



## Drumbeat: June 20, 2012

Posted by [Leanan](#) on June 20, 2012 - 9:19am

### [Shortages: Is 'peak oil' idea dead?](#)

Since humans found that oil was better than coal for shifting vehicles, people have fretted over oil wells running dry.

Bouts of anxiety are periodic. In the seventies a Shell geoscientist, M King Hubbert, sounded an alarm that supplies would peak by 1995 "if current trends continue."

They didn't peak. Fear is a powerful motivator and forecasting a shortage can be a good way of avoiding one.

Instead of seeing the 1970s oil crisis end in a long-term shortage, we responded by developing more fuel-efficient cars and burning less oil for heating. And what's more, oil production continued to grow.

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### [Presentations from ASPO 10 - Vienna](#)

Presentations by Nate, Arthur, Rembrandt, Euan, and others.

### [The Vanishing Peak](#)

One of the most enduring myths about oil is the Peak Oil theory. The theory, first articulated by a geologist, M. King Hubbert, in 1949, hold that since petroleum is a finite resource, production will lead to exhaustion . From then until his death in 1989, he routinely predicted that the end of the oil age was at hand. In retrospect, this has turned out to be more like the periodic predictions about the end of the world that are always sometime in the not too distant future.

### [Peak planet: Are we starting to consume less?](#)

The talk is of "peak stuff": that beyond a certain level of economic development, people simply stop consuming so much. Technology and the course of economic evolution allow prosperity to keep rising without a linked increase in our use of energy and materials. Our demands on planetary resources stabilise - and ultimately begin to fall.

Others are unconvinced, seeing in peak stuff a dangerous myth and a thinly veiled excuse to abandon efforts to limit our planetary impact. Without large-scale

intervention to curb our excesses now, they argue, peak stuff, if it exists, will be too little, too late. So who is right? Is humanity really about to lose its appetite for stuff - and if so, will it help?

Predictions such as those of Malthus and Ehrlich fell down on a simple point: they failed to see what came next. Malthus missed the industrial revolution and its ways of mass production, which ultimately allowed more people to live longer and more comfortably. Ehrlich failed to factor in the "green revolution", the widespread use of more productive crop strains and chemical fertilisers and pesticides that has kept food production ahead of the population curve since the 1960s. Perhaps we are missing a similar trend now.

### [Oil Drops a Third Day in London on Crude Supply Increase](#)

Brent oil dropped for a third day in London on speculation that U.S. supplies may have shrunk less than estimated, while investors awaited the outcome of a Federal Reserve meeting on monetary policy.

Brent futures lost as much as 0.9 percent, while the U.S. benchmark West Texas Intermediate fell 0.7 percent. An industry report yesterday showed U.S. crude stockpiles fell 550,000 barrels. That decline is less than the 1.3 million forecast by analysts before an Energy Department report. The Fed concludes a two-day meeting in Washington today.

### [Gas prices fall below \\$3.50](#)

NEW YORK (CNNMoney) -- Gas prices fell below \$3.50 per gallon on Tuesday for the first time in more than four months, according to AAA, thanks to the free flow of oil in the U.S. and the Middle East.

"In general, we've got a very well supplied oil market," said Dan Dicker, oil trader and author of "Oil's Endless Bid: Taming the Unreliable Price of Oil to Secure Our Economy."

### [Record number of drivers to hit the road on July 4](#)

Motorists will travel in record numbers for the Independence Day holiday this year, encouraged by cheaper gasoline, travel group AAA said on Tuesday.

The group said 35.5 million people will drive 50 miles or more away from home between July 3 and 8, up 4 percent from last year and the largest number in the last decade.

### [Opec tops \\$1 trillion in revenue](#)

Opec producers' oil revenues topped the unprecedented US\$1 trillion (Dh3.67tn) mark

last year as the price of oil averaged above \$100 a barrel for the first time.

But last year's windfall contrasts with a current slump in oil prices, which brought the cost per barrel to an 18-month low yesterday.

### [OPEC Pledge Means Record Tanker Cargoes Reversing Rout](#)

OPEC's pledge to maintain production quotas will sustain a record supply of oil cargoes in the Persian Gulf, giving ship owners the confidence to demand more money after charter rates plunged 76 percent in 11 weeks.

Rates for very large crude carriers, each hauling 2 million barrels, tumbled to \$9,710 a day since April 2 amid speculation that slumping oil prices would spur producers to cut back. OPEC instead left output targets unchanged on June 14. Returns will average \$18,000 in the third quarter, the median of eight analyst estimates compiled by Bloomberg show. That's more than twice the \$8,536 anticipated by forward freight agreements, traded by brokers and used to bet on future costs.

### [The OPEC bogeyman](#)

The escalation of oil demand and the rapid increase in prices beginning around 2004/2005 has been the most prolonged boom in OPEC history. Current account surpluses have been significant and should continue for the foreseeable future; financial reserves are at historic highs; the oil market is tight, with only Saudi Arabia, followed distantly by the UAE and Kuwait, having any significant excess oil production capacity.

Looking at OPEC's record, what should we conclude can we conclude that OPEC been an effective cartel; that it can blackmail the world?

### [Russia's Gazprom sees exports at record high in 2012](#)

(Reuters) - Russian gas exports are expected to hit a record high of 222 billion cubic metres this year, state-controlled monopoly Gazprom said on Wednesday.

The company expects its sales of gas to Europe this year to be worth \$61 billion, Gazprom's deputy chief executive Alexander Medvedev told reporters.

### [Hedge Funds Hurt in May Commodity Rout as Brevan Drops](#)

For the third straight year, May proved a disaster for hedge funds that specialize in commodities as raw materials from copper to oil fell into bear markets.

Funds tracked by the Newedge Commodity Trading Index lost an average 3 percent

last month, the most since September. Taylor Woods Master Fund Ltd., managing more than \$1 billion, retreated 4.2 percent, according to a monthly report obtained by Bloomberg News. Galena Asset Management Ltd.'s metals fund dropped 2.6 percent in May, according to the company, and Brevan Howard Commodities Strategies Master Fund Ltd. fell 2 percent, according to a monthly report to investors obtained by Bloomberg.

### [China warns its rare earth reserves are declining](#)

China has warned that the decline in its rare earth reserves in major mining areas is "accelerating", as most of the original resources are depleted.

In a policy paper, China's cabinet blamed excessive exploitation and illegal mining for the decline.

China accounts for more than 90% of the world's rare earth supplies, but has just 23% of global reserves.

It has urged those with reserves to boost production of the elements, which are used to make electrical goods.

### [Petrobras Jumps on Possible Gasoline Price Increase](#)

Petroleo Brasileiro SA (PETR4), Brazil's state-controlled oil company, rose to the highest in four weeks after Energy Minister Edison Lobao signaled the government is considering raising regulated gasoline prices.

Petrobras, as the Rio de Janeiro-based producer is known, rose 4 percent to 19.65 reais at the close in Sao Paulo, the highest price since May 22.

### [Brazil Government Fails to Benefit Blocking Oil Firms](#)

International oil companies looking to start exploring Brazil, home to the largest discoveries in the past decade, can't get near the crude.

Brazil has repeatedly delayed the sale of exploration areas since 2007, leaving Exxon Mobil Corp. and Royal Dutch Shell Plc shut out of an offshore area that holds at least \$5 trillion of oil. Meanwhile Petroleo Brasileiro SA, the state-run company that pumps more than 90 percent of the country's crude, is struggling to develop deposits it has already found. Petrobras's output grew 1.5 percent in 2011, the slowest pace in four years.

### [Iraq oil hopes slide on legal limbo](#)

LONDON // Five years after the first attempt by the Iraqi authorities to ratify an oil law, the country's petroleum sector is still in legal limbo.

A hydrocarbon law remains a mirage in Baghdad and the reality is dawning that Iraq's plans to become one of the world's top-five oil producers are jeopardised by the legal deadlock.

### [Chesapeake Hired Lawyer With Stealth Record in CEO Probes](#)

The lawyer Chesapeake Energy Corp.'s audit committee hired to investigate possible conflicts of interest in its chief executive's loans has a record of managing probes with minimum publicity about himself or his client.

### [Norway oil workers threaten strike over pensions](#)

OSLO (Reuters) - Oil workers in Norway, the world's eighth largest oil exporter, resume wage talks on Friday, threatening to go on strike within days if firms fail to improve their pay offer and tackle a sensitive pension issue.

Unions are demanding wage increases, better overtime pay and the right to retire at 62 for the sector's 7,000 workers, but the Norwegian Oil Industry Association (OLF) already said pensions will not be on the table during the talks.

### [Chevron seeks priority pipeline access in Canada](#)

CALGARY, Alberta (Reuters) - Chevron Corp is seeking priority access to capacity on the Trans Mountain pipeline to Canada's West Coast from Alberta, saying crude supplies for its British Columbia refinery are dwindling as other shippers clamor for limited capacity.

In an application to the National Energy Board on Tuesday, Chevron said its Burnaby refinery has been getting elbowed out of space on the Kinder Morgan Energy Partners-owned pipeline. The plant, which supplies nearly a third of the gasoline in Canada's Westernmost province, has received nearly all its oil from the pipeline since 1954.

### [East Africa set to be global gas hub](#)

Statoil has struck gas in Tanzania, adding to the slew of discoveries that raises the prospect of east Africa becoming a major gas provider.

The Tanzanian discovery builds on a rich series of finds in the offshore Rovuma Basin, which is shared with Mozambique, and the area is already shaping up to become an exporting hub.

### [Iran oil exports fall more in June, sanctions bite](#)

LONDON (Reuters) - Iranian oil exports are falling further in June as more customers in Europe and Asia stop or scale back purchases ahead of European Union sanctions aimed at slowing Tehran's nuclear program.

### [Iran to build 6.9mn bl product storage capacity](#)

Iran will build 6.9mn bl of products storage by the end of March next year, as it boosts capacity to 80 days of consumption from a current 50 days, according to oil ministry news service Shana.

### [Ahmadinejad Woos Chavez-Led Allies in Latin America](#)

Iranian President Mahmoud Ahmadinejad, facing tighter U.S. sanctions and rising tensions in the Persian Gulf, will turn to his diminished group of allies in Latin America for support this week.

Ahmadinejad arrived in Venezuela yesterday to kick off a four-nation tour to push investment projects such as a hydro- electric power plant in Ecuador. He'll be joining forces with leaders like Venezuela's Hugo Chavez and Cuba's Raul Castro in taking shots at the U.S. in its own backyard, defying attempts to isolate Iran over its nuclear activities.

### [Japan passes law to insure Iran oil imports](#)

Japan's parliament approved government guarantees on insurance for crude oil cargoes from Iran on Wednesday, paving the way for it to become the first of Iran's big Asian oil buyers to get round new European Union sanctions, Reuters reported.

Last month IEA said Iran's oil exports have decreased from 2.5 mbd to less than 2.0 mbd, and this figure is expected to fall even further to 1.5 mbd in the second half of 2012.

### [Japan, China to import Iran oil after EU ban](#)

TOKYO (Reuters) - At least two of Asia's four top buyers of Iranian crude will keep imports flowing, though at overall reduced rates, as they find ways around an EU ban on insuring tankers carrying the Islamic country's oil.

Asia needs oil to feed growing demand and top consumers are reluctant to entirely halt imports from Iran and depend entirely on top exporter Saudi Arabia, especially given that output from other alternative suppliers such as Libya and Iraq has not stabilized.

### [Statoil: Shtokman Gas Project Must Compete With Other Opportunities](#)

Norwegian oil and gas producer Statoil ASA (STO) has many potential investment opportunities and if the giant Shtokman gas field development in Russia is to proceed it must offer a rate of return that is globally competitive, said the company's Executive Vice President of Global Strategy and Business, John Knight Wednesday.

### [NEA slashes load-shedding hours](#)

The Nepal Electricity Authority (NEA) has slashed the load-shedding hours to 7 hours a day at the maximum from Thursday.

### [GDF Suez Quits Europe as Belgium Plans to Shut Reactors](#)

Europe is driving its largest power and natural-gas utility off the continent.

GDF Suez SA is dealing with government caps on prices in France and Belgium, losing a 1.8 billion-euro (\$2.3 billion) wind-farm project in France it spent five years preparing, and an early shutdown of as many as three atomic reactors in Belgium. Chief Executive Officer Gerard Mestrallet says he only sees expansion coming in faster-growing Asia and Latin America.

### [Shell Faces Pushback As Alaska Drilling Nears](#)

The federal government could soon give the final go-ahead for Royal Dutch Shell to begin drilling for oil in the Arctic Ocean. Shell has spent \$4 billion since 2007 to prepare for this work, and is hoping to tap into vast new deposits of oil.

But the plan to drill exploratory wells is controversial — opposed by environmental groups and some indigenous people as well.

### [Chevron Among 48 Bidders Seeking U.S. Leases Near BP Spill Site](#)

Chevron Corp. is among 48 companies bidding for the first drilling rights in the central Gulf of Mexico since BP Plc 's spill two years ago, tapping a region the U.S. estimates may yield more than 1 billion barrels of oil.

The auction today for tracts covering almost 39 million acres off Alabama, Louisiana and Mississippi is the first in the region since the BP spill. A sale about a month before the April 2010 disaster raised \$949.3 million for the U.S..

### [U.S.: Pipe Failure Caused Fire At BP Refinery](#)

FERNDALE, Washington (AP) -- BP says the Feb. 17 fire that shut down its Cherry Point oil refinery in Washington state near Ferndale was caused by a pipe failure in the crude processing unit.

### [Enbridge Elk Point Spill Pumps About 230,000 Litres Of Heavy Crude](#)

ELK POINT, Alta. - There's been another oil spill in Alberta, this time northeast of Edmonton.

The Energy Resources Conservation Board says the leak of heavy crude oil happened Monday at a pumping station on Enbridge Inc.'s (TSX:ENB) Athabasca pipeline about 24 kilometres southeast of Elk Point.

### [Activist Artist vs. Pipeline](#)

An illustrated article that takes a leaf from "Alice in Wonderland" has gained something of an online following, prompting thousands of people to urge the Canadian government to halt development of the Northern Gateway oil pipeline.

In this "visual essay," posted by the Canadian activist Franke James at her Web site, Alice poses a series of questions about the pipeline's environmental risks to the Canadian prime minister, Stephen Harper, and his minister of natural resources, Joe Oliver, in brightly illustrated cartoon-like frames.

### [Fukushima plant operator: We weren't prepared for nuclear accident](#)

Tokyo (CNN) -- The operator of Japan's crippled Fukushima Daiichi power plant admitted Wednesday that it was not fully prepared for the nuclear disaster spurred by last year's devastating earthquake and tsunami.

"All who were related to the nuclear plant could not predict an occurrence of the event which was far beyond our expectation," said Masao Yamazaki, executive vice president of Tokyo Electric Power Co. (TEPCO). "We did not have enough measures to prevent the accident."

### [Japanese Officials Failed to Use U.S. Data Tracking Radiation After Tsunami](#)

TOKYO — The United States shared detailed radiation measurements with Japan in the early days of the 2011 Fukushima Daiichi nuclear disaster that the Japanese government did not make public or use in conducting evacuations, officials

acknowledged on Tuesday.

### [King Coal's return bad news for Big Oil and greener energy](#)

It takes 1.5km to brake a coal train to a standstill and nearly 9km to stop an oil supertanker.

BP's Statistical Review of World Energy, released last week, shows the world's energy economy has a similar inertia.

Despite demands for rapid transformation for the sake of the environment, the global complex of mines, wells, pipelines, wind farms, nuclear plants, power lines and petrol stations changes very slowly.

### [Are we moving toward a fact-free future?](#)

Issues such as climate change and peak oil seem so abstract to most people that they do not see them as pressing issues that require a thorough analysis and immediate action. This is true because the effects are not immediately impinging on them or, at least, they are unable to connect what effects there are to themselves. And, the usual fact-filled analysis that is often thrown at them therefore doesn't interest them much. As it turns out, information that is new, but not consistent with one's current belief system, is normally discarded by most people. Typically, only some exceptional concrete change of circumstances will cause people to open their belief systems to contradictory information.

### [Rent your car for cash](#)

NEW YORK (CNNMoney) -- Neil St. Clair owns a BMW 5-series and if you want, he'll let you drive it for \$15 an hour or \$75 a day.

St. Clair -- like thousands of people -- doesn't actually need his car all the time, so he's decided to take advantage of a new peer-to-peer car sharing service that allows him to rent his car out to strangers and defray his ownership costs.

### [Solar power could have saved \\$520 million last summer, study says](#)

If Texas had used more solar energy last summer, electricity customers could have spent nearly 10 percent less on power, according to a hypothetical analysis released Tuesday.

The study, commissioned by a mix of solar and renewable energy industry organizations and produced by the Brattle Group consulting firm, said that if Texas had the capacity to generate up to 5 gigawatts of electricity from solar photovoltaic cells, Texas customers would have saved \$520 million during the state's hottest summer on record,

when the state's total electric cost was \$5.4 billion.

### [The Afterlife of Cheap Clothes](#)

What American doesn't have something hanging in his or her closet worn only once or twice, a pair of pants waiting for a diet, or even a brand-new dress or jacket with the tags still on? Common sense and everyday experience tell us that we have so many clothes that a majority go underused and neglected. According to a 2010 national survey in *ShopSmart* magazine, one in four American women own seven pairs of jeans, but we only wear four of them regularly. Not surprisingly, charities regularly see brand-new clothes come in with tags still affixed. "We see people throwing away new stuff every day," Maui says.

There is an enormous disconnect between increasing clothing consumption and the resultant waste, partially because unworn clothes aren't immediately thrown out like other disposable products. Instead, they accumulate in our closets or wherever we can find space for them. Master closets now average about 6 feet by 8 feet, a size more typical of an extra bedroom 40 years ago.

### [District's needy get fruit and vegetable Rx](#)

The familiar refrain: Fresh fruits and vegetables can be expensive and scarcely available in poor neighborhoods. "We have a motivated group of people who want to make changes," says Jessica Wallace, We Can's coordinator. "But financially, they are at a loss for how to do that."

Wallace has a new way to help. On June 6, the clinic began writing "fruit and vegetable prescriptions" to help cover the cost of fresh produce. Thirty-five families will receive vouchers for \$1 per family member per day — \$112 every four weeks for a family of four — to spend at any of five District farmers markets: the Columbia Heights Community Marketplace, Mount Pleasant, 14th and U, Bloomingdale and Glover Park. The hope is that a medical endorsement of healthful eating, plus cash to buy ingredients, will help families make real changes to the way they shop and eat.

### [As Swarms Startle New York, Officer on Bee Beat Stays Busy](#)

This spring in New York City, clumps of homeless bees have turned up, often in inconvenient public places, at nearly double the rate of past years. A warm winter followed by an early spring, experts say, has created optimal breeding conditions. That may have caught some beekeepers off guard, especially those who have taken up the practice in recent years.

...It can be difficult to trace a swarm to its source. Officer Planakis said the bees he had collected were wild, but some beekeepers believe they were fleeing the poorly managed hives that have proliferated on rooftops, in backyards and on balconies since the city lifted a decade-long ban on raising *Apis mellifera* — the common, nonaggressive

honeybee — in March 2010.

### [DNA evidence of Asian carp above electric barrier grows](#)

While it's been nearly two years since crews landed the only live Asian carp specimen above an electric barrier on the Chicago Sanitary and Ship Canal, DNA evidence of the jumbo carp continues to come in - and the percentage of DNA-positive water samples taken above the barrier this year appears to have grown tenfold over last year.

### [Evangelicals and Climate Change: Global Warming Activists \(Pt. 2\)](#)

For evangelicals who are global warming activists, convincing the Christian community to get engaged has been a process.

For example, Richard Cizik, though he was cited in 2008 by Time Magazine as one of the top 100 most influential people in the world for his work as a 'green evangelical,' had a very tough time convincing his organization to back him at the time.

### [Defense: Buyers knew renewable credits were fake](#)

BALTIMORE (AP) - A lawyer for a Maryland man accused of selling \$9.1 million in fraudulent renewable energy credits says his client isn't guilty because buyers knew they were fake.

### [Canada's Oil Insiders Want a Carbon Tax](#)

Surprising as that sounds, interviews reveal a business community consensus based on economics.

### [Cities Lead Effort to Curb Climate Change as Nations Lag](#)

New York Mayor Michael Bloomberg is leading an effort by 58 of the world's largest cities to reduce greenhouse-gas emissions while federal governments struggle to meet global targets following two decades of discussions.

The member-cities of the C40 Cities Climate Leadership Group produce about 14 percent of the world's greenhouse-gas emissions. Their actions to improve energy efficiency and invest in renewable power will reduce emissions by 248 million metric tons in 2020, Bloomberg said on a conference call. The cities can cut emissions by more than 1 billion tons by 2030, or the equivalent annual output from Mexico and Canada.

## [Environmentalists Say UN Sustainability Pact Lacks Teeth](#)

United Nations envoys endorsed the broadest steps yet to harmonize economic development with efforts to protect the environment, measures that pressure groups say lack the teeth needed to force change.

Delegates from 190 nations put the finishing touches on a draft agreement early this morning that addresses cuts in fossil-fuel subsidies, provides support for renewable energy and details measures to protect oceans, according to diplomats and Brazil Foreign Minister Antonio Patriota at the UN Conference on Sustainable Development in Rio de Janeiro.

## [Global Economy Limits Expectations at Earth Summit in Brazil](#)

RIO DE JANEIRO — Global leaders, development experts, bankers, academics and activists are gathering here this week to celebrate the anniversary of the landmark Earth Summit of 1992 and to try to address the linked problems of poverty, hunger, energy shortages and environmental degradation.

But the conference — expected to draw as many as 50,000 participants — is in many ways overshadowed by economic and political crises around the world. While more than 100 heads of state and government are planning to attend the formal talks starting Wednesday, President Obama, Prime Minister David Cameron of Britain and Chancellor Angela Merkel of Germany are staying away, preoccupied by domestic politics and the financial turmoil in Europe.

## [Rising Asian cities may sink into the sea](#)

HONOLULU - An Asian century, an urban century — the rise of the East and the role of such expansive urban giants as Shanghai are emblematic of popular assessments of where the world's economy is heading.

But talk with Roland Fuchs of the East-West Center in Honolulu and you hear two deeply disturbing warnings.

First, the climate equation, and what it means for Asia in particular. Carbon dioxide levels in the atmosphere are rising at alarming rates, with the Pacific Rim seriously endangered.



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