



## Drumbeat: July 6, 2012

Posted by [Leanan](#) on July 6, 2012 - 9:44am

### [A Skeptic Looks at Alternative Energy](#)

In June 2004 the editor of an energy journal called to ask me to comment on a just-announced plan to build the world's largest photovoltaic electric generating plant. Where would it be, I asked—Arizona? Spain? North Africa? No, it was to be spread among three locations in rural Bavaria, southeast of Nuremberg.

I said there must be some mistake. I grew up not far from that place, just across the border with the Czech Republic, and I will never forget those seemingly endless days of summer spent inside while it rained incessantly. Bavaria is like Seattle in the United States or Sichuan province in China. You don't want to put a solar plant in Bavaria, but that is exactly where the Germans put it. The plant, with a peak output of 10 megawatts, went into operation in June 2005.

It happened for the best reason there is in politics: money. Welcome to the world of new renewable energies, where the subsidies rule—and consumers pay.

### [Crude Oil Declines on Concern Economy Failing to Recover](#)

Oil fell a second day in New York, paring a weekly gain, as the IMF warned it will trim growth forecasts while interest-rate cuts in Europe and China failed to assure investors the moves will be enough to support demand.

Futures declined as much as 1.9 percent. The International Monetary Fund will lower its estimate for global growth this year on weakness in Europe, the U.S., Brazil, India and China, Managing Director Christine Lagarde said. The European Central Bank cut rates to a record low yesterday and the People's Bank of China reduced borrowing costs. Brent oil slid on speculation Norway's government will stop a strike by energy workers.

### [\\$100 oil out of reach despite Iran saber-rattling](#)

SAN FRANCISCO (MarketWatch) — European Union sanctions on Iran officially went into effect this month, but for oil, the \$100-a-barrel level remains out of reach for the U.S. benchmark, and lower prices may soon follow.

“I do not see anything that will lift prices significantly above \$100 for the next three months,” said Kirk McDonald, senior research analyst at St. Louis-based Argent Capital

Management.

### [Asia Distillates-Demand drives further gains in prompt diesel](#)

South Korea opened its first online spot market for oil products on March 30 in a bid to tame record-high fuel prices and increase transparency.

Although both the South Korean and Thai import volumes are small, they are expected to put pressure in a tightly supplied diesel market, traders said.

### [UK June producer prices come in below forecasts](#)

LONDON (ShareCast) - UK producer prices fell at an 0.4 per cent month-on-month rate in June (2.3 per cent year-on-year), according to the latest data from the Office for National Statistics. This is the largest monthly fall since November 2008, when the index fell 0.7 per cent. The consensus estimate was for a decrease of -0.2 per cent (2.4 per cent year-on-year). The main contributions to the fall in the price index were petroleum products (-3.3% month-on-month), chemical & pharmaceutical products and clothing, textile & leather products.

### [Good News on Food Prices, While It Lasts](#)

We've finally hit a run of good news about global food prices. But the agency that tracks them, the Food and Agriculture Organization of the United Nations, is warning that that it may not last.

The F.A.O.'s global index of food prices fell by 1.8 percent in June by comparison with May's level, the third consecutive month of decline. The index, closely watched because of the effect of food prices on billions of poor people, is at its lowest point since September 2010, and is 15 percent below a peak reached in February 2011.

### [Exxon Mobil Said to Explore Sale of German Gas Stations](#)

Exxon Mobil Corp., the world's biggest energy company by market value, is weighing a sale of its German Esso gas station chain, according to people familiar with the process.

The unit, which includes more than 1,100 gas stations in Germany, may fetch more than 1 billion euros (\$1.3 billion), said two of the people, who asked not to be identified because talks are private. Exxon is in preliminary talks with multiple parties, two or three of which may be from Russia or eastern Europe, people said. No final decision on a sale has been made.

### [BP's LNG Expansion in Tangguh to Target Japanese, Korean Buyers](#)

BP Plc (BP/) is targeting buyers in Japan and South Korea for planned supplies of liquefied natural gas from its Tangguh plant in Indonesia to benefit from a shortage of regional Asian supplies.

BP may export as much as 60 percent of the LNG from its third production line at Tangguh, according to William Lin, the company's Asia-Pacific president. It will build on existing contracts that Asian buyers have with Indonesian providers and their strategy of using multiple suppliers, he said.

### [Cenovus Taps World Price With 'Bordeaux' of Canadian Oils](#)

Cenovus Energy Inc. says it's selling Canadian oil sands crude near world prices by exporting through Vancouver's port as Canada's fourth-largest oil producer by market value lines up buyers ahead of a surge in production.

The company is selling "small" volumes of Western Canada Select blend to buyers in markets such as Asia and California to help them understand how to refine it, said Paul Reimer, senior vice president of marketing, transportation and power, in an interview yesterday at the company's Calgary headquarters.

### [Dynergy Files for Bankruptcy Protection](#)

The company continues to struggle with declining power prices. It reported a first-quarter loss of \$58 million, even after cutting out losses from Dynergy Holdings.

### [TNK-BP Billionaires Will Offer to Buy Half of BP's 50% Stake](#)

BP Plc (BP/)'s billionaire partners plan to bid for half of the U.K. oil producer's 50 percent holding in Russian venture TNK-BP, rather than buying the entire stake valued at \$32 billion last year.

### [US gas revolution sparks boom](#)

The growth of natural gas production in the United States has set in motion an investment boom in the domestic petrochemicals sector that will result in American and Arabian Gulf producers competing for market share in Europe.

The shale gas revolution, which added to the supply with new production techniques, has driven down the price of natural gas, creating much better market conditions for chemical companies.

## [Fall from peak oil](#)

Peak oil theorists, notably experts like Colin Campbell, have argued that the supermassive oilfields that drove the world economy for decades were heading for exhaustion. Price would simply be a symptom of the fact it would get increasingly more difficult to extract oil. Matthew Simmons and other peak oil theorists then extrapolated from geological surveys that places like Saudi Arabia would start to exhaust their largest oilfields – and not replace them. He famously placed a bet that oil prices would reach \$ 200 a barrel by 2005.

I originally assumed these fellows knew what they were talking about. Campbell's arguments, which were less about price but simply that the world was exhausting a series of superbig but easy-to-tap oilfields without finding new ones to replace them, were persuasive. Campbell argued oil production would peak in 2010.

Over the years, I began to have some doubts.

## [Reports of oil's death have been greatly exaggerated](#)

Using technology and available information from the 1970s, the peak oil theory was probably not that far off the mark. Most oil companies back then would only expect to extract about 35 per cent of the total volume held in any particular oil field.

Thankfully the technology from that period is now obsolete. Today, advances in oil recovery means that not only are conventional oil fields more productive, but unconventional oil sources are becoming so viable that Maugeri believes the world is on the cusp of a new oil boom.

## [In the valley of the shadow of peak oil](#)

From one vantage, King Hubbert was undoubtedly right. Oil is a finite resource and at some point it must inevitably peak, decline, and then run out. However, the Earth has been busy sequestering carbon since at least the early days of the Carboniferous Era about 360 million years ago, and it's had plenty of time to salt away a lot of hydrocarbons. Moreover, there are three key variables in Hubbert's model of peak oil -- the size of reserves, the technology of extraction, and market forces -- which inject such a degree of variability into the model as to render it effectively moot when it comes to projecting an actual date of peak oil. And one wildcard -- climate change -- that may render the exercise utterly pointless.

## [Treehugger, Monbiot and Is Peak Oil Over?](#)

In a lot of ways, this is just another version of the same old, same old – take the most optimistic imaginable assumptions and push them all together in new ways without regard to any possible negative consequences or less optimistic outcomes, and lo and

behold, all problems disappear. We can do the same thing with anything else (and, in fact, that's pretty much how modern economics often works) – want to see a world security picture in which everything is rosy? All we need is the most cheerful predictions. Want to have 6% annual year over year economic growth? Easy to find experts to say it could happen – all you have to do is just pretend they are the only voices that matter.

### [Statoil to halt production amid lockout](#)

Norwegian state oil group Statoil said on Thursday it was preparing to shut down all production on the Norwegian continental shelf (NSC) after the industry employers' organisation announced a lockout starting next week.

### [Norway government seen heading off total oil, gas output shutdown](#)

Copenhagen (Platts) - The Norwegian government is expected to step in promptly to stop an industry lockout of offshore workers that would have caused a complete shutdown of oil and gas production next week as early, union leaders, analysts and company executives said Friday.

One union head said a government move was now all but inevitable.

### [Drive to speed up reform in Oman in wake of protests](#)

Muscat: Oman's consultative Shura Council has launched a drive to speed up reforms of labour laws after strikes by oil workers in the Gulf Arab state in the past two months demanding higher pay and better working conditions.

Oman, which gets 70 per cent of its revenue from the oil sector, has detained more than 30 people in recent weeks following protests that some blame on the government's failure to deliver jobs promised after massive protests last year.

### [Clinton slams Russia, China over Syria](#)

Paris (CNN) -- U.S. Secretary of State Hillary Clinton lambasted Russia and China on Friday for blocking efforts to topple Syrian President Bashar al-Assad, whose much-reviled regime has endured a serious crack in its armor -- the defection of a key member of its inner circle.

Speaking at the Friends of Syria conference in Paris, Clinton called on Russia and China to "get off the sidelines" and accused them of "standing up for" al-Assad's regime. She urged the other 60 or so nations represented at the summit to "make it clear that Russia and China will pay a price" for that support.

### [High-ranking general defects from Syrian military](#)

Paris (CNN) -- Manaf Tlas, a Sunni general in Syria's elite Republican Guards, has defected, a Western diplomat said Friday, a stunning blow to the Bashar al-Assad regime.

Tlas, the son of a former Syrian defense minister and cousin of a first lieutenant in al-Assad's army, is possibly the most senior Sunni in a power structure dominated by the Alawite minority.

### [Libya's oil industry defies expectations](#)

Defying both doomsday scenarios and even modest recovery projections, Libya's oil industry is now booming. It is one of the few examples of national success as Libyans head to the polls to vote in their first free elections since the fall and death of former Libyan strongman Muammar Gaddafi.

The country, upended by the revolution and sudden absence of Gaddafi's iron-fisted rule, remains plagued by divisions and violence. But perhaps owing to the foresight of both the Gaddafi regime and the opposition, and their understanding that Libya's economy is almost entirely dependent on oil, the oil fields were protected, allowing the industry to recover quickly.

### [Crude oil flows but chaos reigns in Libya](#)

Overall, crude production in Libya is almost back to pre-civil war levels. BP has resumed oil exploration work and oil shipments flow to Italy, France, Germany and other countries.

But Libya's political system is far from successful. Armed militias, once backed by NATO, now attack government offices and kidnap business executives. Some Libyans have said the on-going fighting could turn their country into another Afghanistan or Iraq.

### [Gunmen close Libya oil terminals ahead of vote](#)

Armed federalists have forced two oil terminals to shut down in eastern Libya in protest over not being granted more seats in this weekend's first elections since Moamer Kadhafi was overthrown.

The move on Thursday to shut down pumping and loading at the port in Ras Lanuf came as people seeking autonomy in Libya's oil-rich east threatened to boycott or even sabotage Saturday's election for a General National Congress.

### [Pre-election protests hit Libyan crude output](#)

(Reuters) - Libyan oil output has been reduced by 300,000 barrels per day (bpd) as protests by groups demanding greater autonomy for eastern Libya a day before national elections have blocked operations at some oil terminals, an official said.

The protests, combined with other storage and market-related factors, have pushed output down to 1.3 million bpd from the level of nearly 1.6 million bpd to which production has steadily climbed since the end of last year's civil war.

### [India cuts June Iran oil imports 18 pct y/y -trade](#)

India's oil imports from Iran fell 18.2 percent in June from a year earlier in a third straight monthly decline, although the pace slowed as refiners built stocks ahead of Western sanctions against Tehran's nuclear programme that took effect by July, Reuters reported.

### [Tanzania investigating Iran tankers accusation](#)

Dar es Salaam - Tanzania said on Thursday it was investigating whether it had reflagged any oil tankers from Iran and that it would strip the vessels of the Tanzanian flag if that proved to be the case.

### [Iran to deliver oil to India's HPCL, MRPL on own tankers in July: source](#)

Iran has begun delivering crude oil on its own tankers to Indian refiners as it tries to maintain exports to key customers in Asia facing the loss of crucial insurance cover due to a European ban on the provision of protection and indemnity insurance for shipments of Iranian oil, an Indian refining source said Friday.

### [Oil Backed Up, Iranians Put It on Idled Ships](#)

BANDAR ABBAS, Iran — The hulking tanker Neptune was floating aimlessly this week in the warm waters of the Persian Gulf, a fresh coat of black paint barely concealing its true identity as an Iranian ship loaded with hundreds of thousands of barrels of oil that no one is willing to buy.

The ship's real name was Iran Astaneh, and it was part of a fleet of about 65 Iranian tankers serving as floating storage facilities for Iranian oil, each one given a nautical makeover to conceal its origin and make a buyer easier to find. The Neptune had been floating there for a month, and local fishermen said there were two even larger tankers anchored nearby.

### [Rationale for halting Iranian oil imports](#)

China, the largest buyer of Iran's oil, is increasing Iranian oil imports, even as the United States and European Union have asked the global community to cut them and threatened sanctions against financial institutions conducting business with Iran's energy sector. Instead, its oil imports from Iran jumped 35 percent from April to May, and a foreign ministry representative defended the increase by saying, "China's importing of Iranian oil is based on its own economic development needs."

Certainly, Korea does not wish to be grouped with Beijing, often viewed by the West as less than cooperative on Iran and Syria, not to mention the South China Sea disputes involving several countries. More importantly, multilateral sanctions require tough decisions by partnering countries to be effective, as noted above. Without sanctions as a viable tool, the probability of others resorting to more drastic measures only increases.

### [EU advisor: Big problems await countries and insurance companies that help Iran](#)

Countries and insurance companies that help Iran with its oil exports will have big problems in the future, EU economic advisor Mehrdad Emadi told Trend.

### [Tajikistan may become alternative for US Manas base in Kyrgyzstan](#)

The U.S. considers Tajikistan as an alternative for Kyrgyzstan in the issue of placing military base instead Manas after 2014, KyrTAG reported on Friday.

This statement was made by member of Foreign Relations Committee of the U.S. Senate Danny Lee Burton, which heads the U.S. congress delegation visiting Dushanbe.

### [Turkey, Iraq work on export of Basra oil via Turkey](#)

(Reuters) - Turkey's energy ministry has started technical work with Iraq's central government on shipping crude oil from Basra in southern Iraq via the Kirkuk-Ceyhan pipeline to Turkey's Mediterranean coast and on to world markets, its minister said on Friday.

The announcement came days after Iraq's semi-autonomous Kurdish region said it might begin selling natural gas directly to Turkey within two years, a move that was expected to further strain Ankara's ties with Baghdad.

### [Leighton fires Iraq oil export official](#)

The Australian construction group Leighton has fired a top official on its oil export project in Iraq over contractual irregularities.



The company is building oil export infrastructure near the Iraqi port of Basra through its Leighton Offshore unit, which has become embroiled in a government investigation over alleged tendering violations.

### [Poland sees at least 41 more shale gas wells in 2012](#)

(Reuters) - Poland, Europe's shale gas pioneer, expects companies to drill at least 41 more wells this year to shed more light on the country's gas potential.

The environment ministry, which has granted 111 rights to drill for shale gas to companies including Chevron and Exxon Mobil, also said on Friday there were "a few tens" of new requests for exploration licences awaiting approval.

### [Hundreds of thousands without power brace for more blistering heat](#)

(CNN) -- Another day of blistering heat, and for hundreds of thousands, no power.

That's the expectation Friday, when thermometers once again teeter above the 100-degree mark from St. Louis to Baltimore and many communities in between.

More than 549,000 customers had no power Thursday night in 11 states and the District of Columbia, officials said.

The situation is particularly dire in places such as Fayette County, West Virginia, where about two-thirds of its 46,000 residents had no electricity, according to Theresa White, emergency management director.

### [Bury Those Lines!](#)

As climate change subjects more and more cities and regions to extreme weather, one obvious response is to bury the lines underground. This probably isn't a good idea in earthquake belts, but there aren't all that many such belts lurking below. For the rest of us, burying the lines seems the best solution.

### [Uproar Over C.E.O.'s Ouster at Merged Energy Giant](#)

A former director involved in the merger that formed the nation's largest electric utility is lashing out at an abrupt leadership change at the combined company.

"This is the most blatant example of corporate deceit that I have witnessed during a long career on Wall Street," said John H. Mullin III, the former lead director of Progress Energy, which completed its merger with Duke Energy this week.

## [JPMorgan Told to Explain Withholding Energy-Probe E-Mails](#)

JPMorgan Chase & Co. (JPM) was ordered by a federal judge to explain why it shouldn't be compelled to turn over e-mails sought by U.S. regulators in a probe of potential energy-market manipulation.

## [Chesapeake Energy Cheat Sheet: What's Been Uncovered So Far](#)

The last four months have been rather bumpy for Chesapeake Energy Corp., the nation's second-largest natural gas company behind Exxon Mobil.

Starting in April, Reuters took aim at the company's flamboyant chief executive, Aubrey McClendon, in a series of articles, prompting his ouster as company chairman (he remains CEO) last month at the behest of disgruntled shareholders. The revelations also triggered an SEC probe.

The company was rocked anew last week when the news agency disclosed a series of email exchanges in which McClendon and other Chesapeake executives appeared to collude with officials at EnCana Corp., Canada's largest natural gas company, to suppress the price of land leases in Michigan.

## [Can China Follow U.S. Shift from Coal to Gas?](#)

Nothing I, or anyone else writes, will change the reality that the gas age is here for many years to come. But my hope is that progress in avoiding environmental regrets can come through constructive discussion of ways to cut risks and waste and to sustain a long-term energy quest that extends beyond fossil fuels even while they remain abundant and cheap. That's no easy task.

## [Troubles at nuclear plant may hint at California's future](#)

SAN ONOFRE STATE BEACH, Calif. — More than seven million people live within 50 miles of the San Onofre Nuclear Generating Station, which is about halfway between Los Angeles and San Diego. But for decades, residents here largely accepted, if not exactly embraced, the hulking nuclear plant perched on the cliffs above this popular surfing beach as a necessary part of keeping the lights on in a state that uses more electricity than all of Argentina.

"I don't think about it too much," said David Vichules, 55, who has been surfing here since before the plant opened in 1968. "I guess it's risk and benefit."

All that changed, however, after the Fukushima Daiichi meltdown in Japan last year, followed in January by a small leak of radioactive steam here caused by the deterioration of steam tubes that had been damaged by vibration and friction. The twin generators at the San Onofre plant have been off-line for five months, and the plant has subsequently become a point of contention in the fight over nuclear power in the United

States.

### [IEA predicts rapid renewables growth over next 5 years](#)

In its first ever major report on renewables, the International Energy Agency (IEA) has estimated that global renewable power generation will increase by over 40 percent over the next five years.

The report acknowledges the challenging global economic environment facing the market, yet still predicts that global power generation from solar and other sources will hit almost 6,400TWh by 2017.

### [Wind power firms threaten to sue government over rumoured subsidy cuts](#)

Wind energy companies have warned they could sue the government if it imposes drastic cuts to subsidies that derail the expansion of the renewable energy industry.

### [World's biggest hydropower plant Three Gorges complete](#)

BEIJING: The final turbine of China's massive Three Gorges Dam was connected to the grid on Wednesday, marking the completion of a controversial hydropower project that cost the country more than \$50 billion and displaced at least 1.3 million people.

### [The Garden of Our Neglect: How Humans Shape the Evolution of Other Species](#)

Any patch of land, left alone, will tend to sprout with plants bent on outcompeting each other, rising higher and higher into the sky to win access to the sun. Once, we prevented such competition by weeding our fields and sorting crop seeds from weed seeds, one by one. This selection depended on visual acuity and caused multiple lineages of weeds to evolve seeds resembling those of our crops. Now we exclude weeds using herbicides, whether in our lawns or our fields, before they bear their seeds. The weeds evolve resistance to herbicides, becoming invisible to our chemicals rather than our eyes. More than a hundred species of weeds have evolved resistance to one or another herbicide. We clear the ground, till the soil and spray the fertilizer and herbicide, and when we do, row by row the resistant weeds grow.

### [Bolder Protests Against Pollution Win Project's Defeat in China](#)

HONG KONG — China has long been known as a place where the world's dirtiest mines and factories can operate with impunity. Those days may not be over, but a growing environmental movement is beginning to make the most polluting projects much harder to build and operate.

Large and sometimes violent demonstrations against the planned construction of one of the largest copper smelting complexes on earth prompted local officials in southwestern China's Sichuan Province to continue backpedaling furiously on Wednesday. The local government of Shifang, the planned site of the smelter, announced in a statement that the construction of the \$1.6 billion complex had not only been suspended but also permanently canceled.

### [In Hong Kong, a Pledge to Turn Down the A/C](#)

In Hong Kong, as in many places in Asia, environmental awareness has not kept pace with rising wealth, experts say, and frigid indoor temperatures are widely considered fashionable.

Adding to the waste, most buildings are poorly insulated, and simple energy-saving tricks like programming thermostats or turning off water heaters at certain hours are far less widely established than they are in Europe or the United States.

### [Carbon experts have chance to sleep on disposal proposal](#)

LEVERKUSEN, GERMANY // For years, industrialists have sought to pump carbon emissions permanently underground to combat climate change. But their expensive plans have often been scuppered by locals hostile to the idea of burying potentially dangerous greenhouse gases in their vicinity.

A company in Germany's industrial heartland has an alternative proposal: bury it in mattresses.

### [EU Ministers to Discuss Funding Climate Change Adaptation, Water](#)

European Union ministers will discuss water management and financing of adaptation to climate change, whose costs to the region are estimated at 20 billion euros (\$25 billion) in 2020, at an informal meeting this weekend.

Environment ministers from the bloc's 27 governments will hold talks on a planned policy paper on safeguarding water resources tomorrow, according to a draft agenda of the meeting hosted by Cyprus.

### [U.N. urges countries to impose global taxes to boost aid](#)

UNITED NATIONS (Reuters) - The United Nations on Thursday urged countries to impose international taxes to raise more than \$400 billion a year, such as a carbon tax, a currency transaction tax and a billionaires tax, to offset cutbacks in aid by many countries amid global economic turmoil.

The U.N. World Economic and Social Survey found the needs of developing countries were not being met, more money was needed to fight challenges like climate change and new taxes would help "donor countries overcome their record of broken promises."

### [US science official says more extreme events convincing many Americans climate change is real](#)

CANBERRA, Australia — Increasingly common experiences with extreme climate-related events such as the Colorado wildfires, a record warm spring and pre-season hurricanes have convinced many Americans climate change is a reality, the head of a U.S. scientific agency said Friday.

Many Americans had previously seen climate change as a "nebulous concept" removed from them in time and geography, said National Oceanic and Atmospheric Administration chief Jane Lubchenco.

### [Colorado's perfect firestorm](#)

My parents were lucky. Despite the trauma and fear of having to evacuate, they didn't lose their home. But the fire emphasized something of a long-running debate between my father and me: the reality and politics of climate change.

I am a political scientist who studies climate policy and adaptation, and the intersection between climate science and politics. My father is also a scientist — a nuclear engineer. But he's always been a bit skeptical about climate change. Though he's not a full-on doubter, he also hasn't fully embraced the idea that the planet is warming in ways that could be devastating, and that this change is the result of human activity. Events like the Waldo Canyon fire may make him and other climate skeptics easier to convince.

### [Arctic warming linked to combination of reduced sea ice and global atmospheric warming](#)

(Phys.org) -- The combination of melting sea ice and global atmospheric warming are contributing to the high rate of warming in the Arctic, where temperatures are increasing up to four times faster than the global average, a new University of Melbourne study has shown.



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