



## Drumbeat: July 17, 2013

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### [Senators Grill Refiners Over High Prices Amid Oil Boom](#)

Lawmakers grilled representatives of oil producers and refiners seeking an explanation for a rise in gasoline prices at the pump amid a boom in U.S. oil production.

Senators at an Energy and Natural Resources Committee hearing today complained that fuel exports and refinery shutdowns for maintenance cause regional price surges, while the head of refiner Valero Energy Corp. said local prices reflect global shifts in crude markets and blamed higher costs on the Renewable Fuel Standard, which mandates ethanol use.

“Our people want to know why the flood of new domestic crude oil isn’t lowering prices at the pump,” said Ron Wyden, an Oregon Democrat and chairman of the Senate Energy and Natural Resources Committee. “There is no question that the lower oil costs are not getting through to Americans’ wallets.”

### [WTI Crude Declines for a Second Day Before Bernanke Testimony](#)

West Texas Intermediate dropped for a second day as the dollar gained before Federal Reserve Chairman Ben S. Bernanke testifies to Congress, undermining the appeal of commodities as a protection against inflation.

Futures slid as much as 0.8 percent in New York as WTI’s relative strength index signaled prices may have advanced too quickly. Bernanke, who has said the Fed may start reducing \$85 billion in monthly bond purchases later this year, will appear before the House Financial Services Committee today. The Energy Department will probably report that U.S. crude inventories fell by 2 million barrels last week, a Bloomberg survey showed.

“People are going to realize that tapering of quantitative easing is on the cards, and there’s not going to be an escape from this,” said Hakan Kocayusufpasaoglu, chief investment officer at Archbridge Capital AG, a Zug, Switzerland-based hedge fund. “That will probably strengthen the dollar and, although crude has rallied lately on supply issues, it will put a little bit of pressure on the oil market.”

### [California gets \\$4-a-gallon gas. Who's next?](#)

NEW YORK (CNNMoney) Drivers in California became the first in the mainland U.S. to pay an average of \$4 a gallon for gas in the current price spike. They probably will get lots of company soon.

California prices reached \$4.01 for a gallon of self-serve regular gas on Monday and continued higher to \$4.02 on Tuesday, the first time since March that the price has been that high. Only Hawaii and Alaska, with their limited access to refineries, had been above \$4 a gallon before the recent price spike.

### [U.S. Gulf Oil Profits Lure \\$16 Billion More Rigs by 2015](#)

The deep-water Gulf of Mexico, shut down after BP Plc's record oil spill in 2010, has rebounded to become the fastest growing offshore market in the world.

The number of rigs operating in waters deeper than 1,000 feet (300 meters) in the U.S. Gulf will grow to 60 by the end of 2015, said Brian Uhlmer, an analyst at Global Hunter Securities LLC in Houston. As of last week, there were 36 rigs working in those waters, according to industry researcher IHS Petrodata.

### [Fresh protests at Libyan Zueitina spark uncertainty on oil exports: traders](#)

London (Platts) - A fresh round of protests at the Zueitina oil terminal in Libya has ushered in a wave of uncertainty surrounding crude oil exports from the country, a mere two days after the terminal opened again following more than five weeks of shut-ins.

Traders said that details were sketchy, but that protesters entered the terminal late on Tuesday and it was unclear whether or not fuel loadings were continuing.

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

Oil production in Saudi Arabia, the world's largest exporter of crude, rose to 9.657 million barrels a day in May, compared with 9.31 million barrels a day a month earlier, while exports edged 4.6% higher during the same period, official data showed Wednesday.

The kingdom exported 7.789 million barrels a day of crude oil and condensate in May, up from 7.444 million barrels a day in April, according to figures posted on the Joint Organization Data Initiative, or JODI, website.

### [BlackRock Dodges Pimco Losses in Abandoning OGX: Brazil Credit](#)

The rout, sparked by Batista's failure to deliver the oil production he pledged from

offshore fields he has called “bonanza” assets, is vindicating BlackRock’s decision as investors brace for what would be the biggest-ever corporate default in Latin America. Credit Suisse Group AG estimates Rio de Janeiro-based OGX, which forms part of a Batista empire whose combined market capitalization has fallen \$38 billion in the past two years, will have about \$13 million in cash by year-end.

### [Kashagan consortium says takes further step towards first oil](#)

(Reuters) - The North Caspian Operating Company, developer of the much-delayed Kashagan offshore project in Kazakhstan, said on Wednesday it had introduced gas to its artificial island and lit its flare.

### [Six rules for state-owned companies operating in Canada](#)

Whether a company is entering Canada in a complete-control capacity or pursuing non-operating transactions or joint ventures, success in the Canadian oil and gas market takes a lot more than just regulatory compliance, safety, production, projects and profitability.

### [Chevron \\$1.24 Billion Deal Leads YPF’s Post-Repsol Shale Hunt](#)

Chevron Corp., the world’s second-biggest oil company, signed the first agreement with Argentina’s government since it nationalized YPF SA in 2012 to help develop shale oil and natural gas in Vaca Muerta.

John Watson, Chevron’s chairman and chief executive officer, and YPF CEO Miguel Galuccio signed the accord yesterday at YPF headquarters in Buenos Aires to develop the world’s second-largest shale gas deposit and fourth-largest shale oil reservoir. The contract finalizes terms for Chevron’s initial \$1.24 billion investment, which may reach as much as \$15 billion. The partnership was first formed in December.

### [Iran Agrees to Barter Wheat for Electricity with Pakistan](#)

TEHRAN (FNA)- Iran agreed to barter wheat worth \$9mln with Pakistan in return for Pakistan’s debts for Iranian power supplies, Deputy Energy Minister Mohammad Behzad said.

### [China in \\$5 billion drive to develop disputed East China Sea gas](#)

(Reuters) - Chinese state-run oil companies hope to develop seven new gas fields in the East China Sea, possibly siphoning gas from the seabed beneath waters claimed by Japan, a move that could further inflame tensions with Tokyo over the disputed area.

Beijing had slowed exploration in the energy-rich East China Sea, one of Asia's biggest

security risks due to competing territorial claims, but is now rapidly expanding its hunt for gas, a cheaper and cleaner energy to coal and oil imports.

### [Enbridge seeks swift approval of U.S. midwest oil pipeline](#)

MARSHALL, Mo. -- A Canadian company's plan to build an oil pipeline that will stretch for hundreds of miles through the Midwest, including through many sensitive waterways, is quietly on the fast-track to approval -- just not the one you're thinking of.

As the Keystone XL pipeline remains mired in the national debate over environmental safety and climate change, another company, Enbridge Inc. of Calgary, Alberta, is hoping to begin construction early next month on a 600-mile-long pipeline that would carry tar sands from Flanagan, Ill., about 100 miles southwest of Chicago, to the company's terminal in Cushing, Okla. From there the company could move it through existing pipeline to Gulf Coast refineries.

### [Currency to Oil Rates Targeted for Tougher Oversight After Libor](#)

Benchmarks underpinning markets from oil to foreign exchange face tougher oversight under plans by global regulators to prevent any repeat of Libor-style fraud.

Benchmarks should be based as much as possible on real transaction data, rather than estimates, and banks should tackle conflicts of interest, the International Organization of Securities Commissions, a Madrid-based group that harmonizes global market rules, said in guidelines published today.

### [Barclays, Traders Fined \\$487.9 Million by U.S. Regulator](#)

Barclays Plc and four former traders must pay a combined \$487.9 million in fines and penalties, the U.S. Federal Energy Regulatory Commission said in an order tied to an investigation of alleged manipulation of energy markets.

The agency directed the company and traders to pay \$453 million in civil penalties to the U.S. Treasury within 30 days, according to the order issued yesterday. The London-based bank also must surrender \$34.9 million in profits, to be distributed to programs that help low-income homeowners pay energy bills in California, Arizona, Oregon and Washington, the FERC said.

### [Quebec Rail Disaster Seen Jump-Starting Safe Push](#)

A runaway oil train that killed scores of people when it slammed into a Quebec town is bringing renewed calls on both sides of the U.S.-Canada border for tougher safety rules for railroads.

Regulators and watchdogs have sought for years improvements to a common tank car design shown to be susceptible to rupture when derailed, while labor unions have pushed for a ban on trains being operated by a single crew member.

### [BP Wants Deepwater Payouts Frozen Amid Probe](#)

BP is urging a federal judge to halt all Gulf of Mexico oil spill settlement payments while fraud allegations are investigated.

Former FBI director Louis Freeh is carrying out a probe into alleged misconduct by a lawyer who helped administer the multibillion-dollar settlement programme.

### [California Proposes \\$300 Million Fine for PG&E Pipe Blast](#)

California Public Utilities Commission staff recommended PG&E Corp. (PCG) pay a minimum \$300 million fine as part of a proposed \$2.25 billion penalty for the 2010 natural gas pipeline explosion that killed eight people in San Bruno.

The fine would be the largest ever ordered by the California regulator, the commission's Consumer Protection and Safety Division said in a filing today. "The tragedy in San Bruno, which was directly caused by PG&E's unreasonable conduct and neglect for decades, was the worst disaster in the history of California electric and/or gas utilities."

### [Energy Department ousts 2 top officials of Bonneville Power Administration](#)

The Energy Department has ousted two top officials of the federally run Bonneville Power Administration, putting them on administrative leave after they retaliated against a half-dozen employees who were helping an inspector general's inquiry about hiring practices.

The Bonneville Power Administration, which falls under the Energy Department and whose workers are federal employees, markets electricity generated by 31 federal hydro projects and provides power to about 13 million people in the Pacific Northwest. Its administrator, Bill Drummond, who was appointed in February, and chief operating officer, Anita Decker, were escorted out of their offices Monday, people familiar with the matter said.

### [Legal Challenges to New Nuclear: Can We Trust Government?](#)

The National Trust for Ireland and Greenpeace have launched two independent legal challenges to UK Government plans for new nuclear power plants at Hinkley Point, Somerset, re-opening long-standing questions about nuclear safety.

### [With i3 Electric Car, BMW Tries to Ease Range Anxiety](#)

BMW has bet considerable resources that the cost advantages of operating an electric car will outweigh the one big disadvantage — range. BMW says the i3, which will come to market in Europe in November and the United States next year, can travel 186 miles when equipped with an optional range extender, a motorcyclelike gasoline engine that helps maintain the charge when the car runs low. Otherwise, the car will be able to travel about half that distance, or about 93 miles, on a single charge.

### [Battery Seen as Way to Cut Heat-Related Power Losses](#)

As scorching weather envelops the Northeast and the Midwest, electric utilities are scrambling to keep the power on while air-conditioners strain utilities' capacity. By Tuesday afternoon in New York City and Westchester County, for instance, Consolidated Edison had logged nearly 7,700 interruptions since the heat arrived on Sunday, and it had dispatched crews to restore almost all of the power.

Such disruptions have plagued utilities for years: how do they keep extra electricity on hand and ready to go, avoiding the need to cut the voltage in stressed neighborhoods and lowering the risk of blackouts?

Now, several utilities, including Con Edison, National Grid and the large European utilities Enel and GDF SUEZ, have signed up to fine-tune and test what they hope could lead to an answer — a battery half the size of a refrigerator from Eos Energy Storage, the company said Tuesday. If the testing goes well, the batteries hold the promise of providing storage that until now has been unaffordable on a large scale.

### [The One Issue Republicans and Democrats Can Agree On](#)

Ethanol is insane, and politicians outside the Beltway are finally fighting it.

### [21 children die after eating school lunch in India](#)

PATNA, India (AP) — At least 21 children died and more than two dozen others were sick after eating a free school lunch that was tainted with insecticide, Indian officials said Wednesday.

It was not immediately clear how chemicals ended up in the food in a school in the eastern state of Bihar. One official said the food may not have been properly washed before it was cooked.

### [Looking for Ways to Beat the Weeds](#)

For decades, farmers have responded to resistant weeds by turning to a new herbicide.



But a number of scientists argue that we need to get off this treadmill. They argue that we can find more effective ways to fight weeds by appreciating how well they've done at our expense.

### [“Get off the fence” on coal ash, scientist tells US EPA](#)

Coal ash, toxic substances and power plant emissions should be a priority for Gina McCarthy if she is appointed to lead the Environmental Protection Agency (EPA), an environmental scientist at Duke University has suggested.

William Chameides, the Nicholas Professor of the Environment at Duke University in North Carolina, said that the EPA should designate coal ash as a hazardous material, reform the Toxic Substance Control Act and propose carbon dioxide emissions rules for existing power plants if McCarthy takes up the position.

### [Unfinished oil and gas pollution rules greet Stephen Harper's new environment minister, Leona Aglukkaq](#)

OTTAWA – Prime Minister Stephen Harper latest environment minister, Leona Aglukkaq, could bring some front-line views of the impacts of global warming on her home in Canada's North to the federal cabinet in her new role.

But one of her first challenges would be to tackle Canada's fastest growing sources of emissions that contribute to the warming atmosphere by completing long-awaited and repeatedly delayed regulations cracking down on pollution from expanded oil and gas development.

### [World Bank to limit financing of coal-fired plants](#)

(Reuters) - The World Bank's board on Tuesday agreed to a new energy strategy that will limit financing of coal-fired power plants to "rare circumstances," as the Washington-based global development powerhouse seeks to address the impact of climate change.

The Bank will amend its lending policies for new coal-fired power projects, restricting financial support to countries that have "no feasible alternatives" to coal, as it seeks to balance environmental efforts with the energy needs of poor countries.

### [85% of Filipinos say they are feeling effects of climate change](#)

The impacts of climate change are a daily reality for 8 out of ten Filipinos, according to a recent survey of 1,800 adults across the country.

In the World Bank commissioned survey, 85% of those questioned said that they were

personally feeling the effects of climate change, which are particularly pronounced across South East Asia.

The Philippines are the third most vulnerable country in the world to extreme weather events, such as typhoons, floods, landslides and droughts.

### [Each degree of global warming might ultimately raise global sea levels by more than 2 meters](#)

Greenhouse gases emitted today will cause sea level to rise for centuries to come. Each degree of global warming is likely to raise sea level by more than 2 meters in the future, a study now published in the Proceedings of the National Academy of Sciences shows.

### [China donates sea wall to Fiji](#)

SUVA (Xinhua) -- China on Wednesday donated a sea wall to Fiji, which became an example of the Fijian government's commitment to addressing sea level rise and protecting villages along coastal areas.

### [Why Don't Farmers Believe in Climate Change?](#)

But the biggest change delivered by science to farming in the past century is the one my brother is working to reverse: the advent of fossil-fuel-powered machinery and fertilizer wrested from the air by chemistry. That, along with cutting down forests to make room for farms around the world, makes agriculture the second-largest cause of the greenhouse gas emissions changing the climate. There's methane from massive meat farms and manure lagoons. There's nitrous oxide—yes, the stuff used at the dentist's office—seeping out of the soil thanks to all that nitrogen fertilizer, and it's no laughing matter since N<sub>2</sub>O is nearly 300 times more powerful as a greenhouse gas than CO<sub>2</sub> over a century.

Few would have to change their livelihoods as radically as American farmers if efforts to combat climate change became more serious.

### [UK: Farmers should pay more for water, say government advisors](#)

Farmers who abstract water from rivers should pay higher prices that reflect its true value, according to a committee which advises ministers on climate change.

Changing global temperature and weather patterns present a risk to the supply of important goods and services from the land, says a new report by the Committee on Climate Change. Without action this could undermine our ability to meet increased food demand over the next decades.



## [Air-Conditioning Will Be the End of Us](#)

Earlier this week, as the outdoor temperature in New York City hit the high 90s and the heat index topped 100, my utility provider issued a heat alert and advised customers to use our air-conditioning “wisely.” It was a nice, polite gesture, but also an utterly ineffectual one. After all, despite our other green tendencies, most Americans still believe that the “wise” way to use air conditioners is to crank them up high, cooling down every room in the house — or even better, relax in the cold blasts of a movie theater or shopping mall, where someone else pays the bills. Today, Americans use twice as much energy for air-conditioning as we did 20 years ago, and more than the rest of the world’s nations, combined. As a climate-change adaptation strategy, this is as dumb as it gets.

## [The Costs of Climate Change and Extreme Weather Are Passing the High-Water Mark](#)

More than 5.5 million homes are protected via the National Flood Insurance Program (NFIP), and a little less than 20% of those homes — usually those who live in the most dangerous areas — receive flood insurance at heavily subsidized rates. The result is a perverse incentive for homeowners to continue to live in areas that are likely to be hit by storms and floods, knowing that the cost of rebuilding will be effectively socialized by the rest of us. At a time when we should be seriously thinking about retreating from the most high-risk coastal areas, government policy inadvertently supports living on top of the sea.

Smith thinks that needs to change. “The program that exists today is not fundamentally sound,” he said. The NFIP is expected to go \$25 billion to \$30 billion in debt after it fulfills claims from Sandy, and both climate change and population growth will put further pressure on the program. A report released last month by the Federal Emergency Management Authority found that by the end of the century, NFIP could have to insure 80% more properties than it does today, and the average loss on each property could rise by as much as 90%. Keeping up a system that provides subsidized flood insurance for those who live in the riskiest areas is barely doable now — if those risks increase thanks to sea-level rise, it will be impossible. “To keep risks manageable and therefore insurable, all of us need to get serious about broad-scale financial solutions to this crisis,” said Smith.

## [Ice-free Arctic may come as soon as 2054, study says](#)

Cruise ships and oil tankers may be sailing through ice-free waters of the Arctic as early as 2054, according to a new study that narrows to a handful of years the uncertainty of when this climate-change milestone will occur. Previous studies have pegged it to everywhere between 2015 and 2100.

## [Trade-Offs Between Food Security and Climate Change Mitigation Explored](#)

Improving crop yields using sustainable methods could cut greenhouse gas emissions by as much as 12% per calorie produced according to a new study published in the journal

*Environmental Research Letters*. At the same time, these changes could provide more food to people in need.

### [CIA Backs \\$630,000 Scientific Study on Controlling Global Climate](#)

The Central Intelligence Agency is funding a scientific study that will investigate whether humans could use geoengineering to alter Earth's environment and stop climate change. The National Academy of Sciences (NAS) will run the 21-month project, which is the first NAS geoengineering study financially supported by an intelligence agency. With the spooks' money, scientists will study how humans might influence weather patterns, assess the potential dangers of messing with the climate, and investigate possible national security implications of geoengineering attempts.



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