



Drumbeat: October 19, 2012

Posted by [Leanan](#) on October 19, 2012 - 9:30am

[An economy awash in oil](#): *Forget the doomsayers. Cheap abundant fossil fuels will drive our future.*

Marion King Hubbert's famous theory of "peak oil" has gained a great deal of traction in the scientific literature of various fields. Want to read up on peak oil and urban planning? Check. Peak oil and tourism? No problem, you're not the first. Peak oil and public health? Where to even begin? There have been articles on the peak oil phenomenon in publications such as the *International Journal of Child Rights; Behaviour and Social Issues*; and *Physica: Statistical Mechanics and Its Applications*.

Curiously, however, there is one field whose literature is a tad light on serious discussions of peak oil: economics.

There is a simple explanation for that. Hubbert's theory has economic implications, but no economic content per se. In his famous 1956 paper, Hubbert, a Shell geologist who joked about growing up in "the only part of Texas where there isn't any oil," argued that a non-renewable resource in any particular region tends to be exhausted according to a predictable bell-shaped curve. There is an exponential ramp-up, reaching a rounded peak, like a roller coaster, and then a symmetrical, equally rapid drop-off to zero. Prices didn't appear anywhere in Hubbert's equations. Their logic was supposed to work regardless of changing incentives or human innovations.

[Challenges of estimating global oil supplies](#)

There's been a great deal of debate over the last few years about how long it will be until global oil supplies run out. Are we approaching, or have we already passed, 'peak oil' – the point beyond which economically viable oil supplies begin to decline?

Whether we like it or not, our modern world stands on foundations of cheap oil, so the debate affects us all.

The article refers to [this paper](#), behind a paywall.

[Saudi Arabia reveals plans to be powered entirely by renewable energy](#)

Saudi Arabia, the world's biggest oil producer, has plans to become 100% powered by renewable and low-carbon forms of energy, according to an influential member of the

royal family.

But the process is likely to take decades, and some observers are sceptical as to whether it is any more than window-dressing.

[Private sector investment to lead on UAE energy development](#)

Development of alternative energy resources will be driven by private sector investment, said the head of the International Renewable Energy Agency (Irena), the intergovernmental body headquartered in Abu Dhabi.

[Oil Heads for Weekly Gain as TransCanada Shuts Keystone](#)

Oil headed for a second weekly gain in New York after TransCanada Corp. shut its Keystone pipeline for repairs, disrupting crude supplies to the U.S. Midwest.

Futures rose as much as 0.2 percent, extending the longest run in more than a decade of daily price moves of less than 25 cents. Crude pared a decline of as much as 1.6 percent yesterday after TransCanada shut the 590,000 barrel-a-day link for three days, saying it found a "small anomaly" in a section running from Missouri to Illinois. Improving U.S. fuel demand is being met by rising local supplies, a government report this week showed. The latest U.S. growth data were mixed.

[Natural gas industry 'still hurting' despite price bounce](#)

Canadian natural gas prices have more than doubled to \$3 per million British thermal units since they hit a decade low of \$1.43 in April, but nobody is in a mad rush to open the taps just yet. Impressive as these gains seem, a recovery that would truly lift the industry's fortunes remains distant.

"Gas players are still hurting," says Martin King, an analyst at First Energy Capital, adding that producers won't be rushing back into production until they are certain prices are higher, and can hold.

[UK gas prices rise on cold weather forecast](#)

LONDON (Reuters) - British gas prices rose on Friday as colder weather forecasts for next week lifted demand for gas-fired heating while the summer gas contract hit highs not seen since February.

Gas for Monday delivery rose 0.90 pence to 64.9 pence a therm at 1000 GMT as heating demand jumped on the back of colder weather forecasts, traders said.

[U.S. Winter Seen Harsher Than Last Year, Boosting Demand](#)

The coming U.S. winter will probably be cooler than a year ago, boosting demand for heating fuels such as natural gas, a panel of forecasters said. While December will be warmer than normal, temperatures will drop through February, increasing natural gas use by 13 percent over the same period from last year, Commodity Weather Group LLC President Matt Rogers said during a panel discussion at Earth Networks Inc.'s seventh annual energy weather seminar in New York yesterday.

[U.S. winter likely to continue hot weather trend](#)

WASHINGTON (Reuters) - After a hot spring and a scorching summer, this winter is likely to continue a U.S. warming trend that could make 2012 the hottest year since modern record-keeping began, U.S. weather experts said Thursday. Drought that ravaged much of the United States this year may spread in the coming months, said Mike Halpert at the National Oceanic and Atmospheric Administration's Climate Prediction Center.

[Japan's JX to buy 60,000 tonnes LNG in spot market](#)

(Reuters) - JX Nippon Oil & Energy Corp said on Friday it would buy 60,000 tonnes of liquefied natural gas (LNG) on the spot market, aiming to expand sales in a domestic market shifting away from costlier and more polluting oil.

This would be the second attempt by JX Nippon Oil, Japan's top refiner, to buy LNG via a spot contract. Its first purchase was earlier this year, moving into a market dominated by power and gas utilities.

[Power Hogs Targeted by France in Big Brother Legislation](#)

Heating a French home could soon require an income tax consultation or even a visit to the doctor under legislation to force conservation in the nation's \$46 billion household energy market.

A bill adopted by the lower house this month would set prices that homes pay based on wages, age and climate. Utilities Electricite de France SA and GDF Suez SA will use the data to reward consumers who cut power and natural gas usage and penalize those whom regulators decide are wasteful.

"It's Orwellian," opposition lawmaker Daniel Fasquelle said by telephone. "The law will create huge inequalities and infringe on people's individual freedoms. It won't work."

[Cameron Backs Away From Making Energy Companies Reduce Bills](#)

U.K. Prime Minister David Cameron backed away from his pledge yesterday to force gas and electricity suppliers to charge customers the lowest possible prices, after warnings the move might kill competition.

[Gazprom and Ukraine in lucrative and difficult tango](#)

KIEV, Ukraine — Gazprom's foreign customers are asserting themselves more boldly in their dealings with the giant Russian energy company. French, German, Slovakian and Turkish companies have renegotiated their contracts for natural gas; the European Union has launched an antitrust investigation; Lithuania recently filed a \$1.9 billion legal claim against Gazprom over alleged price gouging.

But no country is more bound up in Gazprom's increasingly troubled fortunes than Ukraine. And no country has had as little success in dealing with Gazprom. Ukraine has simply been too important to Russian energy policy — and to the flow of money that policy supports.

[Rosneft to Replace Gazprom as Energy Driver on TNK Deal](#)

OAO Rosneft's proposed acquisition of TNK-BP will accelerate the state oil company's eclipse of OAO Gazprom as the dominant force in Russia's energy industry.

President Vladimir Putin used Gazprom, the world's biggest natural gas producer, to assert Russia's energy power over the past decade, winning pipeline deals and controlling former Soviet allies. With the U.S. shale-gas boom and domestic competition, Gazprom is losing ground as Rosneft, run by Putin's ally Igor Sechin, tightens its grip on the country's oil output.

[Russia Police Detain TNK-BP Manager for \\$6 Million Fraud Attempt](#)

A manager at OAO TNK-BP Holding, Russia's third-biggest oil producer, was arrested on suspicion of seeking \$6 million in a fraudulent scheme to sell state jobs.

The TNK-BP official was detained Oct. 4 while taking an advance payment of more than 3 million rubles (\$97,400) from two businessmen, according to the Interior Ministry. The man, the head of a government relations department, had promised to secure jobs in the presidential administration and the office of the envoy to the Central Administrative District, the ministry said today in on its website, without giving his name.

[JPMorgan Energy-Trading Unit Admits Errors in FERC Filing](#)

JPMorgan Chase & Co. apologized yesterday for what it said were inadvertent mistakes by its energy-trading unit as it sought to continue operating a business that reported

\$2.2 billion in transaction revenue last year.

[No crude oil trading via commodity exchanges in Russia soon: official](#)

Moscow (Platts) - The energy ministry does not expect crude oil trading via exchange to be launched soon, deputy energy minister Pavel Fedorov said Friday.

"In the long term the ministry definitely supports creating a regulated crude oil trading exchange in Russia, but the whole process ought to be gradual," he told reporters at the sidelines of an event in the St. Petersburg International Mercantile Exchange, or SPIMEX.

[Chinese minister to start talks with Philippines over disputed island](#)

Vice-Foreign Minister Fu Ying will arrive in Manila today for talks on the territorial dispute over Scarborough Shoal in the South China Sea, amid rising tension between Beijing and Tokyo over another dispute in the East China Sea.

The high-level dialogue between Beijing and Manila over the shoal - known in China as Huangyan Island - comes after Beijing expressed its intention to ease tensions. Philippine President Benigno Aquino said he had high hopes China's new leaders, who would take over next month, would improve bilateral ties.

[How safe is our man in Beijing?](#)

We're hearing there may have been a little more to that Sept.18 incident in Beijing when Chinese protesters, angered by a recent Japanese move on a bitterly disputed island in the East China Sea (think huge oil and gas reserves) were demonstrating at the U.S. embassy.

At one point, protesters surrounded and jostled a car carrying U.S. Ambassador to China Gary Locke and briefly prevented him from entering the embassy.

[U.S. Says It Will 'Ratchet Up' Sanctions Pressure on Iran](#)

The U.S. will "ratchet up the pressure" on Iran to address international concerns about that country's nuclear program, the Treasury Department's top counterterrorism official said.

"We have things that we can do to continue to intensify the sanctions," David Cohen, the U.S. Treasury's undersecretary for terrorism and financial intelligence, said in an interview with Peter Cook on Bloomberg Television's "Capitol Gains" show. "We will continue to ratchet up the pressure to make clear to the Iranians that their only real choice here is to address the concerns about their nuclear program."

[Iran Oil Tankers Said by Zanzibar to Be Signaling Wrong Flag](#)

Iranian oil tankers are mistakenly signaling their flag state as Tanzania-Zanzibar and no such registration took place, according to a government official from the east African territory.

The 14 ships, previously registered in the Pacific island of Tuvalu, transmitted data from Sept. 24 to Oct. 13 to show they changed their names and were flying the Tanzania-Zanzibar flag, according to data compiled by a unit of Englewood, Colorado-based IHS Inc. The company maintains a global shipping database for the United Nations' maritime agency.

[Iran's shipping woes delay crude deliveries to China - trade](#)

BEIJING/SEOUL (Reuters) - Iranian crude volumes received by China have been below contracted levels since September, because Iran's tanker fleet, the sole transporter of its crude to China, has been struggling to meet delivery schedules, trade sources said on Friday. Iran, grappling with tough Western sanctions targeting its energy and petrochemical sectors, has delayed loading of some shipments for September, October and November to China, its largest oil customer and top trading partner.

[Gazprom hikes gas exports to Turkey after Iran pipeline blast](#)

Moscow (Platts) - Russia's Gazprom has increased exports to Turkey by 50% to 48 million cubic meters/day following an explosion late Thursday on the Iran-Turkey gas pipeline, the second in as many weeks, that halted supplies from the Islamic Republic.

[BP bolsters Azeri staff over critique](#)

BP is putting extra personnel into its Azeri operations after a stinging rebuke from the country's president over the UK supermajor's drop in production.

[Petrobras in cost cuts of 'up to \\$15bn'](#)

Brazilian state oil company Petrobras plans to cut between \$5 billion and \$15 billion from its operational and sales costs in 2013, according to a report.

[Gas slump hits Baker; Schlumberger flexes global muscle](#)

(Reuters) - Steady growth in drilling activity outside North America gave a big lift to

Schlumberger Ltd , the world's largest oil services company, but the U.S. natural gas slump weighed even more than expected on rival Baker Hughes Inc.

[Shah field operator builds up steam](#)

Al Hosn Gas, which is developing one of Abu Dhabi's most challenging gasfields, wants to bring its expertise to other sour-gas developments.

The company, a joint venture between Abu Dhabi National Oil Company (Adnoc) and Occidental Petroleum operating the Shah gasfield, could deploy its expertise in handling toxic sulphur as the emirate opens up similar fields, said Saif Al Ghafli, the chief executive. Adnoc opened tenders for the Bab and offshore Hail gasfields earlier this year.

[Polish Shale Chatter: Oil Majors Dig In](#)

Two oil majors with shale gas concessions in Poland — ConocoPhillips and Chevron — are taking actions which industry watchers are interpreting as a commitment to the sector in the central European country, in sharp contrast to ExxonMobil, which has pulled the plug on its Poland shale plans earlier this year.

[Exxon's Biggest Canada Deal Signals Shale Rush](#)

Exxon Mobil Corp.'s largest-ever Canadian acquisition is fueling speculation that domestic companies with assets in Alberta's shale-gas fields will become takeover targets.

[Santos starts commercial production at Australia's first shale gas well](#)

Sydney (Platts) - Commercial production has started from Australia's first shale gas well, operator Santos said Friday.

[Anadarko's New Fracking Methods Will Reward Investors](#)

It is never easy to convince communities and authorities that fracking methods many drilling companies use are entirely safe. Of course, these methods are not 100% safe, but most companies vote to use the best practices when it comes to fracking and drilling so that there is minimal contamination of water, air and soil. Chris Castilian, manager of government and community affairs for Anadarko, recently spoke about why companies must reveal in detail how fracking is done, what sort of chemicals are used in fracking fluids, and what their environmental consequences are.

[Drilling Payments Cause a Dispute in Pennsylvania](#)

PHILADELPHIA — Four Pennsylvania townships are challenging a state regulator's decision to withhold their share of proceeds from a statewide levy on drilling by the booming natural gas industry there.

[EPA's Water Tests in Wyoming Town Flawed, Oil Group Says](#)

Testing methods used by the Environmental Protection Agency in a Wyoming town where residents blame hydraulic fracturing for water contamination are flawed, and an updated analysis doesn't show drilling tainted the aquifer, an industry group said.

[TransCanada Keystone Pipeline Shut After Finding 'Anomaly'](#)

CALGARY - TransCanada Corp. has shut down its Keystone oil pipeline after it detected a "small anomaly" on the outside of the pipe.

Company spokesman Grady Semmens says the line, which delivers oilsands crude to refineries in Illinois and a storage hub in Oklahoma, has been shut as a precaution.

[BP: Source of Gulf oil sheen came from equipment, not sealed well that caused massive spill](#)

NEW ORLEANS — A sheen on the Gulf of Mexico likely came from oil seeping out of a piece of discarded equipment that failed to contain BP PLC's massive 2010 oil spill, the company and the Coast Guard said Thursday.

A statement from BP said a three-day inspection confirmed that its Macondo well, which blew out and led to the nation's worst offshore oil spill, isn't leaking. A relief well that intercepted the blown-out well and sealed it isn't leaking, either, BP said.

[Fire breaks out in Pemex gas pipeline in western Mexico](#)

(Reuters) - A fire has broken out at a liquefied petroleum gas pipeline of Mexican state oil monopoly Pemex in western Mexico, the company said on Friday.

[UAE's Etihad Rail just the ticket for a Pan-Arabian express train](#)

A fast passenger rail network reaching from Muscat to Amman is an achievable vision for the Gulf states according to the head of rail for the global construction giant, Bechtel.

[Aging Pipeline Poses Threat to Great Lakes, Report Says](#)

A report released on Thursday by the National Wildlife Federation questions the safety of a network of oil pipelines operated by Enbridge that run through the Great Lakes region.

The group contends that Enbridge's pipelines in the area are especially susceptible to spills because of their age and the company's recent history of accidents — creating a situation the environmental group said could be disastrous for the fragile ecosystems in Lake Michigan.

[Year of the electric car blows a fuse](#)

NEW YORK (CNMoney) -- This year was supposed to be the year of the plug-in car but, as 2012 draws to a close, it looks like the electric car market still isn't fully charged.

By the end of 2012, most major automakers will have a plug-in car of some type on the market, but plug-in cars still make up just one tenth of one percent of all cars sold in America. So have automakers gotten ahead of themselves and produced too many?

[Toyota Prius Dominates California as State's No. 1 Model](#)

Toyota Motor Corp.'s Prius hybrid passed Honda Motor Co.'s Civic and Accord to become the best-selling vehicle line this year in California as higher gasoline prices drove up demand for fuel-efficient cars.

[For Hybrid Drivers, a Gas Pump Allergy?](#)

The surprising finding, however, was that drivers of the Volt, a hybrid that runs on electricity or conventional fuel, suffer from "gas anxiety," or a fear of having to visit a filling station. Volt drivers even end up charging more often than drivers of the Leaf, which runs only on electric battery power.

According to the findings, a typical Leaf driver plugs in one to 1.1 times a day, whereas the average Volt driver plugs in about 1.5 times a day.

Volt drivers also plug in when away from home 21 percent of the time, as opposed to Leaf drivers, who charge away from home only 11 percent of the time.

"We never anticipated that a 40-mile-electric-range plug-in hybrid would charge more than a 100 percent electric car," Mr. Read said. "You have that gas engine that you're paying an extra premium for for a reason."

[Ford's amazing little engine](#)

Ford's internal-combustion EcoBoost engine is 20% more efficient than its predecessors.

The company has sold more than 350,000 of them since 2009, and an even thriftier version is due next year.

[Is Obesity a Heavy Drag on Fuel Economy?](#)

According to an infographic created by the insurer Allstate and Cars.com to explain the relation between fuel economy and obesity, "the growing trend of American obesity adds unexpected weight to vehicles, making it difficult for consumers to realize fuel efficiency gains." Indeed, studies suggest that America's obesity epidemic is having a significant impact on gas consumption and fuel economy in more ways than one.

[A New Model: Cycle Hire, for Hire](#)

Municipal bike sharing has rolled into dozens of American cities, from Washington to Oklahoma City to San Francisco. Now a Massachusetts start-up called Zagster aims to take the idea of bicycles on demand and deliver it to university and corporate campuses, apartment complexes, hotels and resorts.

On Thursday, the company, formerly called CityRyde, announced a \$1 million round of investment that will allow it to expand nationally. In essence, Zagster's idea is to make access to bikes a coveted building amenity and corporate perk, right up there with pools, gyms, and cafeterias — at a relatively low cost.

[Will the Government Write a Blank Cheque for Nuclear Construction?](#)

The government's plans for new nuclear power stations are on the rocks, and it would require desperate measures to save them. Some evidence of the desperation emerged when John Hayes, the recently appointed minister for energy said, in an interview with the Daily Telegraph, that he is 'mulling over' the possibility of underwriting plans for building new nuclear power stations. He appeared to be referring to the last remaining 'live' proposal by EDF's for a 3.2 GW nuclear power plant at Hinkley C in Somerset. Mr Hayes would be well advised not to sip from the poisoned chalice (underwriting) he has been presented by nuclear supporters via the Daily Telegraph.

[EU wheat rises as traders say Ukraine to stop exports](#)

PARIS (Reuters) - European wheat futures rose on Friday to a one-week high after traders said Ukraine would ban wheat exports from mid-November, taking one of the world's leading suppliers out of the market for the rest of the season.

[Clean air and water, but at what price?](#)

Everyone wants clean air and water. But people also want to drive their cars whenever they wish and light up a room by flipping a switch. It's a never-ending balancing act for

government as it tries to protect health and the environment while promoting economic growth and jobs.

[Why the Wildfires Still Rage](#)

Officials have also struggled to curb the use of all-terrain vehicles in the backcountry during fire season. Like the sparks from the Union Pacific welding equipment, the mufflers of four-wheelers have been known to ignite passing brush. And yet many outdoor enthusiasts refuse to keep them in the garage for a few months every summer. Most states require A.T.V.'s to be equipped with what are known as "spark arresters," but enforcement is minimal, and clearly, fires are still being ignited. Residents across the country are often asked to reduce water usage during periods of hot weather — why can't we do the same with A.T.V.'s?

[Tesco Stumbles With Wal-Mart as China Shoppers Buy Local](#)

Tesco Plc this week is trying to lure Chinese shoppers with promotions on soy sauce, cooking oil and apples. Emily Zhang still won't do much of her shopping there.

The 30-year-old Shanghai resident buys most of her produce at an informal market close to home where daily supplies are fresh, the location convenient and friendly vendors throw in the occasional cooking tip.

[A call for responsible capitalism](#)

The challenges for business are not simply environmental, but also about the need for an overriding commitment to responsible capitalism. It is clear that unless we sustain business as a force for good in society we will lose the glue that binds people with the wealth creating bedrock on which society depends.

All businesses are increasingly judged not just on how much money they make, but how they make money; business behaviours and business performance are increasingly inseparable.

[A Rogue Climate Experiment Outrages Scientists](#)

A California businessman chartered a fishing boat in July, loaded it with 100 tons of iron dust and cruised through Pacific waters off western Canada, spewing his cargo into the sea in an ecological experiment that has outraged scientists and government officials.

[US businessman defends controversial geoengineering experiment](#)

The American businessman who dumped around 100 tonnes of iron sulphate into the

Pacific Ocean has become a lone defender of his project, after a storm of criticism from indigenous peoples, the Canadian government and a UN biodiversity meeting in India.

[Scenes of 'Dust Bowl Days' Return As Oklahoma Storm Causes Highway Pileup](#)

Dramatic video footage and eye witness accounts from Oklahoma on Thursday tell the story of a scene right out of the Depression-era 'Dust Bowl days' as a massive wind-swept cloud of 'reddish-brown' dirt made invisibility impossible on a stretch of Interstate-35 between Oklahoma City and Kansas City, Mo.

[East Africa: African Farmers Turn to Climate Coping Strategies](#)

Research conducted in Ethiopia, Kenya, Tanzania and Uganda by the the CGIAR Consortium of International Agricultural Research Centers (CGIAR) Research Program on Climate Change, Agriculture and Food Security (CCAFS) found that farmers have taken up strategies aimed at improving crop production.

CGIAR researchers conducted a survey of 700 households in the four countries in 2010-2011 and found that 55 per cent of the households had taken up at least one crop that had a shorter growing cycle.

Fifty-six per cent grew at least one drought-tolerant variety that could survive periods of heat and water scarcity. Some households had also picked up agroforestry, intercropping and crop rotation practices.

[Too late to stop global warming by cutting emissions, say experts](#)

London (ANI): Governments and institutions should focus on developing adaption policies to address and mitigate against the negative impact of global warming rather than putting emphasis on carbon trading and capping greenhouse-gas emissions, researchers say.

"At present, governments' attempts to limit greenhouse-gas emissions through carbon cap-and-trade schemes and to promote renewable and sustainable energy sources are probably too late to arrest the inevitable trend of global warming," Johannesburg-based Wits University geoscientist Dr Jasper Knight and Dr Stephan Harrison from the University of Exeter in the United Kingdom wrote.

[Scientists decry insurer's extreme weather claims](#)

Insurance companies have long been sending letters out warning of the growing likelihood of extreme weather, storms and resulting natural disasters.

German insurance company Allianz for example writes to potential clients to explain the advantages of its "offers which reduce the risks associated with climate change."

But one Munich-based insurer has gone one step too far, infuriating climate change scientists by claiming to have found the first proof of a link between man-made climate change and an increase in extreme weather in the USA.

[Tropical Collapse in Early Triassic Caused by Lethal Heat: Extreme Temperatures Blamed for 'Dead Zone'](#)

ScienceDaily — Scientists have discovered why the 'broken world' following the worst extinction of all time lasted so long -- it was simply too hot to survive.

The end-Permian mass extinction, which occurred around 250 million years ago in the pre-dinosaur era, wiped out nearly all the world's species. Typically, a mass extinction is followed by a 'dead zone' during which new species are not seen for tens of thousands of years. In this case, the dead zone, during the Early Triassic period which followed, lasted for a perplexingly long period: five million years.

A study jointly led by the University of Leeds and China University of Geosciences (Wuhan), in collaboration with the University of Erlangen-Nurnburg (Germany), shows the cause of this lengthy devastation was a temperature rise to lethal levels in the tropics: around 50-60°C on land, and 40°C at the sea-surface.



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