



DrumBeat: June 17, 2009

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Topic: [Miscellaneous](#)

[Rising gas prices hit drivers nationwide](#)

NEW YORK (CNNMoney.com) -- Gas prices have risen for 50 days in a row and the pain at the pump is taking a toll on household budgets across the nation.

Nationwide, gas prices now average \$2.679, motorist group AAA said Wednesday. Prices have risen every day since April 29, when the national average stood at \$2.05 a gallon.

Drivers in every U.S. state, with the exception of South Carolina, now pay an average of at least \$2.50 a gallon. In the Palmetto State, gas averages \$2.49 a gallon.

The runup in gas prices comes at a time when drivers are already struggling with record high unemployment and an abysmal housing market.

[Oil back above \\$71](#)

NEW YORK (CNNMoney.com) -- Oil settled above \$71 Wednesday, tracking a turnaround in equities and erasing earlier losses after a weekly inventory report showed soaring gasoline supplies.

[API, 15 Labor Unions to Lobby for U.S. Job Creation](#)

(Bloomberg) -- The American Petroleum Institute, an industry group, and 15 construction-trades labor unions agreed to coordinate lobbying in Washington to promote job creation and oppose tax proposals that might discourage growth.

The newly formed Oil and Natural Gas Industry Labor- Management Committee includes Exxon Mobil Corp., the largest U.S. oil company, and unions such as the International Brotherhood of Teamsters that help build oilfields, refineries and pipelines, the institute and unions said today in a joint statement.

[New Zealand: Downturn cuts power use](#)

Electricity consumption dropped in the March quarter because of the economic downturn, Energy Minister Gerry Brownlee said yesterday when he released new statistics.

He said the New Zealand energy quarterly report showed a 5 per cent decrease in electricity generation compared with the same quarter last year.

[African farms becoming too hot to handle](#)

African farmers will soon face growing seasons hotter than any in their experience. To cope with this rapid climate change, they – and the plant breeders who supply their crops – will need to make big changes, and soon.

[Renewable Power Rules, Drilling Backed by U.S. Senate Panel](#)

(Bloomberg) -- A Senate energy panel approved legislation that would require utilities to get as much as 15 percent of their power from renewable sources and open more of the eastern Gulf of Mexico to oil and gas drilling.

The Senate Energy and Natural Resources Committee voted 15- 8 today for the measure, which would also expand oversight of oil, natural gas and power markets.

The legislation will help push the nation to develop “the next generation of renewable energy sources,” Alaska Senator Lisa Murkowski, the senior Republican on the committee, told reporters on June 15 in Washington. The measure also recognizes “we will continue to use” fossil fuels such as oil, natural gas and coal, she said.

[Government to Guarantee Loans for Nuclear Power Plants](#)

The Energy Department is planning to award \$18.5 billion in loan guarantees for the construction of new nuclear power plants to four utilities, government sources said today. The companies include UniStar Nuclear Energy, NRG Energy Inc., Scana Corp. and Southern Co.

Nuclear power advocates hope that the loan guarantees will help launch a new wave of nuclear power plants that use a new generation of technology; moreover, they note, nuclear plants do not emit greenhouse gases. But foes of nuclear power argue that the plants remain too expensive to build without federal assistance and that energy efficiency and renewable energy resources offer better alternatives. New plants could cost anywhere from \$6 billion to \$12 billion, industry executives say.

[Russia asks Belarus to pay \\$230 mln gas debt](#)

MOSCOW (Reuters) - Russia's gas export monopoly Gazprom has demanded Belarus to pay \$230 million in gas arrears, Interfax news agency reported on Wednesday, citing the Russian embassy in Minsk.

The move marks another escalation in a trade war between the two states after Russia banned some Belarussian milk imports and Minsk retaliated by ordering to impose strict customs controls on main roads to Russia.

[Abraxas curtails gas production in South Texas](#)

Abraxas Petroleum Corp. has decided to scale back production of the company's Nordheim #2H horizontal well in response to low natural gas prices.

[Re-Engineering the Earth](#)

If we were transported forward in time, to an Earth ravaged by catastrophic climate change, we might see long, delicate strands of fire hose stretching into the sky, like spaghetti, attached to zeppelins hovering 65,000 feet in the air. Factories on the ground would pump 10 kilos of sulfur dioxide up through those hoses every second. And at the top, the hoses would cough a sulfurous pall into the sky. At sunset on some parts of the planet, these puffs of aerosolized pollutant would glow a dramatic red, like the skies in *Blade Runner*. During the day, they would shield the planet from the sun's full force, keeping temperatures cool—as long as the puffing never ceased.

Technology that could redden the skies and chill the planet is available right now. Within a few years we could cool the Earth to temperatures not regularly seen since James Watt's steam engine belched its first smoky plume in the late 18th century. And we could do it cheaply: \$100 billion could reverse anthropogenic climate change entirely, and some experts suspect that a hundredth of that sum could suffice. To stop global warming the old-fashioned way, by cutting carbon emissions, would cost on the order of \$1 trillion yearly. If this idea sounds unlikely, consider that President Obama's science adviser, John Holdren, said in April that he thought the administration would consider it, "if we get desperate enough." And if it sounds dystopian or futuristic, consider that *Blade Runner* was set in 2019, not long after Obama would complete a second term.

[Mexico racing against time at Cantarell oil field](#)

MEXICO CITY (Reuters) - Mexico's state energy company Pemex is scrambling to extract what oil it can from its key Cantarell deposit as growing water and natural gas levels in the giant field depress yields of crude.

Cantarell produced more than 2 million barrels per day as recently as 2004, but yield has plunged as the aging field enters its natural decline phase, sending Mexican oil production tumbling to its lowest level since the mid-1990s.

The giant offshore Akal field and several nearby deposits that Pemex groups as Cantarell produced only 713,000 bpd in April, below Pemex's forecast of 756,000 bpd for 2009. Yields from the area have fallen at annualized rates of more than 35 percent in recent months.

Pemex engineers said at a conference last week that the oil layer of the Akal field is shrinking by at least 4 meters (13 feet) a month as gas moves downward and water moves upward in the rock formation.

[Obama vs. the oil bubble](#)

NEW YORK (Fortune) -- Can reinvigorated financial watchdogs take a bite out of surging oil prices?

President Obama is scheduled to outline a regulatory reform program Wednesday that will, among other things, call for strong federal oversight of derivatives -- side bets on changes in asset values or interest rates.

The reform push is being driven by the past year's financial-system tremors, which were intensified by derivatives such as credit default swaps, or wagers on a bond issuer's health. The administration aims to defang that demon by moving derivatives trading out of the shadows to reduce uncertainty.

But this year's surge in the price of oil is turning Washington's attention back to another derivatives debate: whether speculation in the futures markets is responsible for wild swings in the prices for crude oil and other commodities.

[Analysis: Inside the Persian Gulf Jackup Market](#)

With waters averaging 160 feet deep and not exceeding 300 feet deep, jackups have always dominated the Persian Gulf. Currently, there are 73 jackups under contract that are located in the Persian Gulf. Sixty-eight of the rigs are presently performing drilling or workover operations. Two jackups are waiting on location, two are undergoing modifications, and one is serving as an accommodation unit.

The number of jackups working in the Persian Gulf has been growing consistently over the last decade. Since June of 2000, the number of jackups working in the Persian Gulf has more than doubled. While the Gulf of Mexico and North Sea previously dominated the jackup market, the Middle East is now the largest employer of jackup rigs in the world.

[More Doubts Than Answers As Brazil Prepares New Oil Law](#)

Work on a critical new oil law for Brazil is near completion but doubts remain about how

the new framework might work and when it will be implemented.

[Macarthur Coal sees signs of rising demand](#)

MACARTHUR COAL is the latest coal producer to raise hopes of a revival in demand for fuel from Chinese steelmakers.

The miner said there were "early indications" Australian exports of coal to China had risen more than eight-fold last month, from less than 500,000 tonnes in April to 4.1 million tonnes.

[Dealers facing tight supply of SUVs, trucks](#)

Even with the auto industry mired in depression – sales are down nationally 36.5 percent – big vehicles such as the Ford Expedition and Chevy Tahoe are in tight supply because of drastic production cuts that automakers imposed last year as sales began to plummet.

Now, a year after \$4-a-gallon gas nearly killed SUVs, some dealers in this market are selling them for window-sticker prices. Moreover, most late-model used pickups and SUVs have regained all of the thousands of dollars in trade-in value they lost last summer, dealers say.

[Oil Industry Senses Better Days Ahead](#)

Hundreds of local workers on and off the oil patch may have surging crude prices to thank for their jobs.

An executive at Nabors Well Services Co. said Monday that, despite a warning filed in March, the company will not need to lay off as many as 780 employees. Instead, Nabors' dismissals probably will not exceed about 100, including the 43 oil rig workers it let go last week.

"The anxiety level has come down a bit," said Nabors' local director of business development, Alan Pounds.

[Oil Services Cos Wait Patiently for Rebound](#)

Oilfield services shares will need more than a return to boom-era oil prices to fully recover from the sector's worst downturn in a decade.

[Sinopec drills 7th Saudi gas well after others disappoint](#)

BEIJING (Reuters) - China's Sinopec Group is sinking a seventh exploration well in Saudi Arabia to hunt for natural gas, after the previous six found no flows of commercial value, partly due to low gas prices, a company executive told Reuters.

[How the energy industry is moving out of the dark ages to prevent you from getting caught in rolling blackouts](#)

AUGUSTA, GA - Maybe you took advantage of desperate retailers this year to pick up some big new electronics, like a flat-screen TV or an iPod. But have you noticed that key items that keep your wired home running comfortably, such as your electricity meter and your thermostat, are unintelligible antiques compared to your cell phone and your netbook?

That's about to change, as digital technology finally revolutionizes our energy delivery system.

The energy revolution doesn't hinge on technological discovery. Indeed, the vast majority of technology it will draw on has existed for years, if not decades. The energy revolution is about something much more difficult to change: our own human behavior.

[PowerSat: Space Solar Flies Closer to Earth](#)

Solar from space: It may sound like a bad sci-fi movie, but a growing number of companies think it could solve the world's energy crisis. Among them is Everett, Wash.-based PowerSat Corp., which said today it's filed a provisional patent for two technologies it claims could help make the transmission of solar power from space more cost-effective. CEO William Maness also told us that the 8-year-old company has received commitments for \$3-\$5 million in angel funding, which it's using to develop wireless power demonstrations on Earth, and is currently in negotiations for a first venture round in the single-digit millions.

[Development At The Cost Of Destruction](#)

Pakistan has initiated a mega power project in its administrative part of Kashmir without fulfilling mandatory environmental obligations required for development projects. Contemporary international environmental laws and standards bound all governments and their publics to conduct Environmental Impact Assessment (EIA) and ecological surveys (both phase1&2) in every developmental project to achieve goals of sustainable development, nonetheless, Pakistan's official Water And Power Development Authority (WAPDA), has started the construction of US \$2.16 billion-Neelum-Jhelum Hydro Project in a remote and scenic Neelum Valley -100 km to the north-west of Islamabad, through a consortium of Chinese firms in order to generate 969 Megawatt electricity, without fulfilling the set global criteria.

The project will divert Neelum River, which originates from Indian part of Kashmir and also called as Kishangana, through a 47-km long tunnel system to another river Jehlum near Muzaffarabad, capital of the Pakistan-controlled Kashmir. After 8 years of its completion period, it will be the first underground hydropower project of its kind in Pakistan which the government claims is under the terms of the Indus Waters Treaty of 1960 reached between India and Pakistan, and the country would get "priority rights" to the use of its waters through this significant project.

[Clean-energy windmills a 'dirty business' for farmers in Mexico](#)

"This is one of the finest wind areas in the world, and they are being very ambitious about developing it," said Martin Pasqualetti, an expert on renewable energy at Arizona State University who has studied the region. "They're trying to do in five years what California took 35 years to do."

But the energy gold rush has also brought discord, as building crews slice through irrigation canals, divide pastures and cover crops with dust. Some farmers complain they were tricked into renting their land for as little as \$46 an acre annually.

Opponents of Mexican President Felipe Calderón fear the generators are the first step toward privatizing Mexico's energy sector. And some residents are angry that the electricity being generated is not going to homes here in Oaxaca, one of the poorest states in Mexico, but to power Walmart stores, Cemex cement plants and a few other industrial customers in Mexico.

"It has divided neighbors against each other," said Alejo Giron, a communal farmer in La Venta. "If this place has so much possibility, where are the benefits for us?"

[ConocoPhillips chief warns of impending oil crisis](#)

DETROIT, Michigan: Government efforts to curb climate change could soon spur an oil crisis more severe than those already experienced, the head of oil and gas giant ConocoPhillips said on Tuesday.

"We're very concerned that if we don't keep the supply up we're going to see another crisis," said chief executive officer Jim Mulva.

[Canada pushes past North Pole in Arctic survey](#)

Canada's mapping of the Arctic is pushing into territory claimed by Russia in the high-stakes drive by countries to establish clear title to the polar region and its seabed riches.

Survey flights Ottawa conducted in late winter and early spring went beyond the North Pole and into an area where Russia has staked claims, a Department of Natural

Resources official said Sunday.

[StatoilHydro to Import LNG Into U.S. From Qatar, Reuters Says](#)

(Bloomberg) -- StatoilHydro ASA, Norway's biggest oil and gas producer, agreed to import liquefied natural gas cargoes from Qatar to supply a terminal in the U.S., Reuters said, citing spokeswoman Rannveig Stangeland.

[Coal bed methane set to plug gap in UK](#)

Aim-traded Island Gas (with Canadian partner Nexen) has made the UK's first commercial sale into the national grid of electricity generated from coal bed methane (CBM). It is selling electricity generated from CBM at its pilot Doe Green site in Cheshire under a three-month fixed contract; gas production is expected to increase over the coming months to a volume capable of powering some 1,200 homes.

[Exxon Set to Tap 'Enormous' Slochteren Field for 50 More Years](#)

(Bloomberg) -- The Dutch Slochteren natural-gas field, the largest on mainland Europe, may be productive for at least 50 more years because it contains "enormous" resources, according to project operator Exxon Mobil Corp.

"Our expectations are that we are going to achieve a very high recovery level in that field," Chief Executive Officer Rex Tillerson told reporters at a conference yesterday in Groningen province, where the deposit is located. "There is still an enormous amount of gas yet to be recovered."

[Norges Bank Cuts Key Rate to 1.25% to Fight Recession](#)

(Bloomberg) -- Norway's central bank cut the benchmark interest rate for the seventh time in eight months as the world's fifth-largest oil exporter battles a trade-related recession and rising joblessness.

[Russia actually granted loan to Ukraine - Putin](#)

NOVO-OGAREVO (Itar-Tass) -- Gazprom will not impose a fine on Ukraine for importing a smaller amount of gas, but it hopes that the contracts, now in effect, will be fulfilled, Alexei Miller, head of Gazprom, said at a meeting with Prime Minister Vladimir Putin here on Wednesday. "We regard with understanding the economic situation in Ukraine, we realise it is living through a crisis. In the future we shall not impose fines on our Ukrainian partners," he said.

Putin expressed hope that “both parties will continue to observe discipline within the framework of the contracts signed.”

[Lukoil keeps faith with Baghdad](#)

Russian producer Lukoil said today it was confident after meeting Iraqi officials that the country's auction for service contracts in its prized oilfields will be held as planned at the end of June.

Lukoil chief executive Vagit Alekperov also reconfirmed his company's wish to take part in the bidding, in which development contracts for Iraq's six largest oil producing fields and two undeveloped gas fields are on offer.

[Nigeria oil militant 'to disarm'](#)

One of Nigeria's militant leaders says he is ready to lay down his weapons, following the government's offer of an amnesty in the Niger Delta oil region.

Ateke Tom said his group would disarm as long as the government was sincere.

[New 'Urban Car' claims to slash CO2 emissions by two thirds](#)

LONDON, England (CNN) -- A former motor-racing engineer has unveiled a prototype of a new hydrogen-powered city car which claims to emit less than one third of the carbon emissions produced by its nearest rival.

[Australia's carbon farmers in quiet revolution](#)

WINONA, Australia (Reuters) - On the rolling hills of Winona, a fine merino sheep stud, a quiet revolution is taking place which Australian farmers hope will eventually see them selling soil carbon credits in the fight against climate change. Winona's Colin Seis is one of the country's leading "carbon farmers" and has for the past 10 years been encouraging the extraction of greenhouse gas CO2 from the atmosphere and increasing the carbon content of his soil to improve pastures.

[GOP Goes off the Deep End, Proposes 100 New Nuclear Reactors in the U.S.](#)

But they fail to address who will pay for and insure them, where will the fuel come from and the waste go and who will protect them from terrorists.

[Fusion falters under soaring costs](#)

An international plan to build a nuclear fusion reactor is being threatened by rising costs, delays and technical challenges.

Emails leaked to the BBC indicate that construction costs for the experimental fusion project called Iter have more than doubled.

Some scientists also believe that the technical hurdles to fusion have become more difficult to overcome and that the development of fusion as a commercial power source is still at least 100 years away.

[Russia 'should join Opec, dictate price'](#)

Russia should join Opec so that the exporters' group can control more than half of world oil output and dictate its price, a top executive of the country's biggest private sector oil company said.

Lukoil vice president Leonid Fedun made the remarks in an interview in the Kommersant newspaper on Wednesday, months after Russia's flirtation with Opec ended.

'If Russia joined Opec, which did not happen, we could define the price precisely. We could decide that tomorrow the oil price would be \$100 per barrel. Unfortunately Russia's political leaders did not go this route,' Fedun said.

[Shell Says Nigerian Exports Will Be Disrupted for a Fifth Month](#)

(Bloomberg) -- Royal Dutch Shell Plc told customers that Nigerian shipments will be disrupted for a fifth month in July as violence escalates in Africa's largest oil producer.

Shell suspended export obligations on crude exports from the Forcados terminal in Nigeria to cover the remaining loading program for June and July, company spokesman Precious Okolobo said by phone from Lagos today.

[Reject Russia's Energy 'Blackmail', Vaclav Havel Urges Europe](#)

(Bloomberg) -- Vaclav Havel, the dissident playwright who led his countrymen in revolt against their Soviet-backed regime, said Central Europe should reject Russian energy supplies rather than be "blackmailed" by the government in Moscow.

[Sinopec plans wildcat in disputed waters](#)

China's Sinopec aims to drill its first deep-water well next year in the South China Sea, ending a moratorium on exploration in waters near areas disputed by Vietnam, two company officials said.

The move marks the first foray into deep-water offshore drilling for Sinopec, which is mainly a refiner with limited experience in oil drilling. It also underlines a renewed industry interest in the search for oil in the waters off China.

[Angola's August Oil Exports to Drop, Ex-Palanca, Gimboa Grades](#)

(Bloomberg) -- Angola's crude oil exports will fall 1.6 percent in August, excluding the Palanca and Gimboa grades, as OPEC members pledge to comply with production targets.

[Oil drilling to expand off Canada's Atlantic coast](#)

OTTAWA (AFP) – Canada's island province of Newfoundland on Tuesday announced a tentative deal with oil firms to significantly boost Atlantic offshore drilling in the Hibernia oil fields.

The original field, located in the Jeanne d'Arc Basin about 315 kilometers southeast of St. John's, Newfoundland, has produced 670 million barrels to date, after nearly 12 years of production.

[Ocean current experts warn of risks if eastern Gulf is opened to drilling](#)

While Congress considers opening the eastern Gulf of Mexico to oil-and-gas drilling, experts on ocean currents warn of a potential environmental nightmare that could reach the coast of South Florida.

If a rig in the eastern Gulf springs a leak, the spill could turn into an oil slick that gets caught in a fast-moving current that runs south to the Florida Keys. The current turns into the Gulf Stream, which could drag the polluted mess through the Florida Straits and carry it north to the beaches of southeast Florida.

This scenario is all too realistic, oceanographers say.

[Sympathy refinery strikes staged](#)

An unofficial strike at a North Lincolnshire oil refinery is continuing for a fifth day, and

has spread to other sites in Britain.

[Rising Energy Demands Necessitate Capacity Additions in Oil and Gas Refineries, Finds Frost & Sullivan](#)

MUMBAI, India /PRNewswire/ -- The sustained economic growth in the country over the last five years has led to a concurrent growth in energy demand across industrial, transportation, commercial, and residential sectors. Oil and gas account for 41 percent of India's energy consumption and there is unlikely to be any significant scaling down of dependence on these fuels in the next five to ten years.

[Get real: 'Green' energy alone can't keep the country humming -- PPL chief](#)

Jim Miller calls for a clean coal push, plus getting on board with nuclear power.

[Pickens expects energy legislation by end of year](#)

The progenitor of the Pickens Plan is expecting Congress to complete action on an energy plan by the end of the year.

The prediction comes as oil again is rocketing upwards, having nearly doubled in price since earlier this year.

[Report says peak oil could cause food shortages in S.F.](#)

In May, an obscure city advisory group released the results of a 15-month study of San Francisco's vulnerabilities to peak oil, a scenario that assumes the global supply of oil will run thin in the near future and that the world could go the way of Mad Max. Produced by the now-disbanded Peak Oil Preparedness Task Force, seven volunteers appointed in part by Supervisor Ross Mirkarimi in late 2007, the 120-page report warns that San Francisco is looking at a grim future if public policymakers and city residents don't start preparing for the post-oil apocalypse right away.

[Why Businesses And Individuals Aren't Racing To Go Green \(And What To Do About It\)](#)

Let's face it. The human race is on an ever-accelerating march towards the Earth's point of no return (the point at which we could seal our own extinction). By some estimates, approximately 300,000 preventable deaths per year can be attributed to climate change. Somewhere down the line, someone is going to burn the last watt. It won't be you. But it could be one of your descendants.

Most people are aware of the problem. Unfortunately, most people aren't responding as

though their very existence is at issue. Most of us wash our hands of the problem after we feel as though we've done our part. We turn out a few more lights. Recycle some additional things that we'd normally toss out. Now now, doesn't that feel better?

The problem is, it's not enough.

[Obama not yet owner](#)

Compounding the problem is the national economy badly needs a strong dose of spending. The world doesn't. The world is starting to flirt with the "peak resources" phenomenon. We hear mostly about "peak oil," the idea that we've used up more than half the oil that exists. Finding new sources of oil will be more expensive in the future, the oil we find will be harder and more expensive to retrieve and the getting the oil that's still in the ground is going to be more environmentally damaging in more than one way.

But that's just the beginning. We've been extracting raw resources from the ground for going on 5,000 years, although it's only in the past 100 or so years that people have really begun to do serious-style rape and pillage of the environment. What's worse is that all the "uh-oh's" in our energy future are going to start turning in on each other: Trying to fix Problem A is going to have the probable result of making Problem B worse, and in the meantime Problem C just turned up and it looks worse than the other two put together. These are going to be the kind of juggler's balls we're going to be dealing with in coming years.

[Japan May Offer Loans to Fund Clean-Coal Power Plants](#)

(Bloomberg) -- Japan plans to offer loans to power producers in the U.S. and Australia that buy so-called clean coal generators from Japanese manufacturers, according to a government document obtained by Bloomberg News.

[Milne: The climate nightmare is upon us](#)

So what is stopping us from achieving what we are capable of, of reaching 'the most ambitious agreement ever negotiated'?

ABARE, the Bureau of Agricultural and Resource Economics, last year unwittingly provided me with the answer! They had sought a meeting on their latest modelling of the economic costs of climate action. I asked them what atmospheric carbon concentrations they were assuming in their models and was astonished to hear that they had modelled nothing lower than 575 parts per million — a level that every projection tells us would trigger catastrophic climate change.

When I suggested that it might be appropriate to run their models using scenarios that have some hope of constraining global warming to merely dangerous levels, even down

as low as 350 ppm to deliver a safe climate, my astonishment was matched by theirs.

“But, Senator,” came the reply, “that would be a different world!”

Exactly!

[New Climate Change Report: From Bad to Worse](#)

Even as Congress belatedly tackles legislation that would cut U.S. carbon emissions and international negotiators have bickered over a global climate deal in Bonn, a new report by several federal agencies underscores the truths that too often risk getting lost in politics: global warming is real, it's happening now and if we don't act soon, the consequences are likely to be catastrophic.



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