



Drumbeat: August 28, 2013

Posted by [Leanan](#) on August 28, 2013 - 8:14am

[Fuel Fraud Costing Europe More Than \\$4 Billion in Lost Taxes](#)

“This criminal activity is undermining the fabric of the legitimate petroleum industry and the state, at a time when economic challenges have never been so great,” said Tom Noonan, chairman of the Irish Petroleum Industry Association and chief executive officer of Maxol Group, a Dublin-based oil retailer. “Illegal activity has been allowed to grow to such a large scale unimpeded.”

...Europe’s black market is adding to hard times for refiners as the lowest demand in two decades saps returns, according to the International Energy Agency. An average 11.6 million barrels a day of crude was processed from January through May in the region’s richest economies, the lowest level for any corresponding period since 1989, the Paris-based IEA said in a report on July 11.

Refinery margins, the profit from turning crude into fuels such as diesel and gasoline, were about \$4 a barrel in Northwest Europe last week, according to data compiled by Bloomberg. That compares with \$8 a year ago and a peak \$20 a barrel in September 2008, the data show.

[WTI at Two-Year High on Concern Syria Unrest Will Spread](#)

West Texas Intermediate crude surged to the highest price since May 2011 on concern that conflict in Syria may spread and threaten oil supplies from the Middle East. Brent climbed to a six-month high in London.

[Oil jumps as Syria conflict heats up](#)

LONDON (CNNMoney) - Once again, a Middle East conflict is pushing oil prices higher.

Oil prices rose roughly 3% Tuesday and continued advancing by nearly 1% Wednesday, as the U.S. government and its allies consider a military strike on Syria following the country's suspected use of chemical weapons.

The conflict has left investors reeling, with global stocks selling off and investors rushing to safer havens, such as Treasuries, which are backed by the U.S. government.

"In a world when you don't know what to do, you buy government bonds," said Steen Jakobsen, chief investment officer at Saxo Bank.

[Oil Diverges From U.S. Stocks Most Since 2011 on Syria Concerns](#)

Oil and American equities are moving in opposite directions by the most in almost two years amid prospects of military intervention in Syria.

[As Oil Reaches \\$111 a Barrel, Are Gas Price Spikes Next?](#)

The Syrian crisis drove oil prices to \$111 a barrel. The crisis may well be worse if the U.S. strikes government installations there with drones. If Bashar al-Assad's government reacts with more actions against civilians, the cycle of action and reaction could last for weeks, and perhaps beyond. The question of how oil could press gasoline prices higher, an issue that has been dormant for months, should cause anxiety again.

[Good news for drivers](#)

"My sense is that crude oil prices have already 'baked in' some of the upheaval that we've seen in the late second quarter and through the summer in the Middle East and North Africa," said Tom Kloza, chief oil analyst at GasBuddy.

"Some of the violence has had an impact on crude oil production (Libya has struggled with about half their usual exports thanks to demonstrations at export terminals), but much of the strength in overseas crude is based on a 'worry premium,' " Kloza said by email.

[Japan crude stocks near 3-yr low as refiners cut capacity](#)

TOKYO (Reuters) - Commercial crude oil inventories in Japan fell to the lowest in 35 months last week, industry data showed on Wednesday, as refiners slashed capacity to meet government rules aimed at boosting efficiency.

Japan is at risk of losing its status this year as the world's third-biggest fuel consumer, as consumption has been dropping due to lower demand from a declining and ageing population.

[Iraq to Cut September Basrah Light Crude Exports to 20-Month Low](#)

Iraq will reduce daily exports of Basrah Light crude from the Persian Gulf in September to the lowest in at least 20 months, according to a loading program obtained by Bloomberg News.

The Middle Eastern producer, the largest in the Organization of Petroleum Exporting Countries after Saudi Arabia, will ship about 52.86 million barrels, or 1.76 million barrels

a day, from the Basrah Oil Terminal, according to the plan. This is the lowest since at least February 2012 when Bloomberg started tracking the data and compares with 2.09 million a day this month.

[Reaching “peak bashing” of peak oil](#)

The discussion of the death of peak oil has ramped up along with the increased hydraulic fracturing and horizontal drilling into tight sands and formations across North Dakota and Texas. In fact, even people that think peak oil will correlate to significant problems for society shy away from the term. But just as it is becoming more difficult to define what “oil” is in energy databases (it is now popular to report “liquids” that have vastly different life cycles and energy densities), the definition of “peak oil” seems to be in the context of the penholder (or typist).

[TransCanada Keystone XL Defeats Obstacle to Pipeline Leg](#)

TransCanada Corp. won a state appeals court ruling allowing it to lay the Keystone XL pipeline across a family farm in northeastern Texas, eliminating one of the last obstacles to completion of the southern leg of the Canadian tar-sands line.

[India in crisis mode as rupee hits another record low](#)

The threat of a military strike against Syria by western powers has further unsettled investors and sent oil prices soaring. The timing could not be worse for India, which is the world's fourth-largest oil importer, bringing in on average nearly 3 million barrels a day.

Even before the spike in oil prices, investors were worried about India's \$88 billion current account deficit, which reflects the nation's tendency to import many more goods than it exports and leaves it heavily reliant on foreign capital.

[China Expands Inquiry on Graft to Oil Industry](#)

HONG KONG — The Chinese Communist Party's drive against corruption moved into the powerful and politically delicate oil sector this week, as the authorities announced that four executives of the state-owned China National Petroleum Corporation were under investigation.

[Western intervention looms after reported Syrian chemical weapons attacks](#)

Damascus, Syria (CNN) -- Warships armed with cruise missiles plow the waters of the eastern Mediterranean Sea. Cabinet-level officials hold a National Security Council meeting at the White House Tuesday night.

And U.S. officials all but tell U.N. inspectors in Syria to get out of the way.

[Libya Oil Output Tumbles as Protests Spread Westward](#)

Libyan oil production fell to one-eighth of its capacity as protests over pay and allegations of corruption spread to fields operated by Eni SpA and Repsol SA, executives at the state oil company said.

Protesters yesterday stopped production at Repsol-operated Sharara and Eni-operated El Feel, or Elephant, fields in western Libya, according to National Oil Corp. Director of Measurement Ibrahim Al Awami. Output from the North African nation slumped to about 200,000 barrels a day, compared with 640,000 in August and its optimal capacity of 1.6 million, NOC Chairman Nuri Berruien said today in an interview from Tripoli.

[Attacks kill at least 65 in Iraq, many more hurt](#)

BAGHDAD (AP) — A coordinated wave of bombings tore through Shiite Muslim areas in and around the Iraqi capital early Wednesday, part of a wave of bloodshed that killed at least 65 people and wounded many more, officials said. The blasts, which came in quick succession, mainly targeted residents out shopping and on their way to work.

In addition to the bombings, the death toll included seven Shiite family members killed when gunmen raided their home and shot them as they slept.

[To cut natural gas costs, Chesapeake pumps up royalty deductions](#)

(Reuters) - As the natural gas industry struggles to cope with depressed prices, Chesapeake Energy Corp has begun shifting a much larger share of transportation and marketing costs to the owners of Pennsylvania land it leases.

The largest natural gas operator in Pennsylvania's Marcellus shale formation, Chesapeake started this year to take much heavier deductions from royalty checks it sends landowners to help pay to gather, compress, market and transport natural gas, in most cases cutting compensation by more than half.

[Turkish energy minister fires back over Taqa power project delay](#)

The Turkish energy minister has fired back at Abu Dhabi National Energy (Taqa) over delaying an investment decision on a US\$12 billion coal megaproject over what he called "political reasons."

This week Taqa said it would not make a final investment decision on the coal mining

and power plant development, expected this summer, until 2014 because of "spending priorities."

[At \\$20 billion, is Tesla worth more than GM, Ford?](#)

Tesla Motor's spectacular stock price climb has hit another milestone. In topping \$167 a share, the young automaker has passed a \$20 billion market cap.

That's impressive for a company that sells only a single model from a single factory, a luxury car out of price reach of most consumers -- with all the limitations that currently go with owning an electric car.

[Poland starts shale gas extraction](#)

Shale gas extraction has begun at a test well in northern Poland, a first for the EU member, a minister said in a newspaper interview on Wednesday.

The firm Lane Energy Poland, controlled by US energy giant ConocoPhillips, has been extracting about 8,000 cubic metres of gas per day since July 21, deputy environment minister Piotr Wozniak said.

[Enbridge gets OK for 1st Ind. oil pipeline segment](#)

GRIFFITH, Ind. (AP) - Federal regulators have given Enbridge Energy approval to begin installing the first segment of the company's planned replacement of 60 miles of crude oil pipeline in northern Indiana.

The Times of Munster reports the U.S. Army Corps of Engineers recently cleared the way for work to begin on a pipeline section running between the Indiana-Michigan state line and LaPorte.

[Keystone Seen as No Local Job Starter Along Prairie Route](#)

Balcom, 44, knows most of the workers building the Canada-Nebraska pipeline will stay at a catered "man-camp" seven miles away and won't be hoisting brews under the stuffed mountain lion that adorns his bar. On their days off, they'll probably travel to places such as Deadwood and Spearfish an hour-and-a-half drive south that offer gambling and other attractions, he said.

"I can't think of anybody who would be hugely disappointed if it didn't go through," Balcom said. "It's kind of a deal right now where we could take it or leave it."

[Texas Earthquakes Tied to Extraction in Fracking](#)

A recent wave of small earthquakes in and around the Eagle Ford formation in Texas was probably the result of extracting oil and in some cases water used for hydraulic fracturing, according to a study.

Clusters of small-magnitude seismic events between November 2009 and September 2011 were “often associated with fluid extraction,” according to the study scheduled to appear this week in the online edition of the journal *Earth and Planetary Science Letters*. The study follows previous research that links earthquakes to the disposal of drilling wastewater by injecting it underground.

[Japan Nuclear Watchdog Casts Doubt on Tepco Water Leak Reporting](#)

Japan’s nuclear regulator may downgrade the severity of the radioactive water leak at the Fukushima Dai-Ichi plant because operator Tokyo Electric Power Co. may have overstated the extent of the problem. v “We need to look into this issue more,” Shunichi Tanaka, chairman of Japan’s Nuclear Regulation Authority, told reporters today. “It’s up to us to provide accurate data to the nation.”

[Japanese agency labels radioactive leak 'serious'](#)

TOKYO (AP) — Japan's nuclear regulator on Wednesday upgraded the rating of a leak of radiation-contaminated water from a tank at its tsunami-wrecked nuclear plant to a "serious incident" on an international scale, and it castigated the plant operator for failing to catch the problem earlier.

The Nuclear Regulation Authority's latest criticism of Tokyo Electric Power Co. came a day after the operator of the Fukushima Dai-ichi nuclear plant acknowledged that the 300-ton leak probably began nearly a month and a half before it was discovered Aug. 19.

[Renewable Energy Provides 14% of US Electrical Generation During First Half of 2013](#)

WASHINGTON, D.C. -- According to the latest issue of the U.S. Energy Information Administration's (EIA) "Electric Power Monthly," with preliminary data through to June 30, 2013, renewable energy sources (i.e., biomass, geothermal, hydropower, solar, wind) provided 14.20 percent of the nation's net electric power generation during the first half of the year. For the same period in 2012, renewables accounted for 13.57 percent of net electrical generation.

[UN ruling puts future of UK wind farms in jeopardy](#)

Plans for future wind farms in Britain could be in jeopardy after a United Nations legal tribunal ruled that the UK Government acted illegally by denying the public decision-making powers over their approval and the “necessary information” over their benefits or adverse effects.

The new ruling, agreed by a United Nations committee in Geneva, calls into question the legal validity of any further planning consent for all future wind-farm developments based on current policy, both onshore and offshore.

[Kansas drought update: some counties improve, others in emergency status](#)

The good news is that some of us are no longer are in the direct throes of drought.

The bad news is that many Kansas residents still are.

Gov. Sam Brownback has updated the Drought Emergency, Warnings and Watches, placing 25 counties in drought watch, 20 more in warning status and 37 in emergency conditions.

[USDA Climate Report Published, Public Invited to Comment](#)

WASHINGTON – The Climate Change Program Office of the U.S. Department of Agriculture's (USDA) Office of the Chief Economist today released and requested public comments on the report *Science-Based Methods for Entity-Scale Quantification of Greenhouse Gas Sources and Sinks from Agriculture and Forestry Practices*. The report is the work of 38 scientists from across academia, USDA and the federal government, who are experts in greenhouse gas (GHG) estimation in the cropland, grazing land, livestock and forest management sectors. The report has undergone technical review by an additional 29 scientists.

[Yosemite wildfire grows, threatens reservoir, power station](#)

Yosemite National Park, California (CNN) -- The numbers are staggering and the prospects are scary as a still-growing California wildfire menaces Yosemite National Park and San Francisco's water supply.

[Get rich in the 'Age of Megafires': 2014-20](#)

SAN LUIS OBISPO, Calif. (MarketWatch) — New investment strategies, dead ahead. Not just for America's 95 million investors. But for the climate-change deniers like Big Oil and the Koch brothers. The trigger: “megafires” destroying treasures like our national parks. Time for a “mega-wakeup call.”

Act now, because the climate deniers will soon do a megashift and stop denying. Got that? Denialism will soon stop. End. So get out in front of this historic shift.

[California wildfires further strain federal budget](#)

WASHINGTON (CNNMoney) - Federal agencies are scrambling for money to fight devastating fires in Northern California and elsewhere.

Last week, the U.S. Forest Service said it exhausted its funds -- close to \$1 billion -- budgeted to fight fires, and it needed to pull another \$600 million from other programs, including some aimed at fire prevention.

Now, the Department of Interior is close to exhausting its \$368 million in fire suppression funds by mid-September, according to budget staff at the National Interagency Fire Center in Idaho. As of last Friday, that agency had spent \$301 million.

[Chinese Workers—in Greenland?](#)

China is growing. Greenland is melting. So it's only natural that thousands of Chinese workers may end up near the Arctic Circle to build a vast iron ore mine later this year.

Greenland, a Danish protectorate with a mostly Inuit population of 57,000, is courting foreign investors to tap mineral resources that have become more accessible as rising temperatures shrink the island's ice cap. In one of the most ambitious projects, London Mining wants to spend \$2.3 billion to build a mine in southwestern Greenland that would tap a 1 billion-ton iron ore deposit—a project the company hopes will be financed and built mainly by the Chinese.

[How the Arctic Ocean could transform world trade](#)

China, the world's largest trading nation, suffers from several strategic weaknesses related to its all-important shipping routes.

The "Malacca dilemma" results from China's dependence on the Strait of Malacca between Indonesia and Malaysia for over 80 percent of its oil imports. This leaves the country's energy supply vulnerable to interruption.



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