



Drumbeat: May 21, 2010

Posted by [Leanan](#) on May 21, 2010 - 9:16am

Topic: [Miscellaneous](#)

[US natgas rig count rises unexpectedly-Baker Hughes](#)

NEW YORK (Reuters) - The number of rigs drilling for natural gas in the United States rose unexpectedly this week to a level just shy of the 14-month high hit in mid-April, according to a report on Friday by oil services firm Baker Hughes in Houston.

The gas-directed rig count had declined in three of the previous four reports, and the gain came as a surprise to many traders who reasoned that low gas prices in the \$4 per million British thermal units area were no longer offering a strong incentive to drill.

"My pulse doesn't race to the weekly rig count number, but there are certainly a lot of rigs working, and too many holes in the ground turns into excess supply," said Tim Evans, energy analyst at Citi Futures Perspective in New York.

[Bolivia to take lesson from Norway oil strategy](#)

Bolivian President Evo Morales says he's using a visit to Norway to learn how the oil-rich welfare state manages its petroleum resources.

Morales said Thursday he's drawn to the "significant progress Norway has made in its energy sector."

[Agency issues warning letter to BP Alaska](#)

JUNEAU, Alaska (AP) -- A federal pipeline agency last month issued a warning letter to BP Exploration Alaska surrounding the company's handling of certain corrosion issues affecting its Endicott Pipeline.

The letter, by the federal Pipeline and Hazardous Materials Safety Administration, stems from a 2009 inspection of the pipeline at Prudhoe Bay.

The letter says BP failed during that process to provide records showing it was guarding against corrosion. It also said signs of atmospheric corrosion were found during the inspection and that BP did not provide records showing they'd monitored for those

problems.

[Averting a North Sea Blowout](#)

As BP struggles to control oil leaking into the Gulf of Mexico from a blowout at the Deepwater Horizon rig a month ago, another company is working to prevent a blowout in Europe.

Statoil, the Norwegian oil giant, is battling recurrent pressure problems this month at its Gullfaks C oil well in the North Sea. They forced a partial evacuation of the drilling platform this week.

[BP delays Macondo top kill](#)

BP has delayed trying a top kill to cap the Macondo well that is spilling oil into the US Gulf.

BP operations boss Doug Suttles estimated today that the earliest BP would try the pumping heavy drilling mud into the well to kill it would be Tuesday.

[BP May Owe U.S. \\$1 Million a Day in Royalties on Spilled Oil](#)

(Bloomberg) -- BP Plc, already facing billions of dollars in clean-up costs and liability claims, may owe the U.S. government as much as \$1.1 million a day in royalties on the oil gushing from its leaking well in the Gulf of Mexico.

The drilling lease with the Minerals Management Service for the Macondo well that blew up last month calls for BP to pay a royalty fee of 18.75 percent on the value of oil or natural gas "lost or wasted" if a leak is due to the company's negligence.

[Gulf oil spill effects to reach Arctic and Europe, expert says](#)

Washington (CNN) -- The damaging effects of the massive oil spill in the Gulf of Mexico will be felt all the way to Europe and the Arctic, a top scientist told a congressional panel Friday.

"This is not just a regional issue for the wildlife," said Carl Safina, the president of the Blue Ocean Institute. Safina, who recently returned from the Gulf Coast region, presented several photographs, including one of an oil-covered bird.

"There will be a nest empty in Newfoundland," Safina said, noting common migratory patterns. Safina warned that multiple forms of marine life in the Atlantic Ocean "come

into the Gulf to breed."

[Fly the eco-friendly skies](#)

By 2050, emissions from planes are expected to become one of the largest contributors to global warming, says the Royal Commission on Environmental Pollution, an independent group of scientists in England. Story continues below ↓advertisement | your ad here

That's why researchers at MIT are designing a completely new type of airplane for NASA that will enable greener airplanes to take flight before 2050.

[Can you cycle to the office? Today is Bike-to-Work Day](#)

Happy Bike-to-Work Day! If bicycling is a feasible commuting option, the American League of Bicyclists encourages you to try it today.

[Kurt Cobb: The Wages of Complexity](#)

While accusations continue to fly back and forth about who is to blame for the massive oil spill in the Gulf of Mexico and investigations commence into the recent wild one-day gyrations in the American stock markets, the real culprit stands quietly and in plain sight in the corner: Complexity.

...Joseph Tainter, author of *The Collapse of Complex Societies*, the seminal work on the fall of entire civilizations, explains that increases in complexity in a society are natural responses to challenges to survival. For a time, sometimes a long time, increased complexity succeeds in aiding the expansion and success of a society. The primary manifestations are the ever greater division of labor (often in the form of additional layers of managers, technical experts and government regulators) and the ever greater technical complexity of the methods and devices deployed. No doubt the response to the Gulf of Mexico oil spill will be to implement additional regulations and mandate more safety equipment such as remote shutoff devices that enable rig operators to activate blowout preventers even if a rig must be abandoned or ends up destroyed. The Deepwater Horizon rig operated with no such device.

But there comes a time, Tainter cautions, when the returns from additional complexity begin to diminish and ultimately turn negative--that is, additional complexity can result in a reduction of resources, safety, security and other measures of societal well-being. When he wrote his book in 1988, Tainter already believed that our global society was experiencing diminishing returns on additional complexity. Might we now be reaching the point where additional complexity brings negative returns?

[It's the end of the world, again](#)

As luck would have it, I spent the better part of the past year researching a book about expert predictions and so I have several shelves full of books written by environmentalists who said the population is too big to feed, economic growth is unsustainable, natural processes are overwhelmed, oil and other resources are running out, and that we have passed the point of no return. Collapse is inevitable, they said. And coming soon.

Some of these books are of recent vintage. But most date from the late 1960s and early 1970s, the Golden Age of the jeremiad. Several are older than that. Harrison Brown's *The Challenge of Man's Future* was published in 1954. *Our Plundered Planet* by Fairfield Osborn and *The Road to Survival* by William Vogt were both published in 1948, both became international best-sellers, and both made a big impression on a teenager named Paul Ehrlich -- who would grow up to write *The Population Bomb* in 1968 and be the Bill McKibben of the 1970s.

And let's not forget the original gloomster, Thomas Robert Malthus, whose magnum opus demonstrated conclusively that collapse was inevitable and coming soon. It was published in 1798.

[Congressional Bill Proposes Quadrupling Oil Tax](#)

U.S. congressional negotiators on Thursday proposed quadrupling an oil tax that finances a federal oil-spill trust fund, the latest fallout for the industry following a vast oil spill in the Gulf of Mexico.

The tax would increase to 32 cents a barrel, from 8 cents currently, under a plan worked out between House and Senate tax-writing committees. The Oil Spill Liability Trust Fund is a source of funding for oil-spill cleanups.

[Japan imports 30,000 mt of bunker fuel in May on supply shortage](#)

Tokyo (Platts)- Japan, typically an exporter of high sulfur fuel oil, is importing around 30,000 mt of the fuel for the bunker market for May as lower refinery operating rates in the country have tightened supply, trade sources said Friday.

[Coal shortage slows down cement expansion](#)

Expansion of cement production capacities in the southern states is likely to be slower than expected due to shortage in coal supplies, the main fuel.

[Petsec Plans to Boost Oil Reserves](#)

Despite the global sharemarket uncertainty and tumbling energy prices, Mr Fern reiterated earlier forecasts of natural gas prices ranging between US \$4 and US \$5 per thousand cubic feet (Mcf) during 2010 and 2011.

"The decline in natural gas prices from 2008 levels has caused a 60 percent reduction in drilling and development service costs from the peak of 2007/2008," he said.

[Conflict of Interest Worries Raised in Spill Tests](#)

Local environmental officials throughout the Gulf Coast are feverishly collecting water, sediment and marine animal tissue samples that will be used in the coming months to help track pollution levels resulting from the Deepwater Horizon oil spill.

Hundreds of millions of dollars are at stake, since those readings will be used by the federal government and courts to establish liability claims against BP. But the laboratory that officials have chosen to process virtually all of the samples is part of an oil and gas services company in Texas that counts oil firms, including BP, among its biggest clients.

[Spill May Force Long-term Rise in Insurance Cost](#)

In the wake of last month's Deepwater Horizon disaster in the Gulf of Mexico, insurers that had focused in recent years on the possibility of a hurricane sinking an offshore platform are reconsidering the risk of drilling even when the skies are clear.

The price to insure offshore rigs will almost certainly rise as the accident's cost to the insurance industry becomes clearer. Premiums may remain permanently higher if the investigation of the disaster reveals previously unknown dangers, or if the inevitable legal wrangling breaks new ground in assigning blame more broadly than insurers expected.

[Oil spill: How much is a pelican worth?](#)

NEW YORK (CNNMoney.com) -- Just how much is a dead pelican worth? BP is about to find out.

As the owner of the still-leaking oil well in the Gulf of Mexico, the oil giant will pay billions of dollars in damages, much of which will compensate for the birds, fish, mammals and plants that are killed by the accident.

[Analysis - BP's Success Continues Despite Tragedy](#)

BP, one of six supermajors, is the third largest oil company in the world. The company is also the leading operator in the deepwater GOM, producing over 400,000 b/d from operated fields including Thunder Horse, Atlantis, and Mad Dog, and holds interests in non-operated fields including Mars and Ursa. BP also holds the largest number of leases in the deepwater GOM with more than 650 leases in waters deeper than 1,250 ft.

[U.S. ship lanes, Gulf ports open despite oil spill](#)

HOUSTON (Reuters) - U.S. shipping lanes and ports on the Gulf of Mexico remained open Friday despite the BP Plc oil spill, officials said.

There were no reports of ships needing cleaning, so there were no delays for decontamination, a port and U.S. Coast Guard spokesman said.

[Oil capture rate down to 2,200 barrels at leak: BP](#)

(Reuters) - BP Plc said the amount of crude oil it siphoned from the U.S. Gulf of Mexico leak fell to 2,200 barrels (92,400 gallons/350,000 liters) in the 24-hour period ended at midnight on Thursday.

"The flow changes, it's not constant," BP spokesman John Curry said on Friday.

[Congressman wants Gulf health centers to aid workers hit by oil spill](#)

Washington (CNN) -- Concerned about people who are working to clean up the Gulf oil spill, a Louisiana congressman has asked the White House to set up temporary health care centers along the Gulf Coast to serve volunteers and workers.

Democratic U.S. Rep. Charlie Melancon envisions such clinics as providing "medical checkups to people who have come in contact with the oil and assist in monitoring the health effects of the oil leak on south Louisianians."

[Act to save UK from electricity shortage](#)

In the 1930s, Winston Churchill was a lone voice as he warned against the dangers of Germany's rearmament and called on Britain to strengthen itself.

He was ignored, but proved to be right as Hitler grew his power and eventually started the Second World War.

Eighty years on, his grandson Rupert Soames followed in his footsteps in a speech to Scottish Engineering members, warning about the serious consequences of the lack of coherent energy policy in the UK.

[Shell's shale gas hunt in Sweden under fire](#)

(Reuters) - Royal Dutch Shell said on Friday it was drilling the second of three wells looking for shale gas in Sweden, where the opposition says it will stop Shell's gas hunt if it wins elections on September 19. The center-left opposition is on course to win the vote according to the latest polls.

[Canada set to announce heavy truck emission curbs](#)

(Reuters) - Canada on Friday will announce curbs on greenhouse gas emissions for heavy-duty vehicles like tractor trailers, the Environment Ministry said on Thursday night.

[Toyota to partner with electric carmaker Tesla Motors](#)

NEW YORK (CNNMoney.com) -- Toyota Motors will invest \$50 million in electric car maker Tesla, the companies announced Thursday, and form a partnership aimed at developing new technology.

Tesla also announced plans to purchase part of a plant owned by Toyota in Fremont California, which had been operated as a joint venture between General Motors and Toyota.

[Lester Brown: Reclaiming the streets](#)

Cars promise mobility, and in a largely rural setting they provide it. But in an urbanizing world, where more than half of us live in cities, there is an inherent conflict between the automobile and the city. After a point, as their numbers multiply, automobiles provide not mobility but immobility, as well as increased air pollution and the health problems that come with it. Urban transport systems based on a combination of rail lines, bus lines, bicycle pathways, and pedestrian walkways offer the best of all possible worlds in providing mobility, low-cost transportation, and a healthy urban environment.

[Fair Food Matters announces 'Eat Local, Kalamazoo' events](#)

"Eat Local, Kalamazoo," a season-long series of free public events all about local food, kicked off on May 4, and the season schedule of events is now available.

[AAA predicts jump in Memorial Day travelers](#)

NEW YORK - More Americans will hit the highways and airports over the Memorial Day holiday weekend, but they'll probably spend much less than last year, according to a study released Thursday by AAA.

The travel group said about 32.1 million people are expected to take trips during the final weekend in May. About 30.5 million Americans traveled during the same weekend last year.

[Oil falls below \\$70 amid Europe growth fears](#)

Oil prices fell below \$70 a barrel Friday amid concerns that Europe's financial crisis may stifle a global economic recovery and depress demand for crude.

By early afternoon in Europe, benchmark crude for June delivery was down \$1.86 to \$68.28 a barrel in electronic trading on the New York Mercantile Exchange. The July contract lost \$1.68 to settle at \$70.80 a barrel Thursday.

Crude has fallen about 20 percent so far this month after touching an 18-month high of \$87.15 on May 3 as investor confidence tumbled amid fears deep government spending cuts in Greece, Spain, Italy and Portugal to stave off a debt default will hurt European economic growth.

[Record U.S. Fuel Supply Cools Refining Margins](#)

(Bloomberg) -- U.S. petroleum inventories climbed to the highest level in at least 20 years for the middle of May, driving down the profit margin from refining crude into gasoline and heating oil from a 15-month high.

Supplies of oil and all petroleum-based fuels jumped to 1.81 billion barrels in the week ended May 14, the highest stockpiles on a seasonal basis in Energy Department data through 1990. The margin, or crack spread, to process oil into gasoline and heating oil has tumbled 19 percent since last week, the biggest drop since the week ended Nov. 6.

[Saras to Benefit From Weaker Euro, Margin Rebound, Moratti Says](#)

(Bloomberg) -- Saras SpA, owner of the largest oil refinery in the Mediterranean, is benefitting from a weaker euro and a rebound in crude-processing margins this quarter.

"The refining margins recovery already started in March and it's likely to continue through the summer with the driving season," Vice Chairman Angelo Moratti said in an

interview at Saras's headquarters in Milan. The euro's decline against the dollar is beneficial because Saras pays bills in euros and generates revenue in dollars.

[Could water worries scupper shale gas?](#)

Water shortages could pose as great a threat to energy security as political instability or terrorism, leading peak oil theorist Matt Simmons told delegates at the Global Marine Renewable Energy Conference in Seattle, Washington, last month.

The energy investment banker, who has long warned of dwindling energy supplies, said concerns about water quality in the US could also bring shale gas exploration and production to a halt. Fracking operations in the US's Barnett shale gas field alone will consume some 100 billion gallons of water, he said. 'Water scarcity poses a far greater risk than energy scarcity. Without water, society dies. Without water, most energy sources stop.'

[Natural-Gas Sales Fell a Record 3.4% Last Year, Cedigaz Says](#)

(Bloomberg) -- Global sales of natural gas declined by a record 3.4 percent in 2009 because of the global economic downturn, said Cedigaz, a gas industry association.

"This recession marked a halt in the gradual and substantial growth of world gas output recorded since 1998 and was the worst drop ever registered in the global gas business since the beginning of gas market developments worldwide," according to the statement e-mailed late yesterday.

[Statoil Dealing With 'Unstable Well' at Gullfaks C](#)

(Bloomberg) -- Statoil ASA partially evacuated platform C at the Gullfaks field in the North Sea after pressure in a well destabilized, shutting production at the facility and the nearby Tordis field.

[ONGC Suspends 7 Oil Rigs as Storm Lashes India Coast](#)

(Bloomberg) -- Oil & Natural Gas Corp. stopped work at seven oil rigs in the Bay of Bengal and evacuated staff as tropical cyclone Laila lashed India's southeastern coast, snapping the anchor of one of the drilling ships.

[U.K. North Sea Gas, Oil Fields to Shut for Work Next Month](#)

(Bloomberg) -- Natural-gas and oil fields in the U.K. North Sea will close for planned maintenance next month, cutting pipeline supplies to Britain.

[Foes fear long-term 'high-and-wide' corridor](#)

HELENA — Opponents of a Canadian oil giant's plan to use oversized trucks to transport 207 massive oil sands modules along Montana's highways en route to the Alberta's Kearl Lake tar sands region later this year believe the strategy could pave the way for a permanent "high-and-wide" industrial corridor through the state.

Concerns about long-term environmental, economic and social impacts have citizens in Montana, Idaho and Alberta raising alarm bells.

[Statoil Sells 40% Stake in Brazil Field to Sinochem](#)

(Bloomberg) -- Statoil ASA, Norway's largest oil and natural gas company, agreed to sell a 40 percent stake in the Brazilian offshore Peregrino field to China's Sinochem Group for \$3.07 billion in cash.

The two companies also agreed to jointly seek more opportunities in Brazil and elsewhere, Statoil Chief Executive Officer Helge Lund said in a statement today.

[Louisiana marshes hit by Gulf oil slick](#)

VENICE, Louisiana (AFP) – Crude oil oozed into US wetlands Friday as furious Louisiana officials accused BP of destroying fragile marshes and leaving coastal fishing communities in ruin.

[Gulf recovered from last big oil spill, but is this one different?](#)

In terms of blowouts, Ixtoc 1 was a monster — until the ongoing BP leak, the largest accidental spill in history. Some 3.3 million barrels of oil gushed over nearly 10 months, spreading an oil slick as far north as Texas, where gooey tar balls washed up on beaches.

Surprisingly, Mexican scientists say that Campeche Sound itself recovered rather quickly, and a sizable shrimp industry returned to normal within two years.

[A month in, outrage over Gulf oil spill grows](#)

With each passing day, outrage grows. State and local officials say the federal

government isn't doing enough. President Barack Obama faults the agency that oversees offshore drilling. Republicans say the Coast Guard and the administration should have done more.

A deep, stagnant ooze sat in the middle of a particularly devastated marsh off the Louisiana coast where Emily Guidry Schatzel of the National Wildlife Federation was examining stained reeds.

"This is just heartbreaking," she said with a sigh. "I can't believe it."

[Louisiana Sandbar Plan Worries Some Scientists](#)

Louisiana officials are pleading for federal approval to build colossal sandbars outside barrier islands in the Gulf of Mexico to protect the state's vast wetlands from the oil spurting from the Deepwater Horizon rig.

[WH asks BP to share more information on spill](#)

WASHINGTON – The White House is asking BP PLC to publicly disclose more information about the Gulf oil spill including measurements of the size of the leak 5,000 feet under the sea and air quality.

White House Press Secretary Robert Gibbs said Thursday that the White House is writing to BP asking the company to put that information on its website and be more transparent about its response.

[BP Cap Waiver May Be Moot in Light of Potential Safety Lapses](#)

(Bloomberg) -- BP Plc's pledge to waive a \$75 million limit on environmental damages for its Gulf of Mexico oil spill may prove an empty gesture if safety violations played a role in the disaster.

[Estimated rate of oil spill no longer holds up](#)

One month after the start of a massive oil spill in the Gulf of Mexico, federal officials said Thursday that oil was gushing out of the ground faster than they had estimated -- and that it would be days before they had a firm handle on the rate.

[Iraq May Maintain Growth of 7% This Year, Central Bank Says](#)

(Bloomberg) -- Iraq may maintain an economic growth rate of about 7 percent this year,

led by oil, Central Bank Governor Sinan Al-Shabibi said.

Growth was about 7 percent as well in 2009, al-Shabibi said in an interview yesterday at an economic conference in Beirut. "Of course oil output is still the main driver," he said.

[Power supply for whole areas of Bangkok expected to resume in 1 to 2 days](#)

The Metropolitan Electricity Authority (MEA) expects to be able to resume electricity supply for the whole area of capital Bangkok by the forthcoming 1 to 2 days, MEA Governor Pornthep Thanyapongchai said Friday.

[Australian Adviser Garnaut Urges Changes to Mine Tax](#)

(Bloomberg) -- Ross Garnaut, Australia's adviser on climate change, called for changes to the planned 40 percent profit tax on resource to maintain the industry's growth.

Garnaut, who designed the government's emissions trading plan, said the tax should become "neutral," guaranteeing stability for investors and companies affected such as and Rio Tinto Group. It should allow for offsetting exploration losses and changes need to be made in how it is applied to development and production, he said.

[Medvedev joins chorus of disapproval](#)

Russian President Dmitry Medvedev has given his support to bids to halt construction of Gazprom's glass-and-steel skyscraper in St Petersburg's historic city centre, according to reports.

[Patent Office Expands Expedited Reviews of 'Green Technology'](#)

(Bloomberg) -- The U.S. plans to expand a program that reduces by 12 months the processing time for patents on inventions intended to improve the environment.

The program is designed to fast-track as many as 3,000 applications related to technology that promotes renewable energy and conservation. The Patent and Trademark Office is broadening the criteria for participation so more applications qualify, according to a notice to be published in the Federal Register today and scheduled to take effect immediately.

[Obama aims for better mileage years into future](#)

WASHINGTON - Looking to a day when cars and trucks use far less gasoline or none at all, President Barack Obama plans to order the government to prepare fuel efficiency standards for many years from now and renew its focus on electric-powered vehicles.

Obama is also asking federal agencies to extend a national fuel-efficiency program to big rig and work trucks for the first time, beginning in 2014.

[The Way We Green to sketch future policy](#)

The City of Edmonton will spend the next year collecting input from people and formulating a plan on how to deal with future environmental challenges. This project, called The Way We Green, will look at everything from our water supply to air quality and food security.

The plan will find the environmental balances the city needs to strike in order for Edmonton to endure for the coming decades, Coun. Don Iveson told a news conference Thursday.

[Japan power firms spend 23 pct less on CO2 credits](#)

TOKYO (Reuters) - Japan's 10 power companies spent 23 percent less on carbon credits last financial year due to a fall in market prices and also because some firms tapped a less costly type of credit from East European countries.

[Australian Climate Law Delay Stalls Carbon-Storing Forest Plans](#)

(Bloomberg) -- Carbon Conscious Ltd., an Australian company that plants gum-trees to absorb greenhouse gas emissions, said demand from customers for forests has stalled after the nation shelved climate-change laws.

[Kerry, Pickens let bygones be bygones](#)

WASHINGTON — Call them the odd couple of climate change.

Six years ago, oilman T. Boone Pickens paid millions to support TV ads run by Swift Boat Veterans for Truth, a group that attacked Democrat John Kerry's Vietnam War record in the 2004 presidential campaign.

This week, the Texas oilman visited Kerry to endorse a sweeping climate change bill the Massachusetts senator is pushing in the Senate.

[Warmer winters chill ice fishing](#)

LAKE PLACID -- Ice fishing on Lake Champlain has a long history.

But the ice surface is gradually vanishing, sending a message on climate change as it disappears, according to a report presented Thursday at the annual conference of the Adirondack Research Consortium.

[Climate Change Hits the Oceans](#)

When scientists say the planet is warming, they usually point to rising air temperatures as proof. That's reasonable enough, especially since the warmth of the air temperature affects us directly so we feel the change the scientists are measuring. But it's also misleading: while the lower atmosphere has been gradually warming over the past 50 years, it happens unevenly, rising sharply for a year or two or even ten, then flattening out. That stutterstep pattern is due to relatively short-lived effects on top of the general warming — an El Nino current in the Pacific making things warmer, for example, or a volcanic eruption like 1991's Mt. Pinatubo producing a cloud of dust that makes things cooler. Over time, these cancel out, but it can be tempting — though incorrect — to think a temporary flattening means global warming has stopped.

To get a measure of what's truly going on, scientists look to the oceans — slow to heat up, slow to cool down, and thus less prone to short-term variations.

[As oceans get warmer, Congress is facing heat](#)

On the same day that climate researchers reported strong new evidence that the temperatures of the world's oceans are on the rise, teams of America's leading scientists Wednesday called on Congress to face the urgent problem of global warming by raising the cost of greenhouse gas emissions to U.S. industry.

The reality of the planet's changing climate was underscored by a new report on ocean temperatures that combined years of conflicting data into what researchers say is a realistic picture of ocean warming and the National Academy of Sciences, which released three major reports on the science behind the climate problem and the urgency with which it must be faced.



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