



Drumbeat: July 13, 2012

Posted by [Leanan](#) on July 13, 2012 - 9:18am

[The Peak Oil Crisis: The Summer of 2012](#)

One has to go back to the 1930's to find a time when so much of civilization was in turmoil at once. The 30's ended with World War II, tens of millions dead, and much of the industrialized world in ruins. It is not hard to argue that the array of economic, geopolitical, and climatological problems currently facing the world add up to an even more serious threat than a handful of hyper-aggressive nation-states did 75 years ago. Our current problems – faltering economies, an out-of-control atmosphere, increasing social unrest, and political gridlock in many parts of the world – add up to a very bleak outlook ahead.

Here in America, there is much denial. With weathermen telling of new disasters every day, the annual budget deficit stuck at \$1.5 trillion, unemployment increasing every week and not even a hint of rational solutions to these problems anywhere in sight, we are moving towards the November elections in a dead heat. As the Rockies burn, the corn-belt fries, the east coast melts, and the southwest broils, we continue to pump out greenhouse gases as the only way to keep ourselves employed and our economies growing. Our media continues to craft stories telling us that the weather has been bad before and that there is still no "firm" evidence that the aberrant weather is caused by the burning of fossil fuels.

[Oil Futures Rise on Bets China Will Boost Economy](#)

Oil advanced, extending a weekly gain, as investors speculated that China's government will boost stimulus measures and the U.S. tightened sanctions on Iran.

Crude futures rose as much as 0.9 percent in New York after closing 0.3 percent higher yesterday. China's economy grew at a less-than-estimated 7.6 percent in the second quarter, data from the National Bureau of Statistics showed. Oil in New York closed at a one-week high yesterday after the U.S. announced some additional sanctions on Iran.

[IEA forecasts rebound in oil demand](#)

Developing economies' need for oil will be greater than demand in member countries of the Organisation for Economic Co-operation and Development (OECD) by next year, the International Energy Agency (IEA) said yesterday.

Demand for crude will rise next year as the global economy recovers, and the increase will lead to a permanent shift in demand distribution, said the body representing the world's developed economies, in its July monthly report.

"Global oil product demand will average 90.9 million barrels per day (bpd) for 2013, with non-OECD demand exceeding that for the OECD for the first time ever in [the second quarter of next year], a trend that is unlikely to be reversed," said the report.

[Saudi production up with Opec oil price down](#)

Saudi Arabia's oil production crept back above 10 million barrels per day (bpd) and Opec continued to pump well above its self-imposed ceiling last month, as the price for its crude dropped below US\$100 a barrel for the first time in eight months.

The Opec reference basket price slumped by 13 per cent to average \$93.98 a barrel, the organisation said in its monthly oil report for June.

"The sluggish OECD [Organisation for Economic Co-operation and Development] economy is suppressing the region's oil demand, except for in Japan, where the shut-down of most of the country's nuclear power plants has led to increased crude and fuel oil burning," said the report.

[Moscow refinery halted two CDUs in early July](#)

(Reuters) - A Moscow refinery, owned by Gazprom Neft, in early July halted two crude distillation units, which together account for a third of the plant capacity, Energy Ministry data showed on Friday.

[Japan JX to shut refinery over falsified inspection records](#)

TOKYO (Reuters) - Japan's top refiner JX Nippon Oil & Energy Corp said on Friday that it will shut down all refining units at its 240,200-barrel-per-day (bpd) Mizushima-B refinery in western Japan indefinitely after discovering that some inspection records had been falsified.

The company said its investigation had revealed that false inspection records had been filed for some liquefied petroleum gas (LPG) tanks at the Mizushima-B refinery, which represents 15 percent of the company's total 1.606 mln bpd refining capacity.

[China June oil demand wanes, at 20-month low](#)

BEIJING (Reuters) - China's implied oil demand fell 0.4 percent in June from a year earlier to the lowest in 20 months as refineries scaled back production and raised fuel exports to trim bulging stockpiles.

China is the world's second-biggest oil user and still accounts for nearly half of global incremental demand, but an economic slowdown is shrinking its need for fuel.

[China's economy cools, shows need for policy action](#)

BEIJING (Reuters) - China's growth rate slowed for a sixth successive quarter to its slackest pace in more than three years, highlighting the need for more policy vigilance from Beijing even as signs emerge that action taken so far is beginning to stabilize the economy.

[Yingli Plans Hainan Plant Expansion Amid Solar Glut](#)

China's power output rose at the slowest pace in more than three years for a non-Lunar New Year holiday month as the nation's economic growth slowed for a sixth quarter to the weakest pace in three years.

Electricity generation was unchanged in June from a year earlier at 393.4 billion kilowatt-hours, according to data released today by the Beijing-based National Bureau of Statistics. That's the first time since May 2009 that production hasn't increased, excluding a contraction in January this year as factories shut for the weeklong holiday.

[Expanding China Aviation Oil says leases Singapore storage](#)

SINGAPORE (Reuters) - China Aviation Oil, Asia's top jet fuel buyer, has leased oil storage space in Singapore as it ramps up trading eight years after a scandal that nearly destroyed the company.

The company leased the tank space in the first half of the year to store middle distillates, a company spokeswoman said late on Thursday, declining to give details about the size of the storage facility, or from whom it has been leased.

[Dramatic drop in fuel tax revenues](#)

Greece is earning fewer revenues from gasoline taxes than it did in 2009, before the crisis struck and taxes were hiked, customs officials revealed on Thursday.

Speaking at a conference in Thessaloniki, the head of the Federation of Customs Officials, Dimitris Tribonias, said that Greeks have been using their vehicles less as a result of the crisis and the subsequent drop in purchase of gasoline has hit tax revenues.

[German government backtracks on the Energy Transition](#)

The "Energiewende" is still on the political agenda in Berlin, but there is also a firm amount of backtracking going on in the German capital. The Merkel government now stresses that fossil fuels will remain the foundation of German energy supply for many years to come. It has also announced it will produce a new national energy plan in 2013, "with support from all institutions". In the meantime, the energy transformation is entering a chaotic phase.

[Rapid growth of worldwide oil supply might outpace consumption: report](#)

EDMONTON - Goodbye, Peak Oil theory. Hello, looming global oil glut.

That's the central message of a new Harvard University study, which argues that soaring crude production could soon overwhelm global demand, putting downward pressure on prices.

"Contrary to what most people believe, oil supply capacity is growing worldwide at such an unprecedented level that it might outpace consumption," says the 76-page report, titled Oil: The Next Revolution.

[Friday Charts: Beer, Earnings, Recessions and Peak Oil Nonsense](#)

"We're running out of oil! We're running out of oil! We're running out of oil!" says the energy-conscious Chicken Littles of the world.

Or not!

The latest annual Statistical Energy Review from BP plc shows that proved reserves are headed in only one direction: up!

[A look at forecasts for peak oil – and the end of civilization](#)

A common concern in the comments expresses fear of resource exhaustion, perhaps even leading to collapse of civilization. Here we examine the theory, evaluate the risks, and point to sources of more information.

[U.S. Sanctions Iranian Tankers to Tighten Oil Noose](#)

The Obama administration sanctioned the National Iranian Tanker Co. and four alleged front companies for Iran's oil trade, the latest salvo in a U.S.-led campaign to curtail Iran's petroleum sales until it abandons illicit aspects of its disputed nuclear program.

The U.S. Treasury Department announced yesterday it would freeze American assets belonging to the tanker operator, known as NITC, and block the company's transactions from the U.S. financial system. The Treasury said Iran's government controls the company, a former subsidiary of the state-owned National Iranian Oil Co. that was

officially privatized 12 years ago.

[Floating Base Gives U.S. New Footing in the Persian Gulf](#)

WASHINGTON — One of the Navy's oldest transport ships, now converted into one of its newest platforms for warfare, arrived in waters off Bahrain late last week, a major addition to the enlarged presence of American forces in the Persian Gulf designed as a counter to Iran.

[S.Korea considers resuming Iran oil imports-govt sources](#)

SEOUL (Reuters) - South Korea will soon decide on whether to resume Iranian crude imports after Tehran offered to ship and insure the oil to get around the impact of EU sanctions, two Korean government sources said on Friday.

The EU oil embargo and U.S. sanctions aim to choke the flow of petrodollars into Iran's economy and force Tehran to curb its nuclear programme. The West suspects Tehran aims to develop weapons, while Iran says it needs reactors for electricity.

[Syrian opposition reports massacre of 220 civilians](#)

(Reuters) - About 220 Syrians, mostly civilians, were killed in a village in the rebellious Hama region when it was bombarded by helicopter gunships and tanks then stormed by militiamen who slaughtered some families, opposition sources said on Friday.

UN special envoy Kofi Annan said he was "shocked and appalled" by news of "intense fighting, significant casualties, and the confirmed use of heavy weaponry such as artillery, tanks and helicopters" in the village of Tremseh.

[Abu Dhabi Leads Gulf Nations With Oil Pipe to Avoid Iran](#)

Abu Dhabi is exporting oil through the first Middle Eastern pipeline in three decades to circumvent the Strait of Hormuz as producers seek to nullify Iranian threats to block the shipping chokepoint.

[In Saudi Arabia, Dissent Is Alive and Well, but Only Online or in Private](#)

Riyadh polices its streets and cafés with a fearsome rigor, but it doesn't seem to know how to shut down the chatter on Twitter and Facebook.

[Analysis: As Egypt leaders feud, economy heads toward cliff](#)

(Reuters) - Egypt's new Islamist president and his old military foes have come out swinging in a struggle for political power, but their countrymen need them to find a way to work together to avert economic chaos.

In the two weeks since his inauguration, President Mohamed Mursi of the Muslim Brotherhood has openly defied the entrenched military by summoning the Islamist-led parliament the generals dismissed on the eve of his election.

The political confrontation risks paralyzing the government, and the first casualty could be Egypt's fragile economy, fast heading towards a balance of payments and budget crisis.

[Turkey importing crude from N.Iraq in road tankers](#)

BOLU, Turkey (Reuters) - Turkey has begun importing 5 to 10 road tankers of crude from northern Iraq daily and the volume could rise to 100-200 tankers per day, Turkish Energy Minister Taner Yildiz said on Friday.

Iraq's autonomous Kurdistan region, which borders Turkey, is locked in a dispute with the central Iraqi government over oil exports and energy policy has become a sensitive topic.

[Oil dispute between Baghdad and Kurdistan flares up again](#)

Iraq's long-standing oil dispute with Kurdistan has flared up again after Baghdad rebuked Erbil over crude exports to neighbouring Turkey.

The Kurdistan Regional Government (KRG) said this week it had sent a limited amount of crude across the border to Turkey in exchange for refined products, a move that met with a stern response from Baghdad.

[Philippines offers disputed oil, gas blocks offshore Palawan](#)

Hanoi (Platts) - The Philippine Department of Energy is proceeding with the attempted licensing of offshore exploration blocks Area 3 and Area 4, for which it hopes to receive bids at the end of this month, Jose M Layug, Undersecretary of the Department told Platts Friday.

The Philippines will proceed with the plan to offer the two blocks despite recent tension with China in the South China Sea. "We are set to receive the bids on July 31, 2012, the deadline date," said Layug.

[Falkland Islands: Premier Oil plan leads UK and Argentina to new dispute](#)

Britain put itself on a collision course with Argentina over the disputed sovereignty of the Falkland Islands when it gave explicit support to a £600m plan to develop oil reserves in the south Atlantic on Wednesday.

Barely three weeks since the two countries clashed over the issue at a G20 summit, and 30 years on from the military conflict on the islands, the Foreign Office has made it clear that hydrocarbons exploration in the area is a legitimate business.

[ConocoPhillips Challenges Tax Reassessment Action in East Timor](#)

ConocoPhillips, a U.S. oil and gas producer, challenged a new tax assessment by the government of East Timor that may add billions of dollars to the Asian nation's treasury.

[Russia's Novatek makes foray into European gas trade](#)

MOSCOW (Reuters) - Russia's No.2 gas producer Novatek has signed a landmark deal to supply German utility EnBW with gas, setting foot in the lucrative European market, two sources familiar with the deal told Reuters on Friday.

The agreement will also allow Novatek to start forming its customer base in Europe as it eyes liquefied natural gas sales to the European Union from its Arctic plant, Yamal LNG, due on stream in 2015-2016.

[Nigeria Awards \\$60 Billion Worth of Oil Contracts](#)

The Nigerian National Petroleum Corp, or NNPC, awarded 50 companies 1.59 million barrels a day of oil for the period from August 2011 to July 2013, a list of term contracts seen by Dow Jones Newswires showed Friday.

Based on the current price of Brent crude, the supply deals are worth \$159 million a day, or just under \$60 billion a year.

[Oil tanker fire kills more than 100](#)

Port Harcourt, Nigeria - More than 100 people who rushed to scoop up fuel after a Nigerian petrol tanker tipped over on Thursday were burned to death when the vehicle and spilled oil caught fire.

Children were among those killed, while dozens more were badly burned, despite a warning from troops who arrived at the crash site that a blaze could ignite at any moment.

[Failure to address fracking impacts would stifle industry's growth – BG](#)

The direct environmental impacts of fracking are relatively cheap to address – but a failure to do so would “severely limit” the industry’s growth, even in the US, according to the chairman of BG Group.

Moreover, improving environmental performance offers a source of competitive advantage for leading fracking companies, according to Amory Lovins, chief scientist at the Rocky Mountain Institute (RMI), a US-based think-tank.

[U.K. Seen Doubling Power Price to Guarantee New Reactor](#)

The future of the U.K.’s nuclear industry will be decided on one number: the price the government’s willing to guarantee Electricite de France SA will get for generating atomic power.

EDF and government officials will negotiate the so-called strike price for new nuclear power plants by the end of the year. To ensure the Paris-based utility makes a final decision on a new reactor in southwest England, the U.K. must set a price between 95 pounds (\$148) and 105 pounds a megawatt-hour in 2020, double the level power trades at today, according to Bloomberg New Energy Finance.

[Fitch affirms India's Power Finance Corporation at 'BBB-'/negative](#)

Fitch Ratings has affirmed India-based Power Finance Corporation Limited's (PFC) 'BBB-' Long-Term Foreign Currency Issuer Default Rating (FC IDR) at a Negative Outlook and its 'Fitch AAA(ind)' National Long-Term rating at a Stable Outlook. Fitch has also affirmed PFC's Foreign Currency senior unsecured rating and USD1bn senior unsecured medium term notes programme at 'BBB-'. PFC's National Short-Term rating has been affirmed at 'Fitch A1+(ind)'.

[Duke Energy faces regulator chill after CEO switch](#)

(Reuters) - Duke Energy Corp, under regulatory scrutiny over the abrupt ouster of its CEO, is not expected to be forced to undo its purchase of Progress Energy, but could face a cold reception when it seeks new power rates in North Carolina later this year.

[Iraq pays high price for lack of electricity](#)

Iraq's economic development is being held back by a critical shortage of electricity - with businesses and homes across the country forced to endure blackouts of as long as 15 hours a day.

Total demand stands at 14,000 megawatts, but the country's struggling power plants

can supply only up to 8,000 megawatts.

[Lack of power hits Iraqi businesses](#)

At least four times a day, Hadi Ahmed leaves his Baghdad home and goes out into the sweltering heat to restart his generator.

"We are dying in this heat," he says. "I feel like every day this country is going backwards. The lack of electricity is destroying my business."

[Electric utilities leave us in the dark](#)

I'm looking at innovative ideas like the smart grid. As described by the Department of Energy, the technology would deliver energy to consumers in a fashion similar to the Internet. A smarter grid will make our electricity delivery system more resilient. Instead of just delivering electricity, it will allow two-way communication, data gathering and automatic rerouting of electricity when disaster strikes.

[Two Maryland senators urge massive fines against Pepco, BGE](#)

Backlash over the power outages following the June 29 storm continue as Maryland Senators Brian Frosh (D-Montgomery) and Jim Rosapepe (D-College Park) urge state utility regulators to impose fines of \$100 million each on Pepco and BGE for the economic damages-- from spoiled food to shuttered workplaces --borne by homeowners and businesses left in the dark.

[So Much Data, but Who Can Analyze It?](#)

The rollout of smart meters, devices that can record and send reams of information on real-time electricity usage, has been anything but smooth. Customers have complained about inaccurate readings, being promised savings that never materialize, possible health hazards and threats to their privacy. But utilities have soldiered on.

They continue to install millions of the meters, saying that the data they provide helps them manage electrical load, pinpoint or avoid power losses, stabilize the grid and ease the integration of renewable forms of energy into the grid — all of which in theory will save customers money in the long run.

But all that information is more than the utilities can handle, according to a study released on Tuesday by the software company Oracle. Lacking the organizational structure and staff members with the analytical skills needed to handle the deluge of data, 45 percent of utility executives surveyed said they found it hard to get information to the right managers.

[Spain Targets First Cash From Renewables With Energy Tax](#)

Mariano Rajoy's pledge to tax utilities and power consumers signals Spain is planning to raise cash from renewable energy for the first time, a blow to an industry already struggling with subsidy cuts.

The prime minister told Parliament yesterday he'd impose a levy to spread the expense of closing a gap between costs and revenue in the country's electricity business, which has racked up debts of 25 billion euros (\$31 billion). Details may be announced as early as tomorrow after the weekly Cabinet meeting.

[Ethanol 15: The View from the Road](#)

Down the road, about 50 miles from Lawrence, in Barnett, Kan., where East Kansas Agri-Energy, one of Mr. Zaremba's suppliers, takes in thousands of bushels of corn a day to make ethanol and corn oil, Doug Sommer, the plant manager, said that his Chevy Silverado ran on e85.

But when he came to town in 2007 to help start up the plant, there were three e85 pumps in town, and now there is only one. One of the pumps was at a gas station that closed, and another was converted to diesel.

[U.S. Fares Poorly in Efficiency Rankings](#)

The United States placed ninth in a new energy-efficiency ranking of 12 of the world's largest economies.

[What the U.S. Can Learn From Australia's Coal Mines](#)

America became great because it transformed its vast natural resources -- Iowa farmland, Mesabi iron, Texas crude -- into human capital, equipped with skills to succeed in the Information Age.

Now, when human capital is king, some look toward Texas and North Dakota and see natural-resource extraction as a path to economic rejuvenation. But if we look at Australia, the model of a major mineral producer, we see that widespread prosperity comes not from the stuff beneath the ground but from the stuff between our ears.

[De-hazing the Lazy Days of Summer](#)

An amendment to the Clean Air Act passed 35 years ago was designed to ensure that when visitors get to their destinations, they will be able to see the parks' vistas.

For the better part of those years, there has been a tug of war between the owners of manufacturing concerns — particularly coal-fired power-plants — and the Environmental Protection Agency over how far the agency can go in requiring plants to cut down on three pollutants linked to haze: fine particles, which blur the air on their own, and sulfur dioxide and oxides of nitrogen, which break down into other smog-producing chemicals with the sun's help.

[Wis. town barred from beefing up farm water rules](#)

MILWAUKEE (AP) — The Wisconsin Supreme Court dealt a blow to environmentalists concerned about water pollution from huge livestock farms Wednesday, when it said communities couldn't set stricter standards than the state.

[Farmers suffer as soaring temperatures worsen drought in Midwest](#)

(CNN) -- A severe drought is spreading across the Midwest this summer, resulting in some of the worst conditions in decades and leaving more than a thousand counties designated as natural disaster areas, authorities said.

Farmers in the region are suffering, with pastures for livestock and fields of crops becoming increasingly parched during June, according to the National Climatic Data Center. Many areas in the southern Midwest are reporting the poorest conditions for June since 1988.

[Climate could kill you, Outback towns are told](#)

Climate change could transform the Australian outback, wiping dozens of small towns off the map, according to a new report commissioned by the federal government.

With many rural towns struggling to survive, climate change — expected to make much of inland Australia hotter and drier — could be the final straw, warns the report by the government's National Climate Change Adaptation Research Facility.



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