



# DrumBeat: February 3, 2007

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## A Civil War inside OPEC

A showdown within OPEC may soon erupt. Iran and Saudi Arabia are at odds over oil cuts. Could this fissure lead to OPEC's dissolution?

#### In This Corner

Iran and Venezuela have a few things in common. And, although both share a hatred for the U.S., the bond I'm referring to is their desperate need for higher oil prices.

Both have smaller production capacities than Saudi Arabia, so they would benefit from selling less oil at greater prices.

## Global warming: the final warning

According to yesterday's UN report, the world will be a much hotter place by 2100. This will be the impact...

+2.4°: Coral reefs almost extinct

+3.4°: Rainforest turns to desert

+4.4°: Melting ice caps displace millions

+5.4°: Sea levels rise by five metres

+6.4°: Most of life is exterminated

Europeans hooked on Russian gas face tough choices in search for substitutes

Europe wants to break its decades-old dependence on increasingly unreliable Russian natural gas supplies amid fears that Moscow is using its vast energy resources as a foreign policy tool.

But there's no easy way out.

### Green giant Russia to produce 1 billion tons of biomass for exports

[Minister for Agriculture Alexej] Gordejev says his country's current bioenergy production potential for exports stands at a whopping *1 billion tons* of biomass per year. According to the official journal of Russia's agriculture ministry, 20 million hectares of land are *immediately* available for biomass production.

1 billion tons of biomass roughly equals 15 Exajoules of energy, or 2.46 billion barrels of oil equivalent, or the equivalent of 6.7 *million barrels of oil per day*. Russia currently produces some 9.15 million bpd of fossil oil.

#### EU will need imports to hit biofuel targets

Europe will need to import thousands of tonnes of bio-fuels to hit stringent new targets proposed by Brussels yesterday.

#### Don't blame Mexican tortilla crisis on biofuels, blame subsidized corn instead

We have received some sharp questions from readers on why we do not report on Mexico's widely covered 'tortilla crisis'. Don't these protests prove that there is a growing conflict between food and fuel? We don't think so. The questions stem from the unnuanced way in which mainstream media report on biofuels. The price increases of tortillas in Mexico are not due to biofuels as such, they are entirely due to the fact that corn and corn ethanol are extremely heavily subsidised in the U.S. and protected against foreign competition by high tariffs. Biofuels and U.S. corn ethanol are two entirely different things.

#### China: Increased search for offshore oil

China's top economic planner has called for greater offshore exploration efforts from local oil giants to meet soaring energy demand.

"Chinese oil producers are doing a good job extracting oil and gas on land, but not in the deep sea. More efforts are needed in this field," Zhao Xiaoping, head of Energy Bureau under the National Development and Reform Commission (NDRC), said on Friday.

## North Sea gas and oil boom threatens dolphins

Marine conservationists have called for permanent protection of one of the UK's most important colonies of dolphins which is being threatened by a boom in North Sea oil and gas exploration.

## Dmitry Orlov: Collapse and its discontents

It's been a couple of years since I started writing on the subject of economic collapse, as it occurred in Russia and as it is likely to occur here in the United States. Thus far, I remain reasonably content with my predictions: it's all lining up, slowly but surely.

## Cyprus: Oil Dispute with Turkey Won't Go Before UN

Cyprus said Friday that it will not bring the oil exploration dispute with Turkey to the UN Security Council at the moment.

Government spokesman Christodoulos Pashiardis made the statement in an apparent response to a U.S. call for refraining from actions that might further raise the tension.

## Iran: The war has already begun

As opposition grows in America to the failed Iraq adventure, the Bush administration is preparing public opinion for an attack on Iran, its latest target, by the spring.

Nippon Oil acquires North Sea oil/gas rights

Nippon Oil Corp., Japan's biggest oil refiner, has acquired stakes in six oil and natural gas blocks in the North Sea, a financial daily said on Saturday.

## Analysis: European wind power

The market for European wind power capacity broke new records in 2006, according to the annual statistics issued by the European Wind Energy Association (EWEA). 7,588 MW of wind power capacity, worth some €9 billion, was installed last year in the EU, an increase of 23% compared to 2005.

Report Finds Energy Efficiency and Renewables Can Slash U.S. Carbon Emissions

The Solar Energy Society report says meeting that challenge in the United States will require Congress and the White House to make major changes in U.S. energy policy.

## Silicon Valley Focuses On Solar Power

The Oil Drum | DrumBeat: February 3, 2007

Silicon Valley is also poised to lead the way in developing alternative energy sources. Solar is in fact, the most rapidly growing energy sector and demand is driving innovation.

#### Tortilla crisis hits the poor as clean fuel drives up corn price

Tens of thousands of farmers, trade unionists and consumers gathered in Mexico City's central square this week to protest against the rising price of the staple of the Mexican diet since pre-Hispanic times. "No corn, no country," protesters chanted as they massed for the first big demonstration against Mr Calderón. Workers on the minimum wage could now spend a third of their earnings on tortillas alone.

The crisis, in which the price of tortillas has risen by 40 per cent in three months, has been blamed on a variety of factors, including hoarding by grain monopolies, rampant speculation and the North American Free Trade Agreement. Prices have also been affected by an increased US demand for corn as a source of ethanol, the alternative, ecofriendly fuel.

#### No time to waste in pursuing advances in energy

The administration is late getting around to dealing with the energy crisis. However, those of us in the environmental and conservation field are accustomed to the old saying "better late than never."

## Comrade Hillary Tackles "Obscene Profits"

Ever the opportunistic populist, Comrade Hillary Rodham Clinton is seeking to make class warfare the hallmark of her 2008 presidential campaign.

Speaking before a room filled with hypnotized Democrats, Her Ladyship declared that she wants government to take excessive oil profits and "put them into a strategic energy fund."

## 15 points to break with oil addiction

1. Human addction to energy consumption has spiralled to an unsustainable level in which oil is the hard drug of the global capitalist economy.

Addax Petroleum Ups Security Measures in Nigeria After Contractor Death

Peak oil production is between 10 and 20 years' away, according to Europe's biggest car maker, Volkswagen.

After that, failing supplies and increasing demand will push fuel prices even higher. VW is calling for a drive towards a second generation of biofuels, claiming that firstgeneration fuels such as ethanol and biodiesel, compressed natural gas and liquid petroleum gas have different molecular structures, require the release of large amounts of carbon to produce (in some cases they release more CO<sub>2</sub> than their equivalent fossile fuels) and require new production, storage and delivery infrastructures.

#### Peak Oilers' Error

Peak oil advocates argue that we are at or rapidly approaching the beginning of a long decline in oil production, having reached the "peak" of oil resources. Combined with the increase in oil use, some in the peak oil community are predicting dramatic consequences, says the Washington Policy Center (WPC).

These predictions, however, don't match the facts, says WPC...

## Oil-rich Venezuela's leader urges energy conservation

With the zeal of a die-hard environmentalist, President Hugo Chavez plans to invest some of Venezuela's oil wealth in manufacturing solar panels and has begun giving out millions of energy-saving fluorescent light bulbs in homes nationwide.

Though his country survives on oil sales, Chavez is increasingly talking up the environmental cause and urging the world to cut back on oil consumption to prevent climate change.

## Let Them Drive Corn

Facing a collapsing ideology, conservatives are now scrambling for damage control.

## A canary in the Chinese coal mine

The wheat farmers of Donglu village can't sell their harvest. The wheat kernels are dark, sooty, hollow and twisted.

"Nobody wants to buy it, so we have to eat it at home," says Zhang Xiaojiao, a farmer in the village.

The Oil Drum | DrumBeat: February 3, 2007

"Look at it," she says, brandishing a handful of the stuff. "It doesn't taste good. It tastes bitter. It's because of the coal pollution. But nobody cares about us, and nobody comes to investigate."

#### *Limits to Growth* co-author says collapse due to climate possible

If climate change sparks a global collapse this century, future historians are unlikely to acknowledge what caused it, says Norwegian scholar Jorgen Randers.

#### Canada does not see greenhouse gas cuts soon

It is unlikely that Canada will be able to reduce greenhouse gas emissions at all in the next few years, let alone achieve the major cuts needed to meet its Kyoto targets, Prime Minister Stephen Harper said on Friday.

## Peak Oil Passnotes: The Iraqification of Iran

The war in Iraq has been a huge success for the elite in the United States, it is they who will eventually work with the Iraqi oil reserves and make the profits they so richly deserve. The same process will be undertaken with Iran, the first step being economic degradation, a move the United States will be successful in accomplishing.

Then ten years down the line, during the next Republican administration, the full Iraqification of Iran can begin. Or should that be the Central Americanisation of Iran. Simply destroy its infrastructure, reduce the population to desperation and they will pose you no threat, and the right people will eventually get access to the energy reserves.

## Bolivian protesters shut down pipeline

Protesters forced the shutdown of a natural gas pipeline serving several of Bolivia's largest cities to demand that President Evo Morales broaden his petroleum nationalization and expand state energy company operations in southern Bolivia.

## Venezuela vows Orinoco oil takeover by May Day

Venezuelan President Hugo Chavez on Thursday set the world's biggest oil companies a May Day deadline to surrender control of multibillion-dollar crude projects, accelerating his raft of nationalizations. Fear of runaway global warming pushed more than 40 countries to line up Saturday behind France's bid for a new environmental body that could single out - and perhaps police - nations that abuse the Earth.

## How language on climate change has evolved

A brief look at how language on climate change has evolved, gradually showing that man-made factors are to blame.

#### Ten years left to avert catastrophe

If one or both of the ice sheets disintegrate, sea levels would rise disastrously to inundate most of the major cities of the world as well as low-lying and densely populated countries such as Bangladesh.

#### Climate Change: Case Closed?

Perhaps the scariest thing about the IPCC report is that is, by the nature of its composition, probably conservative.

#### Heating up: A gloomy UN-backed report is published

The other part of the report's job is to make predictions about what will happen to the climate. In this, it illustrates a curious aspect of the science of climate change. Studying the climate reveals new, little-understood, mechanisms: as temperatures warm, they set off feedback effects that may increase, or decrease, warming. So predictions may become less, rather than more, certain. Thus the IPCC's range of predictions of the rise in the temperature by 2100 has increased from 1.4-5.8C in the 2001 report to 1.1-6.4C in this report.

## This was the IPCC saying 'We told you so'

No doubt we will go on hearing grumbles from flat-earthers and paid-up sceptics among economists and in the oil industry, but science is no longer on their side.

## 6

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