



Drumbeat: August 30, 2013

Posted by [Leanan](#) on August 30, 2013 - 8:25am

[Fuel Supply-Demand Deficit Widens Without Iran, EIA Says](#)

Excluding Iran from the global oil market increased the shortfall between worldwide supply and demand, the U.S. Energy Information Administration said.

Global petroleum use averaged 2.2 million barrels a day more than output in July and August when Iran is excluded from the calculations, the EIA, the Energy Department's statistical arm, said in a report today. Iran can help reduce the deficit by 1.5 million barrels a day as the country's production outpaced demand, the EIA said.

[Global Crude Oil Market Is Adequately Supplied, IEA Says](#)

The global oil market is adequately supplied and doesn't require the release of emergency stockpiles, according to the International Energy Agency.

The agency is monitoring the market and "stands ready" to respond if there's a major supply disruption, the Paris-based adviser to 28 energy-consuming nations.

[WTI Drops for a Second Day as U.K Lawmakers Reject Syrian Action](#)

West Texas Intermediate fell a second day as U.K. lawmakers rejected a motion for military action against Syria, reducing the prospect of an imminent strike and easing concern of disruption to Middle East exports.

[Supply picture signals limited upside for oil prices, analysts say](#)

As fears over Syria eased on Friday and oil prices edged back from recent highs, most industry watchers think further upside is limited with one saying it could be time to take profits.

According to Richard Martin, managing director at IMA Asia, the supply picture for crude oil remains intact, which means the rally in prices is unlikely sustainable.

[Will oil price rise choke off stock rally?](#)

NEW YORK — A barrel of oil for \$150. Ouch. It's not out of the realm of possibilities if the USA's expected military strike at Syria reverberates through the Mideast, sparking a larger supply disruption in the volatile oil-producing region.

That market call, authored by Michael Wittner, an oil analyst at Société Générale, received its fair share of attention on Wall Street, where anxiety is running high as geopolitical risks rise.

[Gold, oil: Syria is playing a small, tenuous role](#)

SAN FRANCISCO (MarketWatch) — Syria does not rule the outlooks for gold, silver and oil.

These markets have other just-as-important factors in place that will dictate what direction they take next, analysts said.

For oil, the rally has a lot to do with the conflict and ongoing unrest in other parts of the Middle East, but the global economic recovery plays a large part of the market too.

[How Syria conflict could hit oil markets: best and worst cases](#)

Western military strikes on Syria present a complex set of possible outcomes, and all of them make problems for energy markets to one degree or another. But some scenarios are worse than others.

[Saudi Oil Output to Stay Near 10 Million Barrels a Day](#)

Saudi Arabia, OPEC's biggest producer, will probably keep crude production in September at similar levels to this month and July, a person with knowledge of the kingdom's oil policy said.

The world's biggest crude exporter produced 10.03 million barrels a day in July, and taking into account inventory movements it supplied 9.9 million barrels a day to the market that month, the person said, asking not to be identified because the matter is confidential. Output won't vary much unless market conditions change, the person said.

[Ras Tanura Oil-Tanker Capacity Seen Falling 19% in Latest Week](#)

The combined carrying capacity of oil tankers calling at Saudi Arabia's Ras Tanura fell 19 percent in the week ended Aug. 24, vessel-tracking data compiled by Bloomberg show.

The implied capacity of vessels calling at the world's largest crude-export complex declined to the equivalent of 7.79 million barrels a day from 9.61 million barrels for the prior week, according to signals gathered by IHS Fairplay, a Coulsdon, England-based maritime research company. The data may be incomplete because not all transmissions are captured.

[Motiva Port Arthur Said to Perform Minor Repairs on Hydrocracker](#)

Motiva Enterprises LLC's Port Arthur, Texas, refinery is performing minor repairs on a hydrocracker that caught fire Aug. 17 and expects to restart it, along with the plant's largest crude unit, in a week or so, a person familiar with the work said.

[Irving FCC Restart Sends N.Y. Gasoline to One-Week Low](#)

New York spot gasoline dropped to the weakest level against futures in a week as Irving Oil Corp. restarted a unit at its Saint John, New Brunswick, refinery.

Irving's Saint John plant returned a 70,000-barrel-a-day fluid catalytic cracker to service yesterday after an unplanned outage Aug. 23, according to a report by Genscape Inc. The 298,800-barrel-a-day refinery exports over half of its refined products to the U.S. Northeast.

[China announces a 3% rise in fuel price amid rising tensions in Syria](#)

China announce a 3 percent increase, or up about 0.17 yuan per liter, in fuel prices today after crude oil prices rose on the international markets amid rising tensions in Syria.

[TABLE-China retail gasoline, diesel prices since 2009](#)

BEIJING (Reuters) - China will raise its retail ceiling price for gasoline by 235 yuan (\$38.4) per tonne and that of diesel by 225 yuan from Saturday, the National Development and Reform Commission said on Friday.

[India May Block Higher Gas Price for Reliance, Document Shows](#)

India will seek to prevent Reliance Industries Ltd. (RIL) from benefiting from a doubling in natural gas prices by capping rates at its biggest fields, according to a draft proposal seen by Bloomberg News and confirmed by two government officials with direct knowledge of the matter.

[Forties Crude Cargo Heads to Asia for First Time in Three Months](#)

A very large crude carrier has been chartered to load North Sea Forties crude on Sept. 21 to Sept. 23 for South Korea, the first shipment to Asia in more than three months, according to reports from shipbrokers.

[North America's shale boom a threat for GCC fertilizer producers](#)

North American shale gas threatens to erode a core market for the Arabian Gulf's fertilizer industry, warned an industry association.

GCC members export half of their fertilizer production abroad, and North America is their second biggest market after Asia with orders totalling 1.7 million tonnes a year.

Those trade flows could shift against the region's favour as North American competitors take advantage of cheap raw materials unlocked by fracking, said the Gulf Petrochemicals and Chemicals Association, an industry group based in Dubai.

[How Much Recoverable Oil Do We Have?](#)

Oil's availability is of course of immediate concern to every driver, especially at a time when gasoline prices are high once again. The much greater concern, however, is whether we are reaching a limit where oil can no longer be recovered at prices consumers are willing to pay.

If something like that turns out to be true—a scenario that generally goes by the name of "peak oil"—then long-term economic growth may be constrained across the industrial world. At the same time, to look at the brighter side of the picture, long-term carbon emissions may be lower than previously projected.

As it happens, expert opinion is radically divided on this key issue.

[Heresy of the week: The spectre of peak oil still looms over us](#)

Huge sums are being invested in new extractive technologies, but it remains to be seen whether these efforts can shift oil prices downwards or whether such investment depends on oil prices remaining high.

Meanwhile, it's worth remembering that conventional oil production will continue for some time to come. In particular, major oil fields in countries like Saudi Arabia and Iran have yet to be exhausted. Thanks to high oil prices they provide their owners with a fat profit – and a means of funding the slaughter of Syria's unfortunate people.

[China Oil Giant Sinopec Buys into Strife-Hit Egypt for \\$3.1 Billion](#)

SHANGHAI - Chinese oil giant Sinopec (IW 1000/333) is entering Egypt despite the

country's political strife, announcing Friday it is buying a \$3.1 billion stake in an existing operation as China scours the globe for energy reserves.

[US says Iran can't access oil money](#)

WASHINGTON: The US government has concluded that nearly half of Iran's monthly earnings from crude oil exports are accumulating in accounts outside the country because of sanctions that restrict Tehran's access to the money.

The estimates, provided to The Associated Press by a senior US official and never released before, are the latest indication that new sanctions imposed in February are deepening Iran's economic distress and making it increasingly difficult to access billions of dollars in vital oil revenues.

[Chevron Nigeria withdraws from Olokola LNG project](#)

IBADAN -- Chevron Nigeria has withdrawn from the Olokola LNG project intended to exploit Nigeria's vast gas reserves after it failed to become operational.

The CMD of CNL, explained that the business decision to withdraw from OKLNG is based on a review of our investment portfolio, the lack of progress on the project and a reprioritization of resources to focus on growing domestic gas supply, Deji Haarstrup, Chevron's general manager, policy, government and public affairs said.

[East Timor makes new pitch on stalled Woodside gas project](#)

Reuters) - East Timor is offering to invest \$800 million to build a pipeline to take gas from the Timor Sea to the tiny nation, as it makes a new pitch to resolve a dispute with Australia's Woodside Petroleum over how to develop huge fields in the area.

East Timor has insisted for a decade that a liquefied natural gas plant to process gas from the Greater Sunrise fields should be built on its shores, bringing with it much-needed development. Woodside says the plan is uneconomical and wants to use a floating LNG plant.

[North Dakota saves for the future with today's oil riches](#)

A savings account North Dakota created to preserve a portion of its oil and natural gas tax dollars for the future has exceeded growth estimates in its first two years and could swell to \$3 billion by the time state lawmakers decide how to spend it.

[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."

[Low-priced electricity](#)

Officials of Korea Electric Power Corp. monitoring the daily peak-time power usage should be breathing a sigh of relief as the heat wave begins to recede. Yet, they cannot afford to lower their guard, because the possibility of rolling blackouts cannot be ruled out during the next several weeks.

On the contrary, blackouts can strike the nation during off-season maintenance, as they did in September 2011. An unseasonable heat wave, when put together with a breakdown at one or two power plants, is a good recipe for a blackout.

[Missouri town escapes crushing electricity contract tied to coal-fired plant](#)

More than 200 cities, towns and utilities invested in the \$5 billion plant in southern Illinois in the early to mid-2000s, hoping to protect against electricity price swings and save money in the long run. Peabody Energy developed the project – which it billed as a state-of-the-art power plant next to a high-sulfur coal mine – and eventually sold 95 percent of it to eight utility consortiums in nine states, though most of the cities are in Ohio, Missouri, Illinois and Indiana.

But construction cost increases, lower natural gas prices and other factors erased the project's competitive advantage in the short term and left some of the cities with power that's far more expensive than current market rates.

[China slaps oil firms over pollution](#)

BEIJING – Environmental regulators have taken the unusual step of blocking China's two biggest oil producers from expanding their refining capacity after they failed to meet targets for reducing pollution.

The penalties for PetroChina and Sinopec are a fresh blow to China's state-owned oil industry following this week's announcements that four senior executives are under investigation for unspecified offenses.

[Explosion, Rig Fire in Eagle Ford Shale East of San Antonio](#)

A drilling rig explosion was reported in Petersville, Lavaca County in rural South Texas Wednesday evening.

There were no reports of injuries in what was being described as a "well control incident

and fire,” and all personnel were safely evacuated, K Leonard, manager of public relations for rig operator EOG Resources Inc. told Rigzone.

[Inspections Target Fracked U.S. Crude Shipped by Rail](#)

U.S. rail-safety regulators began a “Bakken blitz” of inspections of crude oil tank cars this week as they seek to prevent a railroad disaster in the U.S. similar to July’s fatal inferno in Quebec.

Inspectors from the U.S. Federal Railroad Administration and Pipeline and Hazardous Materials Safety Administration are examining rail cars moving crude from North Dakota’s Bakken region, Cynthia Quarterman, PHMSA administrator, told reporters today during a break in a Washington meeting to discuss U.S. rail safety risks.

[BP, Louisiana Officials at Odds over Restoring Coastline](#)

The Gulf Coast Ecosystem Restoration Council held a meeting Wednesday discussing the current status of coastal restoration projects, which are being funded by civil penalties in the wake of the Deepwater Horizon incident.

The council approved an initial comprehensive plan laying goals for ecosystem and economic recovery within the five Gulf of Mexico states that was affected by the Macondo oil spill in 2010. The governors of those states – Texas, Louisiana, Mississippi, Alabama and Florida – serve on the GCER council with federal officials. Council members also promised that the first projects could be approved by June 2014, the beginning of the next hurricane season.

[BP accuses Louisiana leaders of 'political grandstanding' over oil spill](#)

BP and one of the US Gulf states most affected by pollution from the Deepwater Horizon blowout in 2010 have become embroiled in an acrimonious slanging match over the oil company's clean-up record.

A senior BP executive has accused the leaders of Louisiana of "political grandstanding" and making "patently false assertions" about the environmental record of the group since the oil spill in 2010.

[Greens use Keystone XL backers' words to undermine pipeline](#)

(Reuters) - Environmental groups on Thursday used statements by supporters of the proposed Canada-U.S. Keystone XL pipeline to undermine the argument that Canada's tar sands will be developed without the project, so the impact on greenhouse gases will be the same.

A report put together by more than a dozen green groups compiles statements by industry and government officials, financial analysts and green groups to argue that the 830,000 b/d oil pipeline is essential for the development of the tar sands, and would in fact increase greenhouse gas emissions.

[Fracking brings climate debate closer to home](#)

For the first time in decades, prosperous, well-connected people in this country are having to face the reality of fossil fuel extraction, and they don't like it one bit. Some of us have long been arguing that oil, coal and gas do far more harm at every stage of production than most forms of renewable energy. Now the fracking companies have obligingly chosen to demonstrate it.

[Road rage: States get creative to fund highways](#)

Yet with cars becoming more fuel efficient, and miles driven declining — 2.938 trillion miles traveled in 2012 compared with 3.031 trillion in 2007 — federal and state fuel tax revenues are increasingly insufficient to build new roads and maintain existing ones. Electric cars, a favorite of President Obama, use no gasoline at all, so their drivers do not pay for road use.

In the future, roads will need another stream of funding. Although residents don't like tax increases, some states are taking matters into their own hands and creating their own sources of revenues for roads.

[Tesla success helps push green car program back in gear](#)

You can't argue with success.

Tesla developed an electric car and paid back a nearly half billion dollar loan nine years early. Now the government is reviving the controversial automotive loan program that helped Tesla -- with \$15 billion still available to kick-start the development of electric and other alternative powered vehicles.

[Bike shops: The new Starbucks?](#)

While more people are riding bikes—cycling in New York City alone has more than doubled since 2005, with at least 500,000 residents biking—fewer are buying new ones. Unit sales fell 5% in the first half of 2013, with revenue down \$88 million compared with the first half of 2012. And recently added bike-sharing programs in cities like Boston, New York and Chicago have put a dent in shop-based rentals. Bike shop locations have decreased by nearly a fifth in the past decade. Now, the \$6 billion U.S. bicycle market is trying to lure new customers, especially women and families, with extras ranging from poetry readings to open-mic nights and even weddings.

[China to raise subsidies for clean power generation](#)

China will raise subsidies for cleaner forms of electricity from September 25, the state planning agency said on Friday, in a move that could help thermal power plants meet the country's tough new air pollution standards.

China's power plants have lobbied the government for more subsidies, saying they cannot afford to install new equipment to cut emissions because fixed power prices do not allow them to pass on the cost to consumers.

[Graph of the Day: China's future generation mix](#)

China – already the world's second largest electricity market, largest carbon dioxide emitter, and consumer of half the world's coal – is on course to more than double its power market in size by 2030. But with increased awareness of environmental pollution, a potential price on carbon emissions and increasingly competitive renewable energy alternatives, how will it meet the challenge?

[Cheap Corn Deters Buyers in U.S. Sugar-for-Ethanol Plan](#)

A glut of corn has dampened interest by biofuel makers in a U.S. government program to sell surplus sugar for ethanol, potentially decreasing its effectiveness in propping up sugar prices.

[Building a Drought-Proof Farm](#)

At Brown's Ranch, just east of Bismarck, N.D., the community has gone 70 days with less than half an inch of rain. Yet Gabe Brown, the owner of this 5,400-acre farming and ranching operation, is looking out on a deep green field of sunflower, vetch, corn, clover, buckwheat, savannah grass and other crops.

"It's not how much rainfall you get," explains Brown. "It's how much you can store."

The soil on Brown's land, thanks to some innovative, soil-enhancing farming techniques, holds about three times as much water as a conventional farm. This makes his farm more able to withstand hot, dry weather or soak up heavy rainfall. This means less water is wasted – and it also means that Brown, who received a 2012 Growing Green award from NRDC, doesn't need to rely on federal crop insurance to cover his losses in times of drought or other weather extremes. All the insurance he needs is in his soil.

[GOP Hearings On Climate Change May Threaten Entire Green Economy](#)

The most important part of any financial analysis is understanding the risks that a firm, industry, sector or economy faces. The markets are defined by "Black Swan" events where previously unknown risks emerge and overnight the markets are down 10, 20, 30% or more. 1929, 1987, Long-Term Capital Management, Barings Bank and of course 2008 and the mortgage crisis. In hindsight, all the warning signs were there, the markets simply didn't recognize them until it was too late.

Because of that I always try to identify and discuss risks in my articles, and one risk I always try to highlight is the political risk embedded in the green economy.

[Greg Hunt not giving the full story on climate research](#)

Opposition Climate spokesman Greg Hunt has cited CSIRO research to defend the Coalition's "direct action" policy on climate change. Mr Hunt says the research shows emissions can be reduced by 20 per cent over 40 years using nature, soils and trees. ABC Fact Check takes a look at what the research is saying.

[Gulf Coast marks 8th anniversary of Hurricane Katrina](#)

In New Orleans, a group of elected officials, community activists and religious leaders gathered Wednesday to urge rebuilding of the state's coastline and called attention to the impact of climate change, according to *The Times-Picayune*.

The group, part of an interfaith prayer breakfast, said climate change has touched off rising sea levels, disappearing coastline and more frequent storms, according to the news organization.

[As Floods Ravage Sudan, Young Volunteers Revive a Tradition of Aid](#)

"We saw that the heavy rains and floods were going to impact the lives of many, and we felt we had a social responsibility to help people," said Muhammad Hamd, 28, a Nafeer spokesman. "The idea came out of a discussion on Facebook among friends."

A "nafeer" is a Sudanese social tradition that comes from an Arabic word meaning "a call to mobilize." The group's formation was all the more important because the Sudanese government was slow to respond, some critics say.

[Healthcare Needs to Lead the Fight Against Climate Change](#)

As people continue to learn more about climate change, they are beginning to realize that it fundamentally is a health issue that will affect everyone in the world.

How climate change is damaging to health depends on where people live. If they live in Beijing or Baton Rouge, climate change looks like air that's so thick and poisoned they

can't go outside their homes. If they live in the Midwest of the United States, climate change looks like extreme weather that rages through communities and heat waves that destroy crops and cause heat exhaustion. If they live in New York City, climate change looks like a massive hurricane, which flooded streets, trapped people in their homes without power, and shut down hospitals.

[Greenland has its own Grand Canyon deep under ice, study says](#)

Running from deep within the island's interior north to Greenland's northwest coast, the canyon measures at least 470 miles long, six miles across at its widest, and up to 2,600 feet deep – reaching its widest and deepest points near the coast. The Grand Canyon, by comparison, is 277 miles long, 18 miles wide, and 6,000 feet deep.

The portrait points to how little scientists know about what lies beneath the world's great ice sheets. It also could help researchers understand how the ice sheet and melt water are working together to feed outlet glaciers along a coast where glaciers have been thinning at an increasing pace within the past decade.

[Special report: Experimental climate fixes stir hopes, fears, lawyers](#)

(Reuters) - Last year the Haida, an indigenous group in Canada, set out to increase their salmon stocks and save the planet. Helped by American businessman Russ George, a group of villagers dumped 100 metric tons (110.23 tons) of iron dust from a boat into the Pacific Ocean.

They wanted to see if the iron would cause a bloom of algae that could promote fish numbers and absorb the greenhouse gas carbon dioxide from the atmosphere.

Instead, in March, they were raided by Canadian officials for illegal dumping at sea.

[Mutually Insured Destruction](#)

To fully grasp how our changing climate affects their downside, the insurance and reinsurance industries need new ways of modeling risk – systems that look at what's happening now rather than what happened decades ago. That drive is leading insurance works to join forces with climate scientists, who might have found a solution.



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