



## Drumbeat: August 20, 2012

Posted by [Leanan](#) on August 20, 2012 - 8:53am

### [We're still on the slippery slope to peak oil](#)

IN 2007 former US energy secretary James Schlesinger claimed the arguments in favour of peak oil - the key theory that global production must peak and then decline - had been won. With production flat and prices surging towards an all-time high of \$147 per barrel, he declared, "we are all peakists now".

Five years on and production has risen by 2.7 million barrels per day to 93 mb/d, prices have recently slumped to around \$100 a barrel and those who dismissed the idea that the rate we extract oil from the ground must inevitably decline jeer in delight.

In June a much-touted report by Leonardo Maugeri - an Italian oil executive now at the Geopolitics of Energy Project, based at Harvard University and part-funded by BP - forecast that far from running out of oil, this decade will see the strongest growth in production capacity since the 1980s and a "significant, stable dip of oil prices".

So is that it, panic over, as some commentators who once agreed with the peak view have declared on the basis of Maugeri's report? Ironically, such shifts come just as some economists - traditionally hostile to peak theory - were coming round to it. Peakonomics, if you will. Unfortunately, any reasonable reading suggests Maugeri is wide of the mark.

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### [Oil rises above \\$114 on tight North Sea supply](#)

LONDON (Reuters) - Brent crude oil rose to around \$114 per barrel on Monday, supported by tight North Sea supplies ahead of the closure of a key UK oilfield for maintenance and on expectations of more demand before the northern hemisphere winter.

Britain's largest oilfield, Buzzard, which is the single biggest contributor to the Forties crude oil stream and usually sets the price of the Brent benchmark, will shut next month, suspending output until mid-October.

### [Saudi Arabia Oil Output Tops Russia in June, Jodi Data Show](#)

Saudi Arabia pumped crude at the highest level in more than three decades in June, overtaking Russia as the world's largest oil producer during the month, according to the

### Joint Organization Data Initiative.

The desert kingdom's output rose 3 percent to 10.1 million barrels a day in June from May as it exported the most in a month since November 2005, according to statistics the government submitted to OPEC and posted on JODI's website today.

Russia pumped 9.9 million barrels a day of crude oil in the same month, according to the initiative known as JODI. The Russian data exclude natural-gas liquids, JODI said.

### [China's crude oil output rises slightly](#)

BEIJING (Xinhua) -- China's crude oil production increased only 0.6 percent year on year to 17.24 million metric tons in July as the current economic slowdown dampened fuel demand in the country, according to data released by the National Development and Reform Commission (NDRC) on Monday.

### [Syria war tipping Mideast balance toward Sunnis](#)

BEIRUT (AP) — Not long ago, Arabs everywhere listened when the leader of Hezbollah spoke. Sheik Hassan Nasrallah's prominence, bolstered by his Lebanese guerrilla force's battles against Israel, was a sign of the rising regional influence of Shiite Muslims and overwhelmingly Shiite Iran. Now, his speeches don't necessarily make front pages even in Lebanon.

The change is emblematic of how the bloody conflict in Syria, now in its 18th month, has brought a shift in the Middle East's sectarian power balance. For much of the past few years, Shiites were surging in power across the region, based on the central alliance between Iran, Syria and Hezbollah, with close relations to Shiites who took power in post-Saddam Hussein Iraq.

### [First Indian tanker to take state cover for Iran load](#)

The first Indian oil tanker company to accept state-backed insurance cover to carry crude from Iran will load its first cargo this week.

Mercator is so far the only tanker company to take up the Indian government's offer of insurance, introduced after the European Union imposed a ban on EU-based insurance cover as part of its sanctions regime against Iran.

### [ConocoPhillips Ships Third LNG Shipment From Alaska to Japan](#)

ConocoPhillips has shipped a third cargo of liquefied natural gas to Japan from the only U.S. LNG plant permitted to sell domestically produced fuel to the Asian country.

### [China's July natural gas imports surge 28.2% on year to 3.5 Bcm: NDRC](#)

Singapore (Platts) - China's total natural gas imports in July rose 28.2% year on year to 3.5 billion cubic meters (4 Bcf/day), the National Development and Reform Commission said on its website Monday.

Apparent demand for natural gas in July was 11.4 Bcm, an increase of 10.5% year on year, NDRC added.

### [Shell, Chevron to swap gas assets in Australia](#)

(Reuters) - Royal Dutch Shell Plc will pay \$450 million and swap interests in two fields off the Australian coast with Chevron Corp holdings in a \$30 billion-plus liquefied natural gas (LNG) project that has been plagued by infighting among its stakeholders.

Shell is expanding its interest in the Browse LNG project, which has suffered cost blowouts and been caught up in rows about the best location an LNG plant and opposition from environmentalists and Aboriginal landowners.

### [India eyes Russia's arctic shelf exploration](#)

India's ONGC Videsh Ltd says it is keen to get a foothold in the Arctic with Rosneft after Moscow proposed to lift all export duties for new projects in the Arctic shelf.

### [Shell has 'shocking levels' of access to government staff](#)

Senior Whitehall officials from 10 government departments and agencies attended exclusive "training courses" laid on by Shell over two days at its London headquarters, according to documents released by the Department of Energy and Climate Change (DECC) following a freedom of information request.

### [Older boomers help shift driving trends into reverse](#)

According to each of the last three National Household Transportation Surveys, driving peaks in middle age. At age 54, you drive about as much as you did in your late 20s and early 30s ... but after that, it's a long, steady decline.

### [Doubts rise over Egypt's nuclear plan](#)

This summer Egypt has suffered its worst blackouts in years as daily power outages crippled the stock exchange and left thousands stranded on public transport. Shortages of water and fuel have also revived public anger towards the government.

Under Mr Mubarak, toppled last year, Egypt drew up plans to build four nuclear reactors by 2025 with a capacity of 4,000MW.

Egypt, which has an installed capacity of about 23,500MW, needs a further 3,000MW to meet the country's growing demand. But industry players say the government will have to look to immediate solutions to handle Egypt's energy shortages.

### [Intrusion Embarrasses 'Fort Knox of Uranium'](#)

Officials like to refer to the Y-12 National Security Complex as the Fort Knox for highly enriched uranium, which is why an unprecedented incursion by an 82-year-old nun and two fellow protesters has critics mocking the notion that the weapons plant is secure.

Operations resumed last week after being shut down over the embarrassing incident 18 days earlier. The Department of Energy has called on the contractor that runs the sensitive facility just west of Knoxville to explain why it shouldn't be replaced.

### [Japanese visit Norway to solve wind power conflict](#)

A domestic row about offshore wind turbine plans and fishing in Japan has caused 40 Japanese to visit the oil conference ONS to try to learn from Norway on neutral ground.

### [The Peak Oil Crisis: Another Disruptive Technology?](#)

The August doldrums are a good time to note that there is yet another "disruptive technology" under development, and possibly close to market, which has the potential to make radical changes in the way we obtain and use energy. This time it is not anomalous heat observed when hydrogen is loaded into nickel, but is an updated incarnation of a technology that has been around for 45 years --- the noble gas engine.

### [Apocalypse Not: Here's Why You Shouldn't Worry About End Times](#)

Religious zealots hardly have a monopoly on apocalyptic thinking. Consider some of the environmental cataclysms that so many experts promised were inevitable. Best-selling economist Robert Heilbroner in 1974: "The outlook for man, I believe, is painful, difficult, perhaps desperate, and the hope that can be held out for his future prospects seem to be very slim indeed." Or best-selling ecologist Paul Ehrlich in 1968: "The battle to feed all of humanity is over. In the 1970s ["and 1980s" was added in a later edition] the world will undergo famines—hundreds of millions of people are going to starve to death in spite of any crash programs embarked on now ... nothing can prevent a substantial increase in the world death rate." Or Jimmy Carter in a televised speech in 1977: "We could use up all of the proven reserves of oil in the entire world by the end of the next decade."

Predictions of global famine and the end of oil in the 1970s proved just as wrong as end-of-the-world forecasts from millennialist priests. Yet there is no sign that experts are becoming more cautious about apocalyptic promises. If anything, the rhetoric has ramped up in recent years. Echoing the Mayan calendar folk, the *Bulletin of the Atomic Scientists* moved its Doomsday Clock one minute closer to midnight at the start of 2012, commenting: “The global community may be near a point of no return in efforts to prevent catastrophe from changes in Earth’s atmosphere.”

### [Visions of the future](#)

Cities bring to mind squalor, crowds and congestion. Existing urban spaces may have started out as planned areas, but rapid population growth and migration has led to uncontrolled and haphazard growth of cities.

Some places, though, are reclaiming their cities. The exhibition, *Post-Oil City: The History of the City’s Future*, presented by Institut fur Auslandbeziehungen, organised by Goethe-Zentrum, Hyderabad and curated by Anh-Linh Ngo, looks at how some cities, both upcoming and existing, are learning from the architectural plans of the past and incorporating future technology to create more sustainable cities.

### [Sweaty Lessons in the ‘True’ Cost of Construction](#)

When my wife, Julia, and I arrived in Moab, Utah, to start our four-month internship building a straw bale house, a party was raging in the backyard.

Our internship is with the nonprofit group Community Rebuilds, and on the evening we drove up to the house we’ll be sharing with seven other interns, Emily Niehaus, the group’s founder and director, was throwing a thank-you party for Bike and Build. This pack of several dozen 20-somethings had peddled into Moab a few days ahead of us to help tear out the doublewide trailer that would be replaced by a straw bale house.

### [In Midst of a Drought, Keeping Traffic Moving on the Mississippi](#)

The Army Corps of Engineers has more than a dozen dredging vessels working the Mississippi this summer. Despite being fed by water flowing in from more than 40 percent of the United States, the river is feeling the ruinous drought affecting so much of the Midwest. Some stretches are nearing the record low-water levels experienced in 1988, when river traffic was suspended in several spots.

### [Drought-stricken Farm Belt not headed for another Dust Bowl](#)

The severe drought that has hit the Farm Belt does not immediately threaten to create another Dust Bowl or widespread crop failure, thanks to rapid innovations in the past 20 years in seed quality, planting practices and farming technology, farmers and plant

scientists say.

### [Merkel's Green Shift Forces Germany to Burn More Coal](#)

Chancellor Angela Merkel's government says RWE AG's new power plant that can supply 3.4 million homes aids her plan to exit nuclear energy and switch to cleaner forms of generation. It's fired with coal.

The startup of the 2,200-megawatt station near Cologne last week shows how Europe's largest economy is relying more on the most-polluting fuel. Coal consumption has risen 4.9 percent since Merkel announced a plan to start shutting the country's atomic reactors after last year's Fukushima disaster in Japan.

### [The Cost of Cool](#)

THE blackouts that left hundreds of millions of Indians sweltering in the dark last month underscored the status of air-conditioning as one of the world's most vexing environmental quandaries.

Fact 1: Nearly all of the world's booming cities are in the tropics and will be home to an estimated one billion new consumers by 2025. As temperatures rise, they — and we — will use more air-conditioning.

Fact 2: Air-conditioners draw copious electricity, and deliver a double whammy in terms of climate change, since both the electricity they use and the coolants they contain result in planet-warming emissions.

Fact 3: Scientific studies increasingly show that health and productivity rise significantly if indoor temperature is cooled in hot weather. So cooling is not just about comfort.

### [Australian Investment Surging Even With Carbon Tax, Swan Says](#)

Australia's carbon tax and a levy on mining company profits hasn't stopped a surge in investment in the resources industry, Treasurer Wayne Swan said.

"While there have been no end to the irresponsible claims made about the impact of both a price on carbon pollution and the new resource tax arrangements, the investment figures tell the real story," Swan said in an economic note yesterday. "Far from putting a wrecking ball through the economy, investment has actually skyrocketed since these policies were announced."

### [Climate change puts Atlantic coastline in cross hairs](#)

The treasured lifestyle of residents along the coasts of the Mid-Atlantic could

significantly change by the time this year's high school graduates retire, scientists say.

The larger issue for taxpayers is where to spend money and energy attempting to hold back the ocean — and where to retreat and allow nature to take its course.



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