



Drumbeat: June 5, 2013

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[BP's Oil Spill Deal Sours as Claims Add Billions to Cost](#)

BP Plc's \$8 billion settlement with victims of the 2010 Gulf of Mexico spill may have hurt Europe's second-largest oil company more than it helped.

The company is relying on a U.S. appeals court to rein in awards by the settlement's claims administrator for what it considers to be unreasonable demands, such as a \$21 million payout to a rice mill 40 miles from the coast whose revenue rose the year of the spill.

BP has protested in court filings that administrator Patrick Juneau's interpretation of last year's settlement may add billions to the \$42 billion bill for the worst offshore oil spill in U.S. history. BP has appealed U.S. District Judge Carl Barbier's order agreeing with Juneau's interpretation of the settlement.

[WTI Futures Rebound as U.S. Crude Inventories Decline](#)

West Texas Intermediate traded near its highest intraday level in four days amid signs of a reduction in U.S. crude inventories.

Futures gained as much as 0.7 percent in New York. A government report today will show supplies declined by 800,000 barrels, according to a Bloomberg News survey. The American Petroleum Institute said yesterday that crude stockpiles shrank 7.8 million barrels last week, the most since Dec. 28. The U.S. will today extend waivers from sanctions for nine nations that import Iranian oil, a U.S. official said.

[British wholesale gas prices gain as exports rise](#)

LONDON (Reuters) - British wholesale gas prices on Wednesday rallied from their lowest point in five months as exports through a continental pipeline hit a one-month high to take advantage of high prices in mainland Europe, offsetting stronger flows from Norway.

[Rhine River Barge Traffic May Resume This Week on Dry Weather](#)

Oil product barge traffic on the Rhine River may resume this week amid forecasts for drier weather after rains caused flooding in Germany, the Czech Republic and Austria.

“The industry is hopeful that the water levels will decrease again and that things will come back to normal in the next few days,” Joachim Hessler, operations manager at Maintank Schiffahrtsgesellschaft mbH, a barge-owner based in Woerth near Frankfurt, said today.

[North American shale boom may erode Opec's influence](#)

Opec's real concern should not be nationalist politics, but the fact that the United States and some other nations may eventually not care.

The rise of fracking technology in North America and the vast oil and gas reserves it has unlocked - North Dakota today pumps as much as Ecuador - makes the issue of Opec supply less of the all-consuming concern it was just a few years ago for Americans. Opec's share of the global market is set to decline as increases in demand are met by North America, according to the International Energy Agency (IEA), the watchdog of the Organization for Economic Cooperation and Development.

Yet faced with the prospect of eroding influence, Opec is taking a wait-and-see approach. Lulled by Brent oil prices of about US\$100 a barrel, members chose to keep its output target the same as it has been since December 2011. An informal survey of its leaders reveals a group that is as slow to respond to shale as the wildcatters who drilled in the Bakken, which stretches from central North Dakota into the north-eastern corner of Montana and upwards into Saskatchewan and Manitoba in Canada were quick to exploit the area's resources.

[U.K. prepares for U.S.-style shale gas boom](#)

LONDON (CNNMoney) - The United Kingdom could be one step closer to a U.S.-style energy renaissance as new estimates show there is a massive amount of untapped shale gas in the Northwest of England.

Energy firm IGas released estimates this week showing there could be as much as 170 trillion cubic feet of gas in its license area - a monumental amount given that the U.K. uses only 3 trillion cubic feet each year.

[Statoil Delays Castberg Oil Project Amid Unexpected Tax Rise](#)

Statoil ASA delayed the investment decision for the Johan Castberg oilfield in the Barents Sea amid uncertainty over costs and resources and after the government unexpectedly raised taxes on oil and gas producers.

The tax increases reduces the attractiveness of marginal fields and those which need new infrastructure, Oeystein Michelsen, Statoil's executive vice president for

development and production in Norway, said in a statement. "This has made it necessary to review the Johan Castberg project."

[Petronas blames RAPID delay on Johor](#)

KUALA LUMPUR — The RM60 billion Refinery and Petrochemical Integrated Development (RAPID) project will not be completed on time due to delays by the Johor government, state oil and gas company Petronas said today.

The mega project was previously slated to start operations in 2016, but Petronas announced today that the date has been pushed to early 2017.

[Japan's Idemitsu to proceed with \\$9 bln Vietnam refinery project](#)

(Reuters) - Japan's Idemitsu Kosan Co said it would proceed with a \$9 billion oil refinery project in Vietnam as it had reached a final investment decision with co-investors Mitsui Chemicals Inc, Kuwait Petroleum International and PetroVietnam.

Idemitsu, Japan's third-largest refiner, said construction of the 200,000 barrels per day (bpd) Nghi Son refinery and chemical complex would start next month.

[BP stabilizes Azeri ACG crude oil production at 660,000 b/d](#)

Baku (Platts) - Crude oil production at the BP-operated Azeri-Chirag-Guneshli field complex offshore Azerbaijan has stabilized at 660,000 b/d, a senior BP official said Wednesday.

Gordon Birrell, BP's regional president for Azerbaijan, Georgia and Turkey, stressed at a conference in Baku the importance of continued investment and the application of the most advanced technology in stabilizing output at the giant field.

[Key Syria town of al-Qusayr falls to government troops](#)

AMMAN, Jordan – Syrian rebel fighters and wounded civilians were forced to flee al-Qusayr Wednesday, as Syrian troops, supported by Hezbollah militia, advanced on the strategic city close to the Lebanese border.

The Free Syrian army, which had held on to the city for months through increasingly fierce bombardment and attacks by the regime, killing hundreds, conceded that they had to make a retreat from the town that lies on a key supply route.

[Iran Outmaneuvers U.S. in the Syrian Proxy War](#)

Syria's uprising offered the possibility of a strategic defeat of Iran. In this scenario, Iran would be weakened by the collapse of Bashar al-Assad's regime, its single Arab ally and a vital link to Lebanon's Hezbollah militia. Isolated, Iran would become more vulnerable to international pressure to limit its nuclear program. And as Iran's regional influence faded, those of its rivals -- U.S. allies Turkey, Qatar and Saudi Arabia -- would expand.

Instead, events in Syria are spinning in Iran's favor. Assad's regime is winning ground, the war has made Iran more comfortable in its nuclear pursuits, and Iran's gains have embarrassed U.S. allies that support the Syrian uprising. What's more, Iran has strengthened its relationship with Russia, which may prove to be the most important strategic consequence of the Syrian conflict, should the U.S. continue to sit it out.

[Park Defender Helped Set Off Turkey's Crisis](#)

The government's plans to convert a park in Istanbul into a mall designed like an Ottoman-era army barracks sparked protests that exposed a fault line in Turkey.

[China Coal Import Ban Unlikely on Cost, Indonesian Miners Say](#)

China is unlikely to implement a proposed ban on imports of lower-quality coal, according to three mining companies in Indonesia, the world's biggest exporter of the power-station fuel.

The National Energy Administration's plan to halt overseas purchases of coal with a relatively low heating value and high sulfur and ash content probably won't happen, officials from PT Harum Energy (HRUM), PT Permata Energy Resources and PT Adimitra Baratama Nusantara said yesterday in Bali, Indonesia. The officials cited conversations with unidentified customers in China, saying they're concerned their costs will increase.

[Fears of blackout spreading fast](#)

The government Wednesday issued a level 2 warning of a possible electricity shortage for the first time this year, following the issuing of a level 1 warning on the previous two days. There are five levels of warnings but the series of earlier-than-usual issuances have raised concerns over a power blackout during summer.

The Korea Electric Power Corp. (KEPCO), the state-run distributor of electricity, issued the 2 warning after the country's power reserves temporarily dipped below 3.5 million kilowatts at 11:20 a.m.

Worries have arisen as the warning was given in early June, although the summer peak season for electricity demand hasn't even started yet.

The main reason for the early issuances is that two nuclear reactors were taken offline

last week because faulty components were found to have been used in them.

[Abe Vows to Spur Investment in Japan Power to 30 Tln Yen](#)

Japanese Prime Minister Shinzo Abe pledged to spur investment in the nation's electricity industry to about 30 trillion yen (\$299 billion) in the next decade as he seeks to revive the world's third-biggest economy.

Investment in wind, geothermal and other renewable sources will be accelerated by "drastically" speeding up environmental assessment processes, Abe said in prepared comments for a speech in Tokyo today to preview his government's economic growth strategy to be detailed next week.

[French government opposes advised jump in power tariffs](#)

PARIS: France's energy minister said on Wednesday it was out of the question to apply a sharp rise in power tariffs this summer recommended by the country's energy regulator to help utility EDF cover its production costs.

The country's energy regulator CRE said earlier on Wednesday that electricity tariffs for households should rise between 6.8 percent and 9.6 percent this summer to cover the mainly state-owned, former monopoly's costs.

[Black & Veatch Builds Texas Water System in 12 Months](#)

Midland rushed to finish the project after drought and a surge in population attracted to the region for work drained two of its three water supply reservoirs and reduced the third to a critical level, Black & Veatch said. An oil boom made Midland, hometown of former U.S. President George W. Bush, the fastest-growing U.S. metropolitan area in the year ended July 2012, according to the U.S. Census Bureau.

The project comes at a time when Midland imposed water restrictions Jan. 1, punishable by a \$500 fine, that limit lawn irrigation to two evenings a week. "The water restrictions will continue for now but this buys us another 40 years, if not 50 years, of a dependable water supply," Midland Mayor Wes Perry said today in a phone interview.

[Alberta First Nation loses lawsuit over B.C. oil and gas rights sales](#)

VANCOUVER — Members of an Alberta First Nation lost their bid to stop the sale of oil and gas tenure in neighbouring British Columbia, but they did win recognition from the judge that they must be consulted.

The Dene Tha filed the lawsuit against the B.C. Ministry of Energy and Mines, Nexen

Inc., Penn West Petroleum Ltd., and Vero Energy Inc., claiming the band was not adequately consulted on the B.C. government's sale of subsurface exploration rights on 21 parcels of land three years ago, most for shale gas "fracking" development in northeastern B.C.

[Tesla's challenge to dealerships sputters in Texas](#)

NEW YORK (CNMoney) - Elon Musk has been riding high lately, but he's suffered a setback in the Lone Star State.

Texas' state legislature failed to vote on a bill backed by Musk's Tesla Motors (TSLA) that would have loosened the state's restriction on dealerships owned by automakers. The legislature concluded its most recent session last week, and won't be back until January 2015.

[EU Hits China With Solar-Panel Duties in Dumping Dispute](#)

The European Union imposed tariffs as high as 67.9 percent on solar panels from China in the largest EU commercial dispute of its kind, seeking to help revive a withering industry in Europe.

The duties punish Chinese manufacturers of solar panels for allegedly selling them in the 27-nation EU below cost, a practice known as dumping. Yingli Green Energy Holding Co., Wuxi Suntech Power Co. and Changzhou Trina Solar Energy Co. are among the more than 100 companies targeted.

[Close to Its Home, Walgreen Tests Energy-Saving Ideas](#)

CHICAGO — As the Walgreen Company expands its sales items to fresh salads, Redbox DVD rentals and digital photo scanners, among other products, its consumption of power keeps inching up.

While the company cannot significantly reduce its electricity use in all stores immediately, it is building an experimental "net zero energy store" just north of Chicago that it hopes will produce more energy than it consumes.

[As Vandals Deface U.S. Parks, Some Point to Online Show-Offs](#)

"It was too much," said Mr. Bolyard, a park ranger. The same sort of symbols one might see on a subway train were scattered along the spiny forest last month. Rangers eventually found at least 45 graffiti tags in the park, including 16 on the slow-growing and fragile saguaro, the paint obscuring part of the green skins where the plants store the chlorophyll to draw nourishment from the sun.

It was the latest example of a trend that has been unnerving park officials from Rocky Mountain National Park in Colorado to Arches in Utah and Joshua Tree in California. Just as drought and rapid development have caused a rise in encounters between humans and wild animals on the edges of many American cities, the wilder side of urban life — vandalism, graffiti and litter — has found its way into the wilderness.

The cause of this recent spike in graffiti on public lands is unclear, but some park personnel say there is reason to believe that it coincides with the rise of social media.

[EU Commissioner warns of imminent 'environmental recession'](#)

Europe must not make the same mistakes it did in the run-up to the economic crisis if it is to avoid an environmental recession too.

That was the stark warning from European Environment Commissioner Janez Potonik at the opening of Green Week in Brussels.

[Rivers recede in wake of Missouri levee breaches](#)

The levee failed around noon (1 p.m. ET). By evening, authorities were scrambling to bolster about a three-quarter-mile section of levee near Portage des Sioux, about nine miles upstream from West Alton.

The area is home to a nearly 1,000-megawatt coal-burning power plant, and officials were hauling truckloads of stone and heavy earth-moving equipment to the site in an attempt to prevent the levee from failing.

[As Floods in Germany Continue, Officials Urge More Evacuations](#)

PIRANA, Germany — Officials in eastern Germany's river cities and towns on Wednesday urged citizens in vulnerable areas to evacuate their homes as the Elbe River and its tributaries swelled ever higher, amid some of the worst flooding that some regions have seen in centuries.

More than 600 residents of Dresden, where the floodwaters were expected to peak later in the day, were brought to safety, city officials said. Electricity and water services to the city's affected center were cut off. Farther north in Bitterfeld, some 10,000 people were asked to leave their homes after a levee on the Mulde River burst.

[One Meteorologist's Come-to-Jesus Moment on Climate Change](#)

So what changed? Ostro's conversion was gradual, but the clincher was the stupefying hurricane season of 2005. Remember when forecasters ran out of letters of alphabet to

name storms—Katrina, Rita, Wilma—and ultimately had to resort instead to the Greek alphabet (Epsilon, Zeta)? By the end of the next year, Ostro had decided, as he put it in an email, that he could "no longer accept the mantra of 'individual weather events can't be connected to global warming.'" Rather, he now views climate and weather as intricately connected—you change the one, you inevitably change the other. Or as he puts it in his mega PowerPoint presentation: "Climate is a book, weather is chapters and pages."

[India's green mission caught in funds' crunch](#)

New Delhi (IANS) - India's ambitious plans to fight climate change by enhancing the forest cover at a cost of Rs. 46,000 crore by 2020 have been stuck with no funds available since it was cleared by the Prime Minister's Council on Climate Change in 2011.

The Green India Mission, one of eight such under the National Action Plan on Climate Change (NAPCC), had aimed to increase the forest cover by five million hectares and improve the quality of forests on another five million hectares.

[U.S. Tailors Regional Climate Plans to Help Farmers Beat the Heat](#)

A U.S. effort that will tailor climate-change relief for farmers by region may help build support for efforts to cut carbon emissions tied to global warming, Agriculture Secretary Tom Vilsack said.

Vilsack will introduce U.S. Department of Agriculture programs today to combat the effects of climate volatility. As a Corn Belt drought, the worst since the 1930s, is replaced by the wettest Iowa spring on record, farmers need resources and research to make better choices on planting and dealing with threats from the weather, he said in previewing a speech today at the National Press Club in Washington.

"You're going to see a lot more stress" on crops and livestock from climate change, he said yesterday in an interview. "You're going to see crops produced in one area no longer able to be produced, unless we mitigate and adapt now."

[Rising sea levels, stronger storms fueled by climate change will threaten us through end of century, coastal panelists say](#)

With the United States coastline, its residents and businesses vulnerable to trillions of dollars of losses from catastrophic storms during the next 75 years, in part fueled by climate change, it's time for the nation to focus on coastal resiliency, according to Lindene Patton, a risk management specialist with Zurich Insurance Group.

Speaking Tuesday at the three-day Capitol Hill Ocean Week at the Newseum in Washington, D.C., Patton said a recent study pegged the potential cost of disasters during the next 75 years at between \$1.1 trillion and \$5.4 trillion, in line with a similar \$4.7 trillion shortfall in Social Security benefits in the same time frame.

“We have a resilience gap,” Patton said, “a circumstance where we have a rising number of catastrophic events. They are not just coastal events, but they are dominated on this continent by coastal events.”



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