



Drumbeat: June 3, 2013

Posted by [Leanan](#) on June 3, 2013 - 10:16am

[Fracking Tests Ties Between California 'Oil and Ag' Interests](#)

By all accounts, oilmen and farmers — often shortened to “oil and ag” here — have coexisted peacefully for decades in this conservative, business friendly part of California about 110 miles northwest of Los Angeles. But oil’s push into new areas and its increasing reliance on fracking, which uses vast amounts of water and chemicals that critics say could contaminate groundwater, are testing that relationship and complicating the continuing debate over how to regulate fracking in California.

“As farmers, we’re very aware of the first 1,000 feet beneath us and the groundwater that is our lifeblood,” said Tom Frantz, a fourth-generation farmer here and a retired high school math teacher who now cultivates almonds. “We look to the future, and we really do want to keep our land and soil and water in good condition.”

“This mixing of farming and oil, all in one place, is a new thing for us,” added Mr. Frantz, who is also an environmentalist and is pressing for a moratorium on fracking.

[Brent Crude Futures Extend Earlier Gain to Exceed \\$101](#)

Brent crude rose after dipping below \$100 a barrel for the first time in a month. Signs of a slowing Chinese economy and OPEC’s decision to maintain production led prices lower earlier, amid speculation supply will outstrip demand.

Brent advanced as much as 0.8 percent to \$101.20 a barrel. Chinese manufacturing indexes showed small businesses struggling, sapping momentum in the economy of the world’s second-biggest consumer of oil. The Organization of Petroleum Exporting Countries kept its output ceiling of 30 million barrels a day at a meeting in Vienna on May 31. JPMorgan Chase & Co. reduced its Brent price forecast.

[Saudi Arabia may cut July crude prices for Asia](#)

Singapore/Beijing: Top oil exporter Saudi Arabia is expected to reduce the official selling prices (OSP) for most of the grades it sells to Asia in July due to weaker Dubai prices, a Reuters survey showed on Monday.

Saudi Arabia may drop the OSPs for Arab Extra Light and Arab Light by 15 and 45 cents per barrel respectively, while Arab Medium and Arab Heavy could see cuts of 60

and 50 cents, according to the median of estimates from eight refiners, traders and an analyst.

[Russia Pumps 10.48 Million Barrels a Day of May Oil, Data Show](#)

Russia, the world's biggest oil producer, increased monthly crude output by 0.3 percent in May to the highest level of the year, preliminary data from the Energy Ministry's CDU-TEK unit show.

[Flooding Closes Rhine River to Barges Upstream of Koblenz](#)

The Rhine River, Europe's busiest inland waterway, was shut to barges upstream of Koblenz in Germany as water levels along some parts of the river rose to the highest in at least seven years after heavy rain.

The level at Kaub, Germany, is about 200 kilometers (125 miles) south of Dusseldorf, rose to 6.61 meters (22 feet) as of 7:30 a.m. Berlin time, the highest since at least 2006, data from the German Federal Institute of Hydrology show. As a result, the Upper Rhine is inaccessible to smaller tankers and boats that ply the route to cities such as Cologne, Frankfurt and Karlsruhe in Germany and Basel in Switzerland, according to energy researcher PJK International BV.

[Claims that landlocked oil costing Canada billions in revenue are 'bogus', economists say](#)

Energy economists say that the situation is not nearly as cut and dry as the politicians pretend. Some call the claim "bogus." World prices are based primarily on quality and so Canada's bitumen, which has the lowest quality of the heavy oils, naturally fetches lower prices. Sending the oil sands bitumen to Gulf Coast refineries is not going to change that fact, they note.

[Natural Gas Trades Below \\$4 a Second Day on Milder U.S. Outlook](#)

Natural gas futures in the U.S. fell for a sixth day, the longest losing streak since January, on forecasts for milder weather in June that would reduce demand for electricity to power air conditioners.

[IMF Recycle Peak Oil Theory](#)

Nevertheless, while Kumhof re-stokes interest in Peak Oil, nowhere in his modeling does Peak Gas figure - for easily understood reasons. Peak Gas is already a lost cause, due to the stranded gas boom, featuring deep offshore conventional and unconventional gas resources, and the shale gas boom. Even taken separately, these two "new gas resources" hold mindboggling quantities of gas for potential future gas supply. Global

shale energy resources are geologically located in the world's Hercynian-Variscan orogenic zones. These also include deep coal, and therefore coalbed methane potential. As one single example, there is the Rhenohercynian Basin stretching from Cornwall and South Wales, in the west, to Belgium, Germany and Poland in the east. This contains massive amounts of deep coal which is presently not recoverable, and linked coalbed methane resources, which probably are. Fear and anguish about world gas resources "running out" is mightily difficult, these days.

For Kumhof and his team at the IMF, however, they are rock-solid certain that oil production will decline - but oil demand will not - leading to permanent and extreme high oil prices.

[Nigeria Seeks Advantage in Drop in Oil Sales to U.S., Sambo Says](#)

Nigerian Vice President Namadi Sambo said decreasing oil sales to the U.S. are an opportunity to create jobs by building refineries and developing markets closer to home.

Nigeria, an OPEC member, lacks refining capacity and depends on imported fuel to meet domestic demand. The country is set to lose its position as Africa's biggest crude producer for the first time since 2009. Its shipments to the U.S. slid to 194,000 barrels a day in February, the lowest in more than 18 years, according to the U.S. Energy Information Administration.

[Gazprom says Yuzhno-Kirinskoye field reserves comparable to Shtokman: report](#)

Moscow (Platts) - Russian state-owned gas giant Gazprom estimates that reserves at its Yuzhno (or South) Kirinskoye field, included in the Sakhalin 3 project offshore Russia's Far East, are comparable to reserves at its Shtokman megaproject, Russian daily Kommersant reported Monday, citing Andrei Kruglov, head of Gazprom's economics and finance department.

[Lebanon plans for a gas-fuelled but sensible future](#)

"So far, so good," says Sami Atallah, the director of a Lebanese think tank. Since the giant discoveries of offshore gas in neighbouring Israel and Cyprus, the country is attracting attention for more than fashionistas, finance and feuding politicians. There is a palpable sense of relief - and surprise - that Lebanon has progressed so far in creating a framework for its embryonic gas industry.

Despite a very slow start, the country has passed laws, established a petroleum authority, covered its waters with high-quality seismic data to reveal the geology and attracted 46 companies to qualify for its inaugural licensing round. Among them are giants of the industry such as Shell, Chevron, Statoil, Petrobras and Petronas. Now it needs elections and a new cabinet to pass two crucial decrees by the autumn.

[South Sudan says Total partners with Exxon Mobil in oil exploration](#)

JUBA (Reuters) - French oil company Total will partner with U.S. major Exxon Mobil and Kuwait's Kufpec in South Sudan to search for oil in the restive Jonglei state, a senior lawmaker in the African country said.

[More than 1,000 killed in Iraq violence in May](#)

(Reuters) - More than 1,000 people were killed in violence in Iraq in May, making it the deadliest month since the sectarian slaughter of 2006-07, the United Nations said on Saturday, as fears mounted of a return to civil war.

Nearly 2,000 people have been killed in the last two months as al Qaeda and Sunni Islamist insurgents, invigorated by the Sunni-led revolt in Syria and by Sunni discontent at home, seek to revive the kind of all-out inter-communal conflict that killed tens of thousands five years ago.

[Iraqi Kurd leader says Baghdad talks last chance](#)

(Reuters) - Iraqi Kurdistan will be forced to seek a "new form of relations" with the central government in Baghdad if negotiations fail to resolve their disputes over oil and land, the president of the autonomous region said.

Masoud Barzani, who has hinted at full independence from Iraq in the past, told Reuters the current round of talks, which started last month, marked the final opportunity to end a feud that has strained Iraq's uneasy federal union to the limit.

[China Is Reaping Biggest Benefits of Iraq Oil Boom](#)

BAGHDAD — Since the American-led invasion of 2003, Iraq has become one of the world's top oil producers, and China is now its biggest customer.

China already buys nearly half the oil that Iraq produces, nearly 1.5 million barrels a day, and is angling for an even bigger share, bidding for a stake now owned by Exxon Mobil in one of Iraq's largest oil fields.

[Donald Trump rages on China and Iraq oil](#)

Donald Trump on Monday lit into Washington for allowing China to access oil in the Middle East while the U.S. gets "nothing" after the war in Iraq.

While discussing on "Fox & Friends" how deadlock in Washington is a "a real mess for the country," Trump brought up a Sunday New York Times story reporting that China

is the biggest beneficiary of the Iraq oil boom and he called it “a scandal that is unbelievable.”

[Iraq to lower oil targets with foreign firms: Minister](#)

BAGHDAD: Iraq is in talks with foreign energy firms to lower long-term oil production targets agreed several years ago because of sagging global crude demand forecasts, the country's top energy official told AFP.

[Shell rues upsurge in oil theft in Nigeria](#)

Lagos (Platts) - Shell Nigeria's oil production is significantly hampered by rampant oil theft and pipeline sabotage in the Niger Delta, which apart from loss of revenue remains a major environmental concern, a Shell official was reported as saying by Nigeria's state news agency Monday.

[Nigeria lays out plans to privatise 10 power plants](#)

ABUJA (Reuters) - Nigeria will privatise 10 more state power plants by mid-2014, advisers to the government said on Monday, as part of plans to overhaul the country's feeble electricity sector.

President Goodluck Jonathan pledged nearly three years ago to privatise the bulk of Nigeria's electricity sector, in an effort to end chronic power shortages that are the biggest brake on growth in Africa's second largest economy.

[Rows over Syria, energy cloud Russia-EU talks](#)

YEKATERINBURG, Russia - The European Union and Russia kick off a two-day summit on Monday overshadowed by rows over Brussels' decision to lift its arms embargo on the Syrian rebels and resolve to loosen Moscow's grip on EU natural gas supplies.

[Iran Swaps over 1.3GW of Electricity with Neighbors in One Day](#)

TEHRAN (FNA)- Iran exchanged 1.32 gigawatts of electricity with its neighboring countries on Sunday, the Energy Ministry announced.

The country exported 931 megawatts of electricity to Afghanistan, Iraq, Pakistan, Armenia and Turkey, and imported 389 megawatts of electricity from Armenia and Turkmenistan.

[UK may crack its energy dilemma](#)

Britain could be on the cusp of a new boom along the lines of the North Sea oil bonanza of the past few decades. But fears over extracting the country's potentially huge reserves of shale gas threaten development.

Britain could be on the verge of a second energy boom - another North Sea oil-style bonanza - but the country is strangely reluctant to take the plunge.

[Green and pleasant land might be at forefront of gas ambitions](#)

Best known for its bucolic scenery - the chocolate-box villages of the South Downs - and for its genteel seaside towns, the English county of Sussex is an unlikely location for an oil boom.

But the village of Balcombe, not far from Gatwick Airport, is the site of new exploratory drills by Cuadrilla, the only company in the UK to have so far drilled for shale gas.

[Japan Carriers Resume Dreamliner Flights as 747 Era Ends](#)

The Dreamliner's success is crucial for the two Japanese carriers as they have ordered 111 of the plastic-composite jets with ANA being the world's largest airline customer for the plane. Carriers such as Singapore Airlines Ltd. have retired their fleets of four-engined 747s as higher fuel costs prompt companies to seek more efficient aircraft, helping Boeing rack up about 840 orders for the Dreamliners.

[Tesla's Ambitious SuperCharger Infrastructure Build Is SuperExpensive](#)

What will be a surprise coming from last week's announcement is that investors will eventually realize that Tesla's SuperCharger infrastructure build-out is going to be SuperExpensive when analysts rework their models to account for ALL costs associated with providing "free" charge-ups and building the network to make it viable.

[Steady but Modest Progress Found on Renewables Adoption](#)

The world has made "steady but modest progress" in improving global access to electricity and safe cooking fuels, increasing energy efficiency and adding renewable sources to the world's energy mix, said Vivien Foster, energy unit sector manager at the World Bank's sustainable energy department, at a recent briefing in London.

[Masdar chief urges US on renewables](#)

Sultan Al Jaber, the Masdar chief executive, has urged the United States to maintain its commitment to renewable energy in an open letter to the new secretary of energy.

The Masdar head addressed concerns that the booming production of US shale gas will undermine the development of the renewable energy sector.

[Solar power in the UAE soon to be more than a mirage](#)

Is solar power fake? Is it like a fairy tale we tell our kids but deep down we know it's not real? For years we have been hearing about how the solar era is coming and how it will change everything we do. Yet if we look around us we see lots of sun but no solar power.

[Trade winds drop, and Hawaii gets muggy](#)

Chu said the most important consequence will be declining rainfall and a drop in the water supply, particularly as Hawaii's population grows and uses more water.

Trade winds deliver rain to Hawaii when clouds carried from the northeast hit mountainous islands built by millions of years of volcanic eruptions. These rains, together with rainfall from winter storms, are the state's primary sources of water.

[Climate change to affect liveability of remote Australia](#)

People living in remote Australia are likely to be more severely affected by climate change than other sectors of the national population.

A new study, released today, by the CRC for Remote Economic Development (CRC-REP) and Ninti One warns that communities and outlying settlements on Cape York, in Central Australia and the Kimberley face greater risks to their wellbeing as the climate warms than people in other parts of Australia.

[World faces mounting damage from disasters](#)

The UN has estimated the direct economic cost of disasters since 2000 is roughly \$1.4tn, cautioning that the total price tag on people's livelihoods and the wider economy are never fully counted.

"There's now rather convincing evidence that climate change has brought about, if not more frequent, at least more vehement expressions from nature, and that we should be prepared for this," UN Deputy Secretary General Jan Eliasson said at the conference.

[Time to switch to 'Plan B' on climate change: study](#)

Climate policy makers must come up with a new global target to cap temperature gains because the current goal is no longer feasible, according to a German study.

Limiting the increase in temperature to 2 degrees Celsius since industrialisation is unrealistic because emissions continue to rise and a new global climate deal won't take effect until 2020, the German Institute for International and Security Affairs said.



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