



Drumbeat: March 20, 2013

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[Big energy goals get a push](#)

A new National Research Council report says the U.S. may be able to reduce fossil fuel consumption and greenhouse gas emissions by 80% by 2050 in light-duty cars and trucks.

The highly ambitious goal could be reached, the report says, through a combination of more efficient vehicles and the use of gasoline and diesel alternatives such as bio-fuels, electricity and hydrogen.

[A Model for Reducing Emissions](#)

Carbon emissions from the United States have never fallen this much, not after the first oil price shock following the Arab oil embargo of 1973, nor after the Iranian revolution of 1979, when American drivers suddenly discovered the virtues of Japanese small cars and President Jimmy Carter installed solar panels on the White House to heat the water.

What stands out most in this shift, however, is not environmental regulation or public concern about global warming but the price of energy and market-driven technological advancements. “It wasn’t so much a policy shift that brought carbon emissions down,” said James Hamilton, an energy economist at the University of California, San Diego. “It was irresistible market forces.”

The United States consumes 9 percent less energy for each \$1 of G.D.P. than it did five years ago. Total energy use has fallen about 5 percent in the last five years.

[WTI Crude Oil Rebounds in New York After Biggest Drop in a Month](#)

West Texas Intermediate oil rose after its steepest plunge in a month, while Brent futures rebounded from their lowest level since December, as policy makers weighed bailout options for Cyprus.

WTI climbed as much as 0.8 percent, and Brent gained as much as 0.7 percent. Luxembourg’s Luc Frieden called for his fellow euro-area finance ministers to reconvene “as soon as possible” to assemble a new rescue package for Cyprus after the island nation rejected a levy on bank deposits. U.S. crude stockpiles declined by 413,000

barrels last week, the American Petroleum Institute said yesterday. Government data on supply will be released today.

[Shell endorses Platts changes to Brent oil market](#)

(Reuters) - Royal Dutch Shell has endorsed changes announced by oil pricing agency Platts to the way it assesses the Brent market, avoiding a damaging split.

Brent, based on four types of crude from the North Sea, sets the price of billions of dollars of daily oil trade. Since these are in dwindling supply, critics say the smaller market is prone to manipulation and can lead to higher global prices.

[Cyprus seeks Russian bailout aid, EU threatens cutoff](#)

NICOSIA (Reuters) - Cyprus pleaded for a new loan from Russia on Wednesday to avert a financial meltdown, but won no immediate relief after the island's parliament rejected the terms of a European bailout, raising the risk of default and a bank crash.

Finance Minister Michael Sarris said in Moscow he had reached no deal with his Russian counterpart Anton Siluanov, but talks would continue.

[Oil majors are whistling past the graveyard](#)

The world's "supermajor" independent oil companies — BP, ExxonMobil, Chevron, Royal Dutch Shell, and Total — project a rosy future, assuring us that oil will be abundant for decades to come. But in fact they're spending record amounts to keep oil flowing, while their production is actually falling.

The BP Energy Outlook 2030, released in January 2013, confidently asserts that oil production will keep pace with demand. Through 2030, it projects, "More than half of the growth will come from non-OPEC sources, with rising production from U.S. tight oil, Canadian oil sands, Brazilian deepwater and biofuels more than offsetting mature declines elsewhere." Indeed, BP says, the "once-accepted wisdom has been turned on its head. Fears over oil running out -- to which BP has never subscribed -- appear increasingly groundless."

Peak oil was never about "running out." That's a strawman argument. The word "peak" in peak oil simply refers to the maximum production rate of oil, as I have explained ad nauseam. While oil producers constantly trumpet new discoveries and rising reserves, they tend to avoid talking about production rates.

But reserves are meaningless if they don't amount to an increasing rate of production. If you had a billion dollars to your name, but could only withdraw \$1,000 a year, would you be worried about running out of money or paying your bills?

[So Much For 'Peak Oil'](#)

A decade ago we were running out of oil. Now, new discoveries and technologies has left us brimming with fossil fuels. Have we gone from too little energy, to too much?

[Anadarko, Partners Rise on Gulf of Mexico Oil Find](#)

Anadarko Petroleum Corp. rose the most in four months after announcing an oil discovery in the U.S. Gulf of Mexico that may produce more than half a billion barrels of crude.

Anadarko rose 3 percent to \$85.80 at 8:41 a.m. in New York, the biggest increase since Nov. 6. Partners in the Shenandoah-2 deep-water well also gained, including Cobalt International Energy Inc., up 7.3 percent, ConocoPhillips up 1.6 percent and Marathon Oil Corp. up 1.4 percent.

[Gazprom Said to Seek Stake in Eni's Mozambique Gas Assets](#)

OAO Gazprom is seeking a stake in Eni SpA's Mozambique assets as Russia's gas export monopoly strengthens its partnership with Italy's largest oil company, according to two people with knowledge of the matter.

Gazprom has been discussing the acquisition of a stake in Mozambique's Area 4, where Eni has discovered 75 trillion cubic feet of gas in offshore fields, said the people, asking not to be identified because talks are private. The size of the stake has yet to be agreed on in negotiations that may not end in a deal, they said.

[Xi's Russia visit to prompt oil, gas deals](#)

BEIJING - China and Russia are expected to strike deals on boosting oil trade and building a natural gas pipeline during President Xi Jinping's forthcoming state visit to Russia, Vice-Foreign Minister Cheng Guoping said.

[Schlumberger says Q1 North America activity weaker than expected](#)

(Reuters) - Schlumberger Ltd, the world's largest oilfield services company, warned on Monday that North American activity was coming in lower than expected in the first quarter, as fewer rigs were going back to work than it had expected.

[O' Canada! 3 Reasons to Avoid Investing in the Great White North](#)

Canadian oil isn't reaching the highest bidder.

Canadian Western Select sells for a \$35/brl discount to the world benchmark price. Why has this happened? Massive production growth from the Bakken and Eagle Ford formations have overloaded pipeline capacity. For most of the industry's history, pipeline shipped crude inland from the coast. Today, energy economics have completely reversed and there's no capacity to access higher prices in premium international markets.

[Phillips 66 Signs Domestic Crude Logistics Agreements To Increase Access to Secure, Advantaged Crude](#)

HOUSTON--(BUSINESS WIRE) - As an energy manufacturing company, Phillips 66 is helping to shape the energy revolution in the U.S. by increasing supplies of cost-advantaged North American crude oil to its U.S. refineries. Phillips 66 has reached agreements with several logistics providers for rail loading and terminaling services and a pipeline project, all of which support a rapidly changing domestic energy landscape and energy security.

[Iran resumes heavy oil project abandoned by India's ONGC](#)

Tehran (Platts) - Iran is re-appraising an offshore oil field that India's Oil and Natural Gas Corporation (ONGC) had abandoned as commercially non-viable, the semi-official Mehr news agency reported Wednesday.

[Oil Minister to move EGoM on changing priority of gas supply](#)

NEW DELHI: With power plants, involving investments of Rs 100,000 crore, facing closure due to natural gas shortage, Oil Minister M Veerappa Moily on Wednesday said he will move a note for the consideration of high powered ministerial group to change priority of allocation of the fuel as well as pooling price of imported and domestic gas.

[Finding Iraq's Economic Miracle](#)

Can anything compel Maliki to forge an accommodation with Sunnis, his Shiite rivals and the increasingly independent Kurds? Certainly not the U.S., which despite giving billions of dollars in aid (\$57 billion from 2003 to 2012, and about \$2 billion this year) has virtually no influence in the country it tried to remake.

It's possible, however, that market forces have a shot. Maliki's government is sustained by oil-fed graft -- Iraq surpassed Iran as the Organization of Petroleum Exporting Countries' second-largest exporter last year. If the flow of oil revenue dries up, so will the government's political support. Thus it may be good news that when the government took bids on a fourth round of oil licenses last year, none of the major Western companies bothered to show up.

[Iraq's people yet to feel benefit of oil boom](#)

Iraq's economy is expanding and government coffers are swelling, but Sabah Nuri, like many Iraqis who still struggle with poverty and poor services, has yet to see the benefits of rising oil exports.

Nuri is lucky: he has a job, albeit a relatively menial one, and a roof over his head. But he barely manages to cover the costs of rent, food and the regular payments for the neighbourhood generator used to meet the vast power shortfall.

[Iraq says fifth oil licensing round will be in next few months](#)

RAVENNA, Italy (Reuters) - OPEC member Iraq's fifth licensing round for oil exploration will be held in the next few months and will come from 10 oil blocks, its oil minister said on Wednesday.

Iraq, which has some of the world's largest oil reserves is pushing hard to develop the industry, shattered by years of war and instability.

['Heavyweights weigh in' for Lebanon round](#)

Major multinationals are among 97 oil companies that are looking to submit bids in Lebanon's inaugural offshore licensing round, an Energy Ministry official was reported as saying on Wednesday.

"Almost all the international oil companies have shown interest. It is a good sign how many companies are interested in the bidding process," the official told Reuters.

[Gazprom, MND Group to build underground gas storage facility in Czech Republic](#)

Moscow (Platts) - Russia's Gazprom Wednesday signed a deal with Czech oil and gas producer MND Group to build a new underground gas storage facility in Damborice, in the South Moravian region of the Czech Republic.

"The underground gas storage facility will have an active capacity of 448 million cubic meters and will be one of the largest facilities of its kind in the Czech Republic," Gazprom said in a statement.

[Households warned of new fuel bills squeeze as energy giants predicted to treble profit margins this year](#)

Energy companies are on track to more than triple their margins in the next 12 months,

bumping up the average profit up to £110 per customer each year, according to industry regulator Ofgem.

[State and Federal Inquiry Asks Whether Heating Oil Companies Cheated Customers](#)

State and federal authorities are investigating whether several New York heating oil businesses cheated tens of thousands of customers for years, selling fuel diluted with waste or recycled oil, according to law enforcement and city officials. Two related civil lawsuits make similar accusations against two other companies that in recent years have sold tens of millions of gallons of oil to New York City and New York State for schools, housing complexes, universities, hospitals and other buildings.

[Transocean Icahn Defense Seen With Deal Focus: Real M&A](#)

Transocean Ltd., the offshore oil driller under pressure from billionaire Carl Icahn to boost its dividend, would be better off using some of its extra cash on acquisitions to shore up lagging growth.

[Green groups accused of gas 'alarmist propaganda'](#)

The Australian Petroleum Production and Exploration Association (APPEA) has been visiting the mid-west to gather support for the developments.

The association's chief operating officer, Stedman Ellis, says people's confidence is often shattered by alarmist and incorrect propaganda about the industry.

He says onshore developments can provide many benefits, including jobs for rural communities.

[UK Budget: shale gas industry says it doesn't need subsidies](#)

The shale gas industry does not need any subsidies to succeed in the UK, a lobbyist for the sector has told RTCC.

Wednesday's UK Budget could include support for firms looking to frack for shale gas in Britain, but Nick Grealy, a pro-shale gas activist stressed that the industry is not asking for financial support.

[German scientists quit oilsands research over public concern](#)

EDMONTON - Environmental concerns have forced Germany's largest scientific organization to pull out of a joint research program with Alberta on better ways to upgrade oilsands bitumen.

A spokesman for the Helmholtz Association says criticism in the European country led the pullout.

[NRC Delays Action on Vent Plan While to Study Options](#)

U.S. nuclear regulators delayed action on a recommendation that utilities install radiation filters at 31 U.S. reactors, a victory for the industry that estimated the proposal may cost as much as \$20 million per unit.

The Nuclear Regulatory Commission yesterday said its staff should consider other approaches that would block release of radiation during an accident. The standards, developed in response to the Fukushima nuclear disaster in Japan, must be in place by March 2017, according to a commission statement.

[Robots have failed Fukushima Daiichi and Japan](#)

FORTUNE -- Two years since a shudder in the Earth's crust devastated Japan, the country's scientists and engineers are still attempting to develop technologies to make Fukushima safe from radiation. But progress has been slow and—because of institutional failings—more advanced technologies have not been available to workers at the site.

A country known as a technological superpower ultimately had to rely on low-tech methods during the disaster, including dumping water from the air to cool the raging reactors. High radiation levels prevented engineers from approaching critically damaged areas at the plant two years ago—and still does so today. Robots that some expected to be on call were conspicuously absent. The country faces a bill of between \$1 billion and \$2.5 billion dollars to dismantle the Fukushima plant, and 40 years until it is safely decommissioned.

[Britain Approves Construction of New Nuclear Power Plant](#)

LONDON — The British government on Tuesday cleared away the last big regulatory hurdle for building the country's first new nuclear power plant in nearly 20 years. But whether construction will proceed remains uncertain, because the government has not finalized financial terms with the builder, EDF Energy.

[Japan Steel May Forge Ventures to Make Nuclear Parts in Asia](#)

Japan Steel Works Ltd., a nuclear parts supplier for customers from Areva SA to Hitachi Ltd., is considering tieups in Southeast Asia and India after the Fukushima disaster squeezed demand at home and in the U.S.

The company will have a tough time generating orders in the next two years, President Ikuo Sato said in an interview in Tokyo. Forging ventures to make valves, tubes and

other smaller parts involved in nuclear reactor construction will help open export markets for key products, he said.

[Los Angeles Halts Using Electricity From Coal Plants](#)

Los Angeles will become the biggest U.S. city to abandon coal-fueled electricity after the taxpayer- owned utility said it will support renewable sources, boost energy efficiency and build a new natural-gas fired plant.

The city's Department of Water and Power, the nation's largest municipal-owned utility, will phase out the electricity it imports from the Navajo Generating Station in Arizona and Intermountain Power in Utah, according to a statement yesterday. The two coal plants provide 39 percent of the city's power.

[US wind and biofuels potential exceed oil reserves](#)

The USA's onshore wind and biofuel resources are larger than the country's proven oil reserves, according to a new study by Bloomberg New Energy Finance (BNEF).

It estimates commercial and potentially commercial projects could generate 46 billion barrels of oil equivalent (bboe), compared to the USA's 31 bboe proven oil reserves.

[China Seen Cutting Subsidy for Largest Solar Projects](#)

China, forecast to become the biggest solar market this year, may restructure its subsidies to favor smaller projects over larger ones to promote new plants in areas with power shortages, an industry official said.

A new policy may abolish one-time subsidies, Meng Xiangan, vice chairman of the China Renewable Energy Society in Beijing, said in an interview. At the same time, a separate subsidy based on power production would be extended to low-voltage plants that don't typically supply utilities, he said. Meng's organization acts as a liaison between the government and industry.

[Suntech Says Chinese Banks Seek Insolvency for Main Unit](#)

Suntech Power Holdings Co. Ltd. said eight Chinese banks are seeking a restructuring of its main solar manufacturing unit under a court insolvency process that would be the biggest renewable energy bankruptcy to date.

The company, which was the largest solar panel maker in 2010 and 2011, said it will not object to the filing in the Wuxi Municipal People's Court in the Jiangsu province where it is based, according to a statement today on PR Newswire. Suntech last week defaulted on

\$541 million of bonds as excess capacity cut the cost of solar technology in half since 2010.

[Another Milestone For Cape Wind, The First U.S. Offshore Wind Farm](#)

The U.K., China, Belgium and Denmark have been leading the world in offshore wind power production, and if you're wondering where the U.S. has been, join the club. Despite our tantalizingly long coastlines, the U.S. has no offshore wind farms, at least not yet. That's one reason why we've been following the ambitious Cape Wind project so closely as it navigates a long and torturous route through the approval process and into the financing stage. At a whopping 468 megawatts, Cape Wind will be the first offshore wind farm in the U.S. and it is destined to be just the first in a string of utility-scale offshore wind farms all up and down the Eastern Seaboard.

[Spinning Sewage into Gold](#)

The Inland Empire Utilities Agency's Regional Water Recycling Plant No. 1 sits next to a golf course 40 miles east of downtown Los Angeles. It's been treating wastewater from the small city of Ontario and other nearby exurbs since 1948. The plant scoops up large objects and screens out sand and gravel for disposal in a landfill, then adds and removes chemicals and nutrients before the de-poopified water is used for irrigation or discharged into nearby Cucamonga Creek. It's an unremarkable facility, like thousands of similar ones across the United States, doing the grunt work of modern life that most people would rather not think about.

It was unremarkable, that is, until last October. On a blustery Friday, the wastewater treatment facility hooked up to a new 2.8-megawatt stationary fuel cell power plant. That's not a great deal of electricity—enough to supply about 2,000 homes—but it's the largest fuel-cell plant making electricity from biogas in the United States, and it now provides 60 percent of the power that Plant No. 1 had been getting from the grid.

[Soccer as an Energy Source](#)

The world's most popular sport is also its newest energy source. The "for-profit social enterprise" Uncharted Play has developed a soccer ball that can power an electric lamp. Aimed at helping impoverished communities with no access to generated power, the Soccket uses a "pendulum-like mechanism" to build up and store kinetic energy created by the rolling motion of the ball. According to Uncharted Play, 30 minutes of kicking the ball can keep an LED light on for three hours.

[Unwanted Electronic Gear Rising in Toxic Piles](#)

As recently as a few years ago, broken monitors and televisions like those piled in the warehouse were being recycled profitably. The big, glassy funnels inside these machines — known as cathode ray tubes, or CRTs — were melted down and turned into new ones.

But flat-screen technology has made those monitors and televisions obsolete, decimating the demand for the recycled tube glass used in them and creating what industry experts call a “glass tsunami” as stockpiles of the useless material accumulate across the country.

[At inauguration, Pope Francis appeals for protection of poor, environment](#)

Pope Francis issued an appeal for the protection of the weak, the poor and the world environment Tuesday at a special Mass marking his inauguration as the new leader of the world's 1.2 billion Roman Catholics.

During the homily, he told a crowd of up to 200,000 gathered in front of the Vatican: “I would like to ask all those who have positions of responsibility in economic, political and social life, and all men and women of goodwill: Let us be protectors of creation, protectors of God’s plan inscribed in nature, protectors of one another and of the environment.”

[U.S. Out of Vermont!](#)

Last September, about 60 Vermonters met in the chambers of the house of representatives in Montpelier to celebrate the state’s “independence spirit” and to discuss the goals of “environmental sustainability, economic justice, and Vermont self-determination.” The speaker of the house had given up the space free of charge for the one-day conference. First at the podium was a Princeton-educated yak farmer and professor of journalism named Rob Williams, one of the organizers of the event, who at 9 A.M. opened the proceedings by acknowledging what he called “some unpleasant and hard truths.” Amid the twin global crises of peak oil and climate change, the United States was “an out-of-control empire.” It was “unresponsive to the needs, concerns, and desires of ordinary citizens.”

[Quest for Illegal Gain at the Sea Bottom Divides Fishing Communities](#)

DZILAM DE BRAVO, Mexico — Whispers of high-speed boat chases, harpoon battles on the open sea and divers who dived deep and never re-emerged come and go around here like an afternoon gale.

The fishermen eye strangers — and one another — with deep suspicion. “We’ll tear them apart,” said one, Jorge Luis Palma, squinting into the horizon at a boat he did not recognize.

What has wrapped this village in such hostility?

Sea cucumbers.

The spiky, sluglike marine animals are bottom feeders that are not even consumed in Mexico, but they are a highly prized delicacy half a world away, in China, setting off a

maritime gold rush up and down the Yucatán Peninsula.

[Grocers Won't Sell Altered Fish, Groups Say](#)

Several supermarket chains have pledged not to sell what could become the first genetically modified animal to reach the nation's dinner plates — a salmon engineered to grow about twice as fast as normal.

[America's infrastructure is finally getting a bit better](#)

NEW YORK (CNNMoney) - America's recent wave of infrastructure spending is beginning to pay off.

The condition of the nation's roads, bridges, ports, railways and other critical infrastructure got a bit better over the last four years, according to a "report card" released Tuesday by the American Society of Civil Engineers. The trade group rated America's infrastructure a D+, compared to a D in 2009, the last time it was graded.

A D+ is the highest the country has ever scored in the 15 years ASCE has issued its report. It ties the grade America got in 2001.

[Ogallala Aquifer In Focus As Drought Ravages High Plains States](#)

Threatened by another summer of crop-shriveling drought, Kansans are watching a bold experiment unfold in Sheridan County, population 2,556, a sliver of the state's northwest corner. On lands dominated by agriculture, locals have agreed to across-the-board cuts to water use.

The state of Kansas didn't order the cuts, nor did a regional entity. Rather, at a time when states and locals are jockeying for water, stakeholders in the 100 square-mile "high priority" (meaning particularly parched) zone of Northwest Kansas Groundwater District 4 reached a consensus to reduce groundwater pumping by 20 percent over the next five years. They are gambling on short-term wants for a longer-term need — to preserve the aquifer their lives depend upon.

"We're doing it because we think it's right," said Wayne Bossert, the district's manager. "We have high hopes for it."

[Fears of Arctic conflict are 'overblown'](#)

BRUSSELS - The Arctic has become a new frontier in international relations, but fear of potential conflict in the resource-rich region is overblown, say experts.

For long a mystery because of its general impenetrability, melting ice caps are revealing

more and more of the Arctic region to scientists, researchers and industry.

[Rethinking coastal retreat](#)

Retreat is the option of last resort, and it's only natural that property owners will exhaust all other remedies before moving away from the shoreline. Yet, in some cases, that may be the less costly response. The real rub will come when accelerated physical change meets economic reality. In this new environment, how much are we willing to expend in state taxpayer dollars to stabilize retreating beaches, and how are we to prioritize those expenditures?

[A vision of floating cities: To cope with rising sea levels, African architect suggests building on the water](#)

Houses and roads in Lagos are built on sponge-like terrain that was once sandbars, lagoons, and mangrove swamps. Lagos is also riven with a confluence of inland rivers, adding to its vulnerability to flooding. In 2011, intense rainfall flooded homes, overwhelmed sewers, and turned streets into rivers. Hardest hit in such events are the poor. Slums already hold 70 percent of people in Lagos, a city that draws 3,000 more residents every day.

In the face of that watery future, Nigerian architect Kunlé Adeyemi, founder of the firm NLÉ and a recent visitor to Harvard, proposes a solution: Build houses that float. His African Water Cities Project envisions a future in which modular coastal dwellings are built on platforms stacked with flotation devices.

[Katrina-Like Storm Surges Could Become Norm](#)

Last year's devastating flooding in New York City from Hurricane Sandy was the city's largest storm surge on record. Though Hurricane Sandy was considered a 100-year-event — a storm that lashes a region only once a century — a new study finds global warming could bring similar destructive storm surges to the Gulf and East Coasts of the United States every other year before 2100.



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