



Drumbeat: November 19, 2012

Posted by [Leanan](#) on November 19, 2012 - 8:30am

[Peak Oil And The Olduvai Gorge](#)

Duncan's theory was given significant media attention about 10 years ago, and was heavily cited by supporters of the US Gas Cliff theory, promoted by writers including Julien Darley and Michael Ruppert in 2004-2006, and by promoters of Doomsday energy shortage and oil soaring to \$200 a barrel, such as Matt Simmons. The Gas Cliff theory, we can note, argued that gas resource depletion was running so fast, that US gas resources would be "practically exhausted" by about 2015. Today, we know that we face a towering cliff of unconventional gas resources - discovered since only 2007. Discoveries of unconventional gas march on and up, implying that probably 200 years, or more, of current world gas consumption are now available as exploitable resources, worldwide.

The keywords conventional oil and gas, and unconventional oil and gas, tell us all we need to know about global fossil energy for the next 50 years, at least. Peak Oil (PO) theory as developed by Colin Campbell, Jean Laherrere and Kjell Aleklett among others, only concerns conventional oil resource depletion, does not in any significant way concern gas resources, and also assumes that global oil demand and consumption can only rise.

[The United States, future energy superpower](#)

Four decades ago, the Arab oil embargo consigned Americans to gas lines. Odd-even rationing became routine, and everyone with a passing interest in energy policy heard regular predictions that the planet was nearing "peak oil."

We've been told forever that we're "running out of resources," that we're facing a future of shrinking options, that we'd better change our ways and oh, by the way, our friends in the green movement will tell us exactly how our ways must be changed.

[Jeff Rubin: When it comes to price, it doesn't matter where oil comes from](#)

Move over OPEC, North America is about to become a net exporter of oil. At least that's the supposed good news from the International Energy Agency's latest outlook. According to the IEA, the drilling boom for shale oil is putting U.S. production on track to pass Saudi Arabia. North of the border, output from Alberta's oil sands is expected to notch a similarly grand expansion.

Notions of energy independence, however far fetched they may seem today, play well to the IEA's target audience, which is largely American. Irrespective of the political rhetoric we endured from both presidential candidates, energy independence isn't really the issue confronting the U.S. economy or American motorists. The real problem is the price of oil—not its country of origin.

[Fracking: A new dawn for misplaced optimism](#)

You would think we were swimming in oil. The International Energy Agency's (IEA) latest World Energy Outlook forecasts that the United States will outstrip Saudi Arabia as the world's largest producer by 2017, becoming "all but self-sufficient in net terms" in energy production. While the "peak oil" pessimists are clearly wrong, so is a simplistic picture of fossil fuel abundance.

When the IEA predicts an increase in "oil production" from 84 million barrels a day in 2011 to 97 in 2035, it is talking about "natural gas liquids and unconventional sources", which includes a big reliance on "fracking" for shale gas. Conventional oil output will stay largely flat, or fall.

[The Great Oil Fallacy](#)

Among the unchallenged verities of U.S. politics, the most universally accepted is that of the crucial strategic and economic significance of oil, and particularly Middle Eastern oil. On the right, the need for oil is seen as justifying an expanded and assertive military posture, as well as the removal of restrictions on domestic drilling. On the left, U.S. foreign-policy is seen through the prism of "War for Oil," while the specter of Peak Oil threatens to bring the whole system down in ruins.

The prosaic reality is that oil is a commodity much like any other. As with every major commodity, oil markets have some special features that affect supply, demand and prices. But oil is no more special or critical than coal, gas or metals—let alone food.

[The World Running on 'E': The Coming Oil Crisis](#)

While it's unlikely we'll find ourselves using the last drop of the world's oil anytime soon, we are nearly guaranteed to face a shortage of cheap and accessible oil in the coming century. Known oil reserves are only prepared to meet today's global demand for another 40 years. And two indicators suggest that we have even less time than that. One, anyone charting the rising middle classes in China and India can tell you, global oil demand is growing. Without new sources of energy, today's oil supplies will not meet tomorrow's oil demand. And second, figures for proven oil reserves aren't so proven. Reserve figures are reported by global oil suppliers that have heavy incentives to exaggerate their reserves. Healthy global reserve estimates help to reassure investors and stabilize volatile prices. The world's largest oil supplier since the 1980s, Saudi Arabian ARAMCO, has reported no major oil field discoveries in thirty years. Even so,

the company's reported reserves have barely changed in decades.

[Oil Rises Amid Israel Conflict, U.S. Budget Talks](#)

Oil advanced to the highest level in more than a week in New York amid concern that Middle East unrest will disrupt supply and speculation the U.S. will avert automatic spending cuts and tax rises that threaten to throw the nation into recession.

[Gas prices drop 7 cents over past two weeks](#)

Just in time for the four-day holiday weekend, American motorists have something to be thankful for: a drop in prices at the pump.

The average price for a gallon of regular gasoline in the United States fell during the past two weeks as demand took a hit from supply disruption after Hurricane Sandy and the loss of daylight savings time, according to a widely followed survey released on Sunday.

[Saudi oil exports rise in September](#)

New data from the oil industry has revealed Saudi Arabia, the world's largest crude exporter, produced 9.724 million barrels per day in September, representing a slight fall on the 9.753 million barrels per day witnessed in August.

Despite this, the Kingdom still shifted 7.281 million barrels per day in exports, demonstrating a year-on-year rise in global demand.

[Saudi summer oil burning hits record high in 2012 - JODI](#)

DUBAI (Reuters) - Saudi Arabia burned record volumes of crude oil over the summer, official government figures show, contrary to its aim of using more gas for power generation to reduce wastage of crude that it could export.

During the peak period from early June through September, Saudi Arabia burned an average of 763,250 barrels per day (bpd) of crude, compared to an average of 701,250 bpd last year and 747,750 bpd in the previous record summer of 2010, official government data issued on Sunday under the Joint Oil Data Initiative (JODI) shows.

[South Korea's S-Oil offers up to 19.2mn bbls gasoil and jet fuel for 2013](#)

SINGAPORE: South Korea's S-Oil Corp has offered up to 19.2 million barrels of gasoil and jet fuel for next year through a term tender, industry sources said on Monday.

[Ukraine to cut Russian gas imports to 26 Bcm in 2012, minister says](#)

Kiev (Platts) - Ukraine will import 26 billion cubic meters of natural gas from Russia in 2012, less than the 27 billion cu m that was originally expected, because of high gas prices, according to Energy and Coal Industry Minister Yuriy Boyko.

[Australia resource-rich, but faces challenges: IEA](#)

SYDNEY: Australia's coal and gas exports will surge as its resource sector booms, but it faces challenges such as labour shortages and infrastructure bottlenecks, the International Energy Agency said Monday.

[Syrian rebels eye Assad's economic lifeline in east](#)

(Reuters) - A Syrian rebel offensive that captured border crossings with Turkey and Iraq aims to cut off supplies from the country's main grain and oil-producing region and speed President Bashar al-Assad's downfall, a tribal leader said.

[Report: Iran starts building \\$10 billion gas pipeline to Syria to boost its energy sector](#)

TEHRAN, Iran — An Iranian semi-official news agency says the country has started building a \$10 billion natural gas pipeline to Syria as part of efforts to boost its energy sector that has been battered by international sanctions.

Monday's report by the Fars news agency says the 1,500 kilometer (750 mile) pipeline will pass through Iraq before reaching Syria. It says Iran begun construction of the first phase of the project involving a 225 kilometer (140 mile) stretch at an estimated cost of \$3 billion.

[Israel Ready to Invade Gaza If Cease-Fire Efforts Fail](#)

Israeli ground forces are poised to invade the Gaza Strip for the first time in almost four years amid efforts by Egypt and Turkey to help end exchanges of fire that have killed 96 Palestinians and three Israelis.

['This must stop,' U.N. chief says as Israel-Gaza conflict and casualties escalate](#)

Gaza City (CNN) -- As international pressure mounted Monday for an end to the Israeli-Palestinian violence that has left dozens dead and hundreds wounded, U.N. Secretary-General Ban Ki-moon was flying to the region to personally appeal for a cease-fire.

Ban's call for a truce came on the heels of the single deadliest attack -- an Israeli

airstrike that killed a family of 10 -- in the conflict that began with militant rocket attacks from Gaza, to which Israel responded with an aerial offensive.

[Statoil 'threatens Norway flag-out'](#)

Norwegian state oil giant Statoil is reportedly threatening to flag out its operations due to proposed changes in the domestic fiscal regime that could leave it with a huge tax bill.

The company, led by chief executive Helge Lund, stated in its recent third-quarter results report that it could face a one-off deferred tax charge of Nkr2.3 billion (\$398.5 million) as a result of new tax rules for overseas activities being proposed by Norway's Finance Ministry.

[WA green lights controversial gas hub site](#)

The WA Government has granted final state environmental approval to the Browse liquefied natural gas project in the Kimberley.

There have been numerous protests against the proposed \$30 billion development at James Price Point, north of Broome.

[BP plans buyback in attempt to boost flagging share price](#)

Oil giant BP is planning to spend up to £3.7bn in a share buyback, in an attempt to breathe new life into its flagging share price, according to reports.

The *Sunday Times* reports the oil-major is preparing to launch a share buyback early next year, as part of an attempt to repair its damaged reputation following the disastrous Gulf of Mexico oil spill two years ago, and its troubled contractual negotiations with Russia.

[BP Seen Takeover Target After Settlement as Value Trails](#)

BP is the cheapest of the world's five biggest non-state oil companies by market value relative to reserves, earnings and output. As a result it may become a target, according to people familiar with the strategic thinking of the London-based company and its potential acquirers.

[BP Spill Settlement Is \\$2.4 Billion Windfall for Wildlife](#)

Oil was still gushing from BP Plc (BP/)’s Macondo well in 2010 when a little-known non-

profit rushed to establish a new resting area for more than 1 billion migratory birds that stop each year at the Gulf of Mexico.

The National Fish and Wildlife Foundation, a government- chartered charity, realized it could pay rice farmers in adjacent areas of Louisiana and Texas to flood their lands, creating instant, faux wetlands for the birds to rest and feed. All in all it spent more than \$22 million on that and similar Gulf projects, much of funded by the sale of BP's recovered oil.

[Search widens for oil platform worker missing after explosion](#)

The owner of an oil platform that caught fire after an explosion in the Gulf of Mexico last week said Sunday that it has expanded its search for a missing worker, and doctors said one of four men burned in the blaze is improving and is now in fair condition.

Two remained in critical condition and one in serious condition, doctors said.

[Bill McKibben: Mother Nature goes on record against Keystone XL](#)

Now that the U.S. election is over, lots of big players are apparently trying to cash in their chips. Natural Resources Minister Joe Oliver insisted within hours of the results that he was "optimistic" the Keystone XL pipeline would soon be okayed, while the head of the American Petroleum Institute said the oil and gas industry had been "implicitly promised" by "Obama insiders" that Keystone would get the nod once that pesky balloting was over.

[White House march revives Keystone XL protest movement](#)

Hundreds of people who say they worry oil that would be carried the Keystone XL pipeline will accelerate climate change marched around the White House on Sunday, hoping to revive a movement credited with slowing down the permit process for the crude oil project.

[Time to Stand Against Big Oil in the Arctic](#)

Oil companies—and many of our political leaders—see melting sea ice as an opportunity to drill deeper. Fortunately, you don't have to occupy an Arctic drilling platform to join the growing movement of people who are putting themselves on the line for our planet's future.

['China to emerge world's largest N-power generator by 2020'](#)

Melbourne: China is set to emerge world's largest nuclear power generator by end of

2020 even though it will continue to rely on coal to generate bulk of its electricity needs, a Rio Tinto executive has said.

“By the end of the decade, the emerging economic superpower was expected to leap to the number two position (in power generation), before overtaking the United States in the 2020s, producing 100 gigawatts of power,” said Rio Tinto Energy general manager (markets and Industry analysis) Stephen Wilson.

[A Rough Road from Swords to Ploughshares](#)

Department has been seeking to destroy plutonium recovered from surplus nuclear bombs by converting it to fuel for civilian reactors. Most of it would be destroyed by fission, and the remainder would be embedded in highly radioactive fission products.

Anti-proliferation groups are eager to see the plutonium destroyed as part of a Russian-American agreement because as long as it exists, it can be refashioned into nuclear bombs. But some of those groups oppose accomplishing that through use as fuel in civilian reactors because that would involve a form of commerce in which it could go astray, they say.

[In Defense of Sustained Research on Fusion](#)

Stewart C. Prager, the director of the Department of Energy’s Princeton Plasma Physics Laboratory and a professor of astrophysical sciences at Princeton University, here offers a fresh defense of continued substantial support for research on extracting usable energy from nuclear fusion.

[Wind pointer to future direction](#)

The wind of change blew through the British capital last month as the London Array sprang into life after a 17-month construction period, as the first turbines started feeding electricity into the grid.

[Battery maker A123 got U.S. funds as it sought bankruptcy](#)

(Reuters) - The Obama administration provided struggling battery maker A123 Systems Inc with nearly \$1 million on the day it filed for bankruptcy, the company told lawmakers investigating its government grant.

[UK postpones auctions of EU aviation CO2 permits](#)

LONDON (Reuters) - The British government said on Monday it will postpone two auctions of European Union emissions permits for the aviation sector, after the

European Commission proposed freezing its airline emissions law for non-EU flights last week.

[No nation immune to climate change - World Bank](#)

WASHINGTON (Reuters) - All nations will suffer the effects of a warmer world, but it is the world's poorest countries that will be hit hardest by food shortages, rising sea levels, cyclones and drought, the World Bank said in a report on climate change.

Under new World Bank President Jim Yong Kim, the global development lender has launched a more aggressive stance to integrate climate change into development.

"We will never end poverty if we don't tackle climate change. It is one of the single biggest challenges to social justice today," Kim told reporters on a conference call on Friday.

[The world needs a new approach to climate change](#)

Kyoto failed to impact the world's four biggest carbon emitters.

The United States, at No. 2, did not ratify because Kyoto did not cap emerging economies including China, No. 1, and India, No. 3. Russia, No. 4, only ratified because its cap was too generous.

Russia and Japan are dropping out of the second round, saying they prefer to wait for a wider deal meant to come into force in 2020 that would cap all countries including emerging economies. But such a wider deal has been elusive since the start of talks in 2007.

[Glacial-paced UN climate talks need overhaul-researchers](#)

OSLO (Reuters) - Nations working on a deal to fight climate change should cap the size of delegations and use majority voting to overhaul negotiating rules that stifle progress and harm the interests of the poorest nations, researchers said on Sunday.

['Writing is on the wall' at climate summit](#)

Two-thirds of the world's proven fossil fuel reserves cannot be used without risking dangerous climate change, the International Energy Agency (IEA) warned this week.

Preventing the consumption of those two-thirds will be the primary task of the annual UN climate negotiations that resume at the end of this month.



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