plan to boost food security and farm productivity in Africa, US officials say.

They say the initiative is aimed at alleviating shortages as world food supplies are being stretched by rising demand in Asia's emerging markets.

### [Worse than Keystone](#)

Environmentalists are focused oil and gas, but a bigger carbon disaster may be brewing in the Pacific Northwest.

[With Natural Gas Plentiful and Cheap, Carbon Capture Projects Stumble](#)

WASHINGTON — A federal proposal to ban the construction of coal-fired power plants that release all of their carbon dioxide into the atmosphere would seem to smooth the way for carbon capture, a budding technology that traps the greenhouse gas for storage or other uses.

But even as the Environmental Protection Agency prepares to open hearings on the proposed rule, unveiled in March, industry experts say the persistently low price of natural gas is threatening the viability of the nation's carbon capture projects.



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