



## Drumbeat: May 29, 2013

Posted by [Leanan](#) on May 29, 2013 - 9:48am

### [Best OPEC Discipline Since 2011 No Proof for \\$100 Oil](#)

OPEC's best adherence to its production ceiling in 18 months is failing to buoy the outlook for crude oil prices, raising pressure on the group to pare supplies amid burgeoning U.S. output.

While all but one of 20 analysts in a Bloomberg survey predict the 12-member organization will maintain its target of 30 million barrels a day at its May 31 meeting in Vienna, most say OPEC needs to conform better with the limit to keep supply from overwhelming demand. Societe Generale SA says the necessary reduction could be "substantial." The Centre for Global Energy Studies says prices may tumble without output curbs.

### [Oil slips back on economy uncertainty](#)

LONDON (Reuters) - Brent crude oil futures retreated on Wednesday, on worries that the Federal Reserve could phase out its stimulus package, and an uncertain demand outlook for the global economy following weak growth forecasts for China.

### [Saudi Arabia's Naimi Says Current Situation Best for Oil](#)

Saudi Arabia, the world's largest crude exporter, is content with current conditions in the oil market, the kingdom's petroleum minister said three days before OPEC members meet to assess the group's output policy.

"This is the best environment for the market," Ali al-Naimi told reporters today in Vienna when asked about the balance of supply and demand. "Demand is great," al-Naimi said as he arrived at his hotel.

### [Oil-Tanker Rates Gain as Vessel Surplus Falls to Six-Month Low](#)

Hire rates for the largest oil tankers rose as a surplus of the vessels declined to the smallest in six-months in the Persian Gulf, the world's biggest crude-loading region.

### [ULSD Surges as Central Banks Signal Lower Rates to Spur Growth](#)

Ultra-low-sulfur diesel futures advanced for the first time in five days as some central banks indicated they planned to continue measures to promote economic growth that could spur fuel demand.

### [Ethanol Gains on Gasoline on Signs of Higher Manufacturing Costs](#)

Ethanol strengthened against gasoline on concern that bad weather in the Midwest will slow corn planting and raise production costs to make the biofuel.

### [Wyoming oil production up in 2012; still down historically](#)

Wyoming oil production is on the upswing after decades of decline, but recent production is still nowhere near the state's all-time peak.

Operators throughout the state produced more than 57 million barrels of oil last year, according to data from the Wyoming Oil and Gas Conservation Commission. The number represents an 8 percent production bump since 2003 and an 11 percent increase since 2009.

### [Eagle Ford Oil Output Rises 77% to More Than 500,000 Barrels/Day](#)

Oil production in Texas's Eagle Ford shale formation rose more Than 77 percent in March from a year earlier, topping 500,000 barrels a day and posting a record.

The nine geographic fields that make up the majority of Eagle Ford yielded 529,874 barrels of crude a day, according to preliminary data released by the Texas Railroad Commission, which oversees oil and gas drilling in the state. The fields produced 298,266 barrels daily in March 2012.

### [Syrian minister says oil production has fallen to some 5 percent of pre-war levels](#)

DAMASCUS, Syria — Syria's oil minister says the country's production has fallen drastically over the past two years because of the crisis.

Suleiman Abbas told lawmakers Wednesday that daily oil production stands at 20,000 barrels, roughly 5 percent of the 380,000 barrels produced daily before the March 2011 uprising against President Bashar Assad began.

### [Chevron and Venezuela sign US\\$2b loan deal](#)

Chevron Corp has agreed to lend US\$2 billion to a joint venture with Venezuela's state oil company in an effort to boost production in an oil field in western Zulia state.

### [Primorsk June Urals Crude Exports Lowest in at Least Five Years](#)

Russia, the world's largest energy exporter, plans to ship less than 1 million barrels a day of Urals crude from Primorsk port on the Baltic Sea for the first time in about five years, a final loading program showed.

### [Insight: Nigerian pirate gangs extend reach off West Africa](#)

Until recently, Ivory Coast's maritime surveillance brigade - the equivalent of a coastguard - managed, barely, to keep a lid on crime in the waters around one of Africa's busiest ports.

But ruthless Nigerian gangs, which have expanded hundreds of miles beyond their home waters in the last three years, reached francophone West Africa's largest economy in October.

Born of an uprising in Nigeria's oil-rich Niger Delta, which spawned a web of criminal networks, the gangs now threaten to derail the development of one of the world's poorest regions as the Gulf of Guinea seeks to become a major oil and gas hub.

### [Vietnam accuses China of damaging fishing boat](#)

HANOI, Vietnam (AP) -- Vietnam has accused China of damaging a fishing boat in the latest escalation of tension in the disputed South China Sea.

The Foreign Ministry said a Chinese vessel slammed into a Vietnamese fishing boat while it was operating in Vietnamese waters on May 20. It damaged the ship's hull and risked the lives of 15 crew members, it said.

### [In Central Burma, a Lawless Rush for Oil](#)

Oil fields abandoned by Burma's state-owned oil company in Magway Division have turned into a lawless arena for local drillers and smugglers looking for a profit—with knife fights settling scores between rival drillers, company officials and local residents say.

### [Escalating Australian LNG Costs Spur Woodside to Look Abroad](#)

Surging costs in Australia, set to become the world's largest liquefied natural gas exporter by 2018, are stoking a drive by Woodside Petroleum Ltd., the nation's second-

biggest oil and gas producer, to expand overseas.

### [Billionaire Swedes See Lundin Jump After Matching Apple: Energy](#)

Lukas Lundin, investment manager for his billionaire Swedish family, said the oil stock bearing their name should double in value this decade after making its biggest North Sea discovery.

### [RusPetro Leads FTSE All-Share Index on Loan Terms](#)

RusPetro Plc, an oil producer in Siberia, rose as much as 16 percent to lead gains among the 600 companies on the FTSE All-Share Index after OAO Sberbank granted it a loan extension and a “holiday” on interest payments.

### [ONGC Profit Slumps to Lowest in 7 Quarters on Oil Discounts](#)

Oil & Natural Gas Corp., India’s biggest energy explorer, reported its lowest profit in seven quarters after selling crude at steeper discounts.

### [Access to energy](#)

SOME 1.7 billion people gained access to electricity, and 1.6 billion to modern fuels for household cooking between 1990 and 2010. The world’s population increased by a similar amount, so the proportion of those who have access to modern energy sources rose.

### [Lessons from a 12-Year-Old Oil Investor](#)

I learned a valuable investment lesson this past weekend...

From my teenage niece.

Those of my readers that have been with me for a long time know my family sticks to its traditions — including our annual festivities for Memorial Day. And yesterday’s celebration was the first time in a long while that I had to catch up with my niece.

She is, by far, the youngest Peak Oil investor I know.

### [In praise of Big Oil](#)

Plan to drive more this summer? Annoyed by the price of gas? Complaining that oil companies rip you off?

I say, shut up. Even if gas costs \$4 per gallon, we should *thank* Big Oil.

### [We Could Prevent Europe's Energy Scare](#)

Imagine your energy bill increasing by 50% in one day. Pretty scary, eh?

Back in March, this is exactly what happened... in England. In a single day, natural gas prices spiked by 50% there, all because of a failed water pump. As much as this could be considered a fluke accident, there were several factors that led to this single, minute event causing the worlds eighth largest natural gas market to its knees. Let's take a look at what happened, how the U.S. can prevent this from happening at home, and what it will mean for U.S. gas companies.

### [Warren Buffett Doesn't Care About Keystone XL](#)

A recent report by Reuters highlights the oil by rail phenomenon and the misconception that if Keystone XL is blocked, all of that Canadian oil will find its way into the U.S. on a train instead. The truth of the matter is that moving oil from North Dakota to the Gulf Coast is one thing, but adding 900 miles of rail time to that distance – the distance to Alberta's oil sands – and all of a sudden rail is not particularly economical. Estimates are that it would cost \$10 per barrel to transport oil sands via Keystone, and \$30 via railcar. This economic reality is probably why, desperate though they are, Canadian producers only moved 25,000 barrels per day by rail in January of this year.

Not only that, but 75% of Canadian crude is processed at Midwest refineries, not on the Gulf Coast, presumably because the shorter distance saves time and money.

### [Boxer wants probe on troubled plant](#)

LOS ANGELES (AP) -- U.S. Sen. Barbara Boxer wants the Justice Department to investigate if California utility executives deceived federal regulators about an equipment swap at the San Onofre nuclear power plant that eventually led to a radiation leak, The Associated Press has learned.

### [Kentucky Operator to Cease Enrichment of Uranium](#)

WASHINGTON — The only American-owned plant for enriching uranium, a cold war relic near Paducah, Ky., will be shut down next month, its operator said on Friday. The closing could pose a problem for the American nuclear weapons arsenal over time but is not likely to affect civilian nuclear electric plants.

### [Sweden stands by refusal to subsidise new nuclear](#)

STOCKHOLM (Reuters) - Sweden's government will not subsidise new nuclear power stations, the energy minister said, sticking by a policy that casts doubt on the sector's long-term survival after the major operator sought to delay new investment.

### [South Korea shuts more nuclear reactors over fake certificates](#)

(Reuters) - South Korea said on Tuesday it was suspending the operations of two nuclear power reactors and extended a shutdown of a third to replace cables that were supplied using fake certificates, threatening power shortages in Asia's fourth-biggest economy.

### [India, Japan seek early agreement on civil nuclear pact](#)

TOKYO (Reuters) - Japanese Prime Minister Shinzo Abe and his Indian counterpart agreed on Wednesday to speed up talks on a deal to allow Japan to export nuclear plants and to strengthen security cooperation as both sides keep a wary eye on China's military clout.

### [Train derails near Baltimore, collapsing buildings](#)

WHITE MARSH, Md. (AP) — An explosion after a cargo train derailed Tuesday in a Baltimore suburb rattled homes at least a half-mile away and collapsed nearby buildings, setting them on fire, officials and witnesses said.

### [World car production grows 3 times faster than global oil supplies](#)

In the last 10 years the world's annual car production went up from 41 million to 63 million cars in 2012, or 52%. Almost 2/3 of this growth came from China. However, in the same period, global liquid supplies went up only 16%, an obvious mismatch.

### [Reality gap widens on EU car fuel efficiency claims - study](#)

BRUSSELS (Reuters) - The gap has widened between the fuel-efficiency that carmakers declare for their models and the reality for drivers, with luxury German vehicles showing the biggest divergence, a study has found.

### [Elon Musk's fortune swells by \\$2.9 billion as Tesla, SolarCity surge](#)

NEW YORK (CNNMoney) = Elon Musk is on a roll this year, and he's got an extra \$2.9 billion to show for it.

The serial entrepreneur currently heads electric-car maker Tesla Motors and chairs

renewable energy firm SolarCity, which was founded by his cousins, brothers Lyndon and Peter Rive.

Tesla shares have soared more than 180% this year, with the firm reporting its first-ever quarterly profit earlier this month. SolarCity shares debuted on the Nasdaq in December at an IPO price of \$8 and are now worth six times that, closing Friday at \$48.78.

### [Tesla alternatives: Four cheap electric cars](#)

Leasing an electric car isn't just a pricey option for the rich. In fact, there are some very reasonably priced options out there.

### [Saudi, Egypt electricity deal close](#)

Saudi Arabia expects to sign an electricity-sharing agreement with Egypt that would kick-start the construction of power lines connecting North Africa to the Arabian Gulf.

The plan, previously stalled because of the Arab Spring, is back on track.

Three-gigawatt power lines between Riyadh and Jeddah and Medina and Tabouk are expected to be completed in the next three to four years, and by 2019, Saudi Arabia should be able to start exporting electricity.

### [Gulf states widen thinking on alternative energy strategy](#)

Arabian Gulf states are looking at using alternative energy for one of the biggest consumers of energy in the region - desalination.

Soaring demand for electricity and a growing shortage of natural gas have led governments to rethink their energy strategy and incorporate solar power in particular into their plans.

### [Solar Industry Anxious Over Defective Panels](#)

LOS ANGELES — The solar panels covering a vast warehouse roof in the sun-soaked Inland Empire region east of Los Angeles were only two years into their expected 25-year life span when they began to fail.

Coatings that protect the panels disintegrated while other defects caused two fires that took the system offline for two years, costing hundreds of thousands of dollars in lost revenues.

It was not an isolated incident. Worldwide, testing labs, developers, financiers and

insurers are reporting similar problems and say the \$77 billion solar industry is facing a quality crisis just as solar panels are on the verge of widespread adoption.

### [Wal-Mart pays \\$82 million fine for dumping hazardous waste](#)

NEW YORK (CNNMoney) - Wal-Mart will pay \$82 million for violating the Clean Water Act and other environmental regulations, after dumping pesticides and other hazardous materials down the drain.

### [It's time to rethink recycling](#)

FORTUNE -- In 2002, the renowned green architect Bill McDonough and his German business partner, Michael Braungart, an environmental chemist and former Greenpeace activist, wrote the groundbreaking book *Cradle to Cradle: Remaking the Way We Make Things*. Since its publication, the book has influenced not only an entire generation of industrial designers and chief sustainability officers but some notable CEOs. *Cradle to Cradle* argued that it's not enough for a company to become more efficient -- it must radically alter the way it designs products to make them more sustainable.

### [Peak water?](#)

Two words that fill many economists with dread are 'peak oil'. The phrase is meant to signify that moment when oil production peaks, and falls into decline. What will happen when that day occurs? Will we see the end of economic growth, or will we barely notice it, so rich will we be in renewable energy? But here are two words to send even more fear down our collective spines: 'peak water'.

### [Decline in biodiversity of farmed plants, animals gathering pace](#)

OSLO (Reuters) - A decline in the diversity of farmed plants and livestock breeds is gathering pace, threatening future food supplies for the world's growing population, the head of a new United Nations panel on biodiversity said on Monday.

Preserving neglected animal breeds and plants was necessary as they could have genes resistant to future diseases or to shifts in the climate to warmer temperatures, more droughts or downpours, Zakri Abdul Hamid said.

### [EU seeks 2014 deadline for nations' greenhouse gas plans](#)

OSLO (Reuters) - All countries should outline their long-term plans for curbing greenhouse gases next year, earlier than favoured by Washington, to revive the stalled fight against climate change, the European Union proposed on Tuesday.



After past failures, almost 200 countries agreed in 2011 to work out by the end of 2015 a U.N. pact to slow global warming with curbs taking effect from 2020. They have still to figure out what each nation will do.



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