



Drumbeat: July 31, 2013

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[The Whole World Is Getting Richer, and That's Good News](#)

This month the most accurate source for global data on the size of the world's economies got a makeover. As a result, we have measures of economic growth and relative income across countries that are better than ever. These numbers suggest something surprising: a world of ubiquitously increasing wealth, where predictions of Malthusian traps and permanent poverty look increasingly archaic.

...The Penn Tables provide GDP data for both 1960 and 2010, providing a 50 year window to view global economic progress. It has been considerable. Looking at absolute GDP, no country anywhere in the world for which we have data is smaller today than it was in 1960. The countries that saw the size of their economies less than double since 1960 contain just 80 million people—a little more than 1 percent of the planet's population. A further 1 billion people lived in countries where GDP climbed by somewhere between two- and fivefold. That leaves 4.9 billion people—the considerable majority of the planet—living in countries where GDP has increased more than fivefold over 50 years. Those countries include India, with an economy nearly 10 times larger than it was in 1960, Indonesia (13 times), China (17 times), and Thailand (22 times larger than in 1960).

[WTI Set for Best Month Since August Before U.S. Oil Data](#)

West Texas Intermediate headed for its strongest month since last August before the release of data forecast to show that crude inventories fell in the U.S., the world's largest consumer of the commodity.

Futures gained as much as 0.6 percent and have advanced 7 percent this month. A government report today is forecast to show crude supplies slid by 2.45 million barrels last week, according to a Bloomberg News survey of analysts. The American Petroleum Institute said yesterday that stockpiles decreased by 740,000 barrels. Data on U.S. economic growth is also due today and the Federal Open Market Committee will end a two-day meeting.

“U.S. refinery activity is very high, which can explain the continued decline in crude stocks,” said Carsten Fritsch, an analyst at Commerzbank AG in Frankfurt. “But fuel demand is still lackluster, which means fuel stocks are still quite high and have risen of late.”

[British Gas profits rise during winter chill](#)

Consumer groups are urging British Gas to freeze energy bills this winter, after the company's owner Centrica reported a rise in profits following last winter's record-breaking chill.

Centrica reported a 9% increase in profits to £1.58bn for the first six months of the year for its entire business spanning power generation and supply.

[Canada's Economy Expands in May as Retail Offsets Oil](#)

Canada's gross domestic product grew for a fifth straight month in May, as resilient consumer spending offset declining output by oil and gas producers.

[Operations at Libya's oil export terminals still suspended](#)

(Reuters) - Operations at Libya's two main crude oil export terminals were still suspended on Wednesday due to strike action, trading and shipping sources said.

The Es Sider and Ras Lanuf ports in eastern Libya were shut down over the weekend when the strikes began, and loadings have stopped. Workers at the country's largest 220,000 barrel-per-day refinery at Ras Lanuf followed suit on Monday.

[US shale revolution should keep Opec on its toes](#)

While a current surge in US output is undeniable, many analysts are critical of the IEA's longer-term outlook. The boom in shale oil has so far concentrated on two formations, Bakken and Eagle Ford, and it is unclear if other reservoirs will be as prolific.

"You have certain success stories in the US, namely Bakken and to a lesser extent Eagle Ford, but these are the two most promising areas, and all the other areas are much less promising," says Alexander Pögl, an analyst at JBC Energy.

Even in the US, where vast amounts of data have accumulated from decades of conventional production, shale oil relies on drilling a large number of wells, which tend to deplete a lot quicker than wells pumping conventional crude.

[Small firms, not big guns, drive US shale revolution](#)

The US shale revolution was driven not by the oil industry's big guns, but by small, independent companies that pounced on the opportunity presented by high gas prices and innovative production techniques.

Smaller outfits often break new ground in the oil game, as they are more nimble and willing to take bigger risks. But as the price of natural gas came crashing down due to surging production, shale started to move into the mainstream and the oil majors started paying more attention.

[Ireland sole refinery's continued operation "desirable"-minister](#)

(Reuters) - The continued operation of Ireland's sole oil refinery on a commercial basis is "highly desirable" following a decision by owner Phillips 66 to put the plant up for sale, the country's energy minister said.

Publishing a report on the future of Ireland's oil refining on Tuesday, Pat Rabbitte said the presence of a refinery provided "flexibility" in the event of an oil supply disruption by avoiding a complete reliance on oil product imports.

[Russia's Rosneft starts pumping additional crude volumes to China's CNPC](#)

Moscow (Platts) - Russia's oil giant Rosneft Monday started pumping additional crude volumes to China's CNPC in line with the long-term supply deal the two companies signed in June, a representative of the Russian company said Wednesday.

[Iran's top Asian clients slash further oil imports](#)

Iran's top four oil clients have cut their imports from the Middle Eastern nation by more than a fifth in the first six months of the year, but are soon to face increased pressure from the United States to reduce shipments still further.

The cuts by China, India, Japan and South Korea point to the United States' and European Union's success in reducing Tehran's vital oil cash flows as they try to force Iran to halt a disputed nuclear programme. Oil shipments from Iran are down about 60 per cent on average compared to pre-sanction levels.

[Iran grants Syria \\$3.6 billion credit facility to buy oil products](#)

(Reuters) - Syrian authorities and Iran signed a deal this week to activate a \$3.6 billion credit facility to buy oil products with long term payment terms, officials and bankers said on Wednesday.

The deal, which was agreed last May between the two allies and will allow Iran to acquire equity stakes in investments in Syria, was part of a package to extend Iranian aid to President Bashar al Assad's government, its main political ally.

[Gas production to begin in Iran's South Pars](#)

Gas production will start in two phases of the South Pars gas field in the near future, Head of the National Iranian Oil Company (NIOC) Ahmad Qalebani said.

[Iran launches gas-sweetening unit for delayed South Pars phases](#)

Tehran (Platts) - Iranian President Mahmoud Ahmadinejad officially launched Wednesday commissioning of a gas sweetening unit for the delayed phases 15 and 16 of the giant offshore South Pars gas field, local news agencies reported.

[Genel Sees Kurdish Oil Output Rising in 2014 on Pipeline Exports](#)

Genel Energy Plc, the largest oil producer in Iraq's Kurdistan region, expects output to rise once a pipeline to Turkey becomes available in the fourth quarter.

"There will be a substantial increase in production next year," Chief Financial Officer Julian Metherell said today in an interview, without giving a specific forecast. "The pipeline is currently 15 kilometers short of the tie-in. We're confident that we'll have export capability through it, and that will allow us to utilize our capacity."

[Iraq headed for first annual oil output drop in three years](#)

Iraq's oil revival is stalling, and unless momentum is regained, Baghdad will report an output decline for 2013, its first after two years of robust gains.

[Shell Moves to Nigerian Offshore Fields Amid Onshore Woes](#)

At Royal Dutch Shell Plc's compound in the Nigerian city of Warri, the gate is locked, the grounds are empty and grass has overgrown since Europe's biggest oil company closed its operations in March after more than 40 years.

After Warri saw some of the nation's worst unrest in two decades, Shell has sold land-based fields that pumped about 400,000 barrels a day in the 1990s, valued at \$1.2 billion a month at today's crude prices, and is buying fields offshore.

[Shell to sell at least four more Nigeria oil blocks - sources](#)

(Reuters) - Royal Dutch Shell will sell at least four more oil blocks in Nigeria in its latest divestments from Africa's top oil exporter, three oil industry sources familiar with the deals said on Wednesday.

[Shell calls for tougher sanctions against oil thieves in Nigeria](#)

Lagos (Platts) - Shell said Wednesday that the Nigerian government needs to ensure oil thieves are prosecuted and sanctioned in order to tackle the growing problem effectively.

[Divergent Views on Local Capacity for Oil Insurance](#)

Insurance experts all agreed on an urgent need to develop capacity for the underwriting oil and gas risks locally, but they differ not only on how to grow the needed capacity but also on the level of improvement in local retention of the energy risks, Nnamdi Duru reports

Worried that the business community in the country is not gaining enough from oil and gas exploration activities across the country, the federal government in 2010 enacted the Nigeria Content Development Act, reserving various levels of participation in businesses emanating from the sector at different times.

[Richard Heinberg: Why the Peak Oilers are still right](#)

When the world oil price briefly shot up to nearly \$150 per barrel in the summer of 2008, the global economy shuddered and swooned. Thus began the worst recession since the 1930s. Of course, other factors contributed to the crash — most notably, a bursting housing bubble in the United States and an unsustainable buildup of debt in nearly all the world's industrial economies. But it's clear that high oil prices added to financial fragility and the oil price spike of 2008 provided a sudden gust that helped bring down the house of cards. Peakists had been warning of the economy's vulnerability to high oil prices for years; here was dramatic confirmation. Another point for my team.

Now we've arrived at the period 2008–2009; at that stage of the game, the score was Peakists 3, Cornucopians zip. Despite the fact that we Peakists had virtually no funding and limited media access, we were seriously in danger of winning the debate. The term *peak oil* went from being unknown, to being associated with conspiracy theorists, to being broadly familiar to those who followed energy issues.

The Cornucopians, however, were not about to throw in the towel. In fact, they were just shaking off the complacency that accompanied their status as reigning champs. And they were about to deploy a significant new game strategy.

[3 Reasons Peak Oil Might Not Be Such A Big Deal](#)

When the idea of peak oil is discussed, it's traditionally been met with a mixture of shock, awe and terror. In case you haven't noticed, most of the developed world is pretty addicted to oil. The idea that it could run out, probably within the next generation

or two, doesn't sit well with those who can't imagine producing power or plastic any other way.

According to a recent study from Stanford University, however, our fear of peak oil might be a little premature. It assumes that consumption will continue to skyrocket until the very last drop is squeezed from the earth. Surprisingly, the study concludes that a variety of economic and societal factors will collide, forcing a switch to alternatives before that point.

[Lower North Sea output dampens Talisman Energy outlook](#)

(Reuters) - Talisman Energy Inc posted a surprise second-quarter loss and said it now expects full-year production to be at the lower end of its earlier forecast range due to a drop in output from its North Sea operations.

The company has whittled down its exposure to the North Sea operations, selling a 49 percent stake to China's Sinopec for \$1.5 billion in December.

[Canadian Oil Sands Q2 profits miss estimates, CEO Marcel Coutu to retire](#)

CALGARY — Canadian Oil Sands Ltd., the largest partner in the massive Syncrude Canada Ltd. oilsands mine, posted second-quarter earnings Tuesday that missed analyst expectations, and announced the retirement of its CEO.

Profits during the quarter were \$219 million, or 45 cents per share — well short of the 53 cents per share analysts had on average been expecting, according to data compiled by Thomson Reuters.

[Keyera, Kinder Morgan to build new crude-by-rail terminal in Edmonton](#)

CALGARY — Keyera Corp. and Kinder Morgan Energy Partners L.P. have entered into a joint venture to build a new crude oil rail loading facility in Edmonton.

The facility, which will be called the Alberta Crude Terminal, will be able to load crude oil handled at Kinder Morgan's Edmonton Terminal onto trains for delivery to North American refineries.

[JPMorgan to Pay \\$410 Million in U.S. FERC Settlement](#)

JPMorgan Chase & Co. will pay \$410 million to settle U.S. Federal Energy Regulatory Commission allegations that the bank manipulated power markets, enriching itself at the expense of consumers in California and the Midwest from 2010 to 2012.

The bank agreed to pay a U.S. civil penalty of \$285 million and return \$125 million in ill-gotten profits to electricity ratepayers, according to a FERC order today. JPMorgan also agreed to give up claims to \$262 million worth of disputed payments from California's grid operator, the state authority said in a separate statement.

[JPMorgan Energy Traders Spur Inquiries From Agencies](#)

JPMorgan Chase & Co. energy traders who avoided individual penalties in a \$410 million settlement with a federal regulator may face action by other agencies.

Federal and state agencies are free to pursue penalties against the bank's employees if they choose, Jon Wellinghoff, chairman of the Federal Energy Regulatory Commission, said today in an interview. He said the FERC would cooperate with other agencies, which he didn't identify.

[Lawyer Who Beat Chevron in Ecuador Faces Trial of His Own](#)

For the last two decades Mr. Donziger has been battling the Chevron Corporation over an environmental disaster that happened in the jungles of Ecuador. Two years ago, he won an \$18 billion case against the oil giant, the kind of victory that most lawyers can only dream of.

But Chevron has yet to pay a penny of the award, and has turned the tables on him. Now, he is defending himself against a Chevron lawsuit charging that he masterminded a conspiracy to extort and defraud the corporation. The trial is scheduled for October.

[Dudley Says BP Gulf Spill Settlement Unlikely as Costs Rise](#)

BP Plc Chief Executive Officer Bob Dudley said it's unlikely Europe's second-biggest oil company will reach a settlement with the U.S. over the Gulf of Mexico disaster as provisions set aside to pay for the spill rose.

"It's highly unlikely we are now going to enter into detailed settlement discussions," Dudley told reporters in London today. "We're digging in for the long term."

[Fight Over Plan for Natural Gas Port Off Long Island](#)

The company, along with its supporters, argues that the deepwater import terminal, which would be called Port Ambrose, would lower heating costs by increasing supply and competition, create hundreds of construction-related jobs and generate millions of dollars in state and federal tax revenue.

But opponents say that the port would deepen the region's reliance on fossil fuels and

stall efforts to shift toward cleaner forms of energy, like wind and solar.

[Pertamina Tanker Spills Oil in Molucca Sea](#)

A tanker owned by state energy company Pertamina spilled thousands of tons of oil into the Molucca Sea after it got into trouble off Ternate, North Maluku on Wednesday.

Bagus Handoko, the firm's distribution manager, told the state-run Antara news agency that the KM Patriot Andalan was anchored at the port of Ternate when high seas caused the connection between the oil store and the transfer pipe to rupture.

[Quebec orders rail and oil firms to bear expenses of train crash clean up](#)

The Quebec Government in Canada has ordered the rail and oil firms involved in the Lac Megantic train accident that killed 47 people earlier this month to bear the expenses of fixing the environmental damage caused.

Firms including Montreal, Maine and Atlantic Railway, Montreal, Maine & Atlantique Canada Cie, World Fuel Services and Western Petroleum have been ordered to fund the clean up of the oil that spread along the town and nearby lakes and rivers.

[Northern Colorado Energy Summit Take-Aways](#)

Recently, I attended a Northern Colorado Energy Summit titled "Fueling the Future" in Loveland, Colorado, to find out more about fracking from the businesses working in Weld County, just to the East of my own Boulder County. We audience members, numbering around 300, were shown many statistics and graphs telling us how fracking has made the U.S. more energy secure, is improving the nation economically, is helping it meet CO2 emission reduction goals, and is driving domestic industrial growth.

[Fracking can take place in 'desolate' north-east England, Tory peer says](#)

Fracking should be carried out in the "desolate" north-east of England, a former Conservative energy adviser has said, prompting criticism and claims the remarks highlighted the party's "problem with the north".

[South-east will have to accept fracking too, Michael Fallon says](#)

The south-east will have to accept fracking for shale gas just as much as the north of England, Michael Fallon, the energy minister, has suggested.

[TEPCO's N-plant delays cause for worry](#)

Tokyo Electric Power Co. has so far been unable to locate the source of spreading contaminated groundwater at its Fukushima No. 1 nuclear power plant, fueling concerns the radioactive contamination may spread into wider areas, even out of the plant's port facilities.

As the configuration of underground tunnels of power cables and seawater pipes where the contaminated water is accumulating is complicated, implementing measures such as draining the water, will take a lot of time.

[Tepco trying to keep radioactive water from reaching sea, but can it?](#)

Tokyo Electric Power Co. only recently admitted radioactive water is flowing from its crippled Fukushima No. 1 plant into the Pacific.

Although Tepco is giving assurances that it is taking and planning steps to prevent more tainted groundwater from reaching the sea, it's unclear how effective those efforts are, considering the difficulty of even pinpointing the problem.

Here are questions and answers regarding the tainted flow.

[Ford to offer F-150 that runs on natural gas](#)

NEW YORK (CNNMoney) - Ford Motor says it will start offering its versions of its best-selling F-150 full-size pickup that can run on liquefied natural gas.

The gas can be either compressed natural gas (CNG) or liquefied petroleum gas (LPG). Ford says that the lower cost of natural gas -- about the equivalent of \$2.11 per gallon of gasoline -- means that customers will be able to save money within 24 to 36 months of ownership, even though they will have to pay nearly \$10,000 more for the option.

[BMW's New Electric Car Is Just Like a Tesla, Only Much, Much Worse](#)

The i3 is a big deal, or at least it was supposed to be, because it was designed from scratch to be an electric car, like Tesla's Model S was—and because it's a BMW, which implies that it's well-built. It had been hailed, in fact, as BMW's answer to the Model S. But it does not seem to be that.

[OPEC Nations Seek Cash for \\$1.5 Billion Solar Shift: Arab Credit](#)

Two of the largest oil producers are readying the Middle East's first big push into renewable energy, planning solar-power plants that will need more than \$1.5 billion in financing by the end of 2014.

Saudi Arabia, the biggest member of the Organization of Petroleum Exporting Countries, and the United Arab Emirates, fourth-biggest in the group, are seeking to add 1,000 megawatts of solar capacity, enough to electrify 200,000 homes. The forecast expansion, which includes Jordan, will require loans and export credits, said Vahid Fotuhi, president of the Dubai-based Emirates Solar Industry Association.

[Europe's Biggest Solar Projects Threatened by China Deal](#)

Europe's decision to curb imports of Chinese solar panels threatens to limit the biggest projects using the technology in the 28-nation bloc while having little impact on the manufacturers accused of dumping their products.

[Trade Fight Over Solar Benefits a Bystander](#)

The long-running trade conflicts over solar panels between China and the United States and Europe have sown dissatisfaction all around, leaving many manufacturers of solar materials complaining that the market is still unfair.

But one country not involved in the disputes has already benefited from them and, with Saturday's agreement between China and the European Union, stands to benefit again: Taiwan.

[US wind installations sink to zero in Q2](#)

US wind growth has ground to a halt this year, with no new installations completed in the second quarter of 2013, figures from the American Wind Energy Association show.

The new figures are even worse than Q1's 1.6MW of new installations, effectively just one GE 1.6MW turbine.

[Plan to Separate Food Waste Will Expand](#)

Within the next year, New York is preparing to roll out an ambitious plan to get residents and businesses to separate their food waste from other trash — initially on a voluntary basis — as they do their paper, metal, glass and plastics.

But already, more than 180 cities and local governments in 18 states offer curbside pickup of food scraps. Now, as Mayor Michael R. Bloomberg announced on Monday the expansion of the city's pilot program for food waste recycling, those communities may offer lessons to New York as it tries to catch up.

[With Too Much Rain in the South, Too Little Produce on the Shelves](#)

While the contiguous United States as a whole is about only 6 percent above its normal rainfall this year, Southern states are swamped. Through June, Georgia was 34 percent above normal, according to the National Oceanic and Atmospheric Administration's National Climatic Data Center. Both South Carolina and North Carolina were about 25 percent above normal. Alabama's rainfall was up 22 percent.

The weather is a particular shock because more than two-thirds of the region was abnormally dry or suffering a drought last year.

Although the total cost to farmers has yet to be tallied, agricultural officials in several states in the Deep South predict severe losses this year that could be in the billions of dollars.

[Breaking the Waves: Catlin Seaview Survey Digitizes the Endangered Oceans](#)

Together with Google, a scientific expedition is exploring endangered coral reefs, producing baseline data about ocean health—and breathtaking panoramic images of the world below.

[North Dakota gas flares equal to a million extra cars on road](#)

The amount of gas flaring in North Dakota has more than doubled, propelling the US to join Russia, Nigeria and Iraq as one of the world's top ten flaring countries.

Between May 2011 and May 2013, the volume of gas flared as a by-product from oil production in the Bakken formation in North Dakota grew 2.5 times, from approximately 106,000 to 266,000 Mcf per day.

It is an environmental disaster that is visible even from space.

[Gina McCarthy says EPA aims to spark US economic growth](#)

There is no dichotomy between the environment and the economy, Gina McCarthy told an audience at Harvard during her inaugural address as administrator of the US Environmental Protection Agency (EPA).

[Climate scientists must not advocate particular policies](#)

I became a climate scientist because I care about the environment, but we have a moral obligation to be impartial.

[Stornoway Port Authority in Arctic hub plan](#)

Stornoway Port Authority (SPA) has said an ice-free Arctic Ocean could lead to its harbour becoming a key destination for freighters.

Scientists have been reporting that the area of ocean covered by ice in summer and autumn has been falling.

[Blue Tape Marks Climate Change Risks for Coastal Businesses](#)

Scientists expect sea levels to rise between 8 inches and 6 feet by the end of this century, putting low-lying coastal businesses at risk. To make the threat of climate change clear to her customers, Bridges joined a campaign last week to mark where the high tide in 2100 would be if the worst of those scenarios comes true. A strip of sky-blue tape near the handle of her door indicates the spot. "Where I'm standing right now, the water would be up to my chest," she says.

About 90 businesses so far have agreed to put tape, decals, or posters in shop windows. The campaign is part of a larger effort to draw attention to the risks that climate change poses to small businesses. "The tourism industry in our state is primarily a small business industry," says Frank Knapp, president of the South Carolina Small Business Chamber of Commerce, which is recruiting businesses along with the American Sustainable Business Council. "There's not much greater threat to our tourism industry than a destroyed coast."

[Lawsuit could hurt oil, gas industry](#)

Last week, the Southeast Louisiana Flood Protection Authority-East filed suit against 97 oil and gas companies seeking payment from them alleging that they are putting the New Orleans area at a greater risk of flooding by contributing to coastal erosion. This suit, like the 300 legacy lawsuits with over 1,500 companies that have been going on for 10 years now against oil and gas, are simply extortion via the legal system.

Governor Jindal is to be commended for calling these lawsuits what they really are. He said, "This is nothing but a windfall for a handful of trial lawyers. It boils down to trial lawyers who see dollar signs in their future and who are taking advantage of people who want to restore Louisiana's coast. These trial lawyers are taking this action at the expense of our coast and thousands of hardworking Louisianians who help fuel America by working in the energy industry."

[As Public Opinion Shifts, Candidates Explicitly Run On Doing Something About Climate Change](#)

Recent polling has shown that the public — and younger voters in particular — are increasingly turned off by candidates who deny climate science and plan to make it a voting issue. In key 2013 races, environmentalist candidates have proactively used the

issue in campaign ads.

[Eastern Australia experiences warmest July on record](#)

CLIMATE change is kicking in and it's kicking in fast.

That's the experts' conclusion after a record-breaking July in which all five of Australia's eastern capitals had record high temperatures.

Some of the numbers are truly eye-popping.

[Over 10 die of heatstroke in "hottest Shanghai summer"](#)

SHANGHAI -- Over ten people in Shanghai have died of heatstroke in the east China city's unprecedented summer heat, local health officials said Tuesday.

The Shanghai Municipal Center for Disease Control & Prevention said the persisting high temperatures this summer have caused a spike in the number of heliosis patients in the city. But center officials declined to disclose the specific number of deaths.

[Conn. warns of dire climate change consequences](#)

HARTFORD, Conn. — Connecticut environmental officials are warning of dire consequences from climate change that will affect agriculture, dams and levees, waterfront habitats and public health.

For example, sea level rise will leave Hammonasset Beach State Park, among Connecticut's most popular state parks, mostly inundated by sea water by the end of the century, according to a new report by the Department of Energy and Environmental Protection.

Most agriculture in Connecticut is likely to be "highly impacted" by climate change "and most of these potential impacts are negative," Monday's report said.

[Oceans Rise With Every Liter of Fuel Burned, Study Warns](#)

A new analysis released today in the journal Proceedings of the National Academy of Sciences includes these mind-numbing statistics:

- One single liter of petroleum gas burned may add 647 liters of sea volume.
- One ton of coal burned may add 164,000 gallons of sea volume.

"This is an extraordinary illustration of the sensitivity of the Earth system," writes Ben Strauss, director of Climate Central's Program on Sea Level Rise in a commentary in the

journal.

[Arctic methane catastrophe scenario is based on new empirical observations](#)

Critics of new Nature paper on costs of Arctic warming ignore latest science on permafrost methane at everyone's peril.

[Greenland And Antarctica 'May Be Vulnerable To Rapid Ice Loss Through Catastrophic Disintegration'](#)

Humanity faces 70 feet of sea level rise, possibly coming much sooner than has been expected if we continue with unrestricted carbon pollution. Two recent studies underscore our perilous situation.



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