



Drumbeat: July 10, 2013

Posted by [Leanan](#) on July 10, 2013 - 9:06am

[OPEC Sees U.S. Shale Boom Eroding Demand for 2014 Crude](#)

The Organization of Petroleum Exporting Countries forecast the world will need less of its crude next year, even as global oil demand growth rebounds to its strongest pace since 2010, amid competing supply sources.

Demand for OPEC's crude will slip by 300,000 barrels a day next year to 29.6 million a day next year, or about 2.6 percent less than the 12-member group is pumping now, the organization said in its first set of forecasts for 2014. The need for OPEC's crude will diminish even as global oil demand growth recovers to 1 million barrels a day in 2014, from 800,000 a day this year, amid rising output in the U.S. (DOETCRUD) and Canada.

"The strong growth trend seen in 2013 is expected to continue in 2014" for production from outside OPEC, the organization's Vienna-based secretariat said in its monthly market report today.

['Peak oil' website to close its doors](#)

With news of record-breaking North American oil and gas production seemingly every day, maybe it just got too hard to maintain a site devoted to the notion that the world's oil production was at or near a peak.

[Peak oil's death has been greatly exaggerated](#): *Fans of the the Oil Drum website are blaming the success of fracking for its demise. Not so fast.*

As for the frac-slays-TOD theory, that is certainly expected given the way this has been portrayed by most in the media: technological advances overcoming depletion. Closer to reality is that, while there have been some advances, it is mostly that continued high prices made the application of pre-existing technology worth the financial risk of drilling expensive, rapidly depleting wells on land that one must pay royalties on in addition. We have had some recent posts indicating that well performance has been getting worse instead of better, so even at current prices, the future is uncertain. At the same time, US consumption is still down from what it was prior to 2008, and the net result is a lot of feel-good myths about imminent US energy independence.

But although this has played a role in the decline of page views on TOD, I don't think it really factored into our decision. With blog fatigue setting in, maybe we are just too weary to swat it all down — or have decided that it's not overly critical to do so. Many of

us are looking instead beyond immediate supply issues and are becoming more interested by the overall relationship between economies and more expensive energy, including environmental limitations.

[A place where the peak oil crowd gathered is no more](#)

The @PlattsOil feed consistently ranked second in the oil category, for whatever that was worth. It was always a harmless time-waster to check and see how we were doing. And how we were doing was that from our #2 perch we were always looking up at the Twitter feed of The Oil Drum, which was the primary website for a dialogue on Peak Oil.

And now The Oil Drum is closing up shop.

[Let's Talk About Oil](#)

Given its role in touching nearly every aspect of life across the globe and given the higher and volatile prices over the past half-decade, oil supply has been an incessant topic of conversation for much of our recent memory. Yet the tone of the conversation has dramatically pivoted recently from arguments about whether peak oil or sky-high oil prices could spur a global economic meltdown (anyone remember 2008?) to the shifting energy balance as a result of rapidly growing oil production from North America.

[Iran's LNG Dreams Vanish as U.S. Shale Gas Looms](#)

Iran's ambition to exploit the world's biggest natural gas reserves, stymied for years by U.S. sanctions, faces an even sterner test as rising global output and the North American shale boom threaten to erode prices.

The Persian Gulf state would need a decade to build planned export capacity of at least 40 million metric tons a year of liquefied natural gas even if unfettered by economic curbs over its nuclear program, say analysts including Tony Regan at Tri-Zen International Pte. A surge in U.S., Canadian and Australian gas from shale deposits may depress prices for new LNG projects by 35 percent, according to Barclays Plc and Royal Bank of Canada, reducing Iran's potential profit from selling the fuel.

[WTI Advances to 14-Month High as U.S. Crude Supply Drop](#)

West Texas Intermediate jumped to its highest level in 14 months on speculation that shrinking U.S. crude stockpiles indicate increased demand in the world's biggest oil consumer.

Futures climbed as much as 1.3 percent in New York to the strongest level since May 3, 2012. Crude inventories fell by 9 million barrels last week, said a person with knowledge of data from the industry-funded American Petroleum Institute. A government report

today may show that supplies dropped by 3.2 million barrels, according to a Bloomberg News survey. U.S. refiners typically boost output to meet peak motor-fuel consumption during the U.S. summer driving season.

“That was the second straight week of huge draws in U.S. crude inventories,” said Amrita Sen, an analyst at Energy Aspects in London. “Continued large inventory draws in the U.S. are fueling further optimism about the U.S. economy, and reflect that production there is starting to flat-line.”

[U.S. Natural Gas Declines for Second Day on Cool Weather](#)

Natural gas futures declined for a second day in New York as meteorologists predicted cooler weather that may limit demand for the power-plant fuel.

Gas for August delivery fell as much as 0.7 percent to \$3.631 per million British thermal units in electronic trading on the New York Mercantile Exchange and was at \$3.637 at 2:11 p.m. in Singapore. The contract dropped 2.3 percent yesterday.

[Algeria's oil demand on the rise, creating some shortages: source](#)

Algiers (Platts) - Oil demand in Algeria has risen very strongly over the last few weeks, creating some shortages in parts of the country, a source at Naftal, the country's main fuel distributor, said Wednesday.

[China Exports Unexpectedly Drop With Imports in Economy Drag](#)

China's exports and imports unexpectedly declined in June, underscoring the severity of the slowdown in the world's second-biggest economy as Premier Li Keqiang reins in credit growth.

Overseas shipments fell 3.1 percent from a year earlier, the most since the global financial crisis, data from the General Administration of Customs showed in Beijing today, compared with the median estimate of a 3.7 percent gain in a Bloomberg News survey. Imports dropped 0.7 percent, while the median projection was for a 6 percent increase.

[OPEC Says Commodity Supercycle Waning, Little Upside](#)

The commodity market's "supercycle" of strong growth is waning, OPEC said on Wednesday, with commodity prices currently in transition mode to slower growth rates.

OPEC (the Organization of the Petroleum Exporting Countries) joined a chorus of analysts who have been warning for several months that the era of high prices for commodities is ending.

[Energy Minister to announce results of gas price subsidy talks with Russia](#)

PanARMENIAN.Net - Armenia continues negotiations with Russia over gas price subsidizing, Energy Minister said promising to announce the results of talks in a few days.

[Aramco refinery start faces 6-12 month delay](#)

Saudi Aramco's oil refinery in Jizan will be delayed by 6-12 months because work on associated infrastructure is behind schedule and the contract to build a plant to supply it with power has not been awarded yet, three industry sources said.

"The infrastructure is not ready... they will try to catch up with the plan but I think it will be delayed by more than six months," one source familiar with the project's progress said.

[Shell Names Refining Chief Van Beurden to Succeed CEO Voser](#)

Royal Dutch Shell Plc unexpectedly named refining boss Ben van Beurden to succeed Chief Executive Officer Peter Voser as Europe's largest oil company looks to manage rising capital spending.

Van Beurden, who will take over in the New Year, has led the company's downstream unit, which refines crude and sells products to consumers, since January and was previously head of the chemicals business. When Voser announced his retirement in May, Chief Financial Officer Simon Henry and U.S. head Marvin Odum were seen as front runners for the top job.

[Egypt Appoints New Premier Amid Rifts Over Mursi Removal](#)

Egypt's interim premier will begin talks on forming a cabinet that will have to heal political rifts and revive a crumbling economy if it's to end the crisis that engulfed the nation following the ouster of Mohamed Mursi.

The appointment as prime minister yesterday of Hazem El-Beblawi, who headed the finance ministry during part of the transitional period after the 2011 removal of Hosni Mubarak, will bolster President Adly Mansour as he confronts growing violence since Mursi's removal, upheaval that culminated in the killing on July 8 of dozens of the Islamist's supporters by the army. Nobel Laureate and anti-Mursi leader Mohamed ElBaradei was named vice president for foreign relations.

[Egypt's Muslim Brotherhood rejects Cabinet offer](#)

CAIRO (AP) — Egypt's Muslim Brotherhood will not take part in an interim Cabinet to replace the administration of ousted President Mohammed Morsi, a spokesman for the group said Wednesday, spurning an offer from the new prime minister to form a broad-based government to shepherd the country through a transition period.

New Prime Minister Hazem el-Beblawi, who was appointed by the interim president on Tuesday, is holding consultations on a Cabinet that will face the difficult task of guiding the deeply divided country through what promises to be a rocky transition period following the military's toppling of Morsi last week. In what is seen as an attempt at reconciliation, el-Beblawi has said he will offer the Brotherhood, which helped propel Morsi to the presidency, posts in his transitional government.

[Egypt orders arrest of Muslim Brotherhood leader](#)

CAIRO (AP) — Egypt's prosecutor general has ordered the arrest of the Muslim Brotherhood's spiritual leader and nine others for allegedly instigating violence that left more than 50 Brotherhood supporters dead in clashes with the military this week.

The general prosecutor's office said in a statement Wednesday that it issued arrest warrants for the general guide of the Muslim Brotherhood, Mohammed Badie, as well as his deputy and strongman, Mahmoud Ezzat. Eight other leading Islamists also were ordered to be taken into custody.

[Egypt's new leaders get boost from wealthy Gulf](#)

CAIRO (AP) — Egypt's new leaders have won \$8 billion in promises of aid from wealthy Gulf Arab allies in moves aimed at stabilizing a political transition less than a week after the army deposed the country's Islamist president.

Also on Tuesday, the interim president named a new prime minister and Egyptian armed forces warned political factions that "maneuvering" must not hold up the military's ambitious fast-track timetable for new elections next year.

[Egypt defies Samsung unit's rise in the region](#)

"Because of the revolution in Egypt we are worried if we can proceed on schedule," said Seung Deuk Kang, the senior vice president of Samsung's power plant business. "Nobody can control it."

[In Pakistan, army adamant on fighting the other Taliban](#)

KALAM, Pakistan (Reuters) - In the past few years, Pakistan's Swat valley has been

occupied by Islamic insurgents, undergone a bruising counter-offensive by the army and then flooded by waters that washed away acres of fruit orchards and steeply terraced fields.

In October last year, the valley which lies about 250 km (155 miles) north of the capital Islamabad was again in the global spotlight when Islamic gunmen shot schoolgirl Malala Yousafzai.

Now, as villagers try to piece together shattered lives, the military is coming under pressure to talk peace with the Taliban, a ruthless Pakistani offshoot of the Islamic radical movement of the same name in neighboring Afghanistan.

[Russian official: Snowden accepts Venezuelan offer](#)

MOSCOW (AP) — NSA leaker Edward Snowden accepted Venezuela's offer of political asylum, according to a posting Tuesday on the Twitter account of a Russian lawmaker with close ties to the Kremlin. However, the tweet disappeared a few minutes later.

It was not possible to immediately reach Alexei Pushkov, the head of the Russian parliament's foreign affairs committee who has acted as an unofficial point-man for the Kremlin on the Snowden affair.

[Quebec Police Probe Crime, Negligence as Rail CEO Arrives](#)

Police are investigating potential criminal acts or negligence in Canada's worst rail disaster in 27 years as the head of the company that owned the train is due to arrive in the stricken town.

The death toll from the explosion that tore through the downtown of Lac-Megantic, Quebec was raised to 15 from 13 yesterday and about 35 are still missing, Surete du Quebec provincial police Chief Inspector Michel Forget told reporters yesterday.

[North Dakota Oil Transport Risk Revealed in Quebec Blast](#)

On a typical day in North Dakota prairie towns like Williston, Dickinson and Beulah, trains with 100 tank cars line up to be loaded with oil destined for markets to the east, west, and south.

In total, about 675,000 barrels of crude leave daily on as many as 10 trains from North Dakota, now the second largest oil-producing state after Texas. That's due to the drilling process known as hydraulic fracturing, or fracking, that has rendered accessible petroleum once too costly to procure.

[Natural gas well leaking in Gulf off the La. coast](#)

NEW ORLEANS (AP) -- Natural gas leaked Tuesday from an old, non-producing well at an oil and gas platform in the Gulf of Mexico about 75 miles off the Louisiana coast after a crew working to plug the well lost control of it, the Coast Guard said.

A crew of five was working to plug the old well permanently when saltwater and a small amount of natural gas and the light oil and water mixture called condensate began escaping Monday, according to a statement from Talos Energy LLC President Timothy S. Duncan.

"In an abundance of caution, we decided to evacuate the platform and mobilize our spill response team," the statement from the Houston-based company said. The crew got off safely.

[Japan atomic watchdog suspects Fukushima ocean leak](#)

TOKYO (AFP) – Japan's nuclear watchdog said Wednesday the crippled Fukushima reactors are very likely leaking highly radioactive substances into the Pacific Ocean.

Members of the Nuclear Regulation Authority voiced frustration at Tokyo Electric Power (TEPCO), which has failed to identify the source and the cause of spiking readings of radioactive materials in groundwater.

"It is strongly suspected that highly concentrated contaminated waste water has leaked to the ground and has spread to the sea," the authority said in its written review of TEPCO's recent announcements.

[Japan casts a nervous glance at nuclear](#)

The government says it has made crucial adjustments, but many wonder if enough has really changed.

[It's time for cities to ditch the car – IEA report](#)

Drawing on research in 30 cities, the report suggests that investing in efficient transport schemes could save \$70 trillion in spending on vehicles, fuel and infrastructure up to 2050.

Specifically it calls on governments to adopt what it calls an 'avoid, shift and improve' philosophy, reducing unnecessary travel in cars, lubricating movement across cities and investing in better trains and buses.

"As the share of the world's population living in cities grows to nearly 70% by 2050 and energy consumption for transport in cities is expected to double, the need for efficient, affordable, safe and high-capacity transport solutions will become more acute," said IEA executive director Maria van der Hoeven in a statement.

[Agenda: A 100% renewable electricity-powered Scotland by 2020 is possible.](#)

When the Scottish Government set itself the target of generating 100% of the country's electricity from renewables by 2020 many people scoffed.

That goal is only six years away. Is it reachable?

[Tidal energy could power half of Scotland](#)

The world's best site for tidal power, the Pentland firth, could provide half of Scotland's electricity, according to the first robust estimate of its potential.

The tidal streams, which surge through the firth at five metres per second, could bring large amounts of renewable energy in reach within a decade if enough government support is available, said the Oxford University engineer behind the new study.

[Records set to be smashed as Germany's solar output soars](#)

Last weekend Germany recorded 23.9GW of electricity generated from solar power according to manufacturer SMA Solar, enough to power 2.3 million homes.

The country's previous record of 22GW was set in May, in what is rapidly proving to be a stellar year for solar power capacity in the country.

[Attitudes on Crops Are Modifying](#)

AUSTIN, Texas — On the subject of genetically modified foods, the United States and Europe could hardly be farther apart. U.S. grocery stores are well stocked with genetically modified cereals and other products, while Europeans have found ways to keep them off the shelves.

But recently, a few fissures have appeared on both sides of the Atlantic.

[Droughts could hit food production in England in 2020s, report warns](#)

Droughts could devastate food production in the England by the 2020s, according to a report from the government's official climate change advisers. Without action, increasingly hot and dry summers may mean farmers will face shortfalls of 50% of the water they currently use to grow crops. The report, from the climate change committee (CCC), also warns that current farming practices may be allowing the country's richest soils to be washed or blown away.

The future risks to England's food supply are becoming more apparent, with MPs warning this month that the government's failure to protect the most valuable farmland from flooding "poses a long-term risk to the security of UK food production" and food experts cautioning that crop yields are reaching their maximum biological limits. Extreme recent weather – the wettest recorded autumn followed by the coldest spring in half a century – cut wheat yields by one third, leading to the import of 2.5m tonnes of wheat, the same amount that is usually exported.

"If we don't start acting now we will be in serious trouble," said Lord John Krebs, who led the CCC report. "We already rely on food imports to a significant extent." About 40% of the UK's food is imported.

[Clash Looms on Obama Nominees as Reid Plans to Push Votes](#)

U.S. Senate Democratic leaders may force a showdown with Republicans as early as next week to end delays in confirming President Barack Obama's nominees for Labor secretary, chief environmental regulator and other agencies.

Senate Majority Leader Harry Reid could package votes on the Labor and Environmental Protection Agency selections along with Richard Cordray to head the Consumer Financial Protection Bureau and picks for the National Labor Relations Board, said Adam Jentleson, a Reid spokesman. Reid may file a motion within days to force the votes next week and let lawmakers then act on the nominations, he said yesterday.

[Great Barrier Reef's condition declined from moderate to poor in 2011](#)

An alarming set of reports on the condition of the Great Barrier Reef published on Wednesday say its overall condition in 2011 declined from moderate to poor, and highlights that reef-wide coral cover has declined by 50% since 1985.

[Toronto flooding gives city a double whammy: Hume](#)

Compared with what's happening in other cities during this, Canada's *annus horribilis*, Toronto got off pretty easily Monday night.

But as the unprecedented storm made clear, we face a double whammy of disaster: Not only is the city's aging infrastructure unable to cope with the load, but that load has grown heavier because of climate change.

[Where Streets Flood With the Tide, a Debate Over City Aid](#)

The Broad Channel project offers a preview of the infrastructure outlays that Mayor Michael R. Bloomberg is envisioning as part of a new \$20 billion plan to protect the city's 520 miles of coast over the next decade from rising sea levels.

But the project also raises fundamental questions about whether, in an era of extreme weather, the government should come to the aid of neighborhoods that are trying to fend off inevitably rising waters.

[Stop Protecting Unsafe Homes From Wildfires](#)

Three months ago, I refreshed my firefighting skills in a class created by the National Wildfire Coordinating Group. I spent most of my week alone in front of a computer, clicking through various lessons that have been digitized since the last time I took the course more than 10 years ago.

One new lesson explained what to do if I encountered a meth lab. Another went over how to identify hazardous waste and chemicals if I happened to stumble upon an illegal dump. I could only shake my head. The last time I worked on a fire line such hazards were far from my mind.

But these are the least of the changes complicating the job for today's firefighters, who suffered the worst U.S. wildfire disaster in 80 years last week, when 19 died in Yarnell, Arizona.

When I last trained to fight wildfires, climate change was far from most firefighters' minds. Today, it's hard to find a veteran firefighter who hasn't seen firsthand the warming and drying of the nation's forests and how that's increasing the intensity and frequency of fires.

[Use the Arizona fire tragedy as a wake-up call](#)

We need to tell politicians that climate change is real and we need measures to limit emissions.

Weeping at funerals and collecting donations for disaster victims does not qualify as a plan.

[We are wasting money trying to fight climate change instead of adapting to it](#)

If in recent years Ontario had spent billions of dollars bringing electricity system infrastructure in Toronto up to higher standards, instead of sinking billions into wind and solar farms off in the countryside, maybe the Greater Toronto Area electricity system would not have been as shaken by this week's flood events.

[The contribution of the Greenland ice sheet to sea-level rise will continue to increase](#)

New research has shown surface ice melt will be the dominant process controlling ice-

loss from Greenland. As outlet glaciers retreat inland the other process, iceberg production, remains important but will not grow as rapidly.

The Greenland ice sheet is often considered an important potential contributor to future global sea-level rise over the next century or longer. In total, it contains an amount of ice that would lead to a rise of global sea level by more than seven metres, if completely melted.

[James Hansen: Fossil fuel addiction could trigger runaway global warming](#)

The world is currently on course to exploit all its remaining fossil fuel resources, a prospect that would produce a "different, practically uninhabitable planet" by triggering a "low-end runaway greenhouse effect." This is the conclusion of a new scientific paper by Prof James Hansen, the former head of NASA's Goddard Institute for Space Studies and the world's best known climate scientist.



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