



DrumBeat: May 28, 2007

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Topic: [Miscellaneous](#)

[Troubles Run Deep on Gulf Oil Platform](#)

The workers were surprised to learn that the platform, evacuated before Dennis hit, had not taken on water from a leak through its hull. Rather, an incorrectly plumbed, 6-inch length of pipe had allowed water to flow freely among several ballast tanks. That began a chain of events that caused the platform to tip into the drink.

Now BP is attempting to do what no oil company has done before: essentially rebuild the entire architecture of an oil field on the sea floor some 6,000 feet beneath the waves.

At \$250 million, the job is costlier, and riskier, than putting the equipment on the gulf floor in the first place. On the frontier of oil exploration, the margin between riches and disaster can be as small as a 6-inch piece of pipe. Yet for BP, rebuilding the platform is critically important because the company desperately needs the oil flowing as reserves in formerly rich fields such as Prudhoe Bay in Alaska dwindle.

[Indonesia considers revoking exploration licenses](#)

Indonesia is considering revoking licenses of oil companies that fail to start developing oil and gas fields within 10 years, a senior government official said on Monday.

Indonesia, OPEC's second-smallest producer, has been offering new exploration rights and financial incentives for oilfields in a bid to stem a steady decline in production as the country has failed to tap new oilfields fast enough to meet domestic demand.

"We will see the contracts. If the companies do not meet their commitments on exploration after the 10-year period, we will revoke their licenses," the oil and gas director general, Luluk Sumiarso, told Reuters by phone.

[Ankara to deliver strong 'energy artery' message to Europe](#)

The name of a conference to be jointly held by the EU's executive arm and Turkey, a candidate for full EU membership, next week in İstanbul succinctly explains its goal: "Turkey and the EU: Together for a European Energy Policy."

EU's Enlargement Commissioner Olli Rehn, Energy Commissioner Andris Piebalgs, Turkish Foreign Minister Abdullah Gül and Turkish Energy Minister Hilmi Güler will participate in the conference, which will assemble key political and economic actors to discuss the challenges and opportunities concerning future energy issues faced by both the EU and Turkey. "The main goal behind arranging such a conference is to send a strong message to the international community, in particular to Europe, concerning the important role that has been and will be played by Turkey in the energy field because not all segments of the European public are aware of [this vital role]. Thus, we believe that highlighting it will also be helpful for our relationship with the EU," a senior diplomat, speaking on condition of anonymity, told Today's Zaman.

[Saudi Arabia sees no need for raising crude oil production](#)

The surge in oil prices is being driven by political factors and there is no need for additional crude supplies, Saudi Arabia's assistant oil minister said on Monday.

'What brings prices up is politics, what brings them down is politics,' Prince Abdul Aziz bin Salman bin Abdul Aziz told Agence France-Presse, referring to tensions in major crude producers Nigeria, Iraq, Iran and Venezuela.

'We have a well-supplied market,' he said on the sidelines of a European-Gulf forum today.

'We have always said, and OPEC has always committed itself to keep the market well-supplied and balanced. Never has this market been (more) balanced with crude than today,' said Prince Abdul Aziz, who is assistant oil minister for petroleum affairs.

He said that while there was no need for additional crude supplies, there is a problem with refining capacity. He was referring to what Saudi officials say is a need to invest in expanding refining capacity in consumer countries.

[Bill Urges Farmers to Grow Energy Crops](#)

Legislation introduced in the U.S. Senate this week would entice farmers located near ethanol biorefineries to grow dedicated energy crops.

Sen. John Thune, R-S.D., said his bill would offer incentives to farmers who plant switchgrass, fast-growing trees and other cellulosic feedstocks and deliver them to the nation's next generation of ethanol plants. Cellulose is the woody material in branches and stems that makes plants hard.

"For cellulosic to achieve its potential, Congress needs to help this industry overcome some of the initial market barriers," Thune said Wednesday during a conference call. "And if we are serious in the country about reducing our dependence upon foreign oil, we have to be serious about giving the necessary jump start to America's budding alternative fuels industry and the farmers who supply it."

[Playing Politics at the Pump](#)

When I say punishing the oil companies, I mean that the Stupak bill allows compulsory lowering of fuel prices. That will mean service stations running out of gas, long lines at the pump, and people unable to get to work or school or the hospital.

Who will really be punished when the bill is enacted? Not the top dogs at the energy companies -- they'll continue to be well paid. No, the drivers and homeowners of America who can't get gasoline and heating oil will be the ones to suffer. And ordinary investors who own stock in oil companies are also going to be punished. But everyone will suffer from indulging the fantasy that waving a government magic wand can solve real problems.

[Pump Prices Hit Home More in Kentucky](#)

As gasoline prices flirt with all-time highs ahead of Memorial Day weekend, the drivers hit hardest aren't the ones paying the highest prices.

In an index released this week, Oil Price Information Service, a source for petroleum pricing, broke down who's paying the most taking into account local gasoline prices and local monthly income.

The biggest losers are drivers living in Clay County, Ky., who shell out 14.78 percent of their monthly income to buy gasoline costing \$3.156 a gallon. While the price there is far lower than the retail average in San Juan County, Wash., which is the highest in the country at \$3.926 a gallon, Clay County's average monthly income of \$1,423.67 is the lowest nationwide, making any increase in gasoline prices much more painful.

[A Gas Crisis 30 Years in the Making](#)

Embrace the memory of the average \$3.21 cents we'll pay for each gallon of regular unleaded gasoline purchased this Memorial Holiday weekend. The chances are we'll pay a lot more next year and the year after that.

Abandon your conspiracy theories, your worries that global oil companies are gouging us at the pump. For the record, they are. It's the kind of profiteering that accompanies any crisis -- war and rumors of war, hurricanes, or other actual or imminent disasters.

What the oil companies are doing isn't moral. Nor is it illegal. But it is business.

Crises usually are profitable for people positioned to exploit them; and they usually are costly for those who aren't.

When it comes to oil and the motor fuels it provides, we're in a crisis. We've been in a crisis for nearly 30 years now.

[Australia: Huge power price rises loom](#)

Climate Institute chief executive John Connor said failure to adopt carbon trading straight away would lead to higher electricity prices in the long run.

"This research highlights that it would be reckless to delay action, or only take half measures," Mr Connor said.

The warning came after national electricity market regulator NEMMCO said on Friday that southeast Queenslanders faced blackouts if the drought continued.

State and territory leaders yesterday urged Mr Howard to launch an emissions trading scheme by 2010, and set an environmentally credible target to cut greenhouse gases.

[Deals signed on pipeline that seeks to divert Malacca Strait oil](#)

Half of the world's oil shipments currently pass through the 960-kilometre (595-mile) Strait of Malacca, the busiest seaway in the world, which links the Indian Ocean and the South China Sea.

The Strait was notorious for pirate attacks but security officials, who fear the economic and strategic ramifications of any disruption to the vital maritime traffic, say security has vastly improved.

"Everyone can use the pipeline. It is to direct traffic away from the international waterway of the Straits of Malacca," Rahim Kamil Sulaiman, chairman of Trans-Peninsula Petroleum, told a news conference.

In its statement, Trans-Peninsula said the pipeline, about 300 kilometres in length, will cut across Malaysia's northern states of Kedah, Perak and Kelantan. It will have support facilities for deep-draught tankers at either end.

Rahim said the oil will come mainly from the Middle East but also from Africa for "the East Asian oil market".

He said "we have made known our projects to both China and Japan, especially China".

[Huge gas reserves found in southwest China](#)

China has discovered huge gas reserves in the southwestern province of Sichuan, hoping that the find will help ease growing concerns about energy security, state media reported Monday.

A total of 3.8 trillion cubic metres (133 trillion cubic feet) of natural gas deposits have been found in the western part of the Sichuan Basin, the China Daily said, citing officials in Dazhou city, near the reserve.

The discovery is equivalent to about 60 years of China's total production at current output levels.

[Chernobyl Fungus Feeds On Radiation](#)

Researchers at the Albert Einstein College of Medicine (AEC) have found evidence that certain fungi possess another talent beyond their ability to decompose matter: the capacity to use radioactivity as an energy source for making food and spurring their growth.

Detailing the research in Public Library of Science ONE, AEC's Arturo Casadevall said his interest was piqued five years ago when he read about how a robot sent into the still-highly-radioactive Chernobyl reactor had returned with samples of black, melanin-rich fungi that were growing on the ruined reactor's walls. "I found that very interesting and began discussing with colleagues whether these fungi might be using the radiation emissions as an energy source," explained Casadevall.

Casadevall and his co-researchers then set about performing a variety of tests using several different fungi. Two types - one that was induced to make melanin (*Cryptococcus neoformans*) and another that naturally contains it (*Wangiella dermatitidis*) - were exposed to levels of ionizing radiation approximately 500 times higher than background levels. Both of these melanin-containing species grew significantly faster than when exposed to standard background radiation.

"Just as the pigment chlorophyll converts sunlight into chemical energy that allows green plants to live and grow, our research suggests that melanin can use a different portion of the electromagnetic spectrum - ionizing radiation - to benefit the fungi containing it," said co-researcher Ekaterina Dadachova.

[Nobody wants to pay the price of going green](#)

Everything is relative. As Torontonians complain and raise their collective fist over high gasoline prices at the pumps, keep in mind that our fellow Canadians out in Vancouver are paying up to 20 per cent more.

Guess what? British Columbia has a healthier and more robust economy than Ontario. "Outstanding job creation," were the words used by the Conference Board of Canada. Vancouver actually promotes the use of hybrid taxis in their city and allows low-speed electric vehicles on some roads.

Vancouver is also arguably the centre of clean-technology innovation in Canada for the moment, at least.

[Canadian Pacific seeks approvals to better service Alberta's oil sands development](#)

Canadian Pacific announced today it has sought regulatory approval to construct rail lines to serve planned and existing bitumen upgraders northeast of Edmonton in Alberta's developing Industrial Heartland.

"Acquisition of the necessary land to assemble the rail right of way was a strategically important initiative for CP," said CP President and CEO Fred Green. "It strengthens CP's commitment to the growth objectives of the oil sands industry, contributes to lasting economic benefits for the Province of Alberta, and provides significant scope for CP shareholder value creation."

[US not ready for regional carbon scheme](#)

"We're struggling with what the appropriate macro policy response is," the Deputy Secretary for Energy, Clay Sell, said when asked whether the Asia-Pacific Economic Cooperation group could become the basis of a regional scheme that would put a price on greenhouse gas pollution.

Mr Clay noted that while some American states had carbon trading schemes, they were not uniform and the Federal Government had not come up with a national system.

As energy ministers from Asia and the Pacific meet in Darwin this week, the Prime Minister, John Howard, is preparing to bring down a watershed report on whether Australia should set up its own carbon emissions trading scheme, a decade after it was first proposed by the Government.

[U.S. Rebuffs Germany on Greenhouse Gas Cuts](#)

The United States has rejected Germany's proposal for deep long-term cuts in greenhouse gas emissions, setting the stage for a battle that will pit President Bush against his European allies at next month's meeting of the world's richest countries.

In unusually harsh language, Bush administration negotiators took issue with the German draft of the communiqué for the meeting of the Group of 8 industrialized nations, complaining that the proposal "crosses multiple red lines in terms of what we simply cannot agree to."

[BP loses appeal against Russian oil field seizure](#)

It is widely believed that the Russian government is using the threat of withdrawal over environmental grounds to force TNK-BP and its privately-owned partner Alfa - owned by a group of Russian billionaires - to give up a proportion of their stake in the oil field operator Rusia Petroleum.

It followed a similar strategy with Shell, forcing it to give up a majority stake in the giant

[Sakhalin-2 oil and gas field project](#)

TNK-BP has a 62 per cent stake and according to the Russian press, state-controlled group Gazprom wants to obtain a near-75 per cent stake.

[Iran offers Gulf states nuclear help](#)

Iran can help its Gulf neighbours develop peaceful nuclear energy, the country's foreign minister said today, in comments which might irritate major powers fearing Tehran's own atomic work is aimed at building bombs.

Manouchehr Mottaki, whose country has rejected Western demands to halt sensitive nuclear activities, was speaking a week after Gulf Arab states meeting in Riyadh began working on a feasibility study for a civilian nuclear programme.

[CIS Electric Power Council to discuss forming energy market](#)

Chiefs of energy companies and of controlling bodies of countries of the Commonwealth of Independent States and Baltic countries will discuss on Tuesday question of forming the common energy market and unification of power systems of countries of the CIS and Baltic countries with the European Union for the Coordination of Transmission of Electricity (UCTE). The 31st meeting of the CIS Electric Power Council will be held in Yerevan on May 29 under the presidency of Anatoly Chubais, the head of RAO UES of Russia, (Unified Energy Systems of Russia).

[2nd Irving refinery a done deal, residents say](#)

"When you're within a stone's throw of the refinery, and a refinery that big — it's half a city down there — you're definitely going to get some pollution from the refinery, regardless of what they do," he said.

At the same time, Murphy said he equates this new refinery with better-paying jobs for the area. The proposed facility would be the first refinery built in North America in 25 years.

[Green leader slams feds over scope of refinery's assessment](#)

The leader of the federal Green party says she's outraged at Ottawa's decision to limit its role in assessing the environmental impact of a proposed Irving Oil refinery in Saint John.

Last week, the Conservative government announced it would only look at the possible

impact on coastal areas, leaving the rest of the review process up to the New Brunswick government.

Elizabeth May says that will leave too many questions unanswered.

[Spain's New Renewable Energy Rules](#)

Spanish ministers approved a new set of rules for renewable energy on Friday, curbing profits for wind generators and setting incentives for other types of renewable energy to boost their development.

[Palm oil puts squeeze on endangered orangutan](#)

Bound hand and foot, dishevelled orangutans caught raiding Borneo's oil palm crops silently await their fate as a small crowd of plantation workers gather to watch.

Lacking only hand-cuffs and finger-printing to complete the atmosphere of a criminal bust, such "ape evictions" have become part of life for Asia's endangered red apes.

Thousands have strayed into the path of international commerce as Indonesia and Malaysia, their last remaining habitats, race to convert their forests to profitable palm crops.

[China's social security fund turns cautious on domestic stocks investment](#)

China's huge Social Securities Fund is becoming cautious about investing in the A-share market amid growing worries that share prices could plunge, state media said Monday, citing the fund chief.

Local stock markets probably have "too many bubbles" and the fund's strategy of investing in A-shares is turning conservative, the China Securities Journal said, citing Xiang Huaicheng, chairman of the council in charge of the fund.

Xiang, a former finance minister, was not quoted as giving any details about the fund's immediate plans or whether it intended to start selling stocks.

China's stock market has trebled in value since 2005, giving rise to a growing chorus of warnings that a bubble is developing and that it must implode sooner or later.

[National currency essential](#)

Bank of Canada governor David Dodge made headlines last week when he told an

audience in Chicago that a single North American currency was "possible."

Of course, anything is possible. It is even possible that the United States will one day tear down the wall it is building on its southern border to keep Mexicans out of the country.

[Common Currency, The Current \(CBC Radio\), Part 2](#)

When Pink Floyd released Dark Side of the Moon and its hit 'Money' in June of 1973, one Canadian dollar would buy you, almost to the decimal point, one US dollar. There was no loonie back then , it was a green dollar bill and the two greenbacks were on par.

Today the loonie is trading at around 92 and a half cents U.S. And according to some economists, the dollar could reach 96 cents next month. And if commodity prices remain high, the two currencies could, once again, equalize.

So, as the gap between the two dollars continues to close, a long-dormant debate over unifying the two currencies has re-emerged.

It has been dubbed by some supporters as the 'Amero,' and last week Bank of Canada Governor David Dodge said a single unified North American currency - - similar to Europe's Euro was "possible."

[Rolling in on two wheels](#)

Some of the world's biggest gas peddlers are encouraging their workers to pump the pedal.

Exxon Mobil, BP and ConocoPhillips are among the Houston-area employers trying to make it easier for employees to bike to work.

Workers already have enough excuses: potholes, impatient drivers and the Houston heat.

But some businesses are easing the commute for those who decide the exercise and reduced emissions make biking worthwhile. They're giving them locker rooms, shower areas and safe places to park their bikes.



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