



Drumbeat: June 29, 2012

Posted by [Leanan](#) on June 29, 2012 - 9:08am

[Coal: The Ignored Juggernaut](#)

Given the rather weak near-term and long-term outlook for US coal demand, it's not surprising that within such a capital-intensive business, a number of smaller coal producers were hit recently with bankruptcy rumors. Indeed, even large cap names like Arch Coal have seen an escalation of concern over debt levels. Accordingly, many have concluded that coal -- in an era of solar, wind, and natural gas -- has finally displaced itself due to its problematic extraction, distant transportation, and overall costs. Is coal finally going away as an energy source?

Not a chance.

Indeed, everything currently unfolding for coal in the United States is precisely what is *not* unfolding for coal globally. Prices to import natural gas to most countries via LNG remain sky-high, easily protecting coal's cost advantage. And the demand for coal in the developing world remains gargantuan. Accordingly, just as with oil, lower US demand simply frees up supply to elsewhere in the world.

The global coal juggernaut rolls onward.

(This is the site formerly known as ChrisMartenson.com)

[Oil Rises From Nine-Month Low on Supply, Europe Measures](#)

Oil rebounded from the lowest close in almost nine months in New York on speculation that European measures aimed at fighting the region's debt crisis will spur demand for fuel.

Crude increased as much as 3.2 percent, trimming the biggest quarterly decline since the final three months of 2008. Oil gained after euro-area leaders agreed to relax conditions on emergency loans for Spanish banks and possible help for Italy. Prices may advance after the European Union's ban on the purchase, transport, financing and insurance of Iranian crude starts on July 1, a Bloomberg survey showed. Norway's first industrywide energy strike since 2004 is in its sixth day.

[Peak oil; prices that is](#)

In another sign that we are seeing a major shift in the fundamentals of the U.S. oil

market, yesterday's Energy Information Administration weekly Petroleum Status report provided more evidence for my prediction that U.S. gasoline prices may have peaked forever or for a very long time. Refiners just rocked an abundance of relatively cheap crude supply and drove refinery runs to 92.6% the highest level since July of 2007. For those of you keeping score that is before that financial crisis really began to break and gas demand in the United States was near record highs. The reason for the surge in runs is because of booming U.S. and Canadian oil production.

[The Biggest Fraud in Economics](#)

The Wall Street Journal tells us that the US will not import a single barrel of oil from the Middle East by 2035.

Hey, wait a minute. Wasn't that supposed to be why we're spending trillions on wars in Middle East...to keep vital supplies of black goo headed our way?

[Our energy future? 'Too Much Magic & Wishful Thinking'](#)

There is a new book out this summer called, 'Too Much Magic, Wishful Thinking, Technology And The Fate Of The Nation' by James Howard Kunstler. The book deals with American's core belief technology can solve all our problems and how this is at odds with the future of energy supplies. Kunstler, a believer in Peak Oil and Peak Capital, writes that our industrial society as we know it is about to undergo significant and radical reorganization due to the end of cheap and abundant oil and an upcoming lack of capital needed to maintain our standard of living.

His views are not a popular or a welcomed position in America today. Given how gritty his message is, it's a good bet Kunstler will not be a New York Times Bestseller #1 non-fiction author anytime soon. But his views about the future appear more and more to being validated by current events.

[3 Ways to Profit From Falling Oil Prices](#)

"There's no question that the earth is going to run out of oil within the next 10 years", read the Peak Oil investment pitch that came across my desk. Citing a variety of scientists and academics, it appeared that these guys really did their homework when preparing the presentation. It painted a downright frightening picture of a world without oil and, frankly, was quite compelling. The fund was promoting a strategy of buying oil call options that were expected to make investors wealthy with just a small investment - that is, if the Peak Oil premise was correct.

The claims seemed outrageous to me, but I decided to take a closer look at the concept before dismissing these guys as kooks.

[Look At The Conflicts That Were And Will Be Caused By Oil \[Presentation\]](#)

Michael T. Klare recently gave a presentation titled "The Geopolitics of Oil: Old and New" at the Association for the Study of Peak Oil conference in Vienna, in which he speaks about how no other substance in the world is as closely aligned with geopolitics as oil is.

Klare describes the geopolitics of oil — the intersection of state policy and the pursuit of oil — over the past 100 years, then looks at current and future conflicts zones.

[Peak Oil Is Simply Not A Threat Anymore](#)

In March, Citi published a report titled “North America, the New Middle East?”

The striking thing about the research is that not only is the global demand growth for oil slows amid a struggling economy in the developed world, but also that oil production in the North America has increased, and will be increasing, rather substantially in the coming decade.

[Good News In The Global Economy](#)

Global population continues its sprint towards 9 Billion people (currently around 6.8 Billion). Peak Oil is upon us. The technology of chaos- Kalishnikovs, shoulder fired anti-aircraft missiles, internet viruses- continues to spread ever wider. Meanwhile, developed nations are crushed by a mountain of public and private debt while their income-generating capacity has been damaged by a flood of low-cost competitors and local market overcapacity.

It is easy to be pessimistic about the future, about western companies, about western banks, even human civilization in general.

But the real story is this- while a minority of mankind has been stuck near status quo for forty years, a majority has made significant gains, especially in the past twenty years. The anemic growth rates (some even negative) in the West have been met by double-digit growth rates in China and strong growth rates in the rest of the developing world- even sub-Saharan Africa. Global growth in the midst of financial turmoil remains relatively strong at over 3%.

[Raymond J. Learsy: Harvard's Amazing Study Questions Today's High Oil Prices](#)

In 2007, my post "Peak Oil is Snake Oil" was met with much derision from peak oil theorists. Yet this month the Harvard Kennedy School's Belfer Center published an amazing paper titled "Oil: The Next Revolution -- The Unprecedented Upsurge Of Oil Production Capacity And What It Means For The World," by Leonardo Maugeri, under the auspices of "The Geopolitics of Energy Project." The paper is a must-read for all who have an interest, or a stake, in all matters energy and oil -- and the issues derived

therefrom.

[Canada April Economic Growth Accelerates to 0.3% on Oil](#)

Canada's gross domestic product accelerated in April as the country's oil and gas producers recovered from shutdowns earlier this year and mining companies boosted output.

The world's 10th largest economy expanded 0.3 percent following a March gain of 0.1 percent, Statistics Canada said today in Ottawa. Economists surveyed by Bloomberg News projected a 0.2 percent gain, based on the median of 23 estimates. Mining and oil and gas extraction advanced 2.7 percent, after declining in the previous two months following maintenance shutdowns.

[Round two for China shale 'in July'](#)

China is reportedly planning to hold its second shale gas auction next month, with 70 contenders already vying to qualify for bidding as private Chinese investors are allowed to bid for the first time.

Zhang Dawei, head of oil and gas strategy at the Ministry of Land and Resources, told Shanghai Securities News that a third of the 70 companies who had applied were private businesses, Xinhua news agency has reported.

[Western Colorado Struggles as Energy Jobs Fade](#)

MEEKER, Colo. — The news of a nationwide energy boom is almost too much for people in this town built atop a sea of oil shale and natural gas, where rusting tanks line the highways and ExxonMobil helped to finance the 4-H club's new community center.

Elsewhere — seemingly everywhere else but here, locals say — an oil and gas stampede is transforming towns from the green hills of western Pennsylvania to the plains of North Dakota and eastern Colorado, bringing a flood of money, jobs and attendant environmental concerns.

But here, in a region rich in natural resources, where oil and gas jobs form the bedrock of the local economy, the boom has dried up. Energy jobs have flowed to Wyoming, Texas and Pennsylvania. Main Street businesses are struggling, and big new schools built to accommodate a surge of students from the last energy rush are now watching their enrollments dwindle.

[Green power at risk of shale gas attack](#)

BONN // A boom in cheap gas in the United States is igniting American dreams of

energy independence.

At the same time, it is stalling growth in nuclear plants and even forcing Opec to study its long-term strategy.

Now the bounty in shale gas - blasted from the rock using high-pressure jets of water and chemicals - is set to slow the growth of "green" energy.

[Asian LNG Exports Drive Canadian Gas Industry Purchases](#)

The prospect of shipping liquefied natural gas to Asia helped convince Petroliam Nasional Bhd to buy Canada's Progress Energy Resources Corp. The purchase may trigger other partnerships for cash-strapped Canadian producers.

[Venezuela's Amuay refinery partially halted-sources](#)

PARAGUANA, Venezuela (Reuters) - Several plants at Venezuela's largest refinery, the 645,000-barrel-per-day (bpd) Amuay facility, have been paralyzed by a fault in its cooling system, sources at state oil company PDVSA said on Thursday.

Operations at the plants were halted late on Wednesday when the problem was detected, one source said. Amuay is part of the Paraguana Refining Center, one of the biggest refinery complexes in the world with an overall capacity of 955,000 bpd.

[Norway oil unions agree not to escalate strike](#)

STAVANGER, Norway (Reuters) - Norwegian trade unions have decided not to escalate the strike in the country's oil and gas sector and to meet again on Tuesday at 0900 GMT, union leaders told Reuters after a meeting on Friday.

The prolonged disruption to oil output from the world's eighth largest exporter pushed crude prices up on Friday. North Sea Brent crude futures rose \$3 to \$94.36 a barrel.

[Norway trade union says strike cuts 219,000 bpd oil](#)

(Reuters) - The current strike in Norway's oil and gas industry has cut oil production by an estimated 219,000 barrels per day, trade union Industri Energi said on Friday

[Iran gas flow to Turkey cut after explosion-min official](#)

(Reuters) - An explosion has cut off gas flow in a natural gas pipeline running from Iran to Turkey within the Turkish section of the line, a Turkish Energy Ministry official said

on Thursday.

[Iran Braces For Full Force Of EU Oil Embargo](#)

July 1 figures to be a bad day for Iran -- that's when hard-hitting EU sanctions on Iran's oil exports take full effect.

The sanctions targeting the country's economic lifeline are the EU's toughest measures to date concerning Iran's controversial nuclear activities. Economists believe they could slash Iran's oil revenues by half.

[Q&A: New sanctions targeting Iranian oil](#)

NEW YORK (AP) — The U.S. and Europe want to deprive Iran of the oil income it needs to run its government and, most importantly, fund what they believe is an effort to build a nuclear weapon. Their efforts are entering a new phase this week.

The U.S. as of Thursday will penalize banks that do oil deals with Iran, while European nations will embargo imports of Iranian oil starting Sunday.

These measures were announced in December and January, but lawmakers gave countries and the oil markets until this week to adjust.

[U.S. sanctions may stop UAE from importing Iranian condensates](#)

DUBAI (Reuters) - Dubai's national oil company may have to stop importing condensate from Iran unless Washington grants it an exemption or temporary exception from this week's tightening of U.S. sanctions, diplomatic and industry sources said.

U.S. State Department officials said that financial transactions that facilitate the import of Iranian condensate are liable to a new round of measures effective June 28 that aim to cut Iran's oil revenues and force Tehran to drop its disputed nuclear program.

[China, Singapore Exempted From U.S. Iran Oil Sanctions](#)

The U.S. said China and Singapore have “significantly reduced” their purchases of Iranian oil, earning exemptions from U.S. financial sanctions that otherwise would have been imposed yesterday.

China was the biggest importer of Iranian crude last year, and Singapore is Asia's oil trading and refining hub. The U.S. granted renewable, 180-day exemptions on March 20 to Japan and 10 European Union nations. India, South Korea, Turkey, South Africa, Malaysia, Sri Lanka and Taiwan won exemptions June 11.

[China responds to exemption from U.S. sanctions](#)

BEIJING (Xinhua) -- A Chinese Foreign Ministry spokesman on Friday responded to a U.S. State Department decision to exempt China from sanctions over imports of Iranian oil, stressing the Asian country's opposition to sanctions imposed unilaterally.

"China is always against one country's unilateral sanctions on another country, according to its domestic law. It is even less acceptable for such unilateral sanctions to be imposed on a third country," said Hong Lei, speaking at a regular press conference.

[Iran offers ships for oil, with a warning](#)

Tehran has offered to deliver oil to Korea using its own ships if the government ignores pressure to join sanctions on the country and continues to import Iranian oil, the Ministry of Foreign Affairs and Trade said yesterday.

Korea has been exempted from the U.S.-led sanctions but has said it cannot keep importing the fuel from the Middle Eastern country due to problems with the reinsurance of ships. Most reinsurance policies are issued by European companies, and the EU has put a ban on insuring shipments of Iranian crude.

[Turkey slashes Iranian oil imports in May](#)

(Reuters) - Turkey's crude oil imports from Iran dropped by more than 35 percent in May from April as it steps up efforts to ensure the United States waives sanctions on its imports of Iranian oil for the remainder of this year.

Official trade data showed on Friday the country imported 161,000 barrels per day (bpd) of Iranian oil, down from 249,000 bpd in April and 270,000 bpd in March, when the imports were unusually high.

[Russian Gazprom plans to build South Stream gas lines in 1+2+1 stages](#)

Moscow (Platts) - Russia's gas giant Gazprom expects to commission the South Stream gas pipeline project at its full capacity of up to 63 Bcm/year by the end of 2017, building the project in three distinct stages under a so-called "1+2+1" scheme, Gazprom CEO Alexei Miller said Friday.

[Gazprom falls victim to China-Vietnam territorial dispute](#)

Gazprom's projects in the resource rich South China Sea have come under question after the Chinese oil Company CNOOC offered foreign companies licenses on the Vietnamese

shelf already granted to Russia's energy giant.

Since 2007 Gazprom has been developing four blocks in Vietnam as part of a joint venture with PetroVietnam. In April Gazprom also started work on two other blocks in the South China Sea. Gas reserves there amount to 55 billion cubic meters – not a large amount for a company like Gazprom, writes Kommersant daily.

[Gazprom warns Turkey over Azeri gas pipeline deal](#)

MOSCOW (Reuters) - Gazprom on Friday sent a warning signal to its second-largest gas consumer Turkey over Ankara's agreement with neighbouring Azerbaijan to build a gas pipeline to Europe, a rival to Moscow-backed planned South Stream trunk.

Gazprom is anxiously watching the latest developments in Azerbaijan, whose gas fields are the most developed new non-Russian sources of natural gas that can be pumped to the European Union through pipelines.

[Biggest Coal Takeover No Easy Flip for Tinkler](#)

An electrician-turned-dealmaker is poised to make the biggest bet ever on coal mining in Australia just as prices of the fuel tumble.

Nathan Tinkler has held talks with banks to fund a bid for Sydney-based Whitehaven Coal Ltd., according to people familiar with the matter, after his initial approach was rejected on June 13. The 36-year-old multimillionaire is seeking to acquire the 79 percent he doesn't yet own of a company already trading at more than 38 times estimated earnings, making Whitehaven the most expensive coal mining company globally with a market value of more than \$1 billion, data compiled by Bloomberg show.

[Car Rentals for the 'Eco-Curious'](#)

In 2010 Enterprise invested in electric vehicles, buying 350 Nissan Leafs, but it found that its customers were not really interested. Consumers hesitate to rent them for the same reason that they hesitate to purchase: "range anxiety," or worry about how far the car will go without a charge.

But Mr. Broughton said that Enterprise had the very same challenge when it introduced hybrids into its fleet in 2003. Over time it was able to educate its consumers, he said, and now, when gas is over \$4 a gallon, Enterprise cannot keep hybrids on its lots even though they cost more to rent.

[Abound Solar to Suspend Operations, Will Seek Bankruptcy](#)

Abound Solar Inc., a U.S. solar manufacturer that was awarded a \$400 million U.S. loan guarantee, will suspend operations and file for bankruptcy because its panels were too expensive to compete.

[Abound Failure Revives Debate Over Obama Solar Policies](#)

The failure of a second solar manufacturer that received loan guarantees from the U.S. Energy Department adds to pressure on President Barack Obama to justify incentives for the clean-energy industry that's being undercut by Chinese competition.

[With Feed-In Financing, Modest Solar Projects for Long Island](#)

The Long Island Power Authority approved a new program on Thursday to encourage developers to build medium-scale solar projects using a financing mechanism, the feed-in tariff, that has resulted in both booms and busts overseas.

[Cities Get So Close to Recycling Ideal, They Can Smell It](#)

Pioneers like Portland, Seattle and San Francisco have become so good at waste diversion that it is becoming harder to get much better. San Francisco reuses a whopping 78 percent of what enters its waste stream, compared with the national average of 34 percent.

As some press toward a goal of "zero waste," the challenge is asking residents to conquer what officials call "the ick factor" of organic waste, endure fewer garbage pickups, become more sophisticated sorters and live without things like plastic grocery bags and polystyrene containers for their takeout food.

[Flavor Is Price of Scarlet Hue of Tomatoes, Study Finds](#)

Plant geneticists say they have discovered an answer to a near-universal question: Why are tomatoes usually so tasteless?

Yes, they are often picked green and shipped long distances. Often they are refrigerated, which destroys their flavor and texture. But now researchers have discovered a genetic reason that diminishes a tomato's flavor even if the fruit is picked ripe and coddled.

[Mercury Sickens Adirondacks Loons](#)

Many see New York State's six-million-acre Adirondack Park as a place of respite where you go to gulp down the cool air and hear loon calls echoing through the hills. The landscape is unmarred, wild.

Human hands do not have to physically touch a place, though, to disturb it. Mercury that billows into the atmosphere from the smokestacks of coal-fired power plants has settled back down thickly in the Adirondacks, causing trouble for common loon, which nest in large numbers in the park, and other wildlife.

[EU Carbon Permits Are Fastest-Rising Commodity in June](#)

European Union carbon permits, on track to be the world's fastest-rising commodity in June, approached their highest in more than three months as the bloc unveiled a \$149 billion growth plan for the region's economy.

Allowances for December jumped as much as 29 cents to 8.28 euros (\$10.40) a metric ton and were at 8.08 euros as of 10:10 a.m. on the ICE Futures Europe exchange in London. They've gained 27 percent this month. United Nations emission credits are ranked second-fastest for the month, rising 20 percent.

[Uncertainty hangs over Australia on eve of carbon tax introduction](#)

Centrepiece of the country's clean energy plans, the controversial tax has created uncertainty for business, divided opinion and slashed government approval. Can it succeed?

[West's wildfires a preview of changed climate: scientists](#)

(Reuters) - Scorching heat, high winds and bone-dry conditions are fueling catastrophic wildfires in the U.S. West that offer a preview of the kind of disasters that human-caused climate change could bring, a trio of scientists said on Thursday.

"What we're seeing is a window into what global warming really looks like," Princeton University's Michael Oppenheimer said during a telephone press briefing. "It looks like heat, it looks like fires, it looks like this kind of environmental disaster ... This provides vivid images of what we can expect to see more of in the future."

[Melting Permafrost Threatens Swiss Villages](#)

Guttannen, home to 310 residents, is a tiny village in the Bernese Alps, the last one that travellers drive through on the way up to Grimsel Pass. It's spring and the snow is retreating from the steep slopes of the valley. As the pass is still closed, calm reigns in the picturesque village centre. Only cowbells and the rushing of the nearby Aar river break the silence.

For some residents though, living in Guttannen has become rather uneasy and, on the long term, even dangerous. The root cause of the peril lies further uphill, in the northeastern flank of the 3,282 metres high Ritzlihorn. In July 2009, a huge rockfall had

occurred and since then, massive debris flows have roared downhill each summer.

[Fracking: where's the debate about its climate change risks?](#)

Yes, there are plenty of concerns about the possible localised environmental impacts of fracking, such as earth tremors, aquifer contamination, and surface leaks. As the report concludes, these need constant and tightly-regulated assessment if extraction is to get under way on a commercial scale. But this is a side salad compared to the picnic hamper of unanswered questions that still hang over fracking when it comes to its possible contribution to climate change.

[Exxon's CEO: Climate, energy fears overblown](#)

ExxonMobil CEO Rex Tillerson says fears about climate change, drilling, and energy dependence are overblown.

In a speech Wednesday, Tillerson acknowledged that burning of fossil fuels is warming the planet, but said society will be able to adapt. The risks of oil and gas drilling are well understood and can be mitigated, he said. And dependence on other nations for oil is not a concern as long as access to supply is certain, he said.

Tillerson blamed a public that is "illiterate" in science and math, a "lazy" press, and advocacy groups that "manufacture fear" for energy misconceptions in a speech at the Council on Foreign Relations.

He highlighted that huge discoveries of oil and gas in North America have reversed a 20-year decline in U.S. oil production in recent years. He also trumpeted the global oil industry's ability to deliver fuels during a two-year period of dramatic uncertainty in the Middle East, the world's most important oil and gas-producing region.

[ExxonMobil CEO assailed for claims on climate change](#)

Rex Tillerson's acknowledgement that fossil fuel consumption contributes to climate change should have been a PR coup for ExxonMobil when the company's CEO gave a major address this week. Instead, environmentalists blasted Tillerson's assertion that the impact of climate change is not as serious as "lazy" journalists and an "illiterate" public believe.

Tillerson won praise for reversing the company's long-standing denial of a correlation between climate change and the burning of fossil fuels. But environmentalists said Tillerson's remarks won't sit well with many Americans, especially those affected by extreme weather, climate-related natural disasters and pollution.



