



## Drumbeat: May 24, 2010

Posted by [Gail the Actuary](#) on May 23, 2010 - 10:16pm

Topic: [Miscellaneous](#)

### [Euro Crisis Scares Off Gulf Leaders, Delays Plans for Common Currency](#)

Plans for a common currency in the Gulf are being put on hold while leaders study the development of the euro crisis.

As the Euro, the common currency for most members of the European Union, is being traded at record low levels against the dollar, leaders of the Gulf Cooperation Council, which includes Kuwait, Qatar, Bahrain, Oman, Saudi Arabia and the United Arab Emirates, are having second thoughts about the proposal for a common currency.

Kuwait Foreign Minister Sheikh Mohammad Al-Sabah was quoted in local media as saying that it would be irresponsible of the Gulf Cooperation Council to push ahead without studying the implications of the problems in Europe.

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on bilateral clean energy cooperation.

### [BP Pledges \\$500M to Study Oil Spill's Impact on Marine Life](#)

BP on Monday pledged to spend \$500 million for independent research on the Gulf oil spill's impact on marine life.

The energy giant said in a press release Monday that the money will go toward a research program to study the effects of the April 20 oil rig explosion on marine and shoreline environments of the Gulf coastal states.

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

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.

## [BP Continues to Develop Top Kill Ops](#)

Work goes on to optimize the oil and gas collected from the damaged riser through the riser insertion tube tool (RITT). The collection rate continues to vary, primarily due to the flow parameters and physical characteristics within the riser.

In the period from May 17th to May 23rd, the daily oil rate collected by the RITT has ranged from 1,360 barrels of oil per day (b/d) to 3,000 b/d, and the daily gas rate has ranged from 4 million cubic feet per day (MMCFD) to 17 MMCFD.

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

BP produced 4 MMboe/d in 2009, an increase of 4% on 2008, and its 17th consecutive year of increasing reserves. BP intends to start up a total of 42 new major projects between 2010 and 2015, which are expected to contribute about 1 MMbbl in total production by 2015, more than offsetting the decline from currently producing fields.

The supermajor also announced its Q1 2010 replacement cost profit was \$5,598 million, compared with \$2,387 million a year ago, which is an increase of 135%. Full year replacement cost profit for 2009 was \$14 billion, down 45% on the record full year profit of 2008, mainly reflecting the weaker market environment of lower average oil and gas prices and depressed refining margins.

## [BP hits 52-week low as energy sector slides](#)

BP PLC led oil and gas stocks lower Monday, falling to a 52-week low as it faces mounting costs and criticism for its response to a vast oil spill gushing for more than a month from its ruptured well deep in the Gulf of Mexico.

Shares of Transocean Ltd. (RIG 55.83, -3.41, -5.76%) , the company that owned the Deepwater Horizon rig chartered by BP to drill the well, were down 2.2% at \$57.95, also a 52-week low for the stock.

## [Sharp-Elbowed Leader Brings Oil-Patch Swagger to Wind Group](#)

Now in her second year at AWEA, Bode leads the organization at what many see as a pivotal time for the wind industry. Congress is considering policies that could bolster renewables. Investments in wind businesses already have boomed, amplifying AWEA's size and importance. The trade group this week in Dallas hosts its annual conference and more than 20,000 people are expected. That is nearly triple the attendance AWEA had at its conference two years ago.

But wind also faces major hurdles. Despite a promising year in 2009, wind installations

in the first three months of this year fell to their lowest first quarter level since 2007.

### [Western US grid could support 35% renewable energy, says NREL](#)

The electricity grid in the western United States could support up to 35% of wind and solar power by 2017, without extensive additional infrastructure, according to the National Renewable Energy Laboratory (NREL).

The US Department of Energy's research agency issued a study that said the target was "technically feasible" – but would require key changes in how the electricity network is operated in the mountain and southwest states.

Up to 30% wind energy and 5% solar energy penetration could be achieved on the grid with a better coordination of utilities' distribution activities across a much wider geographic area, the research suggested.

It also recommends operating a schedule of generation or sales more frequent than the current hourly system.

### [Total to Develop Gas Field in Barents Sea](#)

Total plans to develop the huge Shtokman natural gas field in the Barents Sea remain on track, with a final investment decision expected in 2011, Arnaud Breuillac, the company's senior vice-president for Continental Europe and Central Asia, said in an interview.

"Shtokman is not being further delayed," Breuillac said, dismissing rumors that the project was facing further postponement due to the gas price weakness after lengthy earlier delays.

### [Massey Worker Calls Mine 'Ticking Time Bomb'](#)

In emotional testimony Monday before a half dozen members of Congress and Labor Secretary Hilda Solis, Mr. Stewart and five family members of miners who were killed at the mine testified about poor safety conditions at Massey's mine prior to the accident that they either experienced or heard about from their relatives.

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### [BP Delays New Attempt to Stop Oil Leak](#)

Doug Suttles, chief operating officer for exploration and production, said in an interview on NBC on Monday morning that the top kill would be attempted Wednesday morning. BP had previously said it hoped to execute the procedure on Tuesday.

### [Treasury banks on an endless growth from China](#)

THE most worrying aspect of Treasury's push for a resource rent tax is that it is based on a conviction that the boom will last for decades.

The rise of China and India is seen as a kind of manifest destiny that will lift Australia's terms of trade permanently higher.

### [Why Dunedin needs community boards for Hills, Cargill and South Dunedin](#)

Those aware of the problems of our present unsustainable way of life know we are not only facing peak oil - we are facing peak everything. When we really, really, really needed a good stockpile of collective resources to help anticipate these problems and development alternative and parallel systems, instead we have recently had utterly folly-ridden councils which have put us up to our eyeballs in debt.

### [Leaking gas may give clue to size of gulf oil spill](#)

A UC scientist proposes dragging methane sensors through the water, which could yield a more accurate measure of the slick. But, he says, the work needs to begin quickly before the plumes disperse.

### [Pacific climate change could drive droughts](#)

Climate scientists are concerned a rise in temperature in the Pacific region due to climate change, could increase droughts in Australia.

### [Australia must do more to curb emissions: report](#)

A new report commissioned by The Climate Institute says Australia's carbon pollution will continue to soar without price signals to make companies take responsibility for their emissions.

### [Fuel from sewage plant hums](#)

A new plant that turns plastic, food scraps and even human waste into fuel is humming away on the Kapiti Coast.

### [Underwater lab the first to plot impact of climate change on reefs](#)

On an idyllic coral atoll just a two-hour boat ride from Queensland's Gladstone Harbour, out past the endless line of tankers queued to load coal for export, a half-dozen scientists work frantically against the tide.

Their objective? To explore the consequences of rising atmospheric carbon - which evidence overwhelmingly attributes to the burning of coal and other fossil fuels - on the delicate chemistry of the reef and the creatures living there.

### [Investigator Warned MMS in 2009 About Deepwater Gas Blowouts in Gulf of Mexico](#)

A sixty-page memorandum addressed to Renee Orr, the chief of the leasing division of the Minerals Management Service (MMS), was sent in September 2009 by an environmental investigator, warning of potential disaster in offshore drilling operations and the particular dangers posed by gas hydrates.

### [La. won't wait for federal OK to erect sand berms](#)

Louisiana Gov. Bobby Jindal says the state is not waiting for federal approval to begin building sand barriers to protect the coastline from the Gulf of Mexico oil spill.

Jindal's defiant comments Sunday came as oil pushed at least 12 miles into the heart of Louisiana's marshes. Two major pelican rookeries are now awash in crude.

## [Oil soaks coastal marshes, birds as spill grows](#)

"As we talk, a total of more than 65 miles of our shoreline now has been oiled," said Louisiana Gov. Bobby Jindal, who announced new efforts to keep the spill from spreading.

With oil pushing at least 12 miles into Louisiana's marshes and two major pelican rookeries now coated in crude, Jindal said the state has begun work on chain of berms, reinforced with containment booms, that would skirt the state's coastline.

Jindal, who visited one of the affected nesting grounds Sunday, said the berms would close the door on oil still pouring from a mile-deep gusher about 50 miles out in the Gulf. The berms would be made with sandbags and sand hauled in; the U.S. Army Corps of Engineers also is considering a broader plan that would use dredging to build sand berms across more of the barrier islands.

## [Despite previous spills, oil cleanup research falls short](#)

"We failed at preventing the spill. Now, we're failing in the response simply because we'd never gotten ready," says Richard Charter, oil spill expert for conservation group Defenders of Wildlife. "Nobody has invested in these technologies."

Federal funding for oil spill research was cut in half between 1993 and 2008, falling to just \$7.7 million in fiscal year 2008, data from the Congressional Research Service show. Federal legislation introduced last year to bolster oil spill research has yet to pass. And oil companies have invested "little to no" money on spill response technologies, concentrating instead on oil exploration and spill prevention, says Robert Peterson, a consultant to the oil and gas industry at Charles River Associates.

## [White House: Oil Spill Isn't Our Katrina](#)

White House press secretary Robert Gibbs told Bob Schieffer Sunday that the United States government is doing "everything humanly and technologically possible" to stop the oil leak in the Gulf - despite criticism that it has left too much responsibility to oil company BP and needs to do more.

"The Coast Guard was on the scene moments after the rig exploded in April, Gibbs said on CBS' "Face the Nation." "It certainly has been weeks, and the government is doing everything humanly and technologically possible to plug the hole 5,000 feet below the ocean, and to do everything we can to contain its spread and to deal with its environmental and its economic impacts.

## [U.S. Was Not Ready For Major Oil Spill](#)



Some scientists researching the spill don't have the right instruments to measure the spill or to study its impact. Maps that federal officials are using to identify priority areas to protect from spreading oil are outdated. And the Coast Guard says the country lacks enough plastic piping, or "boom," to keep the incoming oil away from the coast.

### [BP Chief Warns New Effort to Cap Leak Isn't Guaranteed](#)

Mr. Hayward said that an effort by BP to cap the well using heavy drilling fluids, a process known as "top kill" that's due to be implemented early next week, "would be another first for this technology at these water depths and so, we cannot take its success for granted."

### [Venezuela's Chavez Sends Crew To Cuba As Gulf Oil Spill Nears](#)

Oil-rich Venezuela's President Hugo Chavez derided the U.S. Sunday over last month's drilling rig accident in the U.S. Gulf of Mexico, and said he sent oil experts to help its ally Cuba as the spill moves toward the island's northern coast.

### [Oil industry braced for report into offshore spill](#)

The Obama administration will reveal the findings of its preliminary investigation into the Deepwater Horizon oil spill by the end of this week, delivering a report that is likely to highlight the risks being run in the oil industry.

### [Government slams BP for missed deadlines on spill](#)

Interior Secretary Ken Salazar said Washington is frustrated and angry that BP Plc missed "deadline after deadline" in its efforts to seal the well more than a month after an oil rig explosion triggered the disaster.

### [Despite Obama's Moratorium, Drilling Projects Move Ahead](#)

WASHINGTON — In the days since President Obama announced a moratorium on permits for drilling new offshore oil wells and a halt to a controversial type of environmental waiver that was given to the Deepwater Horizon rig, at least seven new drilling permits and five waivers have been granted, according to records.

## [Louisiana Officials Threaten Action if Spill Response Proves Inadequate](#)

Louisiana state and local officials continued to hammer BP and the federal agencies responding to the Gulf of Mexico oil spill on Sunday, repeatedly threatening to “take matters into our own hands” if the response fell short.

## [Chamber Attempts to Put Number on Energy Security](#)

The study, by the U.S. Chamber of Commerce's energy-policy group, is slated to roll out this week with the aim of producing a data-driven definition for the politically hot term "energy security," which has bedeviled energy-policy debate.

The chamber's Institute for 21st Century Energy's "Index of U.S. Energy Security" uses 37 types of data from government and industry sources and certain nongovernmental organizations to create a single chart that maps the rise and fall of energy risks to the economy.

Stephen Eule, who led development of the index, said the collapse in oil prices from record levels in 2008 dropped the current level of energy risk to 85.6 on a scale that sets 1980—a time of high energy anxiety—as 100. But, Mr. Eule added, "as the economy recovers we are showing that energy security gets worse and worse."

## [Oil Trades Near \\$70 on Europe Debt Concern, Stronger Dollar](#)

Crude oil traded near \$70 a barrel in New York after falling on concern European sovereign-debt defaults will slow economic growth and cut fuel consumption.

## [Hedge Funds Sell Crude Fastest in Eight Months: Energy Markets](#)

Hedge funds sold oil at the fastest pace in almost eight months, cutting their bullish bets by 32 percent as crude prices plunged on concern Europe's debt crisis will hurt energy demand.

## [Sanctions hit Iranian oil production](#)

Sanctions and underinvestment have cut Iran's oil production capacity by at least 300,000 barrels per day, depriving the country of billions of dollars of revenues.

The slow development of new oilfields and the poor condition of many existing wells have caused the fall, according to Iranian and western experts.



### [S\\*\\*t hits the fan\(belt\): manure, sewage as biofuel materials](#)

A recent issue of the American Chemical Society's Energy & Fuels looks at the potential for harvesting biofuels from municipal waste streams. As it turns out, raw municipal sewage has a substantial amount of lipids in it that lends itself to the production of biodiesel. Right now, biodiesel is largely produced from vegetable or seed oils, and the cost of agricultural products accounts for roughly 80 percent of the production costs. In contrast, municipal waste is something we currently pay to get rid of.

Lipids are actually extractable at two different stages of the process. The raw input (primary sludge) is about 15 percent lipid and cholesterol by dry weight, and this can be harvested directly. The treatment process allows bacteria to break down many of the organic compounds present in the primary sludge, converting some of them into the lipids that comprise the bacterial cell membranes. About seven percent of this secondary sludge can be harvested as lipids. The review notes that it might be possible to find or develop bacterial strains that like sewage and produce more lipids, which could up the final output further.

### [Apocalypse: Six Trends Converging on Collapse](#)

There are dark clouds gathering on the horizon. They are the clouds of six hugely troubling global trends, climate change being just one of the six. Individually, each of these trends is a potential civilization buster. Collectively, they are converging to form the perfect storm--a storm of such magnitude that it will dwarf anything that mankind has ever seen. If we are unsuccessful in our attempts to calm this storm, without a doubt it will destroy life as we know it on Planet Earth!

1. Climate Change
2. Peak Oil
3. Collapse of the World's Oceans
4. Deforestation
5. The Global Food Crisis
6. Over Population

### [Energy sector Govt's top priority: Gilani](#)

Prime Minister Syed Yusuf Raza Gilani Sunday said on Sunday that the Pakistan People's Party (PPP) government attaches top priority to the energy sector and every measure would be taken to end the load-shedding. "The PPP government has the capability and the will to resolve the crises and it would take the country out of current energy crisis as it had pulled the country out of other crises", he said while addressing the inaugural ceremony of 62 MW Gulf Rental Power Plant at Eminabad, Gujranwala.

Gilani said Pakistan was not the only country to face power shortage, India was facing a

shortfall of 50,000 MW while Bangladesh and Nepal also confronted a problem of load-shedding.

### [Ohio farmers fear a disastrous drop in business as some nutritionists give corn sweetener a bad rap](#)

Davis, who runs his family's farm in Delaware, said the pressure on high-fructose corn syrup could take away a successful, profitable market from farmers, leaving them to sell their corn for other uses, such as ethanol production, feeding livestock or food production.

"When times are as tough as they are now, it makes it harder for farmers to survive, especially when you take away profitable markets," he said. "These companies are not basing their decision on scientific facts but on what certain activist groups are telling them about the issue."

### [Fiscal crises threaten Europe's generous benefits](#)

Now the welfare state - cherished by many Europeans as an alternative to what they see as dog-eat-dog American capitalism - is coming under its most serious threat in decades: Europe's sovereign debt crisis.

### [Iceland's ash cloud volcano 'dormant'... but scientists warn it's too early to say it's all over](#)

Iceland's Meteorological Office said 'the eruption activity is minimal'. Civil Protection Agency official Iris Marelsdottir said: 'Now we can only wait and see. It's too early to say this is over, but at the moment it is quiet.'

Scientists say the level of seismic activity is decreasing and is near that recorded before the eruption began last month with the lava flow stopping completely.

### [Green entrepreneurs show business is blooming](#)

After finding out that ground coffee dregs (and the caffeine contained therein) are a natural repellent for slugs and snails, Davis made a first, basic product, collecting dregs in bulk from local coffee shops. Researching the subject further, he saw a chance to use recycled, ground ceramics such as tiles and sanitaryware as a natural repellent. The ceramics are crushed into tiny shards that are too sharp for slugs and snails to tolerate, while the porous surface of the ceramic draws in the slug's mucus, causing the shards to stick to it.

His father's property business had foundered as a result of the recession and the entire

family – including his horticulturist mother (also, fortuitously, an accountant) – had been looking for new ways of earning a living. "I just hadn't expected it would be through my little business," he recalls.

### [White House to propose more nuclear, renewable loan guarantees](#)

The Obama administration plans to expand the US Department of Energy's loan guarantee program, making an additional \$9 billion available for nuclear projects and another \$1 billion for renewable energy projects, under a pending war funding bill that Congress may take up before Memorial Day.



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