



DrumBeat: July 3, 2009

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Topic: [Miscellaneous](#)

[Eager to Tap Iraq's Vast Oil Reserves, Industry Execs Suggested Invasion](#)

Two years before the invasion of Iraq, oil executives and foreign policy advisers told the Bush administration that the United States would remain "a prisoner of its energy dilemma" as long as Saddam Hussein was in power.

That April 2001 report, "Strategic Policy Challenges for the 21st Century," was prepared by the James A. Baker Institute for Public Policy and the US Council on Foreign Relations at the request of then-Vice President Dick Cheney.

In retrospect, it appears that the report helped focus administration thinking on why it made geopolitical sense to oust Hussein, whose country sat on the world's second largest oil reserves.

"Iraq remains a destabilizing influence to the flow of oil to international markets from the Middle East," the report said.

[Crude Oil Falls to \\$66 in New York, 10% Below This Year's High](#)

(Bloomberg) -- Crude oil futures in New York fell below \$66 a barrel, a 10 percent decline from this year's high, marking a market "correction."

Crude oil is set for a third weekly drop after U.S. unemployment rose to the highest in almost 26 years, signaling the world's largest energy user remains mired in recession. Prices may drop again next week on speculation that U.S. fuel inventories will climb as the weak economy curbs demand, according to a Bloomberg News survey of analysts.

"It has been a double whammy for crude oil," said Chris Jarvis, president of Caprock Risk Management LLC in Hampton Falls, New Hampshire. "You've got a stronger dollar and weaker- than-expected economic data, so that was a huge catalyst to start selling crude."

[Russia's call to raise cost of gas falls on deaf ears](#)

Moscow has asked Seoul to readjust the price of the liquid natural gas that Russia began exporting to Korea this year after Russian government officials complained that the price agreed upon in 2004 is too low. But Seoul officials have refused to renegotiate the deal, which was sealed five years ago.

According to officials of Korea's Knowledge Economy Ministry and Korea Gas Corp., Russia recently made an official request to raise the price of the liquid natural gas from the Sakhalin gas reserve during the latest session of the Korea-Russia Joint Commission on Economic, Scientific and Technological Cooperation. The meeting was held in Seoul on July 1.

[Kashagan development costs slashed](#)

The cost of developing Kazakhstan's huge Kashagan oilfield will be cut by at least \$1 billion as the global crisis drives down machinery prices, Kazakh Energy Minister Sauat Mynbayev said today.

The oilfield, in the north-east of the Caspian Sea, is due to come onstream in 2012. Kazakhstan's government had earlier estimated its total cost at \$136 billion.

[Russia Gazprom plans \\$2 bln Eurobond in two tranches](#)

MOSCOW (Reuters) - Russia's gas export monopoly, Gazprom, plans to issue a Eurobond in two tranches denominated in dollars and euros and worth up to \$2 billion in total, banking sources told Reuters on Friday.

The monopoly plans to channel part of the proceeds to its oil arm, Gazprom Neft, to help it finance a buying spree.

[Turkey gives green light to EU gas pipeline deal](#)

EUOBSERVER / BRUSSELS – Turkey will host the signing of an inter-governmental agreement on the EU-backed Nabucco gas pipeline on 13 July, in a major breakthrough for the long-delayed project aimed at reducing Europe's gas reliance on Russia.

[Book Review: Blackout](#)

Coal. Under the surface we seem to have a lot of it. It's fairly inexpensive but this is changing as demand rises to meet increased energy needs especially in countries like China. So we have a lot, its cheap, let's use it, what's the problem? Right? Wrong!

Author Richard Heinberg writes in *Blackout: Coal, Climate and the Last Energy Crisis*,

“In short: two of the defining trends of the emerging century—the development of the Asian economies and climate change—both center on coal. But coal is finite non-renewable resource. Thus, a discussion of the future of coal must also intersect with a third great trend of the new century: resource depletion.”

[Iranian cleric: British Embassy staff to be tried](#)

A top Iranian cleric said Friday that some of the detained Iranian staffers of the British Embassy in Tehran will be put on trial, and he accused Britain of a role in instigating widespread protests that erupted over the country's disputed presidential election.

[What's the tipping point for revolution?](#)

Skepparkroken, Sweden – How can it be that 70,000 protesters in Leipzig in 1989 tore down the Berlin Wall, while up to a million protesters in Tehran in 2009 managed only – so far – to trigger repression? Or, to phrase it differently, what's the tipping point for revolution? Just when does civil society trump entrenched political power?

[KFC's proposal: First pot pies, now potholes](#)

Everybody needs a little KFC. But maybe not Chicago.

The fast-food chain has sent off a letter to the nation's mayors, offering to patch their potholes for free. The company will leave behind a stenciled brand on the patch informing people the road has been "Re-Freshed by KFC."

[Oil's record high, one year later: Crude is less than half its \\$145 peak of last July 3 - as a global economic slowdown zaps demand](#)

NEW YORK (CNNMoney.com) -- One year ago, on July 3, 2008, oil prices settled at a record high -- a once-unthinkable \$145.29 a barrel

On Thursday, it settled at \$66.73, less than half the record price, following a \$2.58 decline.

In between, a global demand surge morphed into a global economic slowdown -- one that would drive the price of oil as low as \$33.87 in December -- followed by the partial recovery that has been underway since.

A year ago, oil was driven higher by two factors. One was the emergence of new global economic powers such as China, India and Russia, competing with the United States and the West for the world's oil. The other was a weak dollar, the currency of crude trading.

[Oil May Fall on U.S. Fuel Inventories Increase, Survey Shows](#)

(Bloomberg) -- Crude oil may fall on speculation that U.S. fuel inventories will climb as the recession curbs demand in the world's biggest energy-consuming country.

Eighteen of 37 analysts surveyed by Bloomberg News, or 49 percent, said futures will decline through July 10. Nine respondents, or 24 percent, said the market will be little changed and 10, or 27 percent, forecast that oil prices will rise. Last week, 55 percent of analysts said prices would drop.

[OPEC and IEA Agree Not to Disagree: A Good Omen for the Industry](#)

For a change now, the OPEC viewpoint seems to be gaining ground, getting the due attention it deserves. This was not based on rhetoric or partisan energy politics, it was based on facts, simple and pure facts, one could say now without the fear of being ridiculed.

The world of energy today increasingly appreciates that wide scale speculation in oil markets carries tremendous risks. When Asian energy ministers met in Japan earlier this year, the issue of speculation was underlined, with everyone -- producers as well as the consumers -- emphasizing it could cause havoc to the global energy markets.

Interestingly now even the IEA, the OECD energy watchdog and the EU are also emphasizing that oil markets risk another speculative bubble unless the financial sector is reformed, reined in and transparency is enhanced.

[Canadian Superior granted bankruptcy protection](#)

Canadian Superior Energy Inc. said its application seeking court protection from creditors was successful, staying all claims against the oil and gas producer and its assets.

The court order, effective until March 25, allows the company to prepare a plan to payoff creditors, including the proposed sale of a stake of 25% or more in a promising gas discovery in Trinidad and Tobago.

[Pumped storage hydro plants enjoy dual boost](#)

Scottish and Southern announces plan for first new UK pumped storage plants in more than 30 years, as US government releases fresh hydro funding.

[Interest in bees and chickens soars ahead of last Royal Show](#)

In the past year, the smallholder retailer Countrywide has seen a 40 per cent increase in net sales across all poultry products in the past year.

Simon McEwan, editor of Country Smallholding magazine, said: "Many suppliers report that business has been very brisk over the past year. From humble beginnings in the 1970s, the grow-your-own revolution is gathering pace.

"Concerns about food security, climate change, food miles and the energy crisis are also considerations. No doubt the credit crunch is having an effect too."

[Organic Farms as Subdivision Amenities](#)

SOUTH BURLINGTON, Vt. — The bewildered Iowan who converted his farm into a ballpark in "Field of Dreams" in 1989 might reverse the move today. From Vermont to central California, developers are creating subdivisions around organic farms to attract buyers. If you plant it, these developers believe, they will buy.

Increasingly, subdivisions, usually master-planned developments at which buyers buy home sites or raw land, have been treating farms as an amenity. "There are currently at least 200 projects that include agriculture as a key community component," said Ed McMahon, a senior fellow with the Urban Land Institute.

[A Farmer in Suburbia, Not So Far Afield](#)

Set among the rolling green hills of Loudoun County, Jim Dunlap's farm hasn't changed much since the 1780s. The original fieldstone farmhouse, designed by William Penn, is still there, albeit larger after two additions. So is the stone smokehouse and a spring house. There are peach trees, raspberry bushes and vegetables. If Isaac James, a former owner and the great-grandfather of outlaw Jesse, were to visit, he would see just one real difference: SnowBear Farm is now the only farm in sight. The property is surrounded by huge suburban mansions with wide, empty lawns.

Of course, these days it's more surprising to find a working farm than McMansions in Loudoun. But Dunlap, a retired CIA operations officer, wanted to farm here. His little piece of suburbia is perfectly situated for a small farmer just starting out: The land is fertile, and the location, just 55 miles from Washington, puts him within striking distance of lucrative urban farmers markets, where prices and demand are high for produce grown without pesticides or chemical fertilizers. "We need to take a lot of this land that's used for pet horses and giant lawns and find ways to grow food on it again," Dunlap said. "My work is an experiment to figure out how we can do it."

[Bike shop puts neighborhood teens to work](#)

Humboldt Park-area kids coming into program learned bike repair and became owners of the bikes they worked on. Gregorio Lozada was one of them and is now a bike mechanic employed here.

"My mind is set to put things together, take 'em apart, so I can sit here and take this bike apart and I can put it back together. It's easy for me," said Lozada.

[Green Power Takes Root in the Chinese Desert](#)

DUNHUANG, China — As the United States takes its first steps toward mandating that power companies generate more electricity from renewable sources, China already has a similar requirement and is investing billions to remake itself into a green energy superpower.

Through a combination of carrots and sticks, Beijing is starting to change how this country generates energy. Although coal remains the biggest energy source and is almost certain to stay that way, the rise of renewable energy, especially wind power, is helping to slow China's steep growth in emissions of global warming gases.

While the House of Representatives approved a requirement last week that American utilities generate more of their power from renewable sources of energy, and the Senate will consider similar proposals over the summer, China imposed such a requirement almost two years ago.

[Oil hovers above \\$66 in Asia after weak jobs data](#)

SINGAPORE — Oil prices hovered above \$66 a barrel Friday in Asia in light holiday trading a day after grim unemployment numbers from the U.S. and Europe sent crude prices tumbling.

[Oil brokerage PVM names rogue trader](#)

LONDON (Reuters) - PVM Oil Futures Limited said on Friday that Steve Perkins, a senior broker based at the firm's London office, was responsible for unauthorized trades earlier this week which landed the firm with a loss of nearly \$10 million.

The London-based brokerage said Perkins had taken the unauthorized positions in Brent crude futures early on Tuesday morning.

The heavy buying of Brent futures in Asian trade on Tuesday caused global crude prices to spike to their highest level this year, in a move traders and analysts had previously struggled to explain.

[OPEC Says 'Satisfied' With Current Crude Oil Price](#)

(Bloomberg) -- OPEC is "satisfied" with the current oil price, OPEC President Jose Maria Botelho de Vasconcelos said today in Beijing.

The current price is "good for all of us, the consumers and the producers," de Vasconcelos said. The world economy has recovered and "this price is a balanced price for us," he told reporters at the Global Think Tank Summit.

[Saudi Arabia May Cut Heavy-Oil Price as Processing Profits Drop](#)

(Bloomberg) -- Saudi Arabia may lower the official price of its heavy oil grade sold to Asia from a six-year high as processing profit for fuel used by ships and power plants declined in the previous month, refinery officials said.

[Qatar to Roll Back Crude Oil Supply Cut in August, Refiners Say](#)

(Bloomberg) -- Qatar Petroleum will supply full contracted volumes of crude oil to term customers in Asia in August, rolling back a 15 percent cut imposed in July on one of its grades, refinery officials said.

The state-owned company last month pledged full volumes of its Qatar Land grade for July, but cut Qatar Marine shipments by 15%, traders at two refiners who hold one-year contracts said today. They asked to remain unidentified because of confidentiality agreements with the supplier.

[Europe urged to stockpile gas](#)

European countries were urged to start stockpiling gas reserves for the winter as another gas crisis involving Russia and Ukraine is looming.

The European Commission said a repeat of January's energy shortfall was likely if Ukraine failed to raise €4.2m needed to pay for Russian gas supplies required to fill its storage facilities.

[Venezuela, China May Sign New Loan-for-Oil Accord, Chavez Says](#)

(Bloomberg) -- Venezuela and China Development Bank Corp. are discussing a third \$4 billion infrastructure loan to be paid in oil, President Hugo Chavez said.

"This bank is the one with the most money in the world," Chavez said late yesterday on

state television. "It has half the money in the world and is allied with Venezuela."

[PetroChina boosts output at Sulige gasfield](#)

BEIJING (Reuters) - Top oil and gas firm PetroChina raised daily output at its largest Sulige gasfield, in northern China's Ordos Basin, to 25.6 million cubic metres, up 67 percent from last July, its parent CNPC said.

[The Reasons Behind Big Oil Declining Iraq's Riches](#)

Any notion that the invasion of Iraq was simply an oil grab took another hit on Tuesday when Baghdad opened the bidding on the rights to develop its massive energy reserves. In a day-long auction of eight huge oil fields — some of the world's biggest — virtually all the 41 foreign companies invited to bid by the Iraqi government balked at the Baghdad terms. The only contract signed was a 20-year deal for a consortium led by BP and China's National Petroleum Corporation to develop the giant Rumaila field in southern Iraq. "Frankly I did not think it would be such a fiasco and embarrassment for the government," says Rochdi Younsi, Director of Middle East and Africa for the Eurasia Group in Washington. "It shows the level of disconnect between the Ministry of Oil and the oil companies."

[Iraq over optimistic on oil, output to fall - IEA](#)

LONDON (Reuters) - Iraqi plans to raise oil output to 6 million barrels per day (bpd) by 2017 are likely to be over optimistic, the International Energy Agency said on Monday, saying oil capacity could fall over the next two years.

The IEA said in its Medium-Term Oil Market Report it had taken a very conservative view of Iraqi production capacity for 2008/14 despite tremendous international interest in the country's oil development projects.

It forecast Iraqi oil production capacity would fall to as low as 2.23 million bpd in 2010/11 before gradually rising to 2.7 million bpd by 2014. The country's oil production is now between 2.3 million and 2.4 million bpd, industry sources say.

[China's CNPC, Cnooc Group Said to Seek Stake in Repsol's YPF](#)

(Bloomberg) -- Repsol YPF SA is in talks with China National Petroleum Corp. and China National Offshore Oil Corp. about a sale of a stake in its Argentinean unit, three people familiar with the discussions said.

[Nigeria, Algeria, Niger Sign Accord on Gas Pipeline](#)

(Bloomberg) -- Nigeria, Algeria and Niger signed an agreement on a proposed Trans-Saharan pipeline that will ship natural gas from Nigeria to Europe.

The accord was signed by Nigerian Petroleum Minister Rilwanu Lukman, Niger's Energy Minister Mohammed Abdullahi and his Algerian counterpart Chakib Khelil in the Nigerian capital, Abuja, today.

[EnCana hit by fifth explosion](#)

An explosion that damaged a natural-gas pipeline in northeast British Columbia this week is likely linked to earlier attacks on energy facilities in the area, the RCMP said yesterday.

[US envoy returns to post in Venezuela](#)

CARACAS, Venezuela (AP) — A U.S. envoy who was expelled last year by President Hugo Chavez said Thursday he hopes to re-establish dialogue after resuming his post in Venezuela.

[Ally's Ouster Gives Venezuela's Chávez a Stage, an Opportunity](#)

CARACAS, Venezuela -- An ally was in trouble, toppled in a military coup. And the television cameras were rolling.

The ouster of Honduran President Manuel Zelaya could not have been better scripted for another Latin American leader who has taken center stage: Venezuelan President Hugo Chávez. The populist firebrand has been Zelaya's most forceful advocate and could win international accolades if the Honduran eventually succeeds in regaining power.

[\\$49M power line project will support crude oil pipeline](#)

A new \$49 million electric transmission line is being planned to support the TransCanada Keystone crude oil pipeline project that will run through central Nebraska.

[A month with no driving explores a car-crazy culture](#)

Beginning Tuesday follow along with News reporter Fred Davies as he tosses his car keys and embarks on a month of no driving.

A multi-part feature will examine the state of transportation in Oceanside, as he delves into a car crazy (some might say addicted) culture and discovers what all that driving means for livability in the region.

The state of public transit, how municipalities fare in addressing accessibility, health impacts, potential fixes, their cost and who might pay for it, will all be grist for the mill.

[Japan may add noise to quiet hybrid cars for safety](#)

TOKYO (AFP) – Japan's near-silent hybrid cars have been called dangerous by the vision-impaired and some users, prompting a government review on whether to add a noise-making device, according to an official.

[Spain backtracks on nuclear power phase-out](#)

MADRID (AFP) – Spain's government said Thursday it would allow the country's oldest nuclear reactor to operate beyond its intended 40-year lifespan, reversing a policy of gradually phasing out nuclear power.

Through a combination of carrots and sticks, Beijing is starting to change how this country generates energy. Although coal remains the biggest energy source and is almost certain to stay that way, the rise of renewable energy, especially wind power, is helping to slow China's steep growth in emissions of global warming gases.

[EPA extends comment period on biofuel standard](#)

WASHINGTON (Reuters) - The Environmental Protection Agency on Thursday said it was extending the comment period on a draft rule that aims to cut greenhouse gases emitted by biofuels.

The proposed changes to the 2007 U.S. Renewable Fuel Standard attempt to make production of corn-based ethanol more efficient and increase output of advanced biofuels.

[Another endangered elephant dies in Indonesia: WWF](#)

Five of the eight elephants have died near or inside the concession area. Three were killed for their tusks and four were poisoned after eating palm oil plants doused in toxic chemicals.

"Some people are trying to protect their palm oil crops in the area by pouring insecticides on the plants. Maybe it's not intentional but it has killed a few elephants,"

Syamsidar said.

Conflicts between wild animals and humans are on the rise on Sumatra, where legal and illegal logging is rapidly reducing the tropical jungle.

[EPA allows TVA to dump spilled coal ash in Ala.](#)

BIRMINGHAM, Ala. – The nation's largest utility can dump millions of tons of coal ash from a Tennessee spill into an Alabama landfill, federal regulators said Thursday, despite criticism that the plan is unfair to one of Alabama's poorest counties.

[Exxon, Valero Face New Curbs on Cancer-Causing Gases](#)

(Bloomberg) -- President Barack Obama is considering new curbs on U.S. oil refineries whose gas emissions pose a cancer risk to hundreds of thousands of people living near the plants, setting up a potential conflict with companies over the cost of new regulations.

The White House suspended a ruling signed by President George W. Bush four days before he left office that found refiners were adequately controlling benzene and other cancer-causing gases, said Cathy Milbourn, a spokeswoman at the U.S. Environmental Protection Agency.

[Federal 'organic' label's integrity under fire: Consumers who pay up to twice as much don't always get what they expect](#)

WASHINGTON - Three years ago, U.S. Department of Agriculture employees determined that synthetic additives in organic baby formula violated federal standards and should be banned from a product carrying the federal organic label. Today the same additives, purported to boost brainpower and vision, can be found in 90 percent of organic baby formula.

The government's turnaround, from prohibition to permission, came after a USDA program manager was lobbied by the formula makers and overruled her staff. That decision and others by a handful of USDA employees, along with an advisory board's approval of a growing list of non-organic ingredients, have helped numerous companies win a coveted green-and-white "USDA Organic" seal on an array of products.

[Incredible shrinking sheep blamed on climate change](#)

Sheep living on a remote island off the coast of Scotland have been shrinking for 20 years. Now it seems shorter winters caused by climate change are responsible.

[Los Angeles will end use of coal-fired power](#)

LOS ANGELES (Reuters) - Los Angeles will eliminate the use of electricity made from coal by 2020, replacing it with power from cleaner renewable energy sources, Mayor Antonio Villaraigosa said.

Consumers of the Los Angeles Department of Water and Power, the largest city-owned utility in the United States with 1.45 million electricity customers, will see higher power bills in the fight against climate change, he added in his inaugural speech for his second four-year term as mayor on Wednesday.

[Indian FM urges 'ambitious but fair' climate targets](#)

TOKYO (AFP) - India's foreign minister on Friday called for an ambitious but fair greenhouse gas reduction target under a new climate treaty, saying any pact should not hinder the economic growth of developing countries.

[Study: Tropical rain band is shifting north](#) - *Warming suspected; freshwater shortages for some Pacific isles likely*

Earth's most prominent rain band, near the equator, has been moving north at an average rate of almost a mile a year for three centuries, likely because of a warming world, scientists say.

The band supplies fresh water to almost a billion people and affects climate elsewhere.

If the migration continues, some Pacific islands near the equator that today enjoy abundant rainfall may be starved of freshwater by midcentury or sooner, researchers report in the July issue of the journal *Nature Geoscience*.



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