



Drumbeat: March 22, 2013

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[For oil markets, China isn't what it used to be](#)

Fear of a Chinese economic slowdown and fiscal worries out of Europe have had more downward influence on crude prices in recent days than instability in the Middle East has had toward the upside. But for several reasons, analysts argue that China has less pull on market prices than it did even a few short years ago.

"The relationship between the Chinese economy and oil demand have long ago ceased to be one-to-one," said Pavel Molchanov, an energy analyst at Raymond James.

Last year, China had a 7.8 percent economic growth, "yet Chinese oil demand last year was up only 4 percent – half the rate of GDP," Molchanov said. "It's because China is becoming more efficient at consuming oil which has long been happening in western economies."

[The Peak Oil Crisis: The Beijing Syndrome](#)

We all know that economic growth requires the consumption of energy at roughly the same pace as GDP increases and indeed this is what has happened in China. Although the Chinese built lots of dams for hydropower, drilled lots of oil and gas wells, and in recent years imported lots of oil, some 70 percent of the primary energy that powers its rapidly growing economy comes from extremely dirty coal. Indeed since 2000 China's coal consumption has increased three fold and is now over 4 billion short tons a year, nearly half the world's coal consumption. Beijing plans to increase this consumption to 4.4 billion short tons in 2015. They are going to need it because they apparently plan to build another 360 coal-fired power plants in the foreseeable future.

[Roger Helmer: Peak Oil or false summit?](#)

The doomsters have spoken. We're facing "peak oil" – a point of maximum production, followed by an inexorable decline, when oil prices will skyrocket, and petrol and diesel cars will rust by the road-side.

In 1922, a US federal commission predicted that "production of oil cannot long maintain its present rate".

Back in the sixties, Professor Paul Ehrlich of Stanford University said that by the 70s, hundreds of millions would starve. He predicted that "within ten years" all major life in

the seas would be gone.

By 1985, mankind would enter an age of scarcity, as resources were depleted. By 1999, the population of the US would drop to 22 million. Oh, and by the way, we'd run out of oil.

[America's Big Fat Advantage](#)

For all the Obama-era talk of decline, there is at least one reason why America probably won't, at least not quite yet.

"Peak oil" and our "oil addiction" were supposed to have ensured that we ran out of either gas or the money to buy it. Now, suddenly, we have more gas and oil than ever before. But the key question is: Why do we?

[WTI Advances to Narrow Brent Discount to Eight-Month Low](#)

West Texas Intermediate crude rose to narrow its discount versus Brent to the lowest level in eight months. The European benchmark was headed for a second weekly decline.

WTI advanced as much as 0.6 percent, paring its first weekly decline in three, as the euro strengthened against the dollar amid speculation the banking crisis in Cyprus will be contained. Cypriot lawmakers start a debate today on ways to unlock bailout funds to avoid a financial collapse. Libya shut two oil fields because of fighting, according to a report yesterday from the state LANA news agency.

[China Crude Stockpiles Drop to One-Year Low; Diesel Supply Gains](#)

China's commercial crude inventories dropped to the lowest level in a year in February, while diesel stockpiles climbed to the highest in 10 months.

Crude supplies, excluding emergency reserves, fell 2.9 percent from a month earlier, according to the official Xinhua News Agency's China Oil, Gas & Petrochemicals newsletter today. Inventories declined to 28.02 million metric tons, or 205 million barrels, the lowest since February 2012, according to calculations by Bloomberg based on the data. Diesel inventories rose 18 percent to 11.19 million tons, the highest since April.

[U.K. Gas Prices Jump to Seven-Year High as Belgian Supplies Halt](#)

U.K. natural gas surged to its highest price in seven years as imports from Belgium equivalent to almost one quarter of the nation's demand halted and storage levels

dropped to a record.

Gas for today jumped as much as 54 percent, reaching the highest level since March 17, 2006, according to broker data compiled by Bloomberg. Flows through the pipeline from Zeebrugge to Bacton on the east coast of England halted at about 7 a.m. London time after earlier today reaching a record 79 million cubic meters a day, National Grid Plc data show.

[Britain's running out of gas: just how critical is it?](#)

Why are gas reserves so low? Two factors are at play: the "dwindling" supply of gas from the North Sea and the "limited" size of the UK's gas storage facilities.

[Natural Gas Falls From \\$4 on Smaller-Than-Forecast Supply Drop](#)

Natural gas futures slid after trading at an 18-month high above \$4 following a government report showing that U.S. stockpiles declined by less than expected last week.

Gas slipped 0.6 percent after rising to \$4.025 per million British thermal units, the highest intraday price since Sept. 15, 2011. Energy Information Administration data showed that inventories fell 62 billion cubic feet in the week ended March 15 to 1.876 trillion cubic feet. Analyst estimates compiled by Bloomberg showed an expected withdrawal of 70 billion.

[Time running out on Russia-China gas stalemate](#)

MOSCOW/BEIJING (Reuters) - A hardball game on price may leave Russia empty-handed after 15 years of talks on a deal to supply China with gas, with Beijing able to shop around thanks to a wider choice of suppliers.

As China's new President Xi Jinping meets Russian President Vladimir Putin, prospects are dim for substantial progress on a deal between the world's largest conventional gas producer and its fastest growing energy consumer.

[Cheap natural gas helps Chevron leapfrog Shell in market value](#)

Chevron Corp, after years of living in the shadow of Exxon Mobil Corp, has grown accustomed to having to punch above its weight, and it has now landed a notable blow against another big oil company.

Though it ranks fourth in oil and gas reserves among the world's non-government-controlled producers, the California major recently seized the number two spot from Royal Dutch Shell Plc in terms of stock market valuation.

[Cnooc Profit Falls on Capital Spend, Slowing Output Growth](#)

Cnooc Ltd. reported lower 2012 profits that missed analyst estimates, as China's biggest offshore oil producer spent more to revive output growth, an effort underscored by its \$15.1 billion takeover of Canadian oil producer Nexen Inc.

Net income fell to 63.7 billion yuan (\$10.3 billion) in the 12 months ended Dec. 31 from 70.3 billion yuan a year earlier, the company said in a statement to the Hong Kong stock exchange today. That compared with the 65.3 billion yuan mean of 29 analyst estimates compiled by Bloomberg. Sales climbed 2.8 percent to 247.6 billion yuan.

[Rosneft closes TNK-BP deal, now world's largest oil producer](#)

Russian state oil company, Rosneft, has closed a 43-billion-euro deal making it the world's largest oil producer.

That represents a victory for the company's chief executive Igor Sechin, a close confidant of Russian President Vladimir Putin, and sees the government tighten its grip on the energy sector.

It is the biggest deal in Russia's corporate history.

[Gazprom, CNPC Discuss Advance Payments For Gas Via Eastern Route - Interfax](#)

Russia's state-run gas company, OAO Gazprom, is in discussions with the China National Petroleum Corp. on advance payments for gas supplies to be delivered via the eastern route, a senior Gazprom official told Interfax Friday.

[Looming divorce could threaten U.S. oil baron's empire](#)

Continental Resources chief executive Harold Hamm, one of America's wealthiest and most influential businessmen, is embroiled in a contentious divorce that could lead to a record financial settlement and threaten his control of America's fastest-growing oil company.

Sue Ann Hamm, Harold Hamm's second wife and a former executive at Continental, filed for divorce on May 19, 2012, Oklahoma court records show.

[BP announces \\$8 billion share buyback](#)

LONDON (AP) — Oil company BP said Friday it will buy back \$8 billion in shares after

completing a landmark deal for TNK-BP.

Friday's announcement comes after BP completed the sale of its 50 percent interest in TNK-BP to state-owned Rosneft. The deal allowed Rosneft, the Russian oil giant, to tighten its grip on the country's lucrative oil industry.

[Cameron Won't Face Punitive Claims in BP Spill Lawsuit](#)

Cameron International Corp. won't have to face punitive damage claims and a Schlumberger Ltd. unit will be dismissed from lawsuits over fault for the 2010 BP Plc Gulf of Mexico oil spill, a federal judge ruled.

U.S. District Judge Carl Barbier in New Orleans refused yesterday to dismiss gross negligence and willful misconduct claims against BP, Halliburton Co. and Transocean Ltd., based on testimony in a non-jury trial over liability for the fatal 2010 explosion on the Deepwater Horizon rig.

[Canadian and U.S. natives vow to block oil pipelines](#)

OTTAWA (Reuters) - An alliance of Canadian and U.S. aboriginal groups vowed on Wednesday to block three multibillion-dollar oil pipelines that are planned to transport oil from the Alberta tar sands, saying they are prepared to take physical action to stop them.

The Canadian government, faced with falling revenues due to pipeline bottlenecks and a glut that has cut the price for Alberta oil, say the projects are a national priority and will help diversify exports away from the U.S. market.

[Energy firms, environmental groups agree on tough new fracking standards](#)

PITTSBURGH -- In an unlikely partnership between longtime adversaries, some of the nation's biggest energy companies and environmental groups have agreed on a voluntary set of standards for gas and oil fracking in the Northeast that appear to go further than existing state and federal pollution regulations.

The program announced Wednesday will work a lot like Underwriters Laboratories, which puts its UL seal of approval on electrical appliances that meet its standards. In this case, drilling and pipeline companies will be encouraged to submit to an independent review of their operations, and if they are found to be taking certain steps to protect the air and water, they will receive the blessing of the brand-new Pittsburgh-based Center for Sustainable Shale Development.

[N.Y. Dairy Farm With Gas Leases Urges End to Drill Ban](#)

A New York dairy farm and a Norwegian energy company asked an appeals court to throw out drilling bans imposed by two towns as a five-year moratorium on hydraulic fracturing in the state nears an end.

Attorneys for the dairy farm, Cooperstown Holstein Corp., and Norse Energy Corp. urged the four-judge state appellate panel in Albany, New York, to overturn lower-court rulings that upheld drilling bans instituted in the towns of Dryden and Middlefield, saying state regulations of the oil and gas industry supersede local zoning laws.

[Senate Panel Approves Obama's Choice for Interior Dept.](#)

WASHINGTON – President Obama's nominee to lead the Interior Department, Sally Jewell, cleared her first hurdle on the way to confirmation on Thursday, winning approval of the Senate Energy and Natural Resources Committee by a large bipartisan margin.

[Obama Energy Pick's Gas Study Faulted Over Industry Ties](#)

President Barack Obama's nominee for energy secretary is drawing criticism for leading a study that minimized risks of natural gas while failing to disclose that some of its researchers had financial ties to the industry.

The nominee, Ernest Moniz, is head of the Massachusetts Institute of Technology's Energy Institute, which issued a report in 2011 that said the environmental risks of increased drilling and production "are challenging but manageable."

[Analysis: Thrifty truckers wary of pricey natural gas vehicles](#)

LOS ANGELES (Reuters) - Truckers considering natural gas as an alternative to high-priced diesel say the cost of vehicles that run on the cheap and cleaner-burning fuel is still too high for them to see a timely payback on their investment.

A push to run more of the nation's truck fleet on cleaner, domestically produced natural gas is rapidly gaining momentum.

Suppliers like T. Boone Pickens' Clean Energy Fuels, Royal Dutch Shell and China's private ENN Group are scrambling to build natural gas fueling stations along U.S. highways, while Cummins-Westport Inc will begin later this year selling a 12-liter natural gas engine able to power the biggest trucks on the road.

[Boeing Faulted by NTSB for Comments on 787 Battery Fix](#)

U.S. officials rebuked Boeing Co. for comments its executives made at a media briefing on plans to get the grounded 787 Dreamliner flying again.

The National Transportation Safety Board said Boeing didn't inform investigators about what it planned to say in the March 15 briefing in Tokyo, which is "inconsistent with our expectations" from a company involved in an accident probe, agency General Counsel David Tochen wrote in a letter yesterday.

The letter signals tension in an investigation with high stakes for Boeing, which is trying to limit damage to the image of its high-efficiency plane once it's cleared to fly.

[NextEra Sues Banks Over Solar Funding Equity Guarantee](#)

NextEra Energy Capital Holdings Inc., a unit of NextEra Energy Inc., sued banks including Banco Bilbao Vizcaya Argentaria SA to clarify its financing obligations to solar power projects in Spain.

NextEra Energy, the largest U.S. wind-power operator, sued 16 banks yesterday in Manhattan federal court, asking a judge to interpret a 2011 credit "guarantee agreement" in light of recent changes in Spanish law.

[Solar Glut Survives Suntech as Customers Seek Alternative](#)

A day after Suntech Power Holdings Co. Ltd. became the solar industry's biggest corporate failure, workers continued to load and unload trucks at its main factory in China, adding to the global oversupply of panels.

Seven employees and contractors passing through the gates at the facility in Wuxi, about 75 miles west of Shanghai, when questioned by Bloomberg News said Suntech was operating after this main unit tipped into insolvency. The company, which is seeking local government aid and hired an executive from a state-backed company in Wuxi, said it plans to continue working while a Chinese court restructures \$2 billion in debt.

[Renewed Tax Credit Buys Wind-Power Projects](#)

After a deep slump at the end of last year, the wind industry is picking up.

First Wind, a Boston-based developer and operator that was sitting on a pile of stalled projects with the potential to power roughly 300,000 homes, now expects to go forward with many of them.

[Apple Says Data Centers Now Use 100% Renewable Energy](#)

Apple Inc. now uses only renewable energy sources to power its data centers, the iPhone maker said in an updated report on its environmental policies.

The company's data centers now run on energy sources such as solar, wind and geothermal, instead of coal or other fossil fuels, Apple said on its website. The centers house server computers that store and distribute songs, applications and other content from services such as iTunes, iMessage and iCloud.

[New Reasons to Change Light Bulbs](#)

People sometimes have trouble making small sacrifices now that will reward them handsomely later. How often do we ignore the advice to make a few diet and exercise changes to live a longer, healthier life? Or to put some money aside to grow into a nest egg? Intellectually, we get it — but instant gratification is a powerful force.

You don't have to be one of those self-defeating rubes. Start buying LED light bulbs.

[Family moves into first net zero Active House in the U.S.](#)

We've seen plenty of impressive net zero houses in the past, from the motion-controlled CHIP House in California to the budget-priced Sosoljip in South Korea. But one issue that seems predominant in most energy-neutral homes is that they typically take on a design that doesn't suit many suburban areas. That may soon change though with the first Active House, which uses natural lighting and ventilation to reduce its energy consumption while still blending in with the architecture of the surrounding neighborhood.

[As Pollution Worsens in China, Solutions Succumb to Infighting](#)

So severe are China's environmental woes, especially the noxious air, that top government officials have been forced to openly acknowledge them. Fu Ying, the spokeswoman for the National People's Congress, said she checked for smog every morning after opening her curtains and kept at home face masks for her daughter and herself. Li Keqiang, the new prime minister, said the air pollution had made him "quite upset" and vowed to "show even greater resolve and make more vigorous efforts" to clean it up.

What the leaders neglect to say is that infighting within the government bureaucracy is one of the biggest obstacles to enacting stronger environmental policies. Even as some officials push for tighter restrictions on pollutants, state-owned enterprises — especially China's oil and power companies — have been putting profits ahead of health in working to outflank new rules, according to government data and interviews with people involved in policy negotiations.

[Irish Minister Optimistic on EU Carbon Fix Success](#)

Ireland favors a European Union plan to bolster the bloc's emissions trading system and

expects EU lawmakers to support the measure, the country's environment minister said.

Carbon permits for delivery in December jumped as much as 14.6 percent after the comments by Phil Hogan, whose country holds the EU's rotating presidency until June 30.

[Tories scrambling to keep energy-based economic agenda on track](#)

MONTREAL—It's hard for a seven-year old government to correct its course when the turn not taken is but a distant point in its rear-view mirror.

For Stephen Harper's Conservatives, missing the fork in the road that could have led Canada to a more environmentally-sustainable economy is turning out to be anything but a shortcut to lasting prosperity.

[Carbon Tax Proposition as a Trade-off for Keystone XL Pipeline is a Crazy Idea for Canada say Friends of Science](#)

Carbon taxes in Europe have forced families into a 'heat or eat' crisis, white collar crime in the carbon trades and sky-rocketing energy prices that devastate small business. Carbon taxes do nothing for the environment while removing billions of dollars from the productive stream of value-added enterprises like manufacturing, innovation and hi-tech; why would Canada want to destabilize the only working economy in the Western World.

[What Zombie Films Can Teach Us About Climate Change](#)

Dawn of the Dead, George A Romero's classic 1978 satire on consumer society, opens in a chaotic television studio. An unnamed expert and a TV presenter are sat across from each other, with panic unfolding all around them, and the expert is trying to convince the presenter that the dead are coming alive. The expert shouts accusingly to the presenter, 'Do you believe the dead are returning to life and attacking the living?' To which the presenter replies, 'I'm not sure what to believe doctor. All we get is what you people tell us.' As the camera pans away to a TV studio being rapidly abandoned by the traumatised staff, we hear the exasperated expert cry out: 'What will it take to make you people see?'

This scenario, with the frantic expert desperately trying to convince an incredulous audience of the desperateness of the situation, has many echoes with the increasingly alarmed tone present in much of the climate change discourse. Clive Hamilton noted a mood of 'barely suppressed panic' amongst scientists in his 2010 book *Requiem for a Species* and the environmental journalist Ben Cubby recently commented on Twitter that, 'Talking to well-informed climate scientists is starting to become a very depressing experience. We really are in trouble here.' It seems fair to say there is, at the very least, a new sense of urgency, especially following the record Arctic ice melt in 2012. In this article I want to talk about this sense of panic, and how expert opinion shapes our

understanding of climate change risk. I will attempt to show why powerful actors have promoted the claim of a two degree dangerous limit, and the negative implications of the two degree limit idea for democracy and social progress.

[Pre-Viking tunic found by glacier as warming aids archaeology](#)

"It's worrying that glaciers are melting but it's exciting for us archaeologists," Lars Piloe, a Danish archaeologist who works on Norway's glaciers, said at the first public showing of the tunic, which has been studied since it was found in 2011.

A Viking mitten dating from 800 AD and an ornate walking stick, a Bronze age leather shoe, ancient bows, and arrow heads used to hunt reindeer are also among 1,600 finds in Norway's southern mountains since thaws accelerated in 2006.

[Can We Predict When People Will Abandon the Jersey Shore?](#)

Diamond City, North Carolina, is not actually a city, in that no one actually lives there. People did live there, though, back in 1899. That was when a major hurricane hit the community, on a small barrier island near Cape Hatteras. Homes were destroyed, animals were killed, and graves were uncovered or washed away in the storm according to a conservation group in the area. By 1902, all 500 residents in Diamond City had picked up and left.

The people there didn't have computer climate models, or rapidly rising seas, or any understanding of increasing storm vulnerability; they just had a desire not to deal with what they assumed would be a constant problem. That problem, of course, is one that anyone living on the East Coast is confronting, especially with the waters of Hurricane Sandy still slowly receding from our coastal consciousness. The question is, when should people in New Jersey, Long Island, Maryland, and elsewhere start thinking about leaving behind their own versions of Diamond City?

[Climate change will hit farmers hardest, says scientist](#)

An Australian climate expert says the science is now clear and that the section of the population in Australia that is most likely to be hit by climate change is farmers.



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