



Drumbeat: October 5, 2012

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[China Needs Its Own Dream](#)

“Success in the ‘American Dream,’” notes Peggy Liu, the founder of the Joint U.S.-China Collaboration on Clean Energy, or Juccee, “used to just mean a house, a family of four, and two cars, but now it’s escalated to conspicuous consumption as epitomized by Kim Kardashian. China simply cannot follow that path — or the planet will be stripped bare of natural resources to make all that the Chinese consumers want to consume.”

...A decade ago, the prevailing attitude was, “Hey, you Americans got to grow dirty for 150 years. Now it is our turn.” A couple of weeks ago, though, I took part in the opening day of Tongji University’s Urban Planning and Design Institute in Shanghai and asked students whether they still felt that way. I got a very different answer. Zhou Lin, a graduate student studying energy systems, stood up and declared, with classmates nodding, “You can politicize this issue as much as you want, but, in the end, it doesn’t do us any good.” It is not about fairness anymore, he said. It is in China’s best interest to find a “cleaner” growth path.

[Oil Heads for Third Weekly Drop Before U.S. Jobs Data](#)

Oil headed for a third weekly decline in New York before data forecast to show rising unemployment in the U.S., amid speculation supply levels are exceeding demand.

Futures slid as much as 1.1 percent. The U.S. jobless rate probably increased to 8.2 percent last month from 8.1 percent in August, according to the median projection of 88 economists surveyed by Bloomberg before today’s Labor Department report. The country’s crude output climbed to the highest level in more than 15 years last week, the Energy Department said. Saudi Arabia, OPEC’s biggest producer, sees no difficulty in meeting demand, Oil Minister Ali al-Naimi said yesterday.

[California Refiners Ration Gasoline as Prices Near Record](#)

Exxon Mobil Corp. and Valero Energy Corp. are rationing gasoline deliveries to customers in California as refinery halts cut into the state’s supplies, driving pump prices toward record highs.

Valero stopped spot sales in southern California and is allocating the rest of its deliveries to customers. Exxon is also rationing to buyers at West Coast terminals. Retail prices in

the state jumped to an average \$4.486 a gallon, according to data published today by AAA, the nation's biggest motoring organization.

...“We’re really sort of shell-shocked,” said Tom Robinson, president of Santa Clara, California-based Robinson Oil Corp., which operates 34 Rotten Robbie convenience stores. “If you’ve been in California long enough, you know how volatile our market can be. But to see prices go up \$1 a gallon since Monday -- I’ve never seen that before.”

[Oil has a better chance at \\$80 than \\$100](#)

SAN FRANCISCO (MarketWatch) — It didn’t take much to propel oil past \$100 a barrel on an intraday basis last month, but apparently it takes even less to trigger a significant price retreat.

That’s because most of the factors already influencing the market tip the scales in favor of a decline.

[\\$4 gas: Get used to it](#)

A new U.N. report says the massive bets placed on the commodities markets are the "root cause" of the volatility in oil and gas prices. And that's not about to change.

[Asia Fuel Oil-Oct/Nov plunges to over six-month low](#)

SINGAPORE (Reuters) - Asia's fuel oil weakened further on Friday, with inter-month spreads coming under pressure on increasing supplies coming into the region, while demand remained lacklustre.

The prompt balance October/November inter-month spread plunged to a backwardation of 50 cents a tonne by the Asian close, weakest in more than six months, Reuters data showed.

[IEA head sees no golden age soon for European gas](#)

VIENNA: Europe is unlikely to benefit soon from a coming golden age of natural gas as unconventional sources will not transform supply of the fuel and oil-linked contracts will keep its prices high, the head of the International Energy Agency (IEA) said.

"The rosy global outlook for gas is not necessarily reflected in Europe today," Maria van der Hoeven told an energy conference in Vienna yesterday. "The verdict on the golden age of gas in Europe? It's unlikely to emerge in Europe any time soon."

She made the comments just three weeks after the IEA's chief economist, Fatih Birol, re-emphasized his thesis that Europe will benefit from a golden age of gas through the

availability of new supply sources.

[Where the Jobs Are](#)

Can Governor Romney realistically create 4 million jobs from exploiting our nation's newfound energy sources, as the candidate claimed in the debate the other night?

[Shell Declares Force Majeure on South Africa Fuel Deliveries](#)

Royal Dutch Shell PLC said Friday that it declared "force majeure" on some fuel deliveries in South Africa this week as a strike by truck drivers affects the company's ability to fully honor delivery commitments.

[U.S. Natural Gas Advances on Forecasts for Colder Weather](#)

Natural gas futures advanced for the eighth time in nine days in the U.S. as a forecast for a blast of cold air signaled stronger demand for heating fuel.

[The Energy Sector: Focus On Unconventional Oil And Gas For Long-Term Gains](#)

With world population continuing to grow steadily, with estimates that it will reach as much as 9 or 10 billion people by 2050, demand for oil and gas will not likely decrease. With huge growing economies in Asia, one can easily argue that we will continue to scour the earth inside and out to find every last drop of oil and gas we can extract in a cost effective way. Below, I will explain in more detail why this is the case. In short, it boils down to the fact that even with very high growth in alternative energies, by 2050, they will still be lagging far behind our traditional sources (oil, gas, and coal). The world's energy demands will have to be met by a combination of all these sources.

However, there are some good investment opportunities out there to take advantage of the growth in non-conventional sources of oil and gas. Later, I will highlight two companies I own that are examples of how to do this -- one focused on hydraulic fracturing, and one on deep water drilling. First, however, I will go into some more background on the future growth of traditional and alternative energy sources.

[Baker Hughes: International drilling rigs off 0.6%](#)

Baker Hughes Inc. BHI +1.15% said its number of international drilling rigs was down 0.6% in September from August, but rose 6.8% since the year-ago period.

The oilfield-services company said the international rig count edged down to 1,254 in September from 1,261 in August, and increased from 1,174 rigs a year earlier.

[Russia's Sakhalin-2 sees flat oil output in 2012](#)

(Reuters) - Russia's Pacific Sakhalin-2 project, in which Shell owns a 27.5 percent stake, expects no change to its oil production this year, a spokesman for the operator said on Friday, refuting media reports of a possible decline.

"This year, we will produce oil in the same amount as it was last year," Sakhalin Energy spokesman Ivan Chernyakhovsky said.

[Iraq sets bar lower on oil output and looks to attract foreign firms](#)

Iraq is looking to reduce its ambitious crude production targets, and is working to improve the terms offered to international oil companies (IOCs) bidding for contracts in the country.

Baghdad was contemplating a target of 9.5 million barrels per day (bpd) of crude by 2020, said a senior government figure, in a significant departure from the previously held ambition of pumping 12 million bpd within the next five years.

[Iran Seen Sending Own Supertanker to Deliver Oil to South Korea](#)

An Iranian supertanker is heading to South Korea with a cargo of oil, according to shipping data, as the Islamic republic uses state-owned tankers to make deliveries in response to sanctions over its nuclear program.

[Behind Iran's currency crash](#)

NEW YORK (CNNMoney) -- Iran's currency is in a free fall, and the sanctions over its nuclear program are mostly to blame.

Officially, the Iranian government offers to sell one U.S. dollar for about 12,500 Iranian rials. But it only offers that rate on a limited basis.

So Iranians, who need dollars to both buy imported goods and guard their savings against rampant inflation, have developed an extensive black market in dollars. It's on this market that the value of the rial has tumbled.

[Turkey authorizes military operations in Syria](#)

The Turkish parliament's approval of military operations outside Turkey on Thursday has reignited calls from Syrian opposition activists for international intervention a day after shelling from Syria killed five Turkish civilians.

"It's a good sign," said Hozan Ibrahim, a member of the Syrian National Council, based in Berlin. "Turkey has signaled both to the Syrian regime and the international community a willingness to intervene."

[Chavez's Havana-to-Tehran Alliance at Stake as Venezuelans Vote](#)

Venezuelans voting whether to re- elect Hugo Chavez on Oct. 7 will also decide the fate of a regime that forms the linchpin of an alliance from Iran to Cuba against U.S. policies.

Chavez has tapped the world's largest oil reserves to provide about \$7 billion annually in subsidized crude to Cuba and its Caribbean neighbors, more than three times what the U.S. spends in aid in the Western Hemisphere. He ended anti-drug cooperation with the U.S. in 2005 and signed more than 100 accords with Iran even as President Mahmoud Ahmadinejad's government faces growing isolation over its nuclear program.

[Anti-graft officers get 5 years in jail over \\$600 bribe in oil-rich but impoverished Nigeria](#)

LAGOS, Nigeria — Nigeria's anti-graft agency says two former employees have been jailed over a \$600 bribe.

Economic and Financial Crimes Commission spokesman Wilson Uwujaren said in a statement Friday that Douglas William and Abba Ishaku were convicted Thursday and sentenced to five years in jail for demanding and attempting to take a bribe of about \$600.

[Exxon, BP Estimate Alaska LNG Export Project at \\$65 Billion](#)

Exxon Mobil Corp., ConocoPhillips, BP Plc and TransCanada Corp. said a project to liquefy and export natural gas from Alaska will cost as much as \$65 billion and take more than 10 years to construct.

The venture includes an 800-mile (1,300-kilometer) pipeline from the North Slope to Alaska's southern coast as well as a liquefaction plant and storage tanks, the companies said in an Oct. 1 letter received by Alaskan Governor Sean Parnell's office yesterday. The governor had asked the companies to "harden the numbers" on the project by the end of September, Parnell said in a statement.

[Judge Rejects Binghamton's Fracking Ban](#)

A court has struck down a moratorium on natural gas drilling in Binghamton, N.Y., yet both sides are claiming victory.

[Is fracking behind contamination in Wyoming groundwater?](#)

The US Environmental Protection Agency (EPA) sparked a firestorm in December last year when it released a draft report suggesting that the use of hydraulic fracturing — or 'fracking' — to extract natural gas had contaminated groundwater near Pavillion, Wyoming. Industry officials have long denied that fracking affects groundwater, and Pavillion has become the first high-profile test of this claim. On 26 September, the US Geological Survey (USGS) released data showing the presence of groundwater contamination in the region. Although the data would seem to support the EPA's assessment — as does an independent analysis released by environmental groups this week — the survey did not seek to determine the source of the contamination. *Nature* examines the on-going debate and how it relates to broader questions about groundwater contamination from fracking across the United States.

[Daryl Hannah arrested in Keystone XL protest](#)

The actor Daryl Hannah was arrested in northeast Texas on Thursday, along with a landowner as the pair protested against an oil pipeline designed to bring crude from Canada to the Gulf Coast.

"They've arrested Daryl Hannah and a rural Texas great-grandmother," said Paul Bassis, Hannah's attorney.

[Power shortage risks by 2015, Ofgem warns](#)

Britain risks running out of energy generating capacity in the winter of 2015-16, according to the energy regulator Ofgem.

Its report predicted that the amount of spare capacity could fall from 14% now to only 4% in three years.

Ofgem said this would leave Britain relying more on imported gas, which would make price rises more likely.

[Savers Push \\$374 Billion U.S. Utility Industry to Shift](#)

"There is a quiet revolution in energy efficiency going on in our country," said Howard Learner, executive director of the Environmental Law and Policy Center, Chicago-based advocates of clean energy.

...The result: demand for electricity is shrinking even as economies grow, an effect that's starting to erode sales and profit at U.S. utilities from New England to Oregon. They include OGE Energy Corp. and Teco Energy Inc., both of which have underperformed the 10 percent gain this year in the Russell 1000 Utilities index.

[\\$90 Billion for Green Energy? A Closer Look](#)

Three times in Wednesday night's debate, Mitt Romney said that President Obama had plowed \$90 billion of federal money into green energy. "Now, I like green energy as well, but that's about 50 years' worth of what oil and gas receives," he said. "Ninety billion — that — that would have — that would have hired two million teachers," he said.

Is \$90 billion accurate?

[Romney Decides That Thriving Electric-Car Startup Tesla Is a "Loser"](#)

But don't forget, you put \$90 billion, like 50 years' worth of breaks, into—into solar and wind, to Solyndra and Fisker and Tesla and Ener1. I mean, I had a friend who said you don't just pick the winners and losers, you pick the losers, all right? So this—this is not—this is not the kind of policy you want to have if you want to get America energy secure.

[Tiny electric Smart car will also have smallest price](#)

The battery-powered version of the small Smart car is also going to have the smallest pricetag for an electric car from a major maker.

Smart USA, which is now part of Mercedes-Benz, says it is going to price the two-seater at \$25,000 before tax rebates. The convertible version, called the cabriolet will retail at \$28,000 when both come to the U.S. next spring. The base price is about \$8,000 less than other electrics like the Nissan Leaf.

[Are electric cars bad for the environment?](#)

Published this week in the Journal of Industrial Ecology, the "comparative environmental life cycle assessment of conventional and electric vehicles" begins by stating that "it is important to address concerns of problem-shifting". By this, the authors mean that by solving one problem, do electric cars create another? And, if so, does this environmental harm then outweigh any advantages?

The study highlights in particular the "toxicity" of the electric car's manufacturing process compared to conventional petrol/diesel cars. It concludes that the "global warming potential" of the process used to make electric cars is twice that of conventional cars.

[Pedestrians, bicyclists beware: You're a bigger percentage of traffic deaths in New York, Los Angeles](#)

New York and Los Angeles see far more pedestrian and bicyclist fatalities as a percentage of traffic deaths than the national average. In New York, pedestrian fatalities accounted for 49.6 percent of crash deaths, more than four times the national average of 11.4 percent, according to the study. In LA, pedestrian fatalities made up 32.4 percent of all traffic-related deaths.

Fatal crashes involving bicyclists also made up a higher proportion of traffic deaths in the two cities. In New York, that number is 6.1 percent, more than three times the national average of 1.7 percent. In LA, 2.8 percent of fatal crashes involved bicyclists.

[Idaho nuclear lab fined after workers exposed to radiation](#)

The U.S. Department of Energy fined a nuclear research lab in Idaho more than \$400,000 on Thursday for multiple safety violations stemming from two mishaps last year that caused workers to be contaminated with radiation.

[Hydro-Québec learned from Point Lepreau's mistakes](#)

Quebec's decision to shut down its only nuclear generating station comes as New Brunswick's Point Lepreau Nuclear Generating Station is preparing to come back online after three years of delays and more than \$1 billion in extra costs.

[Edison Seeks to Restart San Onofre Unit, Run Below Capacity](#)

Edison International, owner of California's second-largest utility, has proposed restarting Unit 2 at its San Onofre nuclear power plant in California and running it at 70 percent of capacity to avoid shaking damaged pipes.

Five months after the restart, Edison will shut Unit 2 to inspect the steam generator for tube wear, the Rosemead, California-based company said in a statement today. Unit 3, which leaked radioactive water from a steam generator, will remain shut for further study. Edison didn't propose a restart date. Both units have been shut since January.

[Belarus Needs Nuclear Regulator - UN Watchdog](#)

Belarus should create a regulatory system covering the construction and operation of its first nuclear power plant, said International Atomic Energy Agency (IAEA) expert Donald Kovacic in Minsk on Friday.

"The question of critical importance is the creation of a strong regulatory body," he said.

[Food is the New Oil and Land the New Gold: Lester Brown](#)

The United Nations food agency reports that food prices are rising again, reaching 6-month highs and nearing levels not since 2008. Higher prices then spurred food riots in the Middle East and North Africa, which fueled the Arab Spring.

There's no sign of widespread food riots now but eventually there could be, says Lester Brown, president and founder of the Earth Policy Institute and author of the new book "Full Planet, Empty Plates: The New Geopolitics of Food Scarcity."

"The term 'food unrest' will become part of our daily vocabulary," Brown tells The Daily Ticker.

[Blue and green honey makes French beekeepers see red](#)

(Reuters) - Bees at a cluster of apiaries in northeastern France have been producing honey in mysterious shades of blue and green, alarming their keepers who now believe residue from containers of M&M's candy processed at a nearby biogas plant is the cause.

[A Modest Rise in Global Food Prices](#)

Prices increased only 1 percent in the all-important cereals sector, with gains in rice and wheat prices somewhat offset by a drop in corn prices. The overall figures suggest that the price run-ups that accompanied this summer's weather problems in several producing countries – including the United States, the world's largest grain exporter – are now largely factored into the market.

And, barring some fresh disaster early in the Southern Hemisphere's growing season, it probably means we will get through this year without witnessing the peaks in global food prices seen in 2008 and 2011. Those, readers will recall, set off global unrest and prompted renewed commitments to agricultural development in poor countries.

[In Organic-Hungry Hong Kong, Corn as High as an Elevator's Climb](#)

As millions of Hong Kong consumers grow increasingly worried about the purity and safety of the fruits, vegetables, meats and processed foods coming in from mainland China, more of them are striking out on their own by tending tiny plots on rooftops, on balconies and in far-flung, untouched corners of highly urbanized Hong Kong.

"Consumers are asking, will the food poison them?" said Jonathan Wong, a professor of biology and the director of the Hong Kong Organic Resource Center. "They worry about the quality of the food. There is a lack of confidence in the food supply in China."

[Drought Leaves Cracks in Way of Life](#)

BUTLER, Mo. — They have canceled vacations. Their children are forgoing out-of-state

colleges for cheaper ones close to home. They are delaying doctor's visits, selling off land handed down through generations and resisting luxuries like new smartphones.

And then there is the stress — sleepless nights, grumpiness and, in one extreme case, seizures.

Lost amid the withered crops, dehydrated cattle and depleted ponds that have come to symbolize the country's most widespread drought in decades has been the toll on families whose livelihoods depend on farming.

Although most are not in danger of losing their homes or going hungry, the drought is threatening the way of life in rural America.

[The Peak Oil Crisis: Global Dynamics](#)

It is sometimes useful when confronted with the flood of information we all receive these days to step back to ponder the major forces that currently are shaping our civilization. Although these forces are too varied and complex to give much of a picture of what life might be like 25 or 50 years from now, they raise many warning flags that we may or may not heed before it is too late.

[Japan May Meet Kyoto Emissions Cut Target, Ministry Estimates](#)

Japan is on target to cut greenhouse gas emissions by an estimated average of 8 percent for the five years ending in March, meaning it will meet commitments under the Kyoto Protocol, the environment ministry estimated.

Kyoto's binding obligations limiting the release of emissions among industrial nations stipulate Japan must cut greenhouse gas output by 6 percent from 1990 levels for fiscal 2008-2012. Emissions are projected to be 1.277 billion metric tons for fiscal 2011 and 1.316 billion tons in the twelve months ending March 31, 2013, Kentaro Doi, a ministry official in charge of emissions data, said by phone today.

[Arctic melt opens door for big oil's next boom](#)

In these Alaskan waters of the High North, sea ice has melted at a record pace this summer, shattering a record set in 2007 and marking the greatest Arctic melt since scientists began monitoring it by satellite in 1979. Some scientists calculate it is the greatest melt in the history of humankind, and there is little disagreement that it poses a perilous development for the planet.

For Royal Dutch Shell and other oil companies, this melt is serving to open up the once ice-locked waterways that big oil will need to set up drilling platforms and staging areas to pull the crude and natural gas up from beneath the ocean's floor.

[Russia discusses Arctic oil licenses for foreign companies](#)

Russia is considering allowing foreign oil companies not only to operate on its Arctic shelf, but also to own licenses for exploration in the country's Arctic waters.

The proposal was being discussed in Russia's Energy Ministry, although no final decision had been taken, the Financial Times reported, citing the country's Energy Minister Alexander Novak. He stressed that only technologically advanced companies with secure environment friendly operations, would be allowed to obtain licenses.

[Exploitation of the Arctic must be reined in](#)

Rampant economic activity in one of our last wildernesses is a disaster in the making. The world needs the Arctic and we have a responsibility to protect it.

[Climate change may force evacuation of vulnerable island states within a decade](#)

One of the world's foremost climate scientists has warned that vulnerable island states may need to consider evacuating their populations within a decade due to a much faster than anticipated melting of the world's ice sheets.

Michael Mann, director of the Earth System Science Center at Pennsylvania State University, said the latest evidence shows that models have underestimated the speed at which the Greenland and west Antarctic ice sheets will start to shrink.

[In New Orleans, Entergy Prepares for the Next Big One](#)

After Hurricane Katrina devastated the region in 2005, executives at Entergy realized that climate change threatened not just the company's infrastructure but its customer base. "Katrina was kind of a focusing moment where you could see what the future might be if we didn't get our arms around climate change," says Jeff Williams, the company's director of climate consulting. Five months after the storm, Entergy had fewer than 500,000 customers in Louisiana, a 40 percent drop. "We had tremendous damage to our system, and yet no revenue coming in to pay for repairing it."



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