



## Drumbeat: July 1, 2013

Posted by [Leanan](#) on July 1, 2013 - 9:51am

### [Analysis - Big lenders wary of following oil money to North Dakota](#)

Many banks remain wary of the past repeating itself. North Dakota saw a surge of oil activity in the 1950s and 1980s, only to have the flare-ups burn out, leaving many residents, municipalities and banks in debt after funding large projects. Williston alone had millions in debt from the 1980s oil boom as recently as 2005.

"What we don't want to do is go into a community like Williston and engage in speculative lending and not have an exit strategy," said Dan Murphy, Wells Fargo's regional president for North Dakota, South Dakota and western Minnesota. "We're happy to make loans. We want to be repaid."

The hesitancy comes even as Marathon Oil, Exxon Mobil, Statoil and dozens of other energy companies spend billions of dollars to extract North Dakota's oil and natural gas.

Many bullish geologists say the North Dakota oil boom will last for half a century at least, citing technological advances that have made supply easier to reach.

The Peace Garden State has the lowest unemployment rate in the nation and the fourth-lowest foreclosure rate on home mortgages. But many of the new jobs are filled by men living in temporary work camps who send chunks of their paychecks back to their families in other states, rather than put money toward longer-term investments locally.

### [WTI Crude Gains After Quarterly Drop Amid Egypt Protests](#)

West Texas Intermediate rose, snapping last quarter's decline, amid concern that mass protests against President Mohamed Mursi of Egypt, the largest Arab nation, might spread and affect Middle Eastern oil supply.

Futures gained as much as 1 percent in New York. At least eight people were killed in clashes near the Cairo headquarters of Mursi's Muslim Brotherhood, and part of the Islamist organization's building was set on fire, government officials and police said today. WTI fell earlier as much as 0.5 percent as China's Purchasing Managers Index dropped to 50.1 last month, from 50.8 in May. U.S. crude rose 5 percent in June even as stockpiles increased for three weeks, government data showed.

## [Europeans Oil Benchmarks Go From Trusted to Tainted](#)

The European Union's top energy official ignored a warning delivered in 2009 about potential manipulation of Platts oil benchmarks "because markets trusted" them.

Andris Piebalgs, who was EU energy commissioner from 2004 to 2010, cited the confidence traders had in the pricing system when a lawmaker questioned the reliability of Platts' prices more than three years ago. The warning went unheeded until May, when EU antitrust officials raided Platts, Royal Dutch Shell Plc, BP Plc, and Statoil ASA as part of an investigation into the possible rigging of benchmark energy assessments.

## [EIA pegs OPEC's June output at 30.1 million b/d, down 300,000 b/d](#)

London (Platts) - Crude output from the OPEC oil cartel fell to 30.1 million b/d in June from 30.4 million b/d in May, a drop of 300,000 b/d, the US Energy Information Administration estimates.

Average output of about 30.3 million b/d over the two months was some 800,000 b/d below the May-June 2012 average of 31.1 million b/d, the agency said.

## [Coal companies hit by oversupply, Obama](#)

NEW YORK (CNNMoney) - Coal company stocks have taken a hit lately, as a global oversupply and pending climate change rules from the Obama administration weigh on the sector.

## [Gas Exporters to Defend Pricing as Courts Reject Oil Link](#)

The world's biggest natural gas exporters are vowing to defend a 40-year-old system for setting prices irrespective of court rulings that they have overcharged customers.

Tying gas costs to oil will dominate "in the long-term" as the system provides visibility and transparency for buyers, the Gas Exporting Countries Forum, which groups nations from Russia to Qatar, said on the eve of its second summit in Moscow today. RWE AG, Germany's second-largest utility, said June 27 an arbitration court ruled it had paid Moscow-based OAO Gazprom too much since May 2010 and forced the Russian state-owned export monopoly to add links to market prices in its formula.

## [LNG Trade: A View from Greece](#)

Global LNG trade and shipping has been rapidly expanding worldwide over the past few years and Greece is at the forefront due to the dynamics of its shipping industry as its considerable investment in the sector.

### [Russia's Putin: Changing gas deals would hurt energy security](#)

(Reuters) - President Vladimir Putin on Monday defended the long-term supply deals under which Russia exports the bulk of its natural gas, saying abandoning them would undermine global energy security.

### [Hedge Funds Cut ICE Brent Net-Longs to Lowest Since Mid-May](#)

Hedge funds and other money managers cut bullish bets on Brent crude to the lowest level in six weeks, according to data from ICE Futures Europe.

### [Fracking London Stockbroker-Belt Looms as U.K. Hunts Oil](#)

The rolling country south of London is called the stockbroker belt for the residents who pay 50 percent above the U.K. average to live in pristine villages. The advent of shale oil under their lawns may shatter the idyll.

Two areas of Surrey and Sussex hold 700 million barrels of recoverable shale oil, or more than a year's supply for Britain, the U.S. Energy Information Administration estimates. The advent of drilling near mansions in the Wessex and Weald basins may widen the nation's shale-energy debate, which has focused on gas in northwest England, hundreds of miles from London.

### [Shell Shuts Sarnia, Ontario, Refinery Unit in Unspecified Repair](#)

Royal Dutch Shell Plc said it is shutting a unit at its refinery near Sarnia, Ontario.

The unit is being shut for repair, Kristina Zimmer, a company spokeswoman based in Sarnia, said today in a phone interview. The shutdown is causing increased flaring and noise, according to a company statement on its website.

### [U.S. Oil Market Could Cope With More Iran Export Cuts](#)

The top U.S. energy official said world oil markets could cope with further cuts in Iran's oil exports from tighter sanctions over its nuclear program as rising supply from the United States and Iraq offsets the loss.

U.S. lawmakers are embarking this summer on a campaign to deal a deeper blow to Iran's diminishing oil exports, and analysts say the ultimate goal could be a near total cut-off.

### [NY financial regulator probes insurers over Iran links: WSJ](#)

ZURICH (Reuters) - New York's financial regulator has asked insurers Lloyd's of London and reinsurer Swiss RE AG for details about dealings linked to Iran as part of a probe into 20 non-U.S. reinsurance firms, the Wall Street Journal reported.

### [Protesters to Egypt's Morsy: You have one day to step down](#)

Cairo (CNN) -- Egyptians who helped overthrow a 29-year dictatorship in a widely hailed revolution have now given the country's first democratically elected president one day to step down from office.

In a statement posted Monday on its official Facebook page, Tamarod (the "rebel" campaign) demanded that if President Mohamed Morsy doesn't leave office by Tuesday, the group will begin a civil disobedience movement, call for nationwide protests and march on the presidential palace, where Morsy's administration is running affairs.

### [Gulf Arabs call for U.N. Security Council meeting to prevent Homs massacre](#)

RIYADH (Reuters) - Gulf Arab states called on the U.N. Security Council on Monday to meet urgently to prevent a massacre in Homs, as pro-government forces in Syria try to wrest the city from rebels fighting to topple President Bashar al-Assad.

Assad's army and allied fighters launched an offensive against rebels in control of the central city on Saturday after scoring victories against the opposition in other parts of the country.

### [Syria neighbors block thousands from fleeing: rights group](#)

BEIRUT (Reuters) - Syria's neighbors have closed or tightened restrictions at several border crossings, leaving tens of thousands of people stranded within Syria's dangerous frontier regions, Human Rights Watch said on Monday.

It said Iraq, Jordan and Turkey had all restricted the flow of people trying to flee a conflict which has killed 100,000 people and, according to the United Nations, has already driven 1.7 million more to take sanctuary outside Syria.

### [China Agrees to Asean Sea Talks Amid Philippines Warning](#)

China agreed to talks with Southeast Asian nations on a set of rules to avoid conflict in the South China Sea, winning praise from diplomats even as the Philippines warned of increased "militarization" of the waters.

### [Oil thefts threaten Nigeria's economy, environment](#)

DIEBU, Nigeria (AP) — The first drops of crude float in the languid muddy currents of Nigeria's oil-rich southern delta, then slowly grow into the splatter of a massive crime scene.

Oil thefts, long a problem in the Niger Delta, are growing at an ever-faster rate despite government officials and international companies offering increasingly dire warnings about the effect on Nigeria's crude production. Some 200,000 barrels a day — representing about 10 percent of Nigeria's production — are siphoned off pipelines crisscrossing the region.

While drums end up leaking in villages and used to make crude kerosene and gasoline, the major thieves appear to belong to international criminal gangs that sell it into world markets, analysts and experts say. And the same Nigerian politicians and military leaders now targeting the small-scale local refineries that dot the delta likely are the ones benefiting from those massive thefts.

### [Repsol to drill for oil in Amazon rainforest in Peru](#)

Repsol has been given the go-ahead by Peru's ministry of energy and mines (MEM) to explore for oil in one "protected" and one proposed reserve in the north of the country in the remote Amazon rainforest bordering Ecuador.

### [Ask Umbra: How can we move beyond oil?](#)

I am very interested in mitigating the effects of Peak Oil. Please tell me how BEST to encourage solar and wind technology. I would also like to encourage investment in new green energy and food research.

### [SF Bay Area braces for first day of transit strike](#)

OAKLAND, Calif. (AP) -- Commuters braced for traffic snarls Monday morning as two of San Francisco Bay Area Rapid Transit's largest unions went on strike, halting train service for the first time in 16 years.

The walkout promised to derail the more than 400,000 riders who use the nation's fifth-largest rail system and affect every mode of transportation. Transportation officials say another 60,000 vehicles could be on the road, clogging highways and bridges throughout the Bay Area.

### [SF bay area car rental startup faces lawsuit](#)

Zaparde and co-founders, Kevin Petrovic and Shri Ganeshram, both 19, created FlightCar, passing on elite colleges in the Northeast and joining others in what has been

dubbed the "sharing economy." These new businesses are trying to make it easy for people to share their property — such as cars or houses — and earn some money.

These companies are, however, also running up against government regulations. In FlightCar's case, San Francisco city officials and those at the airport say the company is undercutting rental car companies at the airport by acting like a rental company but ignoring the regulations that govern them.

### [The bike boom](#)

Americans are using bikes for transportation and recreation in record numbers as the fitness and green movements, as well as high energy costs, spur a two-wheel revolution.

### [Green fuel a big winner in fall out from Fukushima](#)

Wind, sun, tidal, thermal - one legacy of the Fukushima nuclear disaster is a surge in interest in Japan in all things renewable within the energy industry.

A rush of technology firms and investors are exploring a range of green energy projects, tapping into the anti-nuclear sentiment that remains strong across Japan.

The renewable energy sector was given a significant boost last year with the launch of a government feed-in tariff, which resulted in subsidies for companies investing in the sector.

### [Arizona wildfire kills 19 members of elite crew](#)

YARNELL, Ariz. (AP) — An elite crew of firefighters trained to battle the nation's fiercest wildfires was overtaken by an out-of-control blaze in Arizona, killing 19 members as they tried to protect themselves from the flames under fire-resistant shields.

It was the most firefighters killed battling a wildfire in the U.S. in decades.

The lightning-sparked fire, which spread to at least 2,000 acres amid triple-digit temperatures, also destroyed 200 homes and sent hundreds fleeing from Yarnell, a town of about 700 residents about 85 miles northwest of Phoenix. Residents huddled in shelters and bars, watching their homes burn on TV as flames lit up the night sky in the forest above the town.

### [U.S. is not waging 'war on coal': Energy Secretary Moniz](#)

(Reuters) - The U.S. government is not waging a "war on coal" but rather expects it to still play a significant role, U.S. Energy Secretary Ernest Moniz said on Sunday, rejecting

criticism of President Barack Obama's climate change plan.

Obama tried last week to revive his stalled climate change agenda, promising new rules to cut carbon emissions from U.S. power plants and other domestic actions including support for renewable energy.

### [Is climate change making cities wealthier and healthier?](#)

The Greater London Authority's Matthew Pencharz, environment advisor to the Mayor of London, goes further. He said: "We must fight the rhetoric that... taking climate action inevitably leads to a reduction in living standards or even a complete change in our way of life. We must say that there is no contradiction between being resource efficient and fostering economic growth and jobs... financial incentives will provide a much more persuasive message than reductions in GHG emissions."

### [Capital markets and climate change: can pension funds save the world?](#)

The way pension funds invest will determine the future, which means that to thrive they'll need to wake up to climate change.



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