



Drumbeat: June 25, 2012

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[Oil economists predict growth until 2030](#)

“We think that oil demand will peak by 2030 and decline thereafter,” said chief analyst at Statoil, Eirik Wærness.

Statoil presented its annual forecast for global economics and energy markets - Energy Perspectives 2012, Thursday.

According to Mr Wærness, who penned the report with analyst Kyrre M Knudsen and chief economist Klaus Mohn, Statoil expects a yearly growth of around 1 million barrels a day towards the 2020s. Demand will fall slightly during that decade, before leveling off around 2030.

The three believe lower economic growth, higher efficiency and increased use of electricity and gas will be the drivers causing demand for oil to decline after 2030.

[Is Peak Oil Dead?](#)

From the deepest waters of the Gulf of Mexico to the prairies of North Dakota, and many places in between, the production of oil and gas in the United States has greatly increased over recent years through the industry's ability to access heretofore inaccessible and unaffordable "unconventional oil." Using new technology and financed by the rising prices of oil since the mid-2000s, national oil production has risen over the past four years from 4.95 million barrels a day (mb/d) to 5.7. The Energy Department projects 7 mb/d by 2020, while other experts claim production could eventually be 10 million, which would put the United States in the league with Saudi Arabia.

With this increased production, a growing number of people (especially from the oil industry, Wall Street, and the Republican Party) have loudly proclaimed the end of peak oil, dismissing it as a myth that has now been dispelled. We're not running out of oil, they insist.

But peak oil is not about the end of oil. Geologically speaking, that will never happen. Rather, peak oil is about the end of the cheap, abundant, easy to extract oil, the "sweet" crude that has been the bedrock of our industrial civilization, and the basis of the economic growth we've come to take for granted. This older oil still accounts for 75 percent of our daily consumption, but has been disappearing at the rate of 3-4 mb/d each year, and will be largely gone in 20 years. As older fields dry up, newer ones are not being discovered. In 20 years, cheap oil will be largely gone.

[Bubbles and the Collapse](#)

I used to worry about peak oil but not so much now. The thing that is going to get our civilization first is the 30 plus year old leverage bubble bursting. The tech bubble and housing bubbles were just sub bubbles of the over all leverage bubble and this is nothing new. Nicole Foss explains at from about 13:00 to 19:00 in the video below.

[Oil Trades Below \\$80 for a Third Day on Economic Outlook](#)

Oil traded below \$80 a barrel for a third day in New York amid concern that Europe's debt crisis will curb demand for fuels.

Futures slid as much as 1.2 percent as George Soros warned that a failure by European Union leaders meeting this week to produce drastic measures could spell the demise of the bloc's shared currency. Developed economies are running into the limits of monetary policy, the Bank for International Settlements said in its annual report yesterday. Oil earlier rose as much as 1.2 percent after Tropical Storm Debby approached oil and gas installations in the Gulf of Mexico.

[U.S. gas prices plunge again](#)

(CNN) -- U.S. gasoline prices have dropped by nearly 15 cents a gallon since early June as crude oil continues to fall on global economic fears, the latest Lundberg Survey reported Sunday.

A gallon of regular gasoline dropped to an average of \$3.48 per gallon in the continental United States. That's down 14.6 cents from the last biweekly Lundberg Survey, which canvasses about 2,500 filling stations across the Lower 48.

[Oil Prices to Weaken Further, Providing 'Stimulus' for Consumers: Survey](#)

Oil prices are set to soften further this week after data showed a slowdown in business activity from Europe to the U.S. and China reflecting continued deterioration in the global economy, according to CNBC's weekly survey of oil market sentiment. Middle East tensions and the U.S. hurricane season may limit the declines.

[Tropical Storm Debby Weakens in Gulf Off Florida](#)

Tropical Storm Debby weakened in the Gulf of Mexico off the Florida Panhandle after shifting away from oil- and natural gas-production areas where Anadarko Petroleum Corp., BP Plc and rivals halted output.

[Gas boom set to inflame growth](#)

AUSTRALIA'S natural gas boom threatens to set off a new round of interest rate rises, pushing economic growth above the level with which the Reserve Bank is comfortable.

An analysis commissioned by the industry finds that by 2016 investment in liquefied natural gas will add 2.2 per cent to gross domestic product growth.

[High Oil Prices Cut the Cost of Natural Gas](#)

There's an unprecedented price gap in the energy patch. Oil has traded above \$100 a barrel since February, while natural gas prices have dropped below \$2 per million British thermal units—from \$4.85 in June of last year. A divergence like this “has never happened before,” says Duane Grubert, an energy analyst with Susquehanna Financial Group. The last time natural gas prices were this low, in 2002, oil was at \$20 a barrel.

In a departure from their traditional relationship, high oil prices are helping keep gas prices down. Natural gas producers are cutting production in hopes of bringing down supplies and therefore increasing prices. The industrywide gas rig count fell by 23 last week, to 624, the lowest in 10 years, according to driller Baker Hughes. Yet production keeps growing. It is projected to average 69.2 billion cubic feet per day in 2012, up from an average 66.2 billion cubic feet per day last year, according to the Energy Information Administration. And supplies keep growing. The EIA predicts natural gas in storage will reach a record 4.1 trillion cubic feet by October, compared with 2.5 trillion cubic feet now.

[Saudi Aramco Said to Form Venture Firm on Drilling Tech](#)

Saudi Arabian Oil Co., the world's largest crude exporter, is forming a venture capital company to invest in international startups developing new drilling technologies, a person with knowledge of the plan said.

Saudi Aramco, as the state-owned producer is known, wants to adopt the latest techniques and expertise for boosting output at older oil fields and fracturing rocks in underground reservoirs to speed the extraction of crude, the person said, declining to be identified because the project is confidential. The investment company will start operating soon, the person said, without specifying a date or indicating how much money it would have to invest.

[OPEC Could Collapse As Shale Gas Pops Peak Oil Myth](#)

The Organization of Petroleum Exporting Countries, which in its heyday could trigger global economic crises by turning off the oil taps, faces an uncertain future as the shale oil revolution transforms the energy business.

[Saudi Arabia seeks Red Sea energy resources](#)

Despite holding the fourth-largest reserves of natural gas, Saudi Arabia is short of gas supply and Saudi Aramco has embarked on an ambitious programme to boost gas production by a third in the five years to 2015.

Added production is desperately needed to maintain the drive towards industrial expansion, which is based on the petrochemicals sector and associated downstream industries. Petrochemicals rely heavily on gas as a feedstock, while a growing industrial base requires electricity to power it.

Saudi Arabia currently burns growing volumes of crude oil to feed its demand for power and natural gas is a preferable alternative. It is cleaner burning and also frees up higher-value crude for export.

[Bahrain Banagas Reviewing Local Gas Prices, Alwatan Says](#)

Bahrain's National Gas Co., known as Banagas, is reviewing prices of natural gas sold locally to industrial companies, Alwatan newspaper said, citing chief executive officer Mohamed bin Khalifa Al Khalifa.

Banagas is awaiting the results of a study it's undertaking with an international consultancy firm to determine the new pricing structure, the Bahraini daily quoted Al Khalifa as saying.

[China's Sinopec eyes shale gas assets in US](#)

It is a good time for Chinese companies to buy into US natural gas projects given the low international natural gas prices, experts said, after media reported that the head of China's largest energy company paid a visit to the US to talk about a possible gas shale assets acquisition, Global Times reported.

[Norway Oil Workers Shut Platforms as Mediation Talks Fail](#)

Norwegian offshore workers shut two platforms after mediated talks on pensions and wages failed, curtailing output in Europe's second-largest crude and natural gas producer.

A government-led mediation was unable to bridge a divide over pensions with the labor unions, Industry Energy, Safe and Lederene, the Norwegian Oil Industry Association said today in an e-mailed statement. The talks had pushed past a midnight deadline before a strike was called.

[Pertamina Workers Step Up Demonstrations at West Java Refinery](#)

Thousands of workers at a Pertamina's refinery in Balongan, Indramayu district in West Java rallied in protest of the Indonesian state oil and gas company's outsourcing of labor, and general worker welfare at its facilities on Monday.

The action, which was the third demonstration this week, ultimately turned chaotic when demonstrators tried to break through the gates at the refinery, according to reports from BeritaSatu.

[Coal-Plant Plunge Threatens Billions in Pollution Spend](#)

The coal-fired power industry in the U.S. is facing the biggest plunge in asset values in a decade, risking billions of dollars in pollution-control spending by utilities such as Exelon Corp. and American Electric Power Co.

An indication of how much new emissions rules and cheaper natural gas have hammered the value of coal-burning generation will come when Exelon announces the results of the first big sale of U.S. coal-fired power plants in four years.

[Chesapeake and rival plotted to suppress land prices](#)

GAYLORD, MICHIGAN (Reuters) - Under the direction of CEO Aubrey McClendon, Chesapeake Energy Corp. plotted with its top competitor to suppress land prices in one of America's most promising oil and gas plays, a Reuters investigation has found.

In emails between Chesapeake and Encana Corp, Canada's largest natural gas company, the rivals repeatedly discussed how to avoid bidding against each other in a public land auction in Michigan two years ago and in at least nine prospective deals with private land owners here.

[JPMorgan Shuns Chesapeake Business That Goldman Courts](#)

JPMorgan Chase & Co. and Goldman Sachs Group Inc. compete for banking and trading business from almost all of the world's largest companies, with one notable exception: Chesapeake Energy Corp., the second biggest U.S. gas producer now facing a cash-flow shortage.

For more than a decade, JPMorgan bankers have declined to do business with Chesapeake and its chief executive officer, Aubrey McClendon, 52, said people with knowledge of the matter. In contrast, Goldman Sachs, which once loaned money to McClendon against his wine collection, recently helped arrange a \$4 billion loan for Oklahoma City-based Chesapeake and is advising on its efforts to sell assets.

[Oil Stocks Biggest Losers With Valuations Lowest Since 2009](#)

At a time of record fuel demand, bountiful oil and natural gas, and expanding economies, no stocks are doing worse in the world than energy producers from BP Plc to Hess Corp.

The MSCI World Energy Index has declined 9.6 percent this year, more than any other group, according to data compiled by Bloomberg. The gauge has climbed 45 percent since equities bottomed in 2009, less than any industry with earnings tied to economic growth. In the U.S., the stocks are at the cheapest levels relative to the Standard & Poor's 500 Index since 2009.

[Is now a buying opportunity for oil stocks?](#)

Oil and gas stocks are getting clobbered this year as the price of crude oil falls. But is this creating a huge buying opportunity for investors?

[Egypt's incoming leader Morsi calls for peace, unity](#)

CAIRO – Thousands of Egyptians on Sunday celebrated the presidential victory of the Muslim Brotherhood's Mohammed Morsi in the place where their democracy began – Tahrir Square.

[Report: 33 Syrian army members defect to Turkey](#)

(CNN) -- Syrian President Bashar al-Assad's military may have more cracks in its armor as dozens more soldiers, including a general and two colonels, have defected across the border, Turkish media reported Monday.

The 33 army defectors entered Turkey and were sent to a camp in southern Hatay province, the Anadolu news agency said, citing authorities.

[Syria rejects Turkey claims on downed jet](#)

(CNN) -- Syria raised the stakes Monday in a war of words with Turkey over the shooting down of a Turkish fighter jet by Syria, an incident that threatens to draw in NATO.

[EU says to implement sanctions against Iran on July 1 as planned](#)

Brussels (Platts) - The EU's sanctions against Iran -- including a ban on oil imports and a ban on the provision of insurance for tankers shipping Iranian oil -- will come into force as planned on July 1, the EU's foreign affairs chief Catherine Ashton said Monday.

In a statement ahead of talks between EU foreign ministers in Luxembourg, Ashton said there would be no review of the already agreed sanctions.

[Oil imports from Iran to dry up over reinsurance](#)

Iranian oil imports to Korea are highly likely to stop starting next month.

Despite expectations that Korea would negotiate with EU officials for exemptions to some of the union's sanctions on Iran, the attempt failed yesterday, according to sources within the Korean government.

The European Union decided to stand firm on its decision to prohibit reinsurance contracts on oil ships delivering Iranian oil starting next month.

[S.Korea reports sharp fall in Iran oil imports](#)

South Korea's May imports of Iranian crude oil fell 39.5 percent from a year earlier to 3.96 million barrels as it cuts shipments in line with a US sanctions drive, figures showed Monday.

Imports from January to May dropped 15.7 percent from the same period last year, according to the preliminary figures from the state Korea National Oil Corporation.

[India allows use of Iran ships for oil imports](#)

(Reuters) - India has allowed state refiners to import Iranian oil, with Tehran arranging shipping and insurance, from July 1, keeping purchases of over 200,000 barrels per day (bpd) flowing after European sanctions hit insurance for the cargoes, government and industry sources said.

[Report: Venezuela supplied Iran with F-16 to prepare for possible strike](#)

Venezuela has transferred at least one F-16 fighter to Iran in an attempt to help it calibrate its air defenses, in preparation for a possible Israeli or U.S. strike on its nuclear facilities, Haaretz quoted Spanish newspaper ABC as reporting.

ABC, one of the three largest Spanish dailies and aligned with the ruling rightist party, wrote that the transfer, in 2006, was supervised by one of Venezuelan president Hugo Chavez's closest aides. The paper's Washington correspondent, Emili J. Blasco, said the story was based on both sources in Venezuela's air force and classified documents, following a tip-off by a non-Western intelligence agency.

[Agency: Iran swaps first liquid gas shipment](#)

Azerbaijan, Baku - The first sea shipment of liquid gas from a Caspian Sea littoral state has been offloaded by Iran as part of its program for swapping petroleum products.

[Libya seeks to boost crude oil production](#)

Libya is seeking to boost its oil production by a third to two million barrels a day by year-end, surpassing last year's pre-conflict level, Libyan ambassador to Washington Ali Aujali says. How fast Libya returns to pre-war levels or surpasses them "depends also on the oil companies, how fast they are returning" to restart or expand operations, Aujali said, speaking at a Bloomberg Government breakfast in Washington on Wednesday. Beyond oil, Libya is eager for American investment in tourism, health care and education, he said.

[Nigeria: Oil spills drench and sicken delta communities](#)

WARRI, Nigeria— When he was a child, Tonye Emmanuel Isenah saw men in the Niger Delta who were 70 and even 80 years old. But these days, he said, people just don't live that long.

Isenah is now the deputy leader of the state assembly in Bayelsa State, part of Nigeria's oil rich Niger Delta region — a land that for decades has suffered annual devastating oil spills. Experts say the yearly spills are each comparable to the Exxon Valdez spill. And the environmental degradation is causing the local people to become ill and die at earlier ages.

[Ikea won't tell where it gets its wood — and Congress is about to give it a pass](#)

Particleboard might not be as physically off-putting as pink slime, but the source of its contents can be as hard to trace as the source of an E. coli outbreak. And while the materials in an Ikea dresser won't make consumers physically sick, the purchaser of these products might well feel queasy. Right now, there's no way of knowing whether or not that chest of drawers or flimsy bookshelf contains wood from old-growth or illegally logged forests — in other words, whether the product is implicated in deforestation, climate change, and drug smuggling.

[Malaysia Haze Points to a Regional Problem](#)

KUALA LUMPUR, Malaysia — For much of the year, the Petronas Towers, the world's tallest twin buildings, are gleaming landmarks visible far from the city center here. But last weekend, the 88-story structures were shrouded in a smoky haze that prompted doctors to warn people with respiratory problems to wear masks.

The haze, attributed mostly to fires burning on the Indonesian island of Sumatra, has become a recurring summer blight, engulfing parts of Malaysia, Thailand, Brunei and Singapore, and leaving a litany of health and economic costs in its wake.

[Progress on the Sidelines as Rio Conference Ends](#)

But while the summit meeting's 283-paragraph agreement, called "The Future We Want," lacks enforceable commitments on climate change and other global challenges, the outcome reflects big power shifts around the world. These include a new assertiveness by developing nations in international forums and the growing capacity of grass-roots organizations and corporations to mold effective environmental action without the blessing of governments.

[The Battle Over Climate Science](#)

Climate scientists routinely face death threats, hate mail, nuisance lawsuits and political attacks. How much worse can it get?

[California sea levels to rise 5-plus feet this century, study says](#)

Sea levels along the California coast are expected to rise up to 1 foot in 20 years, 2 feet by 2050 and as much as 5-1/2 feet by the end of the century, climbing slightly more than the global average and increasing the risk of flooding and storm damage, a new study says.

That's because much of California is sinking, extending the reach of a sea that is warming and expanding because of climate change, according to a report by a committee of scientists released Friday by the National Research Council.

[Study: Sea rise faster on East Coast than rest of globe](#)

WASHINGTON (AP) – From Cape Hatteras, N.C., to just north of Boston, sea levels are rising much faster than they are around the globe, putting one of the world's most costly coasts in danger of flooding, government researchers report.

U.S. Geological Survey scientists call the 600-mile swath a "hot spot" for climbing sea levels caused by global warming. Along the region, the Atlantic Ocean is rising at an annual rate three times to four times faster than the global average since 1990, according to the study published Sunday in the journal *Nature Climate Change*.

[Lloyd's Details 'Growing Impact of Climate Change' as UN Meets](#)

Lloyd's has published a roundup of the environmental issues inherent in as the world grows warmer. The recently concluded Rio +20 Conference was an attempt – 20 years after the first conference – “to try to reach agreement on sustainable growth, controlling world emissions and managing the growing impact of climate change,” Lloyd's explained. How well the 3000+ delegates did, or didn't, accomplish these tasks future generations will learn.

Here is a summary of the environmental issues Lloyd's selected as the most significant ones threatening the planet:



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