



Drumbeat: May 4, 2010

Posted by [Leanan](#) on May 4, 2010 - 9:09am

Topic: [Miscellaneous](#)

[Saudi oil official raises awkward but crucial questions](#)

Last week, an unexpected warning came out of Saudi Arabia.

It was delivered by Khaled al-Falih, head of Saudi Aramco, the kingdom's state-owned oil group, and his message was blunt. Unless the world's top oil producer tackled inefficiencies in its energy system, the kingdom's stockpile of crude for export was in danger of falling by as much as 3m barrels per day by 2028, he said.

Given that Saudi Arabia has an unrivalled role in global oil markets, the message was one of which we should all take note.

he liability oil companies must pay to clean up environmental disasters.

[U.S. Coast Guard Says Oil Onshore From Gulf Spill](#)

(Bloomberg) -- Oil from a leaking BP Plc well in the Gulf of Mexico reached the Louisiana shore in the area of the Chandeleur Islands.

[As Gulf spill spreads, blame game begins](#)

When BP looks at the spreading oil slick in the Gulf of Mexico that now threatens flora, fauna and livelihoods along the coasts of Louisiana, Mississippi, Alabama and Florida, it's really seeing money floating away on the tide.

That's why it may be trying to shift some of the blame for the massive undersea leak to Transocean, which was running the rig that exploded on April 20 and eventually sank, leaving one of the worst oil spills in history in its wake.

[Oil spill won't hit gasoline prices in the short term](#)

The disastrous oil spill off the coast of Louisiana isn't expected to affect U.S. gasoline prices in the short term, but it could produce a longer-term hit if offshore oil drilling is

curbed or made more expensive with new regulations and safety measures.

[Mexico's Pemex to issue \\$6.3 bln more debt in 2010](#)

MEXICO CITY (Reuters) - Mexico's state oil monopoly Pemex expects to borrow another \$6.3 billion this year to fund its capital investments and refinance existing debts.

[Saudi oil official raises awkward but crucial questions](#)

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[Bill McKibben talks about how to live and organize on a reshaped 'Eaarth'](#)

My guess is that the availability of cheap fossil fuel everywhere has a homogenizing effect. Logic has led us to adopt the same few patterns over and over and over again in all kinds of places. If we move beyond that and begin dealing with much more indigenous energy resources in places all over the planet, my guess is the effect will be much less homogenous. People in a million different places will figure out a million different ways to deal with the world around them, because they'll be dealing with the sun that falls on their place and the wind that blows by it or how much rain they get, what the cultural norms are and how dense their population is, and a thousand other variables that lead you in a lot of different directions.

[The trophic theory of money](#)

In ecology, or the economy of nature, "trophic" refers to the flow of energy and nutrients. The lowest trophic level is the producers, or plants that produce their own food in the process of photosynthesis. Herbivorous animals eat plants, and carnivorous animals eat herbivores. That's the economy of nature in a nutshell. No plants, no animals. In other words, plants are the foundation in the economy of nature, and they must be productive enough to produce more food than needed only for their own reproduction. There has to be surplus plant production in order for herbivores to exist and, in turn, enough herbivores to support the carnivores.

[Optimism versus reality in peak oil media battle](#)

The optimists may have long been winning the peak oil media battle – as Matt Simmons observes – but we are beginning to see information coming out on the business pages that allows us to piece together a more balanced story.

[Report: Three Forks Could Be Another Bakken](#)

A report by the North Dakota Department of Mineral Resources indicates there may be nearly as much recoverable oil from the Three Forks formation as in the Bakken shale.

[Nord Stream: the world's largest gas pipeline](#)

The presence of Russian state-owned energy giant, Gazprom, is never far away in the streets of Moscow. The company's 'Dreams Come True' motto permeates the city's billboards, magazines and television adverts. But with many countries facing an energy shortage, its influence is now also beginning to creep its way into the western corners of Europe.

[Mexico eyes up to 14 oil deals by year-end](#)

MEXICO CITY (Reuters) - Foreign energy companies could be at work in Mexico's oil sector for the first time in more than seven decades as soon as the end of 2010, a senior executive of Mexico's state oil monopoly Pemex said on Monday.

[China Said to Keep Trade Embargo on Argentina Soyoil](#)

(Bloomberg) -- China told its top state-owned grain and vegetable oil companies it will maintain a trade embargo on the imports of soybean oil from Argentina, two company executives with direct knowledge of the matter said.

[Peak Oil and the Catastrophe in the Gulf of Mexico](#)

The oil companies need to drill deep to get hold of the world's last accessible drops of oil. In reality, it is not oil that is running out, it is the easily accessible oil that is disappearing. In Canada another desperate attempt is underway to extract oil from tar sands. Tar sands are exactly as they sound – sand and mud that contain residues of crude oil. It requires enormous resources to extract oil from the sand. Huge areas of land must be dug up, all the forest chopped down and wetlands drained. If the sand lies near the surface the mining occurs in huge open pits. If the sand lies deeper than 100 metres then chemicals and steam are required to separate out the oil. This is not just

some Canadian experiment but, rather, the world's biggest energy project. It is dirty, energy-craving and desperate. As long as the oil companies can make money doing so they will extract oil, but the more difficult it gets the more expensive the oil will become.

[BP Spuds Relief Well for Oil Spill](#)

BP today announced that work has begun to drill a relief well to intercept and isolate the oil well that is spilling oil in the US Gulf of Mexico. The drilling began at 15:00CDT (21:00BST) on Sunday May 2.

The new well, in 5,000 feet of water, is planned to intercept the existing well around 13,000 feet below the seabed and permanently seal it. The new drill site is about half a mile on the seabed from the leaking well in Mississippi Canyon block 252, and drilling is estimated to take some three months.

[Shell not told to halt drilling after BP oil spill: CEO](#)

(Reuters) - Royal Dutch Shell has not been directed to stop Gulf of Mexico oil drillings and it is too early to say what the U.S. government will do about future drillings after a BP offshore well ruptured two weeks ago, Shell's CEO said on Tuesday.

[Governors of Gulf states to discuss oil spill disaster](#)

Governors of the coastal states battling the effects of thousands of gallons of oil seeping in the Gulf of Mexico will meet Tuesday to continue discussing the disaster response.

Gov. Charlie Crist will stop at an emergency operations center in Florida's Panhandle, fly over the oil rig and then continue to Mobile, Ala.

[Schwarzenegger drops offshore drilling project](#)

Sacramento -- Gov. Arnold Schwarzenegger on Monday withdrew his support for a plan he championed to allow new offshore oil drilling off Santa Barbara County, citing the disastrous oil spill in the Gulf of Mexico.

Schwarzenegger, whose administration as recently as Friday defended the proposed Tranquillon Ridge offshore drilling project, said images of the spill in the gulf changed his mind.

[Florida politicians make about-face on oil drilling](#)

TALLAHASSEE -- The political rallying cry is no longer drill, baby, drill. It's spill, baby, spill.

Faster than oil slicks spreading on water, Florida's top politicians have spent the past few days jockeying for media attention, performing flyovers of the spill in the Gulf and decrying the impact of the calamity on the Sunshine State.

[BP Gulf Oil Spill Reshaping Energy Debate in U.S. Congress](#)

(Bloomberg) -- The oil leak spreading 5,000 barrels of crude a day in the Gulf of Mexico is reshaping the politics of the energy debate as Congress considers U.S. climate policy and lawmakers brace for the November elections.

[Gulf Oil Spill Threatens to Rearrange Washington's Climate Agenda](#)

While the full impact of the huge and spreading oil spill in the Gulf of Mexico isn't known yet, it is already creating political ripples in Washington, where energy experts, interest groups, politicians and some Capitol Hill aides see the pending legislative agenda being quickly reshuffled for a legislative response to the crisis.

[Spill Is Major Energy Policy Setback, Yergin Says](#)

(Bloomberg) -- The BP Plc oil well that's spilling thousands of barrels of crude a day into the Gulf of Mexico may delay plans for domestic offshore drilling, according to Daniel Yergin, chairman of IHS-Cambridge Energy Research Associates.

[Gulf Oil Spill Could Be Worse Than Hurricane, Landowners Say](#)

(Bloomberg) -- BP Plc's burgeoning oil spill in the Gulf of Mexico may hurt property owners more than any storm as sludge threatens to wreak long-term damage on the region's most valuable asset: its environment.

"I've been through Hurricane Camille, Hurricane Frederick and Hurricane Katrina," said Greg Miller, owner of Fort Morgan Realty and Development Inc. in Gulf Shores, Alabama. "They all pale in comparison to this."

[Gulf of Mexico oil spill: a Q&A](#)

The oil spill in the Gulf of Mexico threatens to be the biggest ever. BP, the UK company that owns the ruptured well, is racing to shut off the crude that's gushing out. Here are the key questions answered.

[Let's keep oil spill in perspective](#)

Once again, many people are eager to turn a Gulf Coast catastrophe into something more apocalyptic, this time not to tear down a president but to discredit offshore drilling. It most certainly is a horrific disaster, but the "worse than Valdez" theme, hyped on the *Drudge Report* and cable news, hasn't been validated. Estimates of how much oil has been spilled have varied wildly, in part because satellite imaging is great at capturing the "sheen" from a spill but not so good at measuring its thickness.

[Greed, negligence behind BP oil spill](#)

The BP oil spill threatens New Orleans and the entire Gulf Coast in a way that's more insidious than Hurricane Katrina. After all, the failure of the levees and the response from the previous administration, widely criticized for incompetence and indifference, followed an act of nature: the destruction, immediate; the impact, obvious; and the pain and suffering, visible to all.

The BP disaster has only one cause: human greed, and the almost inevitable result, negligence. The immediate tragedy was that 11 people died. But the destruction that will result from BP's "crude river" will be long-term and the impact far from obvious. The "crude river" will spawn streams of suffering: economic, environmental and emotional.

[Deffeyes: Blowout](#)

There are two possible scenarios for the Gulf Coast blowout. The drilling rig had just finished running casing in the hole and pumping down cement to fill the annulus between the casing and the surrounding rock. The blowout could have taken one of two forms:

- The density of the newly-emplaced cement was too low and natural gas bubbled up, creating an open channel through the unset cement. Making the cement denser involves adding heavy material, like the barite used in the drilling mud.
- At the bottom of the steel casing was a casing "shoe." There are several casing shoe designs, some of them with different names. All of them include a one-way valve that allows fluids, including unset cement, to flow out of the casing into the annulus, but nothing in the annulus can flow back into the casing. My initial guess as to the cause of the Gulf Coast blowout was failure of the casing shoe. On the Internet, there are previous examples of casing shoe failures.

[Oil Explorers Drill on, Unfazed by BP's Gulf of Mexico Spill](#)

(Bloomberg) -- Offshore oil producers such as ConocoPhillips and Anadarko Petroleum

Corp. are pressing ahead with drilling even as BP Plc struggles to contain a Gulf of Mexico spill that may cost \$12.5 billion to clean up.

The Gulf remains attractive to explorers because deep-water discoveries there have averaged almost four times the global average during the past decade, Frank J. Patterson, Anadarko's vice president for international development, said yesterday at the Offshore Technology Conference in Houston.

[Will the Oil Spill Change U.S. Energy Policy?](#)

It's been a long time since we've heard the old saying that politics stops at the water's edge. When it comes to the Deepwater Horizon oil-rig wreck in the Gulf of Mexico — still spewing thousands of barrels of petroleum into the open ocean, with no clear end in sight — it hasn't taken long for politics to wade offshore.

[Keep On Drilling](#)

Oil remains the most cost-effective source of transportation fuel we have; as long as our economy is thriving, we will need to produce or import a lot of it. Global-warming alarmists and zealous proponents of alternative energy have already made the BP spill the new Exhibit A in their case against fossil fuels. In evaluating their claims, we should be mindful of the economic and environmental costs of the spill relative to those associated with their preferred alternatives.

[Drill For Answers, Not Oil](#)

While it may take months to stop the BP oil spill in the Gulf of Mexico, it's not too soon to begin asking some questions about why it happened and what can be done to minimize the chance that something like this will happen again. Thanks to *The Wall Street Journal's* terrific reporting last week, there are two important things we already know.

[Gulf Oil Spill Is Bad, but How Bad?](#)

Some experts have been quick to predict apocalypse, painting grim pictures of 1,000 miles of irreplaceable wetlands and beaches at risk, fisheries damaged for seasons, fragile species wiped out and a region and an industry economically crippled for years.

President Obama has called the spill “a potentially unprecedented environmental disaster.” And some scientists have suggested that the oil might hitch a ride on the loop current in the gulf, bringing havoc to the Atlantic Coast.

Yet the Deepwater Horizon blowout is not unprecedented, nor is it yet among the worst oil accidents in history. And its ultimate impact will depend on a long list of interlinked variables, including the weather, ocean currents, the properties of the oil involved and

the success or failure of the frantic efforts to stanch the flow and remediate its effects.

As one expert put it, this is the first inning of a nine-inning game. No one knows the final score.

[Winds holding Gulf oil spill offshore](#)

PASS CHRISTIAN, Miss. — Some good news swept through here Monday: Winds so far are keeping most of the Gulf oil spill away from shore, and chemicals are doing a decent job dispersing the giant swath of slick crude oil looming off the coast.

[BP struggles to stop Gulf of Mexico oil leak](#)

GOLDEN MEADOW, La. (Reuters) – BP Plc pressed ahead with efforts to stop oil from continuing to spew from an offshore well that ruptured almost two weeks ago in the Gulf of Mexico off the U.S. coast as the British energy giant's shares fell further on Tuesday.

The oil company, under pressure from Washington to limit the damage, said it will try containing the crude with a massive metal, funnel-like structure. BP said it has offered the U.S. Gulf Coast states whose shores could be soiled with oil millions of dollars to move ahead with recovery projects.

[Major Gulf refiners say no spill impact](#)

NEW YORK (Reuters) - The spread of a huge oil spill in the Gulf of Mexico has raised concerns among some in the oil industry that the slick could hurt energy operations in the region.

[The Buzz Is All About BP at Oil Drillers' Conference](#)

As always, the booths on opening day offered lots of cappuccino. But the buzz this year was really coming from the steady stream of news about the BP-leased platform, the Deepwater Horizon, which sank in a fiery blaze in the Gulf of Mexico last month, leaving 11 men missing and presumed dead.

Exhibitors and visitors alike traded perspectives on a possible halt to new offshore drilling, new regulatory red tape and all the bad publicity that would inevitably affect the oil business.

[Underwater Robots Probe 'Inner Space' to Plug Leaking Oil Well](#)

(Bloomberg) -- Pilots using jetfighter-like joy sticks and computer screens to guide robots a mile underwater are crucial to BP Plc's efforts to stop a leaking oil well that's gushing thousands of barrels a day in the Gulf of Mexico.

[Burning the Oil Off? Weather Is the Hitch](#)

While a controlled burn of petroleum in the Gulf of Mexico was judged successful last week, wind and rain have hampered efforts to conduct additional ones to contain the spill.

[Gulfport-Biloxi, Miss.: Area hit by Katrina faces oil spill worries](#)

The Gulfport-Biloxi, Miss., housing market — not fully recovered from the devastating effects of Hurricane Katrina five years ago — awaits an uncertain future as a massive oil spill threatens the Gulf Coast.

[Wildlife at risk: How you can help in wake of oil spill](#)

Want to know how you can help the wildlife threatened along the Alabama, Mississippi, Louisiana and Florida coastlines by the advancing oil slick?

[At the heart of oil spill, 11 grieving families](#)

Had it been a plane crash or a tornado strike, grieving families and friends could at least go the place where their loved ones died. They could lay a wreath and pray.

Not so with this disaster. The Deepwater Horizon oil rig was 50 miles south of the Louisiana coast. Because it exploded and burned - and is now a veritable underwater volcano of toxic, oily sludge - the final resting place of those 11 victims is a watery, inaccessible grave.

[Why can't oil companies clean up after themselves?](#)

For two weeks, the combined resources of British oil giant BP and the U.S. government haven't been enough to contain the growing oil slick from a damaged well 5,000 feet below the surface of the Gulf of Mexico. That — and BP's inability to cap the out-of-control well — make a mockery of the company's glib, pre-drilling assurances that it could handle any accident, which it deemed highly unlikely.

[Unprecedented response](#)

Although an incident like this hasn't occurred in the United States in more than 40 years, it is clear we need to find out what happened and quickly fix any problems. Our industry recognizes that obligation. Our goal is zero incidents, zero injuries and zero fatalities. We owe it to the nation that has placed its trust in us to responsibly develop the oil and natural gas off our coasts.

[Oil falls below \\$85 on stronger dollar, supplies](#)

Oil prices slumped to below \$85 a barrel Tuesday as the dollar strengthened and traders anticipated another increase in U.S. crude supplies from a government report due later this week.

[Urals Discount Widens as Russia Boosts Output](#)

(Bloomberg) -- Russian and Mexican crudes are trading at growing discounts to U.S. and U.K. oil benchmarks as production by nations outside OPEC reaches a record.

[Pemex May Boost Production by 2013, Morales Says](#)

(Bloomberg) -- Petroleos Mexicanos, the state-owned oil company, may increase output to as much as 2.8 million barrels a day by 2013, said the head of the exploration and production unit.

Ku-Maloob-Zaap, Mexico's largest oil project, will keep producing about 850,000 barrels a day "for the next two or three years," Carlos Morales told reporters today in Mexico City, where Pemex is based.

[Q+A: Wealthy Ambani brothers brace for gas row ruling](#)

MUMBAI (Reuters) - The Supreme Court is expected to rule by next week on a long and high-profile dispute between the estranged billionaire Ambani brothers that has unnerved investors unsure about India's future gas pricing policy.

[Oil India, Indian Oil Withdraw Offer for Gulfsands](#)

(Bloomberg) -- Oil India Ltd. and Indian Oil Corp. withdrew their joint offer for Gulfsands Petroleum Plc, after failing to get a response to do due diligence on the U.K. explorer with assets in Syria.

[Statoil to supply shale gas to Canada](#)

Norwegian giant Statoil has seal a deal to pipe gas from the northern Marcellus shale play, in Pennsylvania, to Niagara on the US border with Canada.

[Ethylene Profit May Fall as Exxon, Sabc Add Capacity](#)

(Bloomberg) -- Profits from turning petroleum into chemicals used in shirts, tires and plastics may fall as Exxon Mobil Corp., Royal Dutch Shell Plc and Saudi Basic Industries Corp. add capacity faster than demand increases.

[Centennial Says Supply of Steelmaking Coal 'Fragile'](#)

(Bloomberg) -- Centennial Coal Co., an Australian producer of coal used in steelmaking, says global supply remains "fragile" and predicted contract prices will rise in the second quarter.

Japanese steel mills in March agreed to pay BHP Billiton Ltd., Rio Tinto Group and Teck Resources Ltd. about \$200 a metric ton for a three-month coking coal contract starting April 1. That's a 55 percent increase on the contract for the year ending March 31, UBS AG said in a March 18 note.

[Newcastle Weekly Exports Rise 9%; Ship Queue Shortens](#)

(Bloomberg) -- Coal shipments from Australia's Newcastle port, the world's biggest export harbor for the fuel used in power stations, rose 9 percent last week while the number of vessels waiting to load decreased.

[U.S. Citizen From Pakistan Due in Court on New York Bomb Plot](#)

(Bloomberg) -- A U.S. citizen of Pakistani origins is due in a New York court today to face charges over the attempted car bombing in Times Square on May 1.

[Trucks drive 20% increase in April vehicle sales](#)

Sales of new cars and trucks last month zoomed nearly 20% from year-ago levels, but the pace lagged behind discount-fueled March, delivering an uncertain verdict on the auto recovery's strength.

Perhaps most striking was that trucks — a category that includes pickups, minivans, SUVs and cargo vans — powered April's boom. Truck sales rose 23.2% vs. only 16.8% for cars, Autodata reports.

[Grant To Bolster Glastonbury's Use Of Natural Gas Vehicles](#)

GLASTONBURY — — The town has secured a \$490,000 grant from the U.S. Department of Energy that will be used to bolster the town's fleet of natural gas-powered vehicles and build a fast-fill station for the cars and vans.

[Green Jobs Slowly Ticking Upward](#)

The green economy is growing, but slowly.

That's according to a report released by the Economics and Statistics Administration, a division of the Department of Commerce. Green services and businesses amounted to just 1 to 2 percent of the private business economy in 2007. And there were 1.8 million to 2.4 million green jobs in 2007, less than 2 percent of the total work force.

[For Tire Recyclers, a Holy Grail](#)

A company says it has found a way to recycle tires affordably through pyrolysis - a process in which tires are subjected to heat in an oxygen-starved environment and converted to gas, oil and carbon char.

[U.S. Farmers Cope With Roundup-Resistant Weeds](#)

DYERSBURG, Tenn. — For 15 years, Eddie Anderson, a farmer, has been a strict adherent of no-till agriculture, an environmentally friendly technique that all but eliminates plowing to curb erosion and the harmful runoff of fertilizers and pesticides.

But not this year.

On a recent afternoon here, Mr. Anderson watched as tractors crisscrossed a rolling field — plowing and mixing herbicides into the soil to kill weeds where soybeans will soon be planted.

Just as the heavy use of antibiotics contributed to the rise of drug-resistant supergerms, American farmers' near-ubiquitous use of the weedkiller Roundup has led to the rapid growth of tenacious new superweeds.

[Wheat Declines Amid Speculation Oil Slick Will Hamper Exports](#)

(Bloomberg) -- Wheat fell for a second day in Chicago on speculation that an oil spill in the Gulf of Mexico will hamper U.S. grain exports and depress domestic prices.

[Why do peak oilers and climate changers not get along better?](#)

I had an interesting experience this morning at a presentation by Robert Hirsch (oil industry vet, now a consultant, author of famed *Hirsch Report*) on peak oil. It was pretty familiar stuff to anyone who's followed the issue: oil production is going to head into inexorable decline in the next few years, oil prices will spike, electrification won't be fast enough to replace liquid fuels, and the only near-term options are coal-to-liquids, tar sands, and to a lesser extent, efficiency.

Afterwards I asked him about climate change, which he hadn't mentioned in his presentation. I noted that all his short-term mitigation options involve increasing CO2 emissions, despite the fact that scientists are recommending U.S. emissions fall to effectively zero by 2050.

He said, basically, that people and their suffering matter more to him than the climate.

[Climate science a 'contact sport'](#)

In the midst of last fall's global warming scandal known as Climategate, Stephen Schneider released his book "Science as a Contact Sport: Inside the Battle to Save Earth's Climate."

...The controversy couldn't have highlighted Schneider's message better: Science is a brutal sport that comes with harder blows than football.

"It is more like hockey with no rules and no refs and you want to sharpen the blade and hit someone in the head," Schneider said in an interview Monday morning before speaking to a full crowd at the Gridiron Room in Kansas University's Burge Union.

[Germany: Climate meeting "broke the ice"](#)

KOENIGSWINTER, Germany – Some 40 nations at a high-level climate meeting have made headway toward a pact to curb global warming, but the most important issues remain unresolved, Germany's environment minister said Tuesday.

[Limiting Global Warming: Variety of Efforts Needed Ranging from 'Herculean' to the Readily Actionable, Scientists Say](#)

In a paper appearing May 3 in the *Proceedings of the National Academy of Sciences* (PNAS), Veerabhadran Ramanathan and Yangyang Xu, climate researchers at Scripps Institution of Oceanography, UC San Diego, have identified three avenues by which those countries can avoid reaching the warming threshold, a point beyond which many scientists believe climate change will present unmanageable negative consequences for

society.



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