

# Drumbeat: January 23, 2013

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#### Oil and climate change in the age of energy scarcity

A professor friend of mine recently asked his freshman writing class what makes civilization possible. The students puzzled for a minute and then someone said, "Cities." Of course, that's really just the definition of civilization. "But what makes those cities possible?" the professor asked. No one could really come up with an answer.

Here were students drawn in many cases from rural areas, some of whom lived on farms; and yet, the most basic energy flow in modern civilization—in any civilization—from farm to city in the form of surplus food was completely opaque to them. My friend remarked to me that a century and half of cheap energy in the form of fossil fuels has attenuated our awareness of energy flows so much that we as a society have become essentially unconscious of energy.

That is a state of mind that could only be the product of energy abundance, of an exceptional period in human history when the surplus energy available to society was so great that the average person simply did not have to think about it. And, so as energy scarcity returns to civilization as the norm, we are being forced—often painfully—to become conscious once again of the energy flows in our daily life. As a whole, human societies are only just beginning to wake up to this new era—except, of course, where life has remained close to the land, and failure to understand and create the necessary energy flows (particularly food) has always been tantamount to a death sentence.

#### Oil Trades Near Four-Month High Before Vote on U.S. Debt

Oil traded near the highest price in four months in New York on speculation that the U.S. will lift its debt limit, offsetting forecasts that fuel inventories increased in the world's largest crude consumer.

West Texas Intermediate was little changed after gaining 0.7 percent yesterday as President Barack Obama's administration said it welcomes a move by House Republicans to vote today on raising the debt ceiling through mid-May. U.S. crude stockpiles probably rose last week, according to a Bloomberg News survey before a government report tomorrow. Deutsche Bank AG boosted its growth forecast for oil demand in China.

### UK Brent oil flow at 80,000 bpd as Taga platform remains shut

The flow of crude oil through the UK's Brent pipeline system in the North Sea was back up to 80,000 barrels per day (bpd) late on Monday, following a precautionary shutdown last week, Abu Dhabi's Taga said.

## Bad weather, dispute with Kurdish region weigh on Iraq oil exports

Iraq's oil exports in December fell due to bad weather and a dispute with the Kurdish region, but the country still saw sharply higher income last year compared to 2011, new figures showed on Monday.

## Exxon holds talks with Kurds after rare Baghdad meet

ExxonMobil has met officials from Iraqi Kurdistan, a statement said, after rare talks with Baghdad, which has decried a controversial deal between the US giant and the autonomous region.

The back-to-back meetings come amid a long-running dispute, of which Exxon is at the centre, between Iraq's central government and the northern Kurdish region over dozens of energy contracts signed by Kurdistan that Baghdad says are illegal.

# Nigeria Charges 10 Indians, 12 Others With Oil Theft

Nigerian prosecutors said 22 people, including 10 Indian nationals, were charged to court in the southern city of Yenagoa for alleged oil theft.

### Griffiths Energy to pay \$10.35-million fine for bribing officials in Chad

The second Calgary oil company to face international corruption charges in the past two years has agreed to pay a larger fine than the first but will not be put on probation.

Griffiths Energy International Inc. pleaded guilty Tuesday and agreed to pay \$10.35 million, \$850,000 more than what much larger Niko Resources Ltd. paid after admitting guilt in June 2011 under the same section of the Corruption of Foreign Public Officials Act.

#### Baker Hughes sees U.S. rig count flat in Q1 vs end-2012

(Reuters) - Baker Hughes Inc said on Wednesday it expects the U.S. rig count to remain flat in the first quarter compared with the end of 2012, before rising throughout the rest of the year.

## Billionaire Fredriksen Winning as LNG Tanker Rates Drop

Rates to ship liquefied natural gas are dropping for the first time in four years amid a diminishing scarcity of the carriers transporting the fuel, a bullish sign for investors in the biggest owners of the vessels.

### South Sudan may resort to trucking oil if talks fail

KAMPALA (Reuters) - Landlocked South Sudan may rely on trucks to export its crude oil if talks with Sudan aimed at re-starting exports through a pipeline fail, a South Sudanese deputy minister said on Wednesday.

The African neighbours came close to war last April in the worst border clashes since South Sudan seceded from Sudan in 2011 under a 2005 deal which ended decades of civil war.

#### Uganda to auction 13 blocks for oil exploration

KAMPALA (Reuters) - Uganda will auction 13 blocks for oil and gas exploration when the country's president signs a new bill governing the petroleum sector into law, its junior energy minister said on Wednesday.

The east African nation's parliament passed a petroleum law last month aimed at guaranteeing transparency in the oil sector, through a clear management structure.

#### Private Equity Hunts for Brazil's Next Big Oil Startup

Brazil's plan to sell offshore oil licenses for the first time in six years is sending private-equity investors on a search for startups to compete with global producers including Royal Dutch Shell Plc and BP Plc.

#### Algeria Attack No Outlier as Oil Targeted 3 Times a Week

While the attack in Algeria that killed at least 38 hostages was the deadliest raid on the oil industry in five years, it's far from unprecedented.

From Colombia to Yemen, oil workers have suffered violence for decades as militants strike an industry seen symbolizing political and economic power. The bloodiest attack came in 2007 when 72 people died after a secessionist group in Ethiopia overran a camp run by China Petroleum & Chemical Corp. (386), according to the University of Maryland's Global Terrorism Database. Each week about three attacks were made worldwide on oil employees and installations in 2011, the data show.

### China says Philippines' U.N. request on seas complicates issue

BEIJING (Reuters) - China said on Wednesday that a request by the Philippines for a U.N. tribunal to intervene in its longstanding South China Sea territorial dispute with China would only complicate the issue, and denounced Manila's "illegal occupation" of islands there.

Manila has asked the tribunal of the U.N. Convention on the Law of the Sea (UNCLOS) to order a halt to China's activities that the Philippines says violates the Southeast Asian nation's sovereignty.

#### Iran's president scoffs at western sanctions

TEHRAN // Iran's president claims his country can create 10 times more wealth from inventions than from oil, rendering western economic sanctions powerless.

#### Venezuelans puzzle over official lingo on Chavez health crisis

The handling of information over Chavez's condition has become as controversial as the man himself, and every official word is picked over ad nauseam in Venezuela's own version of the "Kremlinology" analysis of political minutiae in the former Soviet Union.

#### Deutsche Bank Pays \$1.6 Million to End U.S. Trading Probe

Deutsche Bank AG agreed to pay \$1.6 million to end a dispute with the U.S., backing away from a showdown with the Federal Energy Regulatory Commission that said a unit of the bank manipulated California's power markets.

The bank within 10 days will pay the U.S. a civil penalty of \$1.5 million and surrender \$172,645 plus interest to California's grid operator, the agency said today in a statement. The penalties are similar to FERC's proposed remedy last year after accusing the bank of trading violations in 2010.

### Carter Said to Be Leading Contender for Energy Secretary

Deputy Defense Secretary Ashton Carter is the leading candidate to replace Steven Chu as energy secretary in President Barack Obama's second term, according to two people familiar with the matter.

Carter, 58, a physicist, would be part of the core administration team overseeing energy and environmental policy, according to the people, who requested anonymity to discuss personnel matters.

### State Department delays Keystone pipeline decision

(Reuters) - The Obama administration has delayed a decision on TransCanada Corp's rerouted Keystone XL oil pipeline until after March, even though Nebraska's governor on Tuesday approved a plan for part of the line running through his state.

"We don't anticipate being able to conclude our own review before the end of the first quarter of this year," said Victoria Nuland, a spokeswoman at the State Department, which had previously said it would make a decision by that deadline.

## Davos 2013: UK shale gas no 'game changer', says British Gas boss Sam Laidlaw

Sam Laidlaw, chief executive of British Gas owner Centrica, said it would be at least a decade before the UK saw any shale gas production and that, even then, it would not be "the game changer we've seen in North America".

#### Jeff Rubin: Do We Have Enough Water to Frack Our Way to Energy Independence?

Alberta's oil sands mines require more than 3 barrels of water to produce a barrel of bitumen. With daily output of 1.5 million barrels, the oil sands is one thirsty customer. Fortunately for Big Oil, northern Alberta is blessed with the mighty Athabasca River.

Many US shale producers wish they were so lucky. The industry's growing need for water comes at a time when much of the country is grinding through the worst drought in more than half a century.

### Boeing's battery woes could short-circuit e-cars

The ongoing investigation of faulty lithium-ion power packs on the new 787 Dreamliner could have implications far beyond the aerospace industry, some observers worrying that Boeing's battery problems could short-circuit the nascent market for plug-ins, hybrids and other electrified automobiles.

### German Power Grids Ask Gas-Fired Plants to Ensure Winter Supply

German power-grid operators Tennet TSO GmbH and TransnetBW GmbH asked four gas-fired plants in the south of the country to secure transport capacity for the fuel to avoid production outages that almost led to a collapse of the electricity grid in February last year.

# <u>Africa: Losing Carbon - New Study Questions Sustainability of Biofuel Harvested On Dry Lands</u>

Bogor — The high amount of carbon that pours into the atmosphere when arid and semi-arid land is converted for Jatropha oil production may outweigh the environmental benefits of such a biofuel, says a new report.

The findings run contrary to popular beliefs.

## When Citizen Vigilantes Busted Food Hoarders

This 1918 letter, from a member of a citizens' vigilante group calling itself the American Protective League to an official of the wartime U.S. Food Administration, reported on a food stash found in a Berkeley, Calif., home.

The Foran family, "reported to be hoarding food," had "25 or 30 cases of foodstuffs" in their basement, including cans of such staples as corn, peaches, pork and beans, as well as a supply of plum pudding, pimientos, and beer. Mrs. Foran protested that she had carefully followed rationing rules in her purchase of flour and sugar and explained that the family possessed so many canned goods because the father bought food wholesale every year.

While no action probably resulted from this raid, as the Forans were able to prove that they'd followed rationing guidelines, it's astonishing to a modern reader to see that it was legal for a citizen group to enter another citizen's home on the strength of a tip.

### Filmmaker Sir David Attenborough Calls Humans a Plague

Sir David Attenborough, the famed British naturalist and television presenter, has some harsh words for humanity.

"We are a plague on the Earth," Attenborough told the Radio Times, as reported by the Telegraph. "It's coming home to roost over the next 50 years or so."

## Despite a Whiff of Unpleasant Exaggeration, a City's Pollution Is Real

KABUL, Afghanistan — It has long been a given that the air pollution in this city gets horrific: on average even worse than Beijing's infamous haze, by one measure.

For nearly as long, there has been the widespread belief by foreign troops and officials here that - let's be blunt here - feces are a part of the problem.

# Court won't hear challenge to Clean Air Act rule

The high court on Tuesday refused to hear an appeal from businesses and industrial interests involving an Environmental Protection Agency regulation setting emission levels of sulfur dioxide, a colorless gas with the smell of rotting eggs. Sulfur dioxide from power plant smokestacks can be carried long distances by wind and weather and has been linked to various illnesses including asthma.

### Stop the Coal Trains

Why should someone in Seattle care about a coal terminal 100 miles north of the city? Because coal combustion is the leading human-caused increase of CO2 in the atmosphere, which is largely responsible for global warming. Because shipping dirty coal to China while piously shutting down the last coal-fired power plant in Washington State (as the state is doing) would simultaneously mock and cheapen our forward-thinking, tree-humping pledge to cut greenhouse gas emissions 50 percent by 2050. And because there is not just one but five coal terminals—five!—currently proposed in the Northwest, each of which could bring 1.5-mile-long coal trains rumbling through our region daily, blocking traffic, interfering with other business at Seattle's port, and leaving clouds of coal dust in their wake.

### How Oysters Can Prevent Flood Damage

or a simple bivalve, the oyster has played an unusual role in human history. It's celebrated as a food source, as a reputed aphrodisiac and, now, as a possible savior of coastal cities threatened by flooding.

Point Pleasant, a community in New Jersey that was pummeled by Hurricane Sandy last October, is looking at oyster beds as a way to mitigate future flood damage. A sizable bulwark of oyster beds might slow future storm surges by acting as a natural seawall, the Asbury Park Press reports.

### Should worst-flooded areas be left after Sandy?

SEA BRIGHT, N.J. (AP) -- Superstorm Sandy, one of the nation's costliest natural disasters, is giving new urgency to an age-old debate about whether areas repeatedly damaged by storms should be rebuilt, or whether it might be cheaper in the long run to buy out vulnerable properties and let nature reclaim them.

The difficulty in getting aid for storm victims through Congress — most of a \$60 billion package could get final approval next week — highlights the hard choices that may have to be made soon across the country, where the federal, state and local governments all say they don't have unlimited resources to keep writing checks when storms strike.

#### Obama gives unexpected nod to climate as second term priority

WASHINGTON (Reuters) - President Barack Obama said on Monday he will confront climate change in his second term in office, an unexpected vow that puts the politically charged issue among his domestic priorities alongside gun control and immigration reform.

Linking climate change to devastating weather and fires, Obama said the country could grow its economy while protecting itself from the worst effects of a phenomenon scientists say is getting worse due to man-made pollutants.

## Obama wins praise abroad for climate change goals

OSLO (Reuters) - U.S. President Barack Obama won praise abroad on Tuesday for his pledge to lead the fight against climate change, which has faltered as nations argue over who should foot the bill to lower carbon emissions.

### <u>Analysis: Obama's next climate steps apt to be temperate</u>

(Reuters) - The Obama administration is likely to rely mostly on existing rules and on flexing executive power to execute its second-term environmental agenda, sidestepping Congress as it sets about radically reducing greenhouse gases generated by major polluters.

Just a day after President Barack Obama said in his inaugural address that for the United States not to respond to the threat of climate change would "betray our children and future generations," White House spokesman Jay Carney tamped down expectations for bold new moves.

## Curbing climate change will cost \$700 bln a year - report

OSLO (Reuters) - The world must spend an extra \$700 billion a year to curb its addiction to fossil fuels blamed for worsening floods and heat waves and rising sea levels, a study issued by the World Economic Forum (WEF) showed on Monday.

As government and business leaders prepare to meet at the forum in Davos, Switzerland this week, the world's nations are divided over who should pay for lowering emissions of greenhouse gases blamed for a growing number of extreme weather events.

## Funding the War on Climate Change

PROPOSALS that national governments allocate budgets equivalent to those set aside for defence or war towards fighting climate change both reflected the significant relevance of global warming and aligned international thinking to finding solutions, Deloitte director Duane Newman said today.

Newman, who is also the national leader of Deloitte Sustainability and Climate Change Services, said the shift towards allocating half the funding to adaptation and only 20% to mitigation and 15% each to technical development and forestry-related activities recognised a large percentage of climate change funding would have to go towards developing nations.

# <u>Urban Zimbabweans are already grappling with water shortages</u>

In spite of the political and financial turmoil that Zimbabwe faces, the country seems to

be on the right track in adopting strategies to address the effects of climate change. But these strategies tend to have a strong rural bias, overlooking the fact that almost half of the country now lives in urban areas, according to a joint review of the country's climate change response by a think tank and leading NGO.

### Andean glaciers melting at 'unprecedented' rates - study

The glaciers of the Andes Mountains have retreated at an unprecedented rate in the past three decades, with more ice lost than at any other time in the last 400 years.

That's according to a new review of research that combines on-the-ground observations with aerial and satellite photos, historical records and dates from cores of ice extracted from the glaciers. The retreat is worse in the Andes than the average glacier loss around the world, the researchers report today (Jan. 22) in the journal The Cryosphere.

# Norway supportive to China's bid for permanent observer to Arctic Council

TROMSO -- Norwegian Foreign Minister Espen Barthe Eide said on Monday that Norway will support China's application for the status of a permanent observer to the Arctic Council.

Eide gave a definite "yes" answer to the question put to him by a Xinhua reporter if Norway would back China's bid for the permanent observer status in the eight-member regional council comprising mostly of countries on the rim of the Arctic Ocean.

#### Why Arctic Council Needs to Tame Its Oil Rush

The rapid shrinkage of Arctic ice cover is one of the most dramatic changes in nature currently occurring anywhere on the planet, with profound environmental and economic implications. We stand to lose one of the Earth's largest and most significant ecosystems. At the same time, however, the once-fabled northeast and northwest passages will reduce shipping times and costs by as much as half, bringing China and Japan much closer to Europe and North America's east coast.

## **How High Could the Tide Go?**

A large body of evidence suggests that the ice sheets atop Greenland and the low-lying, western part of Antarctica are vulnerable to global warming. But together, they can supply no more than about 40 feet of sea level rise.

The previous estimates of Pliocene sea level, based on spotty evidence, range from 15 feet to 130 feet above today's ocean, with 80 feet being a commonly cited figure. If Dr. Raymo's work were to confirm such a high estimate, it would suggest that the ice sheet in eastern Antarctica — by far the biggest chunk of ice in the world, containing enough water to raise sea level by 180 feet — is also vulnerable to melting. And if it is, scientists do not fully understand why, because their computer forecasts — acknowledged to be imperfect — suggest most of it should remain stable even in a warmer world.

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