



## Drumbeat: July 27, 2012

Posted by [Leanan](#) on July 27, 2012 - 9:53am

### [The Age of Scarcity](#)

In both 2008 and 2011, agricultural prices rose in tandem with energy prices, just as they did in the 1970s. That's in part because it takes 160 liters of oil to produce a metric ton of corn in the U.S., and the cost of natural gas accounts for three-quarters of the cost of nitrogen fertilizer.

Growing demand for crops—from more people, more farm animals, and more use of biofuels—has also raised pressure on prices. Between 1990 and 2010, total global per capita consumption of beef, pork, and poultry increased by 1.2 percent annually. Over the next 50 years food output will have to rise 50 percent to cater to 2 billion extra people and their growing appetite for meat. Meanwhile, growth in global biofuel production rose 30 percent per year from 2006 to 2008. The Food and Agriculture Organization of the United Nations predicts that biofuel production will double by 2018, causing an estimated 14 percent rise in grain prices.

### [The Hidden Cost of Peak Oil](#)

I know you've read the same headlines that I have...how we are going to "frack" our way to energy independence by exploiting shale oil and other unconventional sources.

But here's the thing.

Nobody's talking about the high cost of getting the new oil out of the ground. But very soon, high extraction costs will kick crude oil prices into high gear.

### [Oil Pares Weekly Drop on Speculation ECB to Boost Efforts](#)

Oil pared its weekly decline in New York amid speculation the European Central Bank may take further steps to address the region's debt crisis and avert a deeper global slowdown.

Futures advanced as much as 0.9 percent as France's Le Monde reported that the European Central Bank is preparing to buy debt after ECB President Mario Draghi said yesterday that policy makers will do whatever is needed to preserve the euro. Crude pared gains after Germany's Bundesbank said restarting the ECB's bond-purchase program was not the best solution, and amid forecasts that data today will show the U.S.

economy grew at the slowest past in a year.

### [Consumers Opting for Better Fuel Economy This Year](#)

An analysis indicates that the fuel efficiency of vehicles purchased by consumers in the United States set a new record in the first half of this year. It attributed the shift to automakers' offering a wider variety of models with good fuel performance, and to shoppers' reacting to higher gasoline prices by choosing smaller models.

### [U.S. natgas futures slide 2 pct ahead of expiration](#)

NEW YORK (Reuters) - U.S. natural gas futures slid 2 percent in early trading, edging off ahead of the front-month contract's expiration later Friday despite continued hot, summer weather.

Prices remained below this week's seven-month spot chart high, and most traders expect they will have a hard time remaining above the \$3 level, where gas tends to lose its appeal over coal for power generation.

### [The Peak Oil Crisis: Middle Eastern Chaos](#)

Should Assad fall, Iran will lose its only true ally in the Middle East. This could push the Iranians closer to the Shiite-dominated government in Baghdad, which is facing insurrections from its own Sunni minority who are used to running things as well as the Kurds who want to be an independent country. There is no other term for all this than "a can of worms." It is going to be a long hot summer in the region with the likelihood that things will get a lot worse before fall comes.

### [India bans US-sanctioned Iranian ships from entering its water](#)

India has banned US-sanctioned Iranian ships from entering its water, impacting crude oil imports from the nation's fourth oil largest supplier.

The government had in early July allowed import of crude oil from Iran in ships arranged by Tehran after European sanctions evaporated insurance cover to domestic shippers.

### [Iran Nuclear Plants Hit By Virus Playing AC/DC, Website Says](#)

Iran's nuclear facilities have suffered a cyber attack that shut down computers and played music from the rock band AC/DC, the F-Secure Security Labs website said.

A new worm targeted Iran's nuclear program, closing down the "automation network" at the Natanz and Fordo facilities, the Internet security site reported, citing an e-mail it said was sent by a scientist inside Iran's Atomic Energy Organization.

### [Siberian court awards \\$3 billion damages against BP](#)

(Reuters) - A Siberian court has awarded more than \$3 billion in damages against British oil major BP in a suit brought by minority shareholders in its \$60 billion Russian venture TNK-BP, the plaintiffs' lawyer said on Friday.

The setback for BP comes as the company continues to talk to potential buyers of its share of TNK-BP. BP formed the 50-50 joint venture with AAR, a consortium representing four Russian tycoons, nearly a decade ago to tap in to the country's vast energy reserves.

### [Shell sees US energy independence; profits drop](#)

The chief executive of Royal Dutch Shell PLC on Thursday said that whichever political party wins the U.S. presidential election in November should formulate an energy policy with a view to achieving "near energy independence" within 20 years.

Swiss CEO Peter Voser, who heads Europe's largest oil company, was speaking after his company's second quarter earnings showed a greater than expected decline in profits, due mostly to lower oil prices.

### [Exxon Profit Rises as Asset Sales Offset Prices](#)

Exxon Mobil Corp., the world's biggest oil company by market value, earned less than expected as oil demand stalled in the world's largest economies and U.S. natural-gas prices dropped.

### [Occidental Profit Falls as Oil Decline Outstrips Output Jump](#)

Occidental Petroleum Corp., the largest onshore crude producer in the continental U.S., said second-quarter profit fell 27 percent as new output in California and Texas failed to make up for declining oil prices.

### [Mexico's Pemex posts steep second-quarter loss](#)

MEXICO CITY (Reuters) - Mexico state oil monopoly Pemex reported a second-quarter loss on Friday, hurt by higher expenses, the weaker peso and lower prices for Mexican crude.

Pemex posted a loss of 25.9 billion Mexican pesos (\$1.9 billion), compared with a year-earlier profit of 16 billion pesos.

### [TranCanada profit falls on weak natural gas prices](#)

(Reuters) - TransCanada Corp, which is seeking to build the controversial Keystone XL pipeline, reported a 23 percent fall in second-quarter profit on low natural gas prices.

### [TransCanada wins key permits for pipeline to refineries in Texas](#)

TransCanada Corp. says it has won final approval on three permits needed to build an oil pipeline to refineries on the Texas coast.

The Calgary-based company says the permits from the U.S. Army Corps of Engineers mean construction of the 780-kilometre oil pipeline can start in the coming weeks.

### [Shell May Trim 2012 Alaska Drilling for Inspections, Ice](#)

Royal Dutch Shell Plc may have to scale back its Arctic oil-exploration this year after unrelenting ice and trouble passing U.S. Coast Guard inspections delayed the planned July start of drilling.

The company's fleet remains in Dutch Harbor, Alaska, days away from the Chukchi and Beaufort seas off the state's north coast, waiting for ice to break up and the U.S. to issue final permits for drilling five test wells. Arctic conditions require Shell to quit work by late October, before ice reforms.

### [Premiers turn attention to debate on energy](#)

Canada's premiers will today turn their attention to talk of a national energy strategy now that a plan on how they can improve health care has been put forward.

Friday is the last day of the premiers' meeting in Halifax and today's discussion could prove to be a lively one because of the divergent views on energy resources.

### [Offshore Oil Expansion Passes U.S. House as Obama Considers Veto](#)

The Republican-led U.S. House of Representatives passed legislation opening the California and Virginia coasts for offshore oil drilling, defying a presidential veto threat.

The measure, if approved by the Senate, would replace President Barack Obama's

2012-2017 leasing plan, almost doubling total sales to 29 from 15 and speeding auctions off the north coast of Alaska.

### [Court Rejects a Ban on Local Fracking Limits](#)

A Pennsylvania court on Thursday struck down a provision of a state law that forbade municipalities to limit where natural gas drilling could take place within their boundaries.

### ['Hydro-fracking' film draws crowd, exchange of barbs](#)

"Hydro-fracking."

For those on either side of the debate, the use - or misuse - of the word alone can stimulate the heart as quick as any pot of coffee, pack of smokes or rush-hour traffic jam.

Thursday evening, during a gas industry-sponsored event and screening of new pro-fracking film, "Truthland," at Burchfield Penney Art Center on the Buffalo State College campus, proved to be no exception.

### [China's solar firms call for trade war over European challenge](#)

China's solar firms warned of a trade war today and urged the Chinese government to respond with all means to an anti-dumping complaint filed by European competitors.

### [Report shows US drought rapidly intensifying](#)

ST. LOUIS (AP) -- The widest drought to grip the United States in decades is getting worse with no signs of abating, a new report warned Thursday, as state officials urged conservation and more ranchers considered selling cattle.

The drought covering two-thirds of the continental U.S. had been considered relatively shallow, the product of months without rain, rather than years. But Thursday's report showed its intensity is rapidly increasing, with 20 percent of the nation now in the two worst stages of drought — up 7 percent from last week.

### [A Climate and Energy Stalemate](#)

The public is divided, with fervent minorities at either end of the debate and a broad crowd in the middle that believes that human activity is altering the climate but remains conflicted over what government, corporations and individuals should do about it.

Attuned to the public's ambivalence, both political parties and their presidential candidates are playing down the climate issue. Instead, what passes for an energy debate in the United States is rivalry over which party is more devoted to extracting oil and gas from the ground and the seabed.

### [U.S. ups the pressure on European Union in airline row](#)

WASHINGTON/BRUSSELS (Reuters) - Washington will ratchet up the pressure next week to find a global solution to a bitter row over an EU law that makes airlines that use European airports pay for carbon emissions.

In the U.S. Senate, the powerful commerce committee will hold a vote on Tuesday on a bipartisan bill that would make it illegal to comply with the EU law.

### [Brussels rolls out carbon market fix](#)

The European Commission has announced a twin-track approach to fixing Europe's depressed carbon market with a short-term 'backloading' of carbon allowances, to be followed by proposals for long-term structural change before the end of the year.

### [How summer thunderstorms could be punching new holes in the ozone layer](#)

A study looking at conditions in the lower stratosphere, where the ozone layer resides, suggests a link between climate change and the amount of ultraviolet radiation reaching Earth's surface.

### [Study: Many U.S. cities unprepared for future heat waves](#)

Climate scientists say that if the planet keeps warming, we can expect more frequent and severe heat waves around the United States. Heat stress will get especially severe in cities, where the bulk of the population lives. What's more, as demand for air conditioning in cities surges, that will put increased stress on electric grids, which are already buckling under this summer's heat.

Yet many localities aren't prepared for this eventuality: Stone and his co-authors examined the climate plans of 50 major cities and found that only one-quarter of them even addressed this growing urban heat island effect.

### [ANALYSIS-Evidence for climate extremes, costs, gets more local](#)

OSLO (Reuters) - Scientists are finding evidence that man-made climate change has raised the risks of individual weather events, such as floods or heatwaves, marking a big step towards pinpointing local costs and ways to adapt to freak conditions.

### [Melting Arctic sea ice: How much is down to us?](#)

(Phys.org) -- Natural climate variations could explain up to 30% of the loss in Arctic sea ice since the 1970s, scientists have found.

Sea ice coverage at the North Pole has shrunk dramatically over the past 40 years. The ice is now more than a third smaller each September following the summer melt than it was in the 1970s. This affects wildlife, while potentially opening up new northern sea routes and controversial opportunities for oil and gas exploration.

### [How Nigeria's vortex of violence is being driven by climate change and desertification](#)

Climate change is a driver of conflict. Scarcity of resources, be they farmable land, water or livestock, is creating mass migrations and antagonising pre-existing tensions in a vicious circle.

Variability in food production and prices leads to social unrest while social unrest itself exacerbates the instability in food production and local investment. This cyclical crisis is evident in Plateau State and beyond in the Sahel region of West Africa.



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