



## Drumbeat: March 21, 2009

Posted by [Gail the Actuary](#) on March 21, 2009 - 9:16am

Topic: [Miscellaneous](#)

### [Probe Finds Exxon Exposed Workers to Hurricane Hazards](#)

HOUSTON -- Exxon Mobil Corp. exposed its employees at the second-largest oil refinery in the nation to life-threatening conditions by failing to implement an emergency plan when Hurricane Gustav struck the U.S. Gulf Coast last year, according to findings of a federal investigation released Friday afternoon.

Exxon did not shut down the Baton Rouge, La., refinery prior to the hurricane's landfall and they had to do an emergency shutdown of the plant during the brunt of the storm, according to a local representative with the United Steel Workers. The refinery was closed for several days after the Gustav hit Sept. 1

The Occupational Safety and Health Administration board has proposed a penalty of \$5,000 and categorized the violation as "serious."

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### [Petrobras's Brazilian oil and gas production up in February](#)

Brazilian energy major Petrobras has said that its average oil and gas production in Brazil, in February 2009, topped out at 2.247 million barrel equivalents per day, 5.6% more than a year ago and 1.3% above the January 2009 mark.

According to the company, the exclusive domestic field oil production, of 1.94 million barrels per day (bpd), was 6.5% higher than the same month a year ago and 0.9% more than the 1.92 million bpd extracted in January 2009.

### [Pemex upbeat about Mexico's oil production goals](#)

Despite the evident downturn, however, Mexican officials remain optimistic that Cantarell will average 756,000 b/d in 2009 due to increased investment in drilling and well maintenance.

Mexican officials also believe they can slow, and even reverse, the country's declining production over time due to increased production from other regions, especially Chicontepec. . .

Meanwhile, Gil Morales said the current production schedule for Chicontepepec calls for the conventional drilling of more than 17,000 wells in 29 fields with the eventual goal of producing around 100 b/d oil from each one of them.

### [China's CNOOC starts new Baohai field production](#)

Chinese main offshore oil firm CNOOC Ltd (0883.HK) said on Thursday that it started production from its Bozhong (BZ) 28-2S oil field with 4,000 barrels of oil per day via four wells. BZ28-2S, located in the south of Bohai Bay with a water depth of 21 metres, is the largest field among all the oil projects expected to come on stream this year offshore China, CNOOC said in a press statement.

The production is expected to ramp up to an average 25,000 barrels of oil per day by 2011, it added.

### [Maple Energy Denies It Is Planning to Cut Peru Oil Production](#)

Maple Energy Plc, a crude and natural-gas producer with operations in Peru, denied it is planning to cut production in the country on low oil prices.

Gestion today reported that the company is planning to seal heavy-crude wells if oil prices remain below \$60 a barrel, citing General Manager Guillermo Ferreyros.

Ferreyros told Bloomberg News in an interview he was speaking hypothetically about the impact of low prices on the industry.

“This was completely taken out of context,” Ferreyros said. Maple is not planning to close wells in Peru “by any means.”

### [Brazil Petrobras Sets Record For Deep](#)

Petrobras pumped oil from the 7-MLL-54HP well at Jabuti from a water depth of 1,413 meters, establishing a fresh record for oil production in relation to water depth, the company said. Output at the well started Feb. 26.

The well is currently producing about 35,000 barrels a day, and was the first well connected to the FPSO "Cidade de Niteroi" floating production, storage and offloading vessel.

### [Natural Gas, Suddenly Abundant, Is Cheaper](#)

Six giant plants capable of cooling and liquefying gas for export are due to come on line this year just as the economies of the Asian and European countries that import the most gas to run their industries are slowing.

Energy experts and company executives say that means loads of gas from Qatar, Egypt, Nigeria and Algeria that otherwise would be going to Japan, Korea, Taiwan and Spain are beginning to arrive in supertankers in the United States, even though there is a gas glut here, too. . .

Rodney Waller, a senior vice president at the oil and gas company Range Resources, called the expected surge in liquefied natural gas imports part of a “pile on” of problems including plummeting demand, prices and credit besetting companies that stretched their exploration and production budgets in recent years to meet expanding demand.

“Any time you push the price down, you push down the ability of U.S. independents to add reserves and production domestically,” he said. He warned that some small and midsize oil and gas companies “with debt that are in trouble now will simply get pushed over the brink.”

#### [RPT-US spring nuclear refueling seen lowest in a decade](#)

The number of U.S. nuclear reactors expected to shut this spring for planned refueling will likely be the lowest in at least a decade, which could weigh on natural gas prices, already hovering near six-year lows, traders said on Friday.

At the height of the spring 2009 season in mid-April, just 15,200 megawatts will likely be out, compared with about 22,900 MW out last year, which would be the fewest megawatts shut for spring refueling since the Nuclear Regulatory Commission started posting outages on its website in 1999.

#### [Baker Hughes: US Oil, Gas Rig Count Down 41 To 1,085 This Week](#)

The number of oil and gas rigs fell to 1,085, down 41 from the previous week, according to rig data from oil-field services company Baker Hughes (BHI). The number of gas rigs was down to 857, a drop of 27 rigs from last week, while the oil-rig count dropped by 13 to 215. The rig count includes 13 miscellaneous rigs.

The number of gas rigs in use peaked at 1,606 in September.

#### [News Tip: Oil Problems Persist 20 Years After Exxon Valdez Spill in Alaska, Duke University Expert Says](#)

A silver lining from the Exxon Valdez spill, if there can be one, has been the intense scientific research that followed it, Chameides said.

As a result of this research, he said, "we have a much keener understanding of oil spills. Before the Exxon Valdez, oils spills were widely thought to present an acute, short-term environmental threat that would rapidly disperse and subside. Now we know it's not that simple. The oil lingers, just beneath the surface, threatening wildlife and transforming the lives of area residents."

### [Petrobras Sees 'No Chance' Strike to Cut Fuel Supply \(Update1\)](#)

Petroleo Brasileiro SA, Brazil's state-controlled oil company, said there is "no chance" a planned strike by its workers will limit the country's fuel supply.

Petrobras, as the company is known, is ready to maintain fuel supplies during a walkout, refining and petrochemicals chief Paulo Roberto da Costa told reporters today in Rio de Janeiro. While there may be a temporary drop in output because of a strike, fuel stockpiles will guarantee supply, he said.

### [U.S. navy vessels collide in Gulf, causing large fuel spill](#)

Two U.S. Navy vessels have collided in the Strait of Hormuz off the coast of Iran, slightly injuring 15 sailors and creating a heavy fuel spill in the Persian Gulf. . .

Both ships were heading to port and were going in the same direction in the narrow strait. The submarine was submerged when the accident occurred just after midnight.

### [Iraqi budget woes force security hiring freeze](#)

Anthony Cordesman, a national security analyst at the Center for Strategic and International Studies in Washington, said much depends on how long the budget crisis lasts.

"It's going to be a problem in terms of equipment, in terms of sustainability, in terms of construction," he said in a telephone interview. "It is a symptom of the fact that one of the things that holds the country together ... has been large flows of oil."

He also noted that the drop in oil prices coincides with an overall reduction in international aid for Iraq due to the global economic crisis.

"Nobody basically is budgeting large amounts of aid for the coming year. So they're getting hit from two directions, not just one," Cordesman said. "This budget squeeze is going to affect every aspect of Iraqi stability."

### [Oil conversion plant, 60 jobs, comes to SC](#)

South Carolina is getting a new \$29 million plant to convert algae into fuel oil and with the plant, 60 new jobs.

The state Commerce Department and Georgetown County announced Friday that Renewed World Energies will locate its new plant in the county.

The company has a proprietary technology to convert cultivated algae into oil for diesel fuel and jet fuel. The company also plans to build an oil processing plant.

### [NRC decision on depleted uranium draws rebuke on Hill](#)

The Nuclear Regulatory Commission's decision classifying depleted uranium as the least hazardous type of radioactive material is "unsupportable," the chairman of the House Environment and Energy Subcommittee said yesterday. . .

Depleted uranium is mainly a byproduct from uranium enrichment facilities. It is a unique waste stream as it actually gets more radioactive the longer it sits -- unlike most radioactive materials, which become less hazardous as they decay.

Depleted uranium has a concentration that exceeds by 10 times the Class A waste limit of 0.05 microcuries per cubic centimeter recommended by NRC staff in a 1981 draft environmental impact statement, according to the Institute for Energy and Environmental Research, a nuclear watchdog group.

### [Organic price tags may be hard to swallow](#)

People have been buying and selling organic food for decades. But until recently, most of that activity was done on a local scale for a limited number of customers. In the past decade, organic food has exploded in popularity, evolving into an industry that resembles the traditional grocery model, complete with frozen-food aisles, weekly flyers and rows of cashiers.

The current crisis marks the first time organic retailers will have to face a sharp economic downturn since the industry's boom began. "Organic food has a huge problem," said Marcia Mogelonsky, senior research analyst with Mintel International Group Ltd., a global consumer-research firm. "It's always been premium-priced."

While many Canadians were willing to shell out for organic nachos and macaroni and cheese when times were good, suddenly the cheaper grocery-store brands aren't looking so bad.

### [Side Trip to South Africa](#) (Jim Kuntzler)

This white minority appears to carry on with the "normal" tasks of daily life not unlike what you would see in Europe and North America. But close to the surface you detect a resigned fatalism. Their old center has not held and things for them could fall apart at any time. The evacuations of whites that occurred with the shift to black-majority government in the 1990s have tailed down. I'm not even sure how conscious the whites are of their own base-line nervousness, though the multi-layered apparatus of security, with all the locks, gates, and video cameras speaks for itself.

The combination of the fortification mentality with compulsory motoring has left Johannesburg with a conspicuous scarcity of shared civic space. It's hard to beat the USA for this, but South Africa has managed to. The architects and developers who designed the Melrose Arch project tried to supply something that was otherwise non-existent in the country and they did a very good job. All the classes of the various races were present there -- whites, blacks, and Asians -- sitting in the outdoor cafes, often at mixed tables, while the virtually all-black service class pattered and watched in the background. The nicely-scaled main square felt like the only tranquil, open, safe public gathering place in the entire metropolex. The health club down the street where I dropped in three times in a week reflected the mix of races, too, as did the offices and business establishments.

### [The role of religious communities in the Long Emergency](#)

by Sharon Astyk

There is also likely to be a retreat to the familiar, the comforting and the ritualized, and the need for community structures. Many of the changes in our economic, energy and ecologic life demand that people reconsider what they've assumed and believed. For better or worse (and what kind of faith we retreat to will depend on which one this is), for many of us, after we leave school, work provides our social and communal structures - we socialize with coworkers, work organizes our lives. But when jobs are lost or transient, it becomes harder to rely on that for community. Where do we find social supports, people to talk to, common values? Again, for many of us, this is our religious community.

This, of course, presents a dilemma for people who are not religious, or who belong to a religious denomination not represented. Do you join a group with which you do not share all your beliefs, or any? What happens when church is how social life is conducted, and you aren't religious?

I think the answer depends on your faith and your relationship to it - I think someone who believes that faith is fundamentally false should probably work on establishing useful secular institutions that do what religious ones do. I think someone with fairly minor theological differences, or a mild case of agnosticism should find the most compatible possibilities, if they want to work with a religious community, and then ask that community's leader whether it would be ok for them to participate. My guess is that you'll find more difference in individual believers in most communities than you think. It really depends on the community though - for some people there are basic statements of faith you must make to participate, in other cases, some groups are open to people they believe may sincerely evolve in their commitment. Some places won't ask you what you believe at all. Some religious communities may have evolved roles for

those who cannot fully adhere but are supportive - high rates of Jewish intermarriage, for example, have forced many Jewish communities to evolve places for non-Jewish spouses, and many religious communities with high bars to participation (say, celibacy) have committed supporters who cannot be full members.

### [Energy Limits to Growth Part III: Integrating Energy Sources](#) (Richard Heinberg)

A process for designing the energy system to meet society's future needs must start by recognizing the practical limits and potentials of the available energy sources. Since primary energy sources will be the most crucial ones for meeting those needs, it is important to identify those first, with the understanding that secondary sources will also play their roles, along with energy carriers (forms of energy that make energy from primary sources more readily useful—as electricity makes the energy from coal useful in millions of homes).

We can define a future primary energy source as one that meets, at a minimum, these make-or-break standards discussed above:

- It must be capable of providing a substantial amount of energy—perhaps a quarter of all the energy currently used nationally;
- It must have a net energy yield of 10:1 or more;
- It cannot have unacceptable environmental impacts; and
- It must be renewable.

### [HIGH SPEED PASSENGER RAIL Future Development Will Depend on Addressing Financial and Other Challenges and Establishing a Clear Federal Role](#) (GAO)

Once projects are deemed economically viable, project sponsors face the challenging tasks of securing the up-front investment for construction costs and sustaining public and political support and stakeholder consensus. In the three countries GAO visited, the central government generally funded the majority of the up-front costs of high speed rail lines. By contrast, federal funding for high speed rail has been derived from general revenues, not from trust funds or other dedicated funding sources. Consequently, high speed rail projects must compete with other nontransportation demands on federal funds (e.g., national defense or health care) as opposed to being compared with other alternative transportation investments in a corridor. Available federal loan programs can support only a fraction of potential high speed rail project costs. Without substantial public sector commitment, private sector participation is difficult to secure. The challenge of sustaining public support and stakeholder consensus is compounded by long project lead times, by numerous stakeholders, and by the absence of an established institutional framework.



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