



Drumbeat: July 20, 2012

Posted by [Leanan](#) on July 20, 2012 - 9:40am

[Oil, politics and resource wars](#)

At the 10th conference of the Association for the Study of Peak Oil & Gas in Vienna, Austria, Dr Robert Hirsch, Professor Michael T Klare, Dr Karin Kneissl, Dr Daniele Ganser, and Jeremy Gilbert discussed for Asia Times Online and Matterhorn Asset MGMT different important aspects of oil.

Robert Hirsch: *Chaos is going to occur just because of the announcement that Peak Oil is real.*

Hirsch is a senior energy program advisor at Science Applications International Corporation, a senior energy advisor at MISI, and a consultant in energy, technology, and management. He is a former manager of Petroleum Exploratory Research at Exxon and assistant administrator of the US Energy Research and Development Administration responsible for renewables.

[Maugeri on peak oil](#)

I agree with Maugeri that new production from places like the United States and Iraq is going to be very helpful. But I think he substantially overstates the case for optimism. If we are counting on sources such as shale/tight oil, oil sands, and deepwater to replace production lost from mature conventional oil fields, the days of cheap oil are never going to return.

[The Peak Oil Crisis: Technology Races Depletion](#)

In looking at what we will need to maintain some recognizable semblance of our civilization in coming decades, it is clear that we are going to need new sources of energy that can be implemented at a faster pace than is happening with our current crop of renewables. Or we are going to have to come up with major efficiencies in the way we use fossil fuels. We are currently happy with, and can afford, vehicles that burn fossil fuels at tens of miles per gallon, where as with coming technology, hundreds of miles per gallon should be attainable. The missing ingredient is simply that motor fuels are still too cheap to spark a major transition to other forms of powering transportation. For now the political will to drive this spark through taxation is simply not there, particularly in the United States and we will have to wait for market forces to raise prices.

Experts in efficiency tell us that here in America we could get along with a third less

energy and never miss it. The Europeans burn half the oil we do in the Untitled States and seem to get along.

[‘Peak oil’ a certainty, just as was ‘peak cod’](#)

Paul Schneiderei’s July 10 column “Humans’ love affair with fossil fuels won’t end anytime soon” slammed soothsayers who supposedly predicted doom because we would run out of oil. One such soothsayer was King Hubbert, a geophysicist who worked for Shell Oil and the U.S. Geological Survey. In 1956, he predicted crude oil production in America would peak in 1970. His “peak oil” theory was debunked at the time. It remains disputed by Schneiderei in 2012, who states “peak oil” has failed to materialize and informs us the world is not running out of oil.

But crude oil production peaked in the U.S. in 1970 at 10 million barrels per day (BPD). Today, oil production in the U.S. is five million BPD. Granted, in the last four years, U.S. production has increased 10 per cent, due to the production of shale oil and an increase in Texan production, enabled by hydraulic fracturing of petroleum basins. This in an arid state that suffers from drought! Did someone ask the question there: “Do you want water or gasoline?”

[Oil Drops From Nine-Week High on Signs Demand May Weaken](#)

Oil fell from a nine-week high in New York, paring a second weekly advance, as worse-than-expected economic data added to signs seasonal crude demand is weakening.

Futures slipped as much as 1.4 percent, snapping a seven- day run of gains that was the longest since February. Oil may fall next week on signs of slowing economic growth, according to a Bloomberg News survey. European stocks slipped and the euro weakened before finance ministers hold a conference call to set terms for Spain’s bailout. Existing U.S. home sales unexpectedly dropped in June and manufacturing in the Philadelphia region contracted a third month in July, reports showed yesterday.

[Gas prices head higher: Up 11 cents in 3 weeks](#)

NEW YORK (CNNMoney) -- Gasoline prices have risen 11 cents a gallon from the start of the month, following a rise in oil prices that was spurred by increasing tensions with Iran, an easing of the crisis in Europe and hopes for more stimulus from central banks.

Gas prices often lag crude prices by a couple of weeks.

[Gas prices may go up too because of drought](#)

The slim silver lining to the global economic malaise has been low prices at the gas

pump. That's about to change.

Economists are already predicting price increases for staples like milk and beef as scorching heat and drought wreak havoc on America's corn crop. Now, beleaguered consumers can add gasoline to that list.

"We're pretty well hooked on ethanol," said Bruce Babcock, professor of economics at Iowa State University. "It's 10 percent of our gasoline supply." The complexity of the market makes it hard to predict exactly what this will mean for drivers, but Babcock estimated the impact of ethanol, which is derived from corn, among other grains, could be as high as 15 cents a gallon.

[Widespread Drought Is Likely to Worsen](#)

KANSAS CITY, Mo. — The drought that has settled over more than half of the continental United States this summer is the most widespread in more than half a century. And it is likely to grow worse.

[Drought Puts Food at Risk, U.S. Warns](#)

The Obama administration warned Wednesday that food supplies were at risk from the worsening drought afflicting more than half of the country and called on Congress to revive lapsed disaster aid programs.

[Crop Traders Extend Bullish Streak on U.S. Drought: Commodities](#)

Corn and soybean traders are bullish for a 13th consecutive week on mounting concern that yields will keep dropping amid the worst U.S. drought in a half century.

[Duke CEO Switch Probe Shows Pain Inside Progress Merger](#)

Duke Energy Corp.'s ousted Chief Executive Officer Bill Johnson offered rare insight into the strains that can occur in multibillion-dollar takeovers in testimony at a hearing before North Carolina regulators yesterday.

"They had buyer's remorse," Johnson said of Duke's \$17.8 billion takeover of Progress Energy Inc. "They wanted the merger, then they didn't want it, then they couldn't get out of it, then they didn't want to be stuck with me as the person who dragged them to it."

[Plant arrives for Dh40bn Abu Dhabi gas project](#)

The delivery is part of a US\$11 billion (Dh40.4bn) project to increase the emirate's

natural gas supply that is in its final stages.

Called the Integrated Gas Development, it is Abu Dhabi National Oil Company's project to bring more fuel to the emirate required for power generation and to increase oil production at fields where natural gas is a by-product.

[Unconventional gas gathers pace in Middle East](#)

The development of unconventional gas resources in the Middle East is gathering pace, as Algeria closes in on agreements with international oil companies to explore its shale gas potential.

The country is in advanced talks with ExxonMobil and Royal Dutch Shell over shale gas exploration, said the head of Sonatrach, Algeria's national oil company.

[France not budging on fracturing ban](#)

The new French Energy Minister has said her government will stick to its opposition to the use of hydraulic fracturing, which was banned by the previous administration last year.

"The government clearly and definitely keeps its position on shale gas extraction," Delphine Batho told French television, according to Reuters.

"Nowhere in the world has it been demonstrated the extraction is possible without causing considerable damage to the environment and risks to public health," she said.

[Global oilfield growth lifts Schlumberger, Baker Hughes](#)

(Reuters) - Schlumberger Ltd and Baker Hughes Inc, the world's No. 1 and No. 3 oilfield services companies, posted higher-than-expected quarterly profit on Friday as revenue piled up outside North America.

Investment cycles outside the volatile U.S. and Canadian oilfield markets are generally smoother, and analysts said Schlumberger got a particularly big lift from Europe and Africa.

[Rudd warns of tensions in S China Sea](#)

Former prime minister Kevin Rudd has warned of rising tensions in the South China Sea, urging all parties to take a deep breath and a step back to avoid potential catastrophe.

Mr Rudd said all progress towards a new and credible Pax Pacific - a multilateral,

regional rules-based regional order - could be rendered null and void if tensions escalated into a full blown crisis.

[ASEAN urges South China Sea pact but consensus elusive](#)

PHNOM PENH/JAKARTA (Reuters) - Southeast Asian states sought to save face on Friday with a call for restraint and dialogue over the South China Sea, but made no progress in healing a deep divide about how to respond to China's growing assertiveness in the disputed waters.

After heated discussions at a summit last week that saw its customary communique aborted for the first time in its 45-year history, the Association of Southeast Asian nations (ASEAN) issued a six-point statement that omitted the contentious issues that had its 10 members locked in a bitter dispute for days.

[Kenya refinery buys crude for itself](#)

MOMBASA, Kenya (Reuters) - Kenya's only refinery will on Saturday receive its first direct purchase of oil, 82,000 tonnes of UAE Murban crude, its chief executive told Reuters on Friday.

Until now, only fuel marketing companies have been importing crude and paying processing fees to the Mombasa refinery, which is owned by the Kenyan government and India's Essar Energy.

[Private firms tout Iran oil cheap to beat sanctions](#)

LONDON (Reuters) - Obscure private firms are offering Iranian crude oil at steep discounts to European oil traders as Tehran seeks ways to restore oil export flows hit by Western sanctions.

Traders who buy crude for European refineries say they are getting daily calls offering Iranian crude, sometimes accompanied by the promise of fake paperwork to disguise it as oil from a different origin.

[Japan shippers to resume loading Iranian oil on Friday-sources](#)

(Reuters) - Japanese shippers will start loading on Friday their first cargo of Iranian oil in a month and a half, after the government provided insurance guarantees to replace EU coverage which was suspended due to sanctions against Iran, sources said.

The government signed contracts with two domestic shipping companies earlier this week to provide coverage for two super tankers, which are to load a total 3 million

barrels of Iranian crude by the end of July for Japan's biggest refiners, industry and government sources said.

[Silly Dictator Story #10: Iran's Oil Output Apparently At Record Levels](#)

By most accounts, sanctions have severely affected Iranian oil output. But that's not the case if you ask one of Supreme Leader Ayatollah Khamenei's most senior advisors.

Mohammad Mohammadi Golpayegani Rasht, Director of the Office of the Supreme Leader, told a group of clergymen and scholars in Gilan Province that Iran "is currently producing between 19 and 20 million barrels of oil a day."

[Iran builds power station in Iraq](#)

Iran is building a steam and gas power station with 525 MW at its own expense in the Al- Heydariye district in the Iraqi city of Najaf, MEHR said today.

The plant construction will cost \$300 million. Iraq imports 1,000 MW of electricity per day from Iran. So far, Iraq owed Iran \$500 million for energy imports.

[Iraq gets "positive" Obama response on Exxon concern](#)

(Reuters) - Iraq's prime minister said U.S. President Barack Obama backed Baghdad's concerns over Exxon Mobil's oil deal with the Kurdistan region and had emphasized Washington's respect for the Iraqi constitution and laws.

[Syria Rebels Fight for Control of Border Crossings](#)

Syrian rebels fought for control of some of the country's border crossings as the government held funerals in the capital for top security officials killed in a bomb attack two days ago.

At the United Nations in New York, Russia and China blocked a proposal to sanction President Bashar al-Assad's government. A Russian diplomat said Assad has accepted the need to cede power in a "civilized manner."

[Is Syria Facing a Yugoslavia-Style Breakup?](#)

Even if the regime loses its grip on growing swaths of territory, the civil war's sectarian dimension could see it opt to retreat into enclaves controlled by its base of Alawite, Christian and non-Sunni support.

[Italy Seeks \\$18 Billion Investment Ditching Offshore Ban](#)

Mario Monti's government is trying to attract as much as \$18 billion in investment to Italy by relaxing a ban on offshore oil and gas exploration imposed by Silvio Berlusconi after the 2010 Gulf of Mexico spill.

[Brazil Berates Chevron for Oil Spill](#)

Brazil's oil regulator laid heavy criticism on U.S. oil company Chevron Corp. (CVX) Thursday for an oil spill at an offshore field last November, but said it has no objections to the firm restarting production.

[Can Arctic oil drilling be done safely?](#)

NEW YORK (CNMoney) -- The Arctic's ice cap is melting, and oil companies and other industries are moving into the region to take advantage of its abundant, newly accessible resources.

But as they do, many are asking if the Arctic can be developed without putting its sensitive environment, and the people that rely on it, at risk.

[It's Not Just Spills—the Climate Risks of Arctic Drilling](#)

The main problem isn't the oil itself—although, of course, if the 90 billion barrels of oil believed to be obtainable in the Arctic are burned in cars or trucks, the carbon released will help undoubtedly help intensify climate change. It's chiefly the natural gas that will be produced along with that oil. Natural gas is essentially methane—and methane is a powerful, albeit short-lived greenhouse gas, with more than 20 times the warming potential of plain old carbon dioxide. By some estimates, there's as much as 1.7 trillion cubic ft. of natural gas to be found in the Arctic.

But companies like Shell aren't braving the elements in the Arctic to bring back natural gas. They're there for the oil, which is worth far more—and not incidentally, is a lot easier to store and transport than gas. Natural gas either needs a pipeline network that can allow it to be shipped from the well to a consumer, or it needs to be cooled to super-low temperatures, after which it can be shipped on an LNG tanker. (Oil, by contrast, can be loaded without any intermediary steps onto a tanker.) There are neither many pipelines nor many LNG facilities in the far North, which means it's not easy nor cheap for oil companies to actually do anything with the natural gas they'll be producing alongside all that lovely oil. "The race in the Arctic is about the oil," says Banks. "But the gas that goes along with it can be a huge source of carbon."

[U.S. missing out on Arctic land grab](#)

NEW YORK (CNMoney) -- There's an international race to divvy up the Arctic Ocean's oil and mineral bounty, but the United States could lose out on a big chunk of it because it hasn't signed a United Nations treaty governing the area.

[Who Needs Cute? A Jab at Shell and Arctic Drilling](#)

On Thursday, a satirical billboard depicting a family of polar bears went up near Shell's Houston headquarters. "You can't run your S.U.V. on cute," its slogan reads. "Let's go."

[In North Dakota, the gritty side of an oil boom](#)

This remote corner of North Dakota is the site of the biggest U.S. oil rush in decades. It is pumping new supplies into oil markets and swelling state coffers; advocates say it could help reduce U.S. dependence on foreign oil. But the boom is also spreading a degree of chaos across the rural towns and gently undulating pasturelands here.

[Piecing the Puzzle Together on Dolphin Deaths](#)

Unusually cold water in the Gulf of Mexico combined with damage to the food web from the BP oil spill probably caused the premature deaths of hundreds of dolphins in the region, a new report concludes.

[Trying to Tally Fukushima](#)

Reflecting myriad uncertainties, a new study suggests that anywhere from 15 to 1,300 people could die as a result of radiation exposure related to the Fukushima Daiichi accident.

[Nuclear Resurgence Seen Luring Paladin Bids](#)

Australian uranium producer Paladin Energy Ltd. is tempting acquirers from Canada to China with a stock price that's less than the value of its net assets as Japan restarts idled nuclear reactors.

Paladin, which lost almost 80 percent of its value after Japan suffered the worst atomic crisis in a quarter century, is now trading at a 22 percent discount to book value, according to data compiled by Bloomberg. While uranium prices have tumbled 26 percent since the meltdowns at the Fukushima Dai-Ichi plant in March 2011, the Perth-based company is projected this fiscal year to post its first profit since beginning production of the nuclear fuel, analysts' estimates compiled by Bloomberg show.

[Paper Plants Join JPMorgan as U.S. Probes Power-Market Gamblers](#)

The U.S. Federal Energy Regulatory Commission proposed penalties of \$29.8 million for alleged manipulation of New England's power market in the agency's expanding investigations that also ensnared JPMorgan Chase & Co. (JPM)

Rumford Paper Co. and Lincoln Paper and issue LLC, two paper mills, along with consultant Competitive Energy Services LLC and an employee were ordered to pay fines and give up financial gains made by claiming "phantom" cuts in electricity use in 2007-2008, according to documents released July 17.

[Yemen's children caught in food crisis](#)

The political unrest and fighting has taken a toll. Entire villages have abandoned their rented farmlands. Prices for fuel tripled, and villagers in many towns are unable to afford the diesel needed to pump water to irrigate crops.

Former farmer Salman Ahmed Marali, 60, says this is the "worst crisis faced by Yemen in my lifetime."

Usually the 300 or so families here would subsist on the crops they grow, selling some for income and keeping small herds of goats and cattle. But unable to afford diesel prices, families who work in the fields surrounding the village were forced to give up planting crops and had to sell their livestock for money.

[Checkbook diplomacy? China pledges \\$20 billion in credit to Africa](#)

BEIJING -- Chinese President Hu Jintao on Thursday pledged African governments \$20 billion in credit over the next three years and called for more China-Africa coordination international affairs to defend against the "bullying" of richer powers.

Hu made the lending pledge during the opening ceremony of the Forum on China-Africa Cooperation in Beijing. The credit line is double the amount offered in 2009 at the last forum held in Egypt.

[Eco-luxury: All-electric Nissan Leaf stretched into a limo](#)

Don't be surprised if eco-conscious celebrities ditch their Priuses and show up at next year's Academy Awards in Nissan Leaf limousines.

The first such all-electric limo has already hit the circuit, running short trips for VIPs staying at an Embassy Suites hotel in Franklin, Tenn.

[Governor signs law to make California home to nation's first truly high-speed rail](#)

Los Angeles (CNN) -- California is poised to become home to the nation's first truly high-speed rail system with Gov. Jerry Brown's signing Wednesday of a law authorizing the first leg of construction for a line that will eventually connect Los Angeles and San Francisco.

California will issue \$2.6 billion in bonds, with the federal government providing an additional \$3.2 billion, to build the initial segment of the high-speed rail between Merced and the San Fernando Valley on the north side of Los Angeles, officials said.

[China's 'unwanted' single women feel the pressure](#)

"On the other hand, traditionally the Chinese say one should 'make do' when marrying. Marriage has never been synonymous with happiness.

"The new generation of women don't want to 'make do'. Many live quite well alone and don't see the point in lowering their standard or life in order to marry."

Still, the pressure on women is huge.

Part of this is due to China's one-child population control policy, which adds to the desperation of parents for their only offspring to marry and produce a grandson or granddaughter.

[Tea Party Blocks Pact to Restore a West Coast River](#)

The agreement was meant to revive the salmon population and to ensure water for farming in Oregon and California, but the local Tea Party has paralyzed the deal.

[Dumping iron at sea can bury carbon for centuries, study shows](#)

Dumping iron into the sea can bury carbon dioxide for centuries, potentially helping reduce the impact of climate change, according to a major new study. The work shows for the first time that much of the algae that blooms when iron filings are added dies and falls into the deep ocean.

[UK police close 'Climategate' investigation](#)

The local British police force investigating the breach said Wednesday that its officers had been caught out by the complexity of the attack and the three-year-long statute of limitations on Britain's Computer Misuse Act.

[Greenhouse Projects Watch as EU Polluters Profit: Lobby](#)

Developers of United Nations- sanctioned emission-reduction projects say they are “bitter” as polluting factories in Europe may be making more money buying their credits than they can by selling them.

[Canada energy industry must improve green record: Senate report](#)

OTTAWA (Reuters) - Canada will not be able to fully benefit from huge resources of oil and natural gas unless the energy industry improves its environmental record, a Senate report concluded on Thursday.

The report, from the Energy Committee of the Senate, said Canada should do more to persuade the world it was developing its resources responsibly.

[Native Americans seek plan to respond to climate changes they say affect their way of life](#)

WASHINGTON - Native American and Alaska Native leaders told of their villages being under water because of coastal erosion, droughts and more on Thursday during a Senate hearing intended to draw attention to how climate change is affecting tribal communities.

The environmental changes being seen in native communities are "a serious and growing issue and Congress needs to address them," Tex Hall, chairman of the Mandan, Hidatsa and Arikara Nation of New Town, North Dakota, said Wednesday.

[Bill McKibben: Global Warming's Terrifying New Math](#)

When we think about global warming at all, the arguments tend to be ideological, theological and economic. But to grasp the seriousness of our predicament, you just need to do a little math. For the past year, an easy and powerful bit of arithmetical analysis first published by financial analysts in the U.K. has been making the rounds of environmental conferences and journals, but it hasn't yet broken through to the larger public. This analysis upends most of the conventional political thinking about climate change. And it allows us to understand our precarious – our almost-but-not-quite-finally hopeless – position with three simple numbers.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).