



Drumbeat: July 11, 2012

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[In the Land of Oil, Fears of Excess Use](#)

LONDON — One of the cooler places to hang out in Saudi Arabia is a motor racing track built among grassy dunes on the outskirts of the capital, Riyadh. Wealthy drivers, including at least one prince, race their Porsches and Lamborghinis there in front of an adoring crowd of young Saudis — some of them wearing reversed baseball caps and baggy jeans.

The twisty circuit is built to the highest specifications and managed with a big emphasis on safety. Still, it is hard not to see the track as emblematic of a Saudi and Gulf culture of lavish and ever-increasing consumption — fast cars, gargantuan shopping malls, grandiose homes — all dependent on abundant and cheap gasoline and electric power. Saudi Arabia's oil use has nearly doubled over the last decade to 2.9 million barrels per day, about a third of what it usually produces.

Saudi oil consumption cannot go on growing this way, a few Cassandras are warning. "It's not sustainable because domestic consumption is growing at an alarming rate. It is going to eventually eat into exports," said Paul Stevens, an energy expert at Chatham House, a research institute in London.

[Oil Gains From One-Week Low as U.S. Crude Stockpiles Drop](#)

Oil rebounded from the lowest close in more than a week in New York on speculation declines may have been excessive amid shrinking stockpiles in the U.S., the world's biggest crude consumer.

Futures climbed as much as 1 percent after slipping 2.4 percent yesterday. U.S. inventories fell 695,000 barrels last week, the American Petroleum Institute said after the settlement. A Department of Energy report today will probably show supplies slid 1.38 million barrels, according to the median estimate in a Bloomberg News survey. China reported passenger- vehicle sales that beat analysts' forecasts.

[US trade deficit fell to \\$48.7 billion in May; cheaper oil lowered imports while exports rose](#)

WASHINGTON — The U.S. trade deficit narrowed in May from April, helped by cheaper oil that lowered imports and an increase in American exports to Europe and China.

But economists cautioned that decline wasn't enough to alter weak growth forecasts for the April-June quarter.

[Cost of gasoline is starting to rise again](#)

After dropping 75 of the previous 77 days, gas prices are ticking back up and could remain high for the remainder of the summer. NBC's Mara Schiavocampo takes a look at what's fueling the recent price surge at the pump.

[Why Gas Is Getting Cheaper – and Could Hit \\$3 a Gallon](#)

To anyone who drives a lot, today's national average gasoline price of \$3.38 a gallon may not sound particularly cheap. But it's 13% less than what regular gas cost in early April. This sharp three-month drop in the price of gas is even more remarkable when you consider that gasoline prices typically stay high through the summer after they run up in the spring. But this year, they peaked in early April and have been falling every since. Why has that happened, where do gas prices go from here, and what does the trend signal about the state of the economy?

[China Cuts Fuel Prices to Lowest Since 2010 as Crude Costs Slide](#)

China, the world's second-biggest oil consumer, reduced fuel prices for the third time since May after crude tumbled, easing costs for factories and motorists while threatening profit margins at refiners.

[Has the dreaded China crash finally arrived?](#)

This week, Chinese Prime Minister Wen Jiabao warned that the Chinese economy is facing "huge downward pressure," the bluntest message to date from Beijing about the Asian powerhouse's economic problems. China's GDP growth is still expected to clock in at a relatively impressive 7 to 8 percent in 2012, but that is considerably slower than the jaw-dropping 10 percent rate it has recorded in recent years. With exports falling and the real estate market cratering, China's government has taken steps to boost economic growth by cutting interest rates and approving new infrastructure projects. However, some analysts worry that China's "stimulus lite" policies will do little to prevent a hard fall, which would have negative consequences for the U.S. and other countries that have come to rely on China to fuel the global economy. Is China on the verge of an economic crash?

[Saudi cranks up June oil output, Iran slumps](#)

Top oil exporter Saudi Arabia ramped up output to record rates in June despite a big drop in oil prices as Iranian production sank to its lowest in more than 20 years, OPEC

said on Wednesday.

Riyadh said it pumped 10.1 million barrels per day (bpd) last month, up 300,000 bpd on May, according to a monthly report from the Organization of the Petroleum Exporting Countries.

[Iran keeps oil flowing to china despite freight dispute](#)

Iran is shipping oil to its top buyer China despite a dispute over freight terms and has so far dispatched a third of the 12 million barrels due to load in the first 20 days of July, traders and shipping sources said.

The dispute over shipping costs had threatened to disrupt the flow of crude from Iran to China, one of Iran's few remaining customers after European Union and U.S. sanctions halved Tehran's total oil exports.

[Loving that Obama Gas](#)

I want to say thank you to the Europeans and President Obama for insuring that all of us will be warmer next winter and driving farther this year. The price of oil is collapsing.

The first sign of an oil collapse was the dropping of the euro. Oil is priced in US dollars; when the dollar goes up, oil goes down, when the dollar goes down, oil goes up. (It's like a teeter-totter.) You can manipulate the commodity and currency markets by exploiting these relationships. Throw in some phony geopolitical crisis and use the lie of peak oil, and voila, you can control the world's economy.

[Peak Oil Guru Robert Hirsch Gives A Dire Outlook For The Future](#)

A year and a half ago, we featured a presentation by Robert Hirsch, the author of the first major US government report on peak oil.

Peak oil is the theoretical point in time when oil production peaks and begins to fall.

He recently reiterated his argument at this year's Association for the Study of Peak Oil conference in Vienna.

Before he began his remarks, Hirsch made sure to clarify that while he still believes the world faces a liquid hydrocarbon crunch, the broader energy picture is not all that gloomy.

"Longer term, I totally believe we are going to electrify a lot of our technologies and we are going to have a better longer term future, it just won't happen quickly," he said.

[The New Energy Revolution And Its Biggest Losers](#)

While the chattering classes yammered on about American decline and peak oil, a quite different future is taking shape. A world energy revolution is underway and it will be shaping the realities of the 21st century when the Crash of 2008 and the Great Stagnation that followed only interest historians. A new age of abundance for fossil fuels is upon us. And the center of gravity of the global energy picture is shifting from the Middle East to... North America.

[The shale gas-ification of oil](#)

Everyone now knows what happened in the US' natural-gas sector. Strong Henry Hub prices brought a costly, tricky method of gas extraction into the mainstream. Just a few years after US politicians and forecasters were fretting about dwindling reserves and firms rushed to build liquefied natural gas import terminals to capitalise on the inevitable rise in prices, hydraulic fracturing and horizontal drilling unleashed vast new supplies. Production costs tumbled as the drillers honed the technology. The US is now in an age of gas abundance.

IT'S TIME to stop stockpiling canned foods and ammunition, because a similar story is playing out in the oil world. From Brazil's pre-salt deep-water play to Canada's oil sands to the Bakken of North Dakota, peak-oil theories are being demolished, well by well, barrel by barrel.

[Peak Oil: A Dialogue with George Monbiot](#)

Note the critical paradox of unconventional supplies. That is where the cornucopian view of energy, where Monbiot now seems to have landed, breaks down.

The same argument applies to renewable power as it is currently practiced. Without affordable conventional fossil fuels, the increasingly complex alternatives cannot be developed and exploited.

We find ourselves in a world of receding horizons.

[Chevron: Ready To Rally On Q2 Earnings](#)

Chevron's earnings are being watched closely by investors. Its last quarter of 2011 showed weakness and hopefully this next quarter will show improvement. Peak oil is probably a thing of the past, natural gas prices have a long way to go before they can be viewed as being exciting again, the refining business is scaling down in OECD countries, and traditional energy companies are facing a lot of pressure from environmental groups and government agencies to bring the industry in line with new guidelines for climate and population safety. What does the future hold for Chevron?

[Chesapeake Energy seeks to void order to buy energy rights](#)

Chesapeake Energy Corp., facing suits by hundreds of mineral rights holders over canceled oil and gas lease offers, will ask appeals judges in New Orleans to reverse a \$19.7 million judgment to a Texas lease owner.

[State oil firms plan to boost Venezuela investments](#)

(Reuters) - State-run oil companies plan to boost investments in Venezuela and source higher volumes of crude oil from the South American country, India's junior industry minister said on Wednesday.

[CNPC overseas equity oil output up 4.6% in H1](#)

Overseas equity oil and gas production of China National Petroleum Corp, parent of PetroChina, rose 4.6 percent year-on-year to 25.3 million metric tons of oil equivalent in the first half of this year, the company said.

CNPC's crude oil output at Iraq's Rumaila oilfield was 12.06 million tons in the January-June period, 1.93 million tons more than its target, CNPC said in an in-house newsletter seen on Wednesday.

[Ecopetrol Beats Top Global Oil Companies as Rebels Loom](#)

Ecopetrol SA is the best-performing major oil company after turning decades-old fields in areas once overrun by guerrillas into drivers of double-digit output growth. The success is putting it back on the rebels' radar.

[Kenya's Deepwater Debut Heralds East Africa's First Oil](#)

Apache Corp. will drill Kenya's first deepwater oil well next month, a prospect that could add a \$70 billion crude find to the record natural-gas discoveries along East Africa's coast.

Apache and partners including Tullow Oil Plc said the Mbawa well is likely to strike oil based on seismic data and slicks seen on the Indian Ocean's surface. The drilling is targeting as much as 700 million barrels, a resource valued at twice Kenya's annual economic output at today's oil prices. With a 50 percent stake in the well, a strike could add more than 10 percent to Houston-based Apache's reserves.

[China Wants Sea Spat Off Asean Agenda as Clinton Urges Talks](#)

China warned nations to avoid mentioning territorial disputes with the Philippines and

Vietnam at a security meeting this week, rebuffing U.S. Secretary of State Hillary Clinton's call for talks on the issue.

Clinton indicated yesterday the U.S. would raise concerns over the South China Sea during meetings in Phnom Penh, Cambodia, where envoys from 26 Asia-Pacific countries and the European Union meet tomorrow. Speaking at a press conference in Hanoi with Vietnam's Foreign Minister Pham Binh Minh, Clinton called competing claims in the waters a "critical issue."

[Russia Woos Syria Opposition, Annan Pushes for Power Sharing](#)

Russia is reaching out to the Syrian opposition to keep its influence in the Middle East country after the potential exit of President Bashar al-Assad, an ally it has shielded from international censure.

Foreign Minister Sergei Lavrov met today with Abdulbaset Seida, the Syrian National Council's new chief, after talks with Michel Kilo, another opposition leader, on July 9. Russia isn't "clinging" to Assad and Syria should be left to decide his fate, Deputy Foreign Minister Mikhail Bogdanov said yesterday on the ministry's website.

[Iran warns media against reporting impact of sanctions](#)

Iran has warned the media against the publication of reports concerning the impact of Western sanctions, urging it to cooperate so that "the country is not hurt," local newspapers reported on Wednesday.

"Our country is not in a position to allow the media to publish (any) news or analysis which is not compatible with the regime's and national interests," said Mohammad Hosseini, the Minister of Culture and Islamic Guidance, whose ministry oversees the Iranian print media and official news websites.

[Japan Insurers Expand Cover to Boost Iran Oil Shipping Capacity](#)

Japanese insurers are expanding their maritime coverage to allow more domestic tankers to transport Iranian crude, as Tokyo looks to keep oil flowing despite tough Western sanctions, industry sources said on Wednesday.

[Sudan Crude Stuck Off Singapore Shows Trade as War Victim](#)

More than 15 miles offshore Singapore a black-and-red hulled tanker has been stranded for about 150 days holding South Sudanese crude worth almost \$60 million, a hostage of a two-decade war.

South Sudan says its northern neighbor stole the shipment on the ETC Isis and about 2

million barrels more. Sudan says it had the right to sell the oil. The feud over the cargoes, worth more than seven days of the South's annual economic output, has entangled lawyers in London, shipowners in Cairo, buyers in Japan, dealers in the British Virgin Islands and Trafigura Beheer BV, the world's third-biggest oil trader.

[Saudi Shiites throng funeral of slain protester](#)

Thousands of Shiite Muslims turned out for the funeral of a man killed during protests triggered by the arrest of a prominent Shiite Muslim cleric in Saudi Arabia's oil-producing Eastern province, witnesses said on Wednesday.

[Afghan exit will cost U.S. billions, Pentagon's No. 2 says](#)

WASHINGTON – Moving the mountain of U.S. military gear out of Afghanistan after more than a decade of war will cost billions of dollars and prove far more difficult than last year's withdrawal from Iraq, the Pentagon's No. 2 official said Tuesday.

[Obama paying utility bills? Scam victims nationwide think so](#)

The criminals have been marching across the country, making their way from state to state, persuading victims that a special federal government assistance program -- sometimes described as a bailout authorized by President Barack Obama's administration -- is available to pay their utility bills. Victims are given bank account and routing numbers to use when paying their bills online, but only after they "register" by surrendering their Social Security numbers and other personal information.

There is no such utility payment assistance program. But electricity users seem to be falling for the ruse everywhere, making it in one of the more successful scams in recent times. Last week, 2,000 people were tricked in Tampa the local utility company, TECO Energy Inc., told msnbc.com. There were more victims in North Carolina, Pennsylvania, Indiana, and across New England. Utility firms in Utah and California reported similar scam epidemics earlier this year. And at least 10,000 people fell for the scam in New Jersey in recent weeks, Public Service Electric & Gas told msnbc.com.

[U.S.: 47th in freedom, 1st in cheese production](#)

We're billed as the land of the free, but we're actually 47th in press freedom according to Reporters Without Borders, behind Botswana and El Salvador. We're 10th in economic freedom, according to the Heritage Foundation -- not bad, but not quite on the level of Canada or Mauritius.

...So what do we lead the world in?

...Roads. Our highways and byways sport some potholes, but we still have a lot more miles paved than any other country. Good thing, because we also own the most cars.

[Editorial: To cut power outages, bury key electric lines](#)

Some countries bury most or all of the lines that distribute power to homes and businesses. Germany is one, and its power grid is remarkably reliable.

Big U.S. cities long ago buried their downtown wires, and many parts of the country require new housing developments to bury electric lines. But whenever the idea of burying existing lines comes up — and it usually comes up after every big storm-related power outage — utilities and public service commissions argue that it's too expensive.

[Opposing view: 'Undergrounding' power lines is no cure-all](#)

Underground systems can be damaged by flooding and lightning strikes. Moreover, finding and repairing underground damage is costly and time-consuming. And experience has shown that during a major outage, such as the recent super *derecho* storm, the entire utility system is affected, not just the overhead system.

In addition, every underground system is connected somewhere to an above-ground resource, such as feeder lines and substations. It has been suggested that burying some "critical" above-ground equipment could reduce the number and duration of outages. But such "hardening" efforts likely would remain no match for major storms.

[Can fracking contaminate drinking water?](#)

The salt of the Earth may hint at trouble for the fracking industry's safety claims, according to a new geological study — although other researchers disagree.

Hydraulic fracturing uses pressurised fluid to crack open deep shale rocks to release the methane trapped within them. Geologists say this potentially harmful fluid is unlikely to percolate up through a few kilometres of rock to reach the shallow aquifers that supply drinking water — but Avner Vengosh of Duke University in Durham, North Carolina, thinks the methane itself could do so. The gas would be an explosion risk.

[Alaska: Groups Sue Over Drilling in Arctic Ocean](#)

Ten environmental advocacy groups filed suit in federal court in Alaska on Tuesday to try to force Shell and the Interior Department to take additional steps to protect the Arctic Ocean from the dangers of an oil spill.

[BP abandons plan to develop Alaska field](#)

BP PLC has decided not to proceed with a groundbreaking \$1.5-billion (U.S.) offshore oil project in Alaska after concluding it would be too expensive.

[Sometimes Fiscal Urgency Tops Desire to be 'Nuclear Free.' Cities Find](#)

In December 1983, the City Council passed the Takoma Park Nuclear Free Zone Act, prohibiting the development, storage or transportation of nuclear weapons within city limits. The measure also outlawed city investments and public contracts with corporations connected to the nuclear weapons industry.

So, it came as a shock last month when the mayor and Council approved a waiver to the ordinance to allow the local library to keep a five-computer desktop system operating on computers made by Hewlett-Packard, a Silicon Valley company that has worked on the country's nuclear weapons programs. Other waivers have been granted in the past, but this was the first that defied the recommendations of the group established to supervise adherence to the act. The action left some questioning whether the city was straying from its values.

[E15 Fuel Reaches the Masses \(at One Station\)](#)

More than 18 months after the Environmental Protection Agency first approved the idea, a gas station west of Kansas City has begun selling E15, a fuel blend that is 15 percent ethanol instead of the 10 percent blend that is now standard in most of the country.

The Phillips 66 brand station on Route 10 in Lawrence, Kan., uses "blender pumps" that allow the customer to choose a gasoline-ethanol mix that is 10 percent, 15 percent, 30 percent or 85 percent ethanol. Technically, the 15 percent blend was already available to drivers of "flex fuel" cars that can burn mixtures of up to 85 percent, but that is a tiny slice of the automotive fleet. The Kansas station is the first to offer E15 for regular cars.

[NYC mayor challenges apartment builders to think smaller](#)

NEW YORK -- Could apartments in New York City get any smaller? Mayor Michael Bloomberg hopes so.

On Monday he announced a competition for architects to submit designs for apartments measuring just 275 to 300 square feet (25.5 to 28 square meters) to address the shortage of homes suitable and affordable for the city's growing population of one- and two-person households.

[Do the Suburbs Make You Selfish?](#)

While Glaeser's argument here remains speculative, it's in line with a great deal of

recent research that suggests wealth (and the attendant ability to segregate oneself from the poor) may make people more selfish and less empathetic. In a cover story in the latest issue of New York magazine, Lisa Miller uses this research to present a compelling case that “Money Can Make You Mean.”

[Keeping farm in family requires strategy](#)

According to the Department of Agriculture, family farms account for about 98% of all farms in the USA and for 85% of the nation's total agricultural output. About 70% of the nation's farmland will change hands in the next two decades, and recent surveys show that about 89% of farmers don't have a farm-transfer plan, according to the USDA.

If farm families fail to plan for succession, the farm is more likely to go out of business, be absorbed by larger farms or be converted to non-farm uses, according to the agency.

[The Chain Saw Circle: Women of the Woodlands](#)

Women who own woodlands constitute a fast-growing demographic, according to the federal Department of Agriculture, which is allocating funds to the Oregon extension service to develop WOW networks nationwide.

Through workshops and other gatherings, WOWnet seeks to connect mentors with women seeking information on a range of topics, from estate planning to tree identification to tractor safety, and to forge friendships among women who share the same challenges. “WOW saved us,” Kathryn Kemp said.

[Could China's one-child policy change?](#)

When the one-child rule was first introduced in 1979, China's leaders were reacting to an unprecedented population boom - from 540 million to 960 million people in just under 30 years. And this was happening while China was one of the poorest countries in the world, with little prospect of economic growth. With certain exceptions, the policy was meant to restrict married, urban couples to having only one child. Officials sometimes resorted to extreme measures to implement the rules.

But do they make sense any more? Leaving aside the immoral practice of forced abortions, China is facing a demographic disaster.

[A Gold Rush in the Abyss](#)

A new understanding of marine geology has led to the discovery of hundreds of deposits rich in gold, silver and copper in volcanic zones across the seabed.

[Africa: Facing the challenge on climate-smart agriculture](#)

With climate change and climate variability, producing enough food for the projected global population of 9 billion people in 2050 must be done in ways that are climate smart: That increase the overall efficiency, resilience, the adaptive capacity and the mitigation potential of the agricultural production systems.

[Farmer says Arkansas drought turns cattle ranch into 'desert'](#)

ATKINS, Ark. — Drought now covers more than half of the lower 48 states but few have it as rough as Arkansas, where the entire state is listed as suffering from lower than average precipitation.

"It's just devastating," cattle rancher Karen Haralson told NBC News. Having never seen her land this barren, she compares her ranch to "a desert."

[2011 was hottest year in US since 1895](#)

Last year in the continental United States has been recorded as the country's hottest year since 1895, government scientists have said.

According to the BBC, the National Oceanic and Atmospheric Administration (NOAA) said that the US had broken its record for the hottest six months.

Agency's weather experts said that climate changes were playing a major role in the changes in the temperatures.

[Texas drought, British heat linked to climate change](#)

WASHINGTON (Reuters) - Climate change increased the odds for the kind of extreme weather that prevailed in 2011, a year that saw severe drought in Texas, unusual heat in England and was one of the 15 warmest years on record, scientists reported on Tuesday.

Overall, 2011 was a year of extreme events - from historic droughts in East Africa, northern Mexico and the southern United States to an above-average cyclone season in the North Atlantic and the end of Australia's wettest two-year period ever, scientists from the U.S. National Oceanic and Atmospheric Administration and the United Kingdom's Met Office said.

In the 22nd annual "State of the Climate" report, experts also found the Arctic was warming about twice as fast as the rest of the planet, on average, with Arctic sea ice shrinking to its second-smallest recorded size.

[England flood risk to rise fourfold by 2035-report](#)

LONDON (Reuters) - The risk of flooding for many English homes and businesses could increase fourfold by 2035 if more action to deal with the impact of climate change is not taken, government advisers said on Wednesday.

As severe floods continue to batter parts of Britain after the wettest June since records began, around one in seven homes and businesses face some kind of flood risk, the climate advisers said.



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