



## Drumbeat: June 19, 2013

Posted by [Leanan](#) on June 19, 2013 - 8:22am

### [U.S. Considers Exporting More Oil for First Time Since '70s](#)

The U.S. oil boom is moving Congress closer than it has been in more than three decades to easing the ban on exporting crude imposed after the Arab embargo.

Advances such as hydraulic fracturing are leading to record production that may outstrip refinery capacity within 18 months to three years, said Benjamin Salisbury, a senior energy policy analyst at FBR Capital Markets Corp. in Arlington, Virginia. Net petroleum imports now account for about 40 percent of demand, down from 60 percent in 2005, according to the U.S. Energy Information Administration, the Energy Department research unit.

Congress has limited oil exports since the 1973-74 Arab oil embargo triggered shortages that pushed up prices and led to long lines at gas stations. An increase in domestic production last year by a record 766,000 barrels a day is challenging a notion that Americans need foreign oil, while setting up a debate policy makers may be reluctant to begin.

"Americans are unbelievably politically sensitive to oil and more specifically to gasoline prices," Salisbury said in an interview. "For politicians to do anything, the pain has to come first. You have to see the rig count fall and then and only then can we have a decision about whether we want to export crude."

### [U.S. oil boom helps thwart OPEC](#)

NEW YORK (CNNMoney) - Surging U.S. oil production and greater energy conservation are helping keep a lid on oil prices worldwide and may be limiting the sway OPEC holds over world markets.

U.S. oil output rose by 14% in 2012, BP reported last week in its annual statistical review. The million barrel-per-day jump in output was the largest increase for any country in 2012, and the fastest single year increase in U.S. history.

"The tidal wave of oil coming out of the United States helped to [quench] the market's thirst," said Blake Clayton, a Fellow for Energy and National Security at Council on Foreign Relations. "Tremendous increases in energy efficiency in the United States and Europe are helping to soften the market."

## [Keystone Seen Failing to Sop Up Canada Oil Glut](#)

“Keystone will help alleviate the lack of pipeline infrastructure but only temporarily,” David Bouckhout, a senior commodity strategist at TD Securities in Calgary, the securities unit of Canada’s second-largest bank, said in a telephone interview. “Growth of supply on both sides of the border, Bakken and Canadian supply, will outpace what Keystone’s capacity will provide in likely two to three years.”

## [Utilities Switch Off Investment in Fossil Fuel Plants](#)

LONDON — On the outskirts of Scunthorpe in northern England, workers at the large power station known as Keadby 1 are preparing to shut it down at the end of the summer, with the loss of about 40 jobs.

Its owner, the British utility Scottish & Southern Energy, says fluctuations in global energy markets have made the natural gas power plant unprofitable despite a multi-million pound renovation, as demand for electricity has plummeted since the financial crisis.

In response, the company plans to keep Keadby shut down until at least 2015. It has also delayed new energy investments and is planning to close almost a quarter of its fossil fuel power plants, including parts of the Ferrybridge coal power station near Leeds in northern England.

## [WTI Advances to Nine-Month High as U.S. Stockpiles Drop](#)

West Texas Intermediate crude rose to a nine-month high after an industry report showed U.S. inventories dropped last week.

Futures rose as much as 0.6 percent. Crude stockpiles fell by 4.3 million barrels in the week ended June 14, the American Petroleum Institute said. An Energy Information Administration report today may show supplies shrank by 500,000 barrels, according to a Bloomberg News survey. Russian President Vladimir Putin agreed to sign a statement at the Group of Eight summit calling for a “transitional government” in Syria. The U.S. Federal Reserve will release a statement and economic forecasts when its meeting ends today.

## [U.S. Natural Gas Gains for Third Day on Warm Weather Forecasts](#)

Natural gas rose for a third day in New York on forecasts for rising temperatures in the Northeast and Midwest that may boost demand from power plants.

Gas for July delivery gained as much as 0.6 percent to \$3.929 per million British thermal units in electronic trading on the New York Mercantile Exchange, and was at \$3.926 per million Btu at 2:03 p.m. Singapore time. The contract jumped 0.8 percent

yesterday to \$3.905.

### [Gas Prices Moving Away From Link to Oil](#)

Unlike oil, which is a globally traded commodity, natural gas is priced depending on location and the arrangement under which it is sold.

In North America, gas is a traded commodity whose price is usually linked to benchmarks set at the Henry Hub, a meeting point of pipelines in Louisiana. In the rest of the world, gas prices are often indexed to oil products that gas might replace — a system that was developed to sell gas from the giant Groningen field in the Netherlands, in the 1960s.

But the linkage to oil is eroding, especially in Europe, as competition increases and multiple sources of gas emerge, largely through the increased use of liquefied natural gas, which can be transported globally by specialized ships. A surge of gas exports from the United States — not a sure thing — would add to the pressures on the indexed system.

### [Oil-Tanker Surplus in Persian Gulf Seen Smallest in Two Weeks](#)

The surplus of tankers competing to ship 2 million-barrel oil cargoes from ports in the Persian Gulf fell to a two-week low, according to a Bloomberg News survey.

There are 15 percent more very large crude carriers seeking charters over the next 30 days than probable shipments from the world's largest cargo-loading region, the median in the survey of four shipbrokers and two owners showed today. The glut was the lowest since June 4 and compared with 18 percent last week.

### [The Shrinking Road, Part 2: Fuel-Tax Tango](#)

"States are scrambling for funds, especially as it comes to motor-fuels excise taxes," said David Zahn, vice president of marketing at FuelQuest, a Houston-based provider of fuel management and tax automation products. "Largely those taxes are tied to infrastructure, and from an infrastructure perspective, the maintenance costs alone ... are exceeding what we are getting from those excise taxes. So there's a scramble for those additional funds."

The choices for policymakers are limited and each has its challenges. They include raising state and/or federal fuel excise taxes--not a politically palatable option--or tying fuel excise taxes to inflation.

### [1 in 9 U.S. bridges in need of repair](#)

More than one in nine bridges in the USA — at least 66,405, or 11% of the total — are structurally deficient, according to a new report.

These are not rarely used, out-of-the way structures: Each day, Americans take 260 million trips over structurally deficient bridges, says the report from Transportation for America, a Washington, D.C.-based coalition that works to improve transportation.

### [Shale revolution grows stronger](#)

There seems no end to the stream of good news coming out of the energy sector.

After the International Energy Agency (IEA) last November hailed the United States shale revolution by predicting that the country would become the biggest producer of oil by the end of the decade, the compliments have now been returned.

The Energy Information Administration (EIA), the US government department that releases energy data, this week released a report updating on the world's shale potential.

### [The kaleidoscope of fossil fuel abundance](#)

Like children looking through a kaleidoscope who are unaware of its actual workings, the media and the public have been misled into believing that early production results in the shale natural gas and tight oil formations in the United States will be repeated again and again across the United States and the world. This has led to exuberant forecasts of energy independence for the United States, an end to the dominance of OPEC in world oil supplies, and fossil fuel abundance for decades to come.

### [Energy Geek Week: Peak Oil RIP Edition](#)

Since BP makes its data available on downloadable spreadsheets, I can freak freely crunching the data for myself, and noticing fun things. I'll roll out a few things here over the next few days.

Like the end of the whole peak oil hypothesis. The first figure below displays the 60 percent growth in proven global oil reserves over the last 20 years. This is not just the result of recent technological advances such as directional drilling and fracking: the second figure takes BP's data back to 1980, which shows a steady increase in reserves throughout the period amounting to a 144 percent increase.

### [Delaying Peak-Oil With Nanoparticles](#)

When petroleum companies abandon an oil well, more than half the reservoir's oil is usually left behind as too difficult to recover. Now, however, much of the residual oil can

be recovered with the help of nanoparticles and a simple law of physics.

### [NL: More exploration needed, Dunderdale tells NOIA](#)

Speaking to the room, packed with oil and gas industry people, Dunderdale celebrated the growth of the offshore industry in the past few years.

"We are experiencing a great momentum right now in Newfoundland and Labrador's oil and gas industry," she said. "We have hit our stride."

At the same time, she stressed that the province's success has been "hard fought" both by the government and by people in the industry.

But she also said the industry is past peak oil on existing fields, and more exploration is needed.

### [Billionaire Tshuva's Delek Kept From Debt Gush by Israel Gas](#)

With gas finds at Tamar and the larger offshore Leviathan field in 2010, Libyan-born Tshuva, now worth at least \$2 billion according to data compiled by Bloomberg, is helping Israel reduce its reliance on imports for about 95 percent of gas consumption and position itself to start exporting. UBS forecasts Tamar will generate more than \$1 billion in sales in 2013, translating into revenue of \$180 million this year for Delek, whose units own 31.2 percent of the project.

"The Israeli economy will be able to exploit the advantages of natural gas environmentally, geopolitically, socially and economically," Tshuva, who started working in agriculture and construction in Israel at the age of 12 and is now 65, said in a May 22 interview at Delek Group's offices in Netanya, Israel. It will "turn Israel into an important international player," he said.

### [Saudi crude output, exports rise in April vs. March](#)

Oil production in Saudi Arabia, the world's largest exporter of crude, rose to 9.310 million barrels a day in April, compared with 9.136 million barrels a day a month earlier, while exports edged 0.3% higher during the same period, official data showed Wednesday.

The kingdom exported 7.444 million barrels a day of crude oil and condensate in April, up from 7.420 million barrels a day in March, according to figures posted on the Joint Organization Data Initiative, or JODI, website.

### [Adnoc 'not worried' by EU's jet fuel tariff](#)

The Abu Dhabi National Oil Company (Adnoc) is confident of finding enough buyers for its jet fuel despite a planned tariff on Middle East supplies by its top customer, the European Union.

Last week, the EU announced it would levy a 4.7 per cent duty on jet fuel from the region as it tries to throw momentum behind reviving talks for a free-trade agreement with the GCC. The new tax came as the World Bank upgraded the GCC to upper-middle-income status, prompting Europe to remove Arabian Gulf nations from its generalised scheme of preferences, a tranche of developing countries whose goods are exempt from import duties.

### [Russian Gazprom to maintain oil-indexed pricing for gas supplies to China](#)

Moscow (Platts) - Russia's Gazprom has no plans to link the price of gas to be supplied to China under a long term contract to US spot gas prices, the company said in a statement Wednesday, citing Gazprom CEO Alexei Miller.

### [After Gazprom snub, Greece to sell gas company to Azerbaijan](#)

Having failed to woo Gazprom, Greece is to sell a 66 percent share in DESFA, a fully owned subsidiary of state-run natural gas company DEPA, for €400 million to Azeri state-owned SOCAR.

### [Women May Get Into Augusta Easier Than Energy CEO Role](#)

Women may have better odds of getting a membership at Augusta National Golf Club than becoming the chief executive officer of an energy company in the Standard & Poor's 500 Index.

With its decision to name Lynn J. Good as its first female CEO, Duke Energy Corp. will be the largest U.S. energy business by market value led by a woman. Good will be only the second female energy leader on the index, raising the amount to 0.4 percent, according to data compiled by Bloomberg. At Augusta National, home of the annual Masters Tournament, two women were allowed to join when the club changed its rules last year, accounting for 0.7 percent of an estimated 300-member roster.

### [Mexican oil producer Pemex evacuates headquarters after bomb threat](#)

Mexico City: Mexico's state oil producer, Pemex, said on Tuesday it had evacuated its Mexico City headquarters, the site of a deadly explosion in January, after a bomb threat.

### [Indian crew kidnapped in pirate attack off Nigeria - sources](#)



(Reuters) - Pirates in speedboats attacked an oil supply vessel and kidnapped four Indian and Polish crew members in increasingly dangerous waters off Nigeria's coast last week, two security sources said on Wednesday.

The gunmen launched their assault on the Singapore-flagged tugboat MDPL Continental One around 30 nautical miles from land on June 13, the security sources said.

### [Total extends reach in Kurdish Iraq](#)

The French oil major Total has widened its operations in the Kurdish region of Iraq by becoming the operator of a concession in the autonomous area.

The company bought an 80 per cent stake in the Baranan block, with the Kurdish Regional Government (KRG) holding the remainder, as the presence of oil majors into the Kurdish region continues to grow in spite of Baghdad's objections. Total has held a 35 per cent stake in the Harir and Safen blocks in the region since last June.

### [Iraq's Kurds to Export Oil by New Pipeline 'Very Soon'](#)

Iraq's Kurds will start exporting crude by pipeline "very soon" after the completion of a new link to the Turkish border by the end of September, the Kurdistan Regional Government Natural Resources Minister said.

The pipeline to Fishkabour near the frontier with Turkey, will eventually have a capacity of 1 million barrels a day by 2015, Ashti Hawrami said today at a conference in London. The semi-autonomous region in northern Iraq is "well on its way" to have enough oil to fill the line's capacity, he said.

### [Abu Dhabi accelerating diversification from oil as US shale booms](#)

US shale gas and oil exploration is prompting Abu Dhabi, where the hydrocarbon industry accounts for more than half of the economy, to speed efforts to bolster non-oil output, a senior government official said.

The holder of 6 per cent of the world's proven oil reserves "isn't underestimating the potential impact" of higher US hydrocarbon output, Mohammed Omar Abdullah, undersecretary of the emirate's Department of Economic Development, said in an e-mailed response to questions. The government "is accelerating its efforts toward the more diversified economy," he said.

### [Uganda says to build 30,000 bpd refinery by 2016/17](#)

NAIROBI (Reuters) - Uganda said on Wednesday it would build a 30,000 barrels per

day refinery by 2016/17 and double this capacity two years later in a move towards commercial output of the country's oil.

Explorers struck oil in east Africa's third largest economy in 2006 and Uganda estimates its crude reserves at 3.5 billion barrels but wrangling over taxes and the viability of a local refinery have since stalled production.

### [Dart Says Centrica Deal May Spur Talks for U.K. Shale Partner](#)

Dart Energy Ltd., an explorer with shale gas prospects in northwest England, said Centrica Plc's deal last week to acquire a 25 percent stake in a license in the region may help accelerate its talks to find a partner.

Dart's acreage in the U.K.'s Bowland Basin has attracted "a lot of interest," Chief Executive Officer John McGoldrick said in a phone interview from Singapore. Centrica, the largest U.K. energy supplier, bought part of Cuadrilla Resources Ltd.'s Bowland shale license for 40 million pounds (\$63 million) and will pay exploration costs of as much as 60 million pounds.

### ["Catastrophe that people are educated for the oil industry"](#)

"It's a disaster for the Norwegian economy that we educate people to work in oil rather than focusing on renewable energy more heavily," the Liberal Party leader said during a seminar on higher education, Monday.

### [No confirmation yet, but signs point to west-east pipeline](#)

TransCanada Corp. won't confirm whether or not it's proceeding with the Energy East pipeline from Alberta to New Brunswick, but there are signs the company is well into the planning process.

### [Keystone XL Pipe Shuns Infrared Sensors to Detect Leaks](#)

TransCanada Corp., which says Keystone XL will be the safest pipeline ever built, isn't planning to use infrared sensors or fiber-optic cables to detect spills along the system's 2,000-mile (3,200-kilometer) path to Texas refineries from fields in Alberta.

Pipeline companies have been slow to adopt new leak detection technology, including infrared equipment on helicopters flying 80 miles an hour or acoustic sensors that can identify the sound of oil seeping from a pinhole-sized opening. Instead of tools that can find even the smallest leaks, TransCanada will search for spills using software-based methods and traditional flyovers and surveys.



### [High levels of radiation found in groundwater at Fukushima](#)

High levels of a toxic substance called strontium-90 have been found in groundwater at the devastated Fukushima Daiichi power plant in Japan — coming to light even as the country moves closer to bringing its nuclear reactors back online.

Strontium-90 was detected in groundwater near the plant at levels 30 times above the government safety standard, officials said Wednesday.

### [Consumption on super-charged Electric Highway increases 45-fold](#)

“Electric cars have massive potential for growth if we can put the right charging technology in the right place”, says Ecotricity founder Dale Vince – after consumption on their Electric Highway motorway charging network jumped 45-fold in the final quarter of 2012/13.

### [L.A. Breaks Driving Addiction as Bike-Train Commutes Grow](#)

Los Angeles embodied America’s love affair with the automobile in the last century. In this one it’s trying to kick the car to the curb.

The city that put drive-thru restaurants on the map has doubled its network of bike lanes to 292 miles (470 kilometers) and expanded light rail by 26 percent in the past eight years, with another 18 miles of track coming by 2015. Bus and train ridership is on the rise, while the total number of passenger cars registered has declined in Los Angeles County -- evidence more commuters are breaking their dependence.

“I feel pretty spoiled by the transit system in L.A.,” said Madeline Brozen, a 26-year-old transplant from New Orleans who uses a bicycle and buses to make a 12-mile trek from the Los Feliz neighborhood to the University of California, Los Angeles in Westwood, where she researches urban transportation.

### [Masdar inaugurates Seychelles windfarm](#)

Masdar has inaugurated a 6 megawatts windfarm in the Seychelles, sufficient to power more than 2,000 homes.

The project will satisfy 8 per cent of the electricity needs of Mahé, the country's most populated island. The eight-turbine windfarm was funded by the Abu Dhabi Fund for Development. It will help the Seychelles to meet its target of producing 15 per cent of its energy from renewable sources.

### [Making Energy Efficiency Attractive for Owners of Older Seattle Buildings](#)

Switching to less power-hungry light bulbs is relatively easy, and the payoff relatively swift. But replacing furnaces or boilers or reconfiguring the building's shell involves sinking millions of dollars into an asset that the owner may want to get rid of long before the investment has paid off.

In a new twist, some investors, a technology company, a municipal utility and an environmentally oriented foundation have joined forces to show that major energy-efficiency improvements in commercial buildings may provide alluring new revenue to all involved.

### [Harnessing the Net to Power a Green Revolution](#)

LONDON — At the intersection of clean power and information technology, a new breed of digital start-ups is harnessing the power of the Internet to make smarter, more efficient use of energy and other resources.

Proponents call it “cleanweb,” and they say the sector is poised to bring about huge leaps in efficiency, saving money and cutting planet-warming carbon emissions.

### [New Effort to Quantify ‘Social Cost’ of Pollution](#)

WASHINGTON — The Obama administration is making a second attempt to systematically account for the dollar damage from greenhouse gas pollution, even with no consensus on how to forestall global warming or whether to do so.

Supporters of the idea acknowledge the tremendous difficulties of trying to translate slippery estimates into a single mathematical factor, difficulties that perhaps help explain why there is little hope of consensus now on climate policy.

### [EU politicians to try again to rescue carbon market](#)

BRUSSELS (Reuters) - European Union politicians are likely to back a plan to support prices on the EU carbon market on Wednesday, in a step towards resolving debate over whether to prop up the world's largest emissions scheme.

Even if the vote, expected after 3 p.m., is positive, the proposal to temporarily remove some of a glut of allowances from the EU Emissions Trading Scheme (ETS) faces further hurdles.

### [Groundbreaking Analysis Reveals Route for Businesses to Uncover Billions in Hidden Profits From Climate Change Action](#)

WASHINGTON, DC--(Marketwired) - Smart companies innovate their way through

business challenges. A new analysis shows they can also innovate to solve a global challenge - and profit along the way.

The 3% Solution: Driving Profits Through Carbon Reduction ([www.the3percentsolution.org](http://www.the3percentsolution.org)), released today by World Wildlife Fund (WWF) and CDP, provides a groundbreaking assessment of how companies can reap big profits from cutting their carbon emissions, simultaneously helping the world avoid runaway climate change.

### [China's change of fortune in focus](#)

One of the hot topics in China these days is balancing the need for economic expansion while encouraging sustainable innovation. How do firms create a new set of tools that will permit economic growth without putting too much stress on the environment and on increasingly scarce natural resources?

### [China Introduces Local Program for Reducing Emissions](#)

BEIJING — China unveiled its first pilot carbon emissions exchange Tuesday, though plans for a nationwide rollout and efforts to apply the program to some heavy industries could be undermined by a slowdown in the nation's economy.

High-emission industries like aluminum and steel are likely to resist higher costs as they are already battling weak prices caused by tepid demand and too much supply.

### [Obama to prod West to take on global challenges in Berlin speech](#)

BERLIN (Reuters) - In the city where John F. Kennedy and Ronald Reagan gave defiant Cold War speeches, President Barack Obama will call on Wednesday for a renewed spirit of activism by the West in tackling 21st century challenges from nuclear proliferation to climate change.

### [U.S. states, greens delay lawsuit, await Obama climate plan](#)

WASHINGTON (Reuters) - Environmental groups and a dozen states and cities said Monday they will delay planned legal action against the U.S. Environmental Protection Agency, saying they will wait to see if the White House soon unveils a climate policy strategy.

The attorney generals of New York and nine other states, along with three major green groups, had planned to sue the EPA this week because it missed a deadline in April to finalize emissions standards for new electric power plants.

[Small global warming rise would have 'alarming' impact - World Bank](#)

WASHINGTON (Reuters) - Much of Bangkok could flood within the next two decades if global warming stays on its current trajectory, as sea levels rise and cyclones intensify, the World Bank said in a new report on Wednesday.

The flooding of 40 percent of the Thai capital was just one of dozens of negative effects the Washington-based World Bank warned would happen if the world grew warmer by just 2 degrees Celsius (3.6 Fahrenheit), which it said is likely to occur in the next 20 to 30 years under a "business-as-usual" scenario.



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