



Drumbeat: March 6, 2013

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[US oil and gas boom takes many by surprise](#)

The rapid growth in U.S. oil production has surprised even industry insiders.

Forecasts that once sounded far-fetched are becoming reality. The oil production boom had been expected, but the magnitude of change in such a short period of time is a surprise. U.S. oil production is at its highest level in 20 years, while at the same time U.S. oil demand is at a 17-year low.

The International Energy Agency projects the U.S. could even leap frog Saudi Arabia and Russia to become the world's biggest oil producer by 2020.

"The view I have is the U.S. will be a lot less dependent with Canada. That will really reduce imports, combined with more fuel-efficient cars, from outside North America. We'll still be importing some, but it's certainly a rebalancing of global oil. That oil that was coming to the United States will go somewhere else and that somewhere else would be Asia," said Daniel Yergin, vice chairman of IHS. "The other place where oil demand is really growing happens to be the Middle East."

[Is the Theory of 'Peak Oil' Dead?](#)

Yet another voice has questioned the theory of "peak oil," which posits future scarcity, rising prices, and economic collapse due to the lack of precious fuels that drive the global economy. Under this theory the rate of petroleum extraction will crest and then commence "an immutable decline...as demand for this finite resource permanently exceeds supply."

This latest critic of the theory is the Boston Company Asset Management LLC, which released a [white paper entitled](#), "End of an Era: The Death of Peak Oil. An Energy Revolution, American-Style."

[Peak oil](#)

Mr Hubbert's curve, which neatly fitted American oil production and rightly predicted a peak in 1970, may need to be redrawn according to analysis by BP, a British oil company. The technology that has unlocked huge volumes of gas from American shale beds can also be used to extract oil. As drilling for oil from shale intensifies America

looks set for another peak in the next couple of decades. Mr Hubbert's curve and the peak-oil brigade look out of date.

[An alternative to fracking?](#)

Fracking — the process of extracting natural gas from shale rock deep within the earth — comes with some issues: noise, 24/7 flame flares, possible groundwater pollution, mysterious chemicals, enormous push back from some newly gas-rich states like New York.

But now veteran San Diego biotech entrepreneur Jay Short has a possible alternative — a novel technology to produce and capture methane or natural gas directly from porous coal, a process in the final stages of commercial testing in Wyoming by his newest company, Ciris Energy.

[Will Colombia Become Latin America's Poster Child for Peak Oil](#)

The two most hotly debated scientific concepts associated with energy are “global warming” and “peak oil,” both with myriad proponents and detractors around the world.

In the latter case however, what is indisputable is that the last several decades have seen major fields in significant oil exporting nations decline. From Saudi Arabia's Ghawar superfield through the Russian Federation's vast west Siberian field to Indonesia, oil output has spiked, and, in the case of Indonesia, it left the Organization of the Petroleum Exporting Countries in 2009 because it ceased to be a net exporter of oil. For those with a sense of history Indonesia, then the Dutch East Indies, was a major factor in the outbreak of world War Two in the Pacific, as the Japanese in late 1941 determined to seize the oil-rich archipelago in response to a U.S. oil embargo imposed earlier that year.

[The coming energy crunch and transition from fossil fuels to renewables](#)

Fears of imminent peak oil may have subsided but demand for fossil fuels from emerging economies is growing at an exponential rate. The environmental alarmists, who predict war and systemic collapse, may yet have their day. For, the rise of renewables is just too slow to keep pace with the spiralling energy demands from future superpowers like China and India.

On the day that Hugo Chavez, the president of oil-rich Venezuela, died the World Economic Forum has published a [report on the future of energy transition](#). It suggests that while oil demand has ratcheted up another level, the thirst for coal is also a major factor. In fact, in the last decade demand for coal grew at 10 times the rate of demand for renewables, twice that of oil and three times more than gas.

[Peak What? Ask Barbie and Mickey Mouse](#)

Asia Pulp & Paper Company, one of the world's largest, announced last month that it will no longer use wood from Indonesia's forests for any of its \$4 billion per year worth of products. Why? Because APP's customers realized we are running out of natural forests from which to harvest lumber and have demanded suppliers to develop sustainable sources. The Walt Disney Company, Mattel, and Harper Collins are among many corporations setting sustainability standards for things like paper and packaging, so you could say that Mickey Mouse, Barbie, and J.R.R. Tolkien persuaded the paper giant to make such a bold move.

[Brent Crude Trades Near Four-Day High on Pipeline Halt](#)

Brent crude was little changed near its highest in four days as a North Sea pipeline system remained shut. Venezuela, OPEC's fourth-biggest producer, announced the death of President Hugo Chavez.

Futures fluctuated, having climbed by the most in a month yesterday. Venezuelan Vice President Nicolas Maduro said on state television that Chavez died at 4:25 p.m. at a military hospital in Caracas. The Brent pipeline system has been shut since an oil leak was discovered March 2 on the Cormorant Alpha platform. U.S. crude stockpiles rose 5.6 million barrels last week, data from the American Petroleum Institute showed.

[Saudi Aramco Committed to Oil Exports to U.S., Al-Falih Says](#)

Saudi Arabian Oil Co., the world's largest oil exporter, is "committed" to exports to the U.S. market, Khalid Al-Falih, the company's chief executive officer, said today at the IHS CERAWEEK conference in Houston.

Saudi Aramco, as the company is known, will supply crude to the U.S. market because many of the refineries on the Gulf Coast are set up to process the kingdom's sour crudes, Al-Falih said in the speech.

[Drivers may soon find some relief at the gas pump](#)

It may not be fast enough for some consumers, but the drop in pump prices is accelerating.

Retail gasoline prices are down a penny overnight to \$3.74 a gallon for the national average on Tuesday, which is down 3 cents from a year ago. Last month, pump prices on average were the highest on record for February.

Analysts said the gasoline price slide could continue.

[China Considering Faster Response to Crude Costs for Fuel Prices](#)

China is considering ways to respond faster to changes in international crude costs when setting domestic gasoline and diesel prices, the chairman of the nation's top economic planner said.

Under the current pricing mechanism, which measures the change in the 22-day moving average cost of a basket of crude grades, the adjustment period is too long and the 4 percent threshold for revisions is too high, Zhang Ping, the chairman of the National Development and Reform Commission, said at a press conference in Beijing today.

[North Sea Aasgard, Grane, Statfjord April Crude Exports Stable](#)

Exports of North Sea Aasgard, Grane and Statfjord crudes will be stable in April while shipments of Gullfaks will drop by one cargo to six lots, according to separate loading programs obtained by Bloomberg News.

[ExxonMobil admits output 'to fall 1% in 2013'](#)

The explorer put the drop down to its switch away from natural gas with output expected to drop 5% in 2013, while higher-priced oil and liquids are expected to grow 2%.

Last year, ExxonMobil's oil and gas production fell 6% to average 4.2 million barrels of oil equivalent (boe) per day.

[Oil Output on U.S. Land Lagging Amid Boom, Report Finds](#)

Oil and gas production in federal areas is lagging behind the boom on private lands, a report by non-partisan congressional researchers found, bolstering complaints made by Republicans and energy-industry lobbyists.

The Congressional Research Service cited Department of Interior data showing a decline in oil output on federal lands and waters from 2009 through 2012, while production on private lands jumped more than 31 percent over that same period. Statistics for natural gas production showed a similar trend.

[Petrobras Jumps Most Since May on Surprise Diesel Increase](#)

Petroleo Brasileiro SA, the state-controlled company that is required to supply Brazil's fuel needs, rose the most since May after a surprise 5 percent increase in diesel prices.

[UAE banks follow oil to the East](#)

Banks in the Emirates are finding lucrative opportunities in the shift in the oil trade towards Asia as the US shale gas revolution diminishes the importance of the world's largest economy to the Middle East.

With the US predicted by the International Energy Agency to become the world's largest oil producer within the decade, UAE banks are looking to forge new links with the Asian oil-importing nations that are expected to pick up the slack.

[China Joining U.S. Shale Renaissance With \\$40 Billion](#)

China National Petroleum Corp., the country's biggest oil company, is seeking its first stake in the U.S. as Chinese explorers with \$40 billion of cash try to join an energy renaissance unlocking billions of barrels of crude.

"We are currently studying" investing in U.S. oil, Jiang Jiemin, chairman of the state-run company, said yesterday at the National People's Congress meetings in Beijing. Domestic rival China Petrochemical Corp. last month agreed to buy stakes in an Oklahoma field from Chesapeake Energy Corp. for \$1.02 billion.

[BHP Studies Shale in Australia, Europe as It Focuses on U.S.](#)

BHP Billiton Ltd., the world's biggest mining company, is studying shale formations in Australia, Europe and South America as it remains focused on developing onshore assets in the U.S.

"We're clearly going to be very studious in Australia and we're going to be very studious in Europe," BHP Billiton Petroleum Chief Executive Officer Michael Yeager said in an interview at the IHS CERAWeek conference in Houston today.

[Saudi Next Generation Has U.S. Imprint as King Picks Leaders](#)

As he opens Saudi Arabia's top government jobs to a new generation of princes, King Abdullah may also be rebooting the kingdom's ties with the west.

Abdullah, who turns 89 this year, has picked younger royals with international and security experience, often involving the U.S. Bandar bin Sultan, named head of intelligence last year, was ambassador in Washington for more than two decades. Mohammed bin Nayef, the recently appointed interior minister, worked with the Americans on measures to fight al-Qaeda, while Khaled bin Bandar, the new Riyadh governor, is a graduate of the British Royal Military Academy at Sandhurst.

[IMF says Jordan's energy crisis poses toughest reform challenge](#)

AMMAN, March 6 (Reuters) - Jordan must tackle a soaring energy import bill by reducing power subsidies to get its economy back on track, the International Monetary Fund said on Wednesday.

IMF deputy head Nemat Shafik said Jordan's aid-dependent economy was hit hard by "several external shocks at the same time" when the Arab Spring revolts against autocratic rule spread across the Middle East, but the major challenge now was energy imports.

[Dabhol plant shuts due to lack of fuel](#)

Mumbai: Hit severely by the decline in production of gas at Reliance Industries' KG-D6 Blocks, the 1,967-MW power plant at Dabhol has completely shut operations since February 21 due to non-availability of gas.

[Hugo Chavez, Venezuela's Anti-U.S. Socialist Leader, Dies at 58](#)

Hugo Chavez, the self-declared socialist who transformed Venezuelan politics by channeling record oil revenue to the poor, nationalizing corporations and vilifying foes as U.S. imperialist puppets, has died. He was 58.

[PDVSA vows to continue on Chavez path](#)

Venezuelan oil company PDVSA is "on bended knee" after the death of long-time national president Hugo Chavez.

The state-owned player said it stood with oil workers across the nation as the South American oil powerhouse entered seven days of official mourning after Chavez lost his battle with cancer on Tuesday.

[Chavez successors likely to continue to use oil as political tool](#)

"He's a charmer. He's a liar," one oil industry executive who knew Chavez said on condition of anonymity to protect business relationships. "He's done a lot to improve the lot of his people. He ruined the oil industry."

Few analysts expect much change from his successor, Nicolas Maduro, who will need to bolster his domestic base.

[Energy will not create tension between Greece and Turkey, says Turkish minister](#)

Energy issues will not become a source of friction between Greece and Turkey, Turkish Energy Minister Taner Yildiz told the English-language Hurriyet Daily News on Wednesday.

“We have the intention of using energy issues not as a reason to create tension but as a reason for growth and opening,” Yildiz told the Turkish daily. “We will see whether other countries will follow this principle.”

[Medvedev ‘gave away’ oil wealth to Norway](#)

Dimitry Medvedev donated Russian oil deposits to a value of EUR 30 billion when he was the country’s president, several Russian media write.

[The Oil War](#)

The Iraq war was about oil. Recently declassified US government documents confirm this, however much US president George W Bush, vice-president Dick Cheney, defence secretary Donald Rumsfeld and their ally, the British prime minister Tony Blair, denied it at the time.

When Bush moved into the White House in January 2001, he faced the familiar problem of the imbalance between oil supply and demand. Supply was unable to keep up with demand, which was increasing rapidly because of the growth of emerging economies such as China and India. The only possible solution lay in the Gulf, where the giant oil-producing countries of Saudi Arabia, Iran and Iraq, and the lesser producing states of Kuwait and Abu Dhabi, commanded 60% of the world’s reserves.

[Iraq to supply Egypt with 4 million barrels of oil a month](#)

Iraq has agreed to supply Egypt with 4 million barrels of oil a month, during a visit by Egyptian prime minister Hesham Kandil to Baghdad on Monday, Iraqi government spokesman Ali Mussawi said on Tuesday.

Economic turmoil since a popular uprising unseated Hosni Mubarak last year has stretched Egypt's finances and inflated the premiums the state petroleum company pays for fuel.

[Exxon Mobil Witness Says MTBE Benefits Outweighed Risks](#)

An Exxon Mobil Corp. witness told a New Hampshire jury that will decide whether the company is liable for contaminating groundwater with MTBE that the gasoline additive was extensively researched and its benefits outweighed risks.

[Transocean Worker Misinterpreted Well Test, Witness Says](#)

A Transocean Ltd. supervisor on the Deepwater Horizon oil rig that blew up in the Gulf of Mexico in 2010 testified that a worker misinterpreted a key test before the incident.

Randy Ezell, a Transocean drilling supervisor on the rig, said in federal court in New Orleans that he wasn't informed about problems with the negative pressure test before the explosion by his assistant, Jason Anderson, who died in the blast.

[BP Faces 2014 Trial Over Investors' Gulf Spill Claims](#)

BP Plc will face a jury trial Aug. 25, 2014, in federal court in Houston on investors' multibillion-dollar allegations that the company hid the true size of the 2010 Gulf of Mexico oil spill to limit the effect on its stock price.

The investors, led by Ohio and New York pension plans, sued BP and certain officers in 2010, alleging violations of U.S. securities law. The investors also claim the company publicly claimed a commitment to and implementation of expanded safety measures while internally cutting budgets and rejecting employees' safety warnings.

[Statoil Says It Can Walk Away From Arctic](#)

The head of Statoil ASA's (STO, STL.OS) international-exploration business said his company would have no problem walking away from drilling in the U.S. Arctic Ocean if it proved to be too risky.

[Ferrari's first-ever hybrid looks terrific: Ratan Tata](#)

GENEVA/DETROIT (Reuters) - Industrialist Ratan Tata pored over every inch of the new million-euro LaFerrari on the Italian supercar maker's stand at the Geneva auto show.

Ferrari's first-ever hybrid "looks terrific", said Tata, one of India's wealthiest businessmen and a close friend of Ferrari chairman Luca Cordero di Montezemolo.

[Report Casts Doubt on Britain's Nuclear Electricity Strategy](#)

LONDON — Britain's plans to build a fleet of nuclear power plants by 2025 are "ambitious" at best and "unrealistic" at worst, according to a report to be released Monday by a committee of the House of Commons.

"It is worrying that the government does not have any contingency plans in place for the event that little or no nuclear is forthcoming," the Energy and Climate Change

Committee wrote in its report.

[Solar Panels Rare Amid the Steeples](#)

AUSTIN, TEXAS — In the early 1980s, after an energy crisis that gripped the world, a Catholic priest in the Texas city of Lubbock took a stand for the environment. His congregation needed a new church. So the priest, the Rev. Joe James, anchored the building deep in the earth to optimize insulation. He also ordered five wind turbines for the church grounds. The largest was called Big Bird, because it stood 80 feet tall.

“I don’t feel as though we are free to waste,” Father James told a videographer at the time. Staring earnestly into the camera, he argued that saving money was not the only reason for energy conservation.

[Cabinet Picks Could Take On Climate Policy](#)

Even with Ms. McCarthy and Mr. Moniz in place, Mr. Obama would have to confront major hurdles in trying to refashion the American way of producing and consuming energy, the same hurdles that stymied climate and energy policy in his first term.

[Green Groups Decry Sequester’s Effects](#)

Weeks after President Obama promised to develop sustainable energy and green jobs and to fight climate change — first in his second Inaugural Address, and then in his State of the Union Message — the realities of American politics have set in.

[How your fuel bills are subsidising deforestation](#)

On Monday DEFRA (Department of Environment, Food, and Rural Affairs) launched “If They’re Gone.....”, a new year-long campaign to raise awareness about the threats facing four iconic endangered species – orangutans, elephants, tigers and rhinos.

Yet today (6th March), MPs will debate DECC (Department for Energy and Climate Change) proposals which could see our fuel bills being used to subsidise the burning of palm oil in power stations to generate electricity – a move which would lead to the destruction of these species’ habitats.

[Fossil-Fuel Divestment — Part 3](#)

The fossil-fuel divestment campaign now sweeping America’s college campuses is a window onto much that is wrong with our culture and our politics. The fate of America’s free-enterprise system — long the engine of our prosperity and security — now hangs

on a generation increasingly skeptical of the system's premises.

[For Times Environmental Reporting, Intentions May Be Good but the Signs Are Not](#)

Judging by appearances, things are not looking good for environmental reporting at The Times.

In January, The Times dismantled its environmental reporting “pod” – a group of reporters and editors solely devoted to that subject who worked with one another to develop stories and projects.

Then, on Friday, The Times’s “Green” blog ended after more than four years (initially as Green Inc.).

[Construction That Focuses on Health of Residents](#)

Doctors, social agencies and community groups that have long been frustrated by the inability to alleviate environmental conditions that contribute to ailments like heart disease and obesity are promoting the idea that a shift in land-use planning and design can stanch some of the harmful influences.

The concept is being put to one of its earliest and biggest tests in the La Alma/Lincoln Park neighborhood near downtown Denver. That’s where the city’s housing authority used a relatively new decision-making tool known as a health impact assessment to draft a redevelopment plan that encourages physical activity and environmental sustainability.

[How a drought in China may have helped spark the Arab Spring](#)

Drought in eastern China. A shortage of wheat. An uprising in Egypt.

On the face of it, the three don’t seem related. But two years after revolutions swept through the Arab world, a new study argues that climate change played a significant role in the Arab Spring.

[Why food riots are likely to become the new normal](#)

Just over two years since Egypt's dictator President Hosni Mubarak resigned , little has changed. Cairo's infamous Tahrir Square has remained a continual site of clashes between demonstrators and security forces, despite a newly elected president. It's the same story in Tunisia, and Libya where protests and civil unrest have persisted under now ostensibly democratic governments.

The problem is that the political changes brought about by the Arab spring were largely

cosmetic. Scratch beneath the surface, and one finds the same deadly combination of environmental, energy and economic crises.

[Almost one-third of Nile Delta to sink by 2030, say experts](#)

Environmental experts have predicted that 30% of the Nile Delta will be submerged under water by 2030 because of the rise in land temperatures due to climate change. They added that this may threaten agriculture in Egypt.

[Energy shortages depriving one billion from healthcare access](#)

Energy shortages are depriving an estimated one billion people from access to healthcare, according to a report by NGO Practical Action.

The Poor People's Energy Outlook 2013 says access to a reliable electricity supply is lowest in South Asia.

In India 46% of health facilities, serving an estimated 580 million people, are without electricity.

[Governor, senators disagree on terms of climate-change bill](#)

OLYMPIA — Gov. Jay Inslee on Tuesday insisted Washington state is poised to lead the fight against climate change and urged lawmakers to help him move quickly on the issue.

The governor advocated for his inaugural climate-change bill in the House Environment Committee in the wake of changes to the measure made in the Republican-controlled state Senate.

[A Scientist's Misguided Crusade](#)

As a private citizen, Hansen, 71, has the same First Amendment rights as everyone else. He can publicly oppose the Keystone XL pipeline if he so chooses, just as he can be as politically active as he wants to be in the anti-Keystone movement, and even be arrested during protests, something he managed to do recently in front of the White House.

But the blast e-mail didn't come from James Hansen, private citizen. It specifically identified Hansen as the head of the Goddard Institute, and went on to describe him as someone who "has drawn attention to the danger of passing climate tipping points, producing irreversible climate impacts that would yield a different planet from the one on which civilization developed." All of which made me wonder whether such apocalyptic pronouncements were the sort of statements a government scientist should be making

— and whether they were really helping the cause of reversing climate change.

[Will Arctic oil and gas be commercially viable?](#)

As the ice melts in the Arctic, opening up the possibility of exploiting new oil and gas reserves, there are conflicting views on whether that will be commercially viable.

The future of this pristine environment apparently depends not so much on whether it is good or bad for the planet that more fossil fuels are burnt, but on the price of gas.

[Tropical nations to see above average sea-level rises](#)

Coastal areas in the tropics may see some of the largest sea-level rises due to take place this century because of climate change, according to a study.

This would particularly affect the Indian Ocean and Western Pacific, which include many small island states, such as the Maldives, and vulnerable coastal deltas, including the Bay of Bengal.

[Map Plots Rising Seas Street by Jersey Street](#)

SURF CITY, N.J.—While superstorm Sandy revealed the Northeast's vulnerability, a new map by New Jersey scientists suggests how rising seas could make future storms even worse.

The map shows ocean waters surging more than a mile into communities along Raritan Bay, engulfing nearly all of New Jersey's barrier islands and covering northern sections of the New Jersey Turnpike and land surrounding the Port Newark Container Terminal.

[Arctic ice loss amplified Superstorm Sandy violence](#)

Cornell and Rutgers researchers report in the March issue of *Oceanography* that the severe loss of summertime Arctic sea ice -- attributed to greenhouse warming -- appears to enhance Northern Hemisphere jet stream meandering, intensify Arctic air mass invasions toward middle latitudes, and increase the frequency of atmospheric blocking events like the one that steered Hurricane Sandy west into the densely populated New York City area.



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