



Drumbeat: May 29, 2010

Posted by [Gail the Actuary](#) on May 29, 2010 - 9:21am

Topic: [Miscellaneous](#)

[BP readies second BOP at Macondo](#)

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ting Officer Doug Suttles said on Saturday.

"I don't think the amount of oil coming out has changed," he said at a news conference at Fourchon Beach, Louisiana. "Just by watching it, we don't believe it's changed."

The live feed of the leak, available on BP's website, showed preparations on Saturday morning for BP's next step. An underwater robot gripped a saw near the bent and leaking pipe atop a failed blowout preventer, where BP aims to slice off the pipe and place a cap and seal over the opening.

That operation is known as the lower marine riser package cap and Suttles confirmed that BP had been preparing for that step "all along."

[Parish official to Obama: Stop moratorium on drilling](#)

A Gulf Coast official is pleading with President Barack Obama to scrap the moratorium on new oil drilling and exploration as the investigation of the massive oil spill continues, saying the economic impact to her Louisiana parish would be too much to bear.

Charlotte Randolph, president of LaFourche Parish, said she spoke to Obama in person during his visit to the oil-stricken region Friday.

"I expressed to the president that we are dying because of the oil spill, but if he allows this suspension to happen it will kill us," she told reporters Saturday, noting that her parish has one of the lowest unemployment rates in the country.

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[Drill Ban Crimps Suppliers of Energy](#)

The ban won't hurt domestic oil and gas production in the short-term, analysts said, but it provoked an outcry among energy companies and suppliers that operated in the region and raised the spectre of long-term production declines. . .

Energy consultancy Wood Mackenzie said the development of several oil discoveries in the area could be jeopardized by delays and substantial cost increases resulting from potentially stricter safety regulations. The delays and higher costs could defer as much as 19%, or 350,000 barrels of oil equivalent a day, of projected deepwater Gulf production in 2015 and 2016, it said.

The consultancy also estimates that a 10% increase in overall capital expenditure would put several discoveries close to, or below, the profitability rates required to proceed with a project, according to the report.

[Spill may cut world oil supply 500,000 bpd-report](#)

A one-year delay on new deepwater projects stemming from the Gulf of Mexico well rupture could cut world oil supply by 500,000 barrels per day between 2013 to 2017, Bernstein Research said in a note to clients on Friday.

"Although this may seem small in a global context, such a situation would decrease OPEC spare capacity, especially in the second half of the decade, which would lead to an increase in the oil price," the firm wrote. . .

New deepwater regulations are likely and the hit from the U.S. drilling moratorium will affect drilling worldwide, Bernstein said.

It is "highly likely" that deepwater rigs will have to adopt global standards to work in basins around the world, the firm said.

[Oil spill cam becomes internet sensation](#)

ROBERT, La. (AP) -- The hypnotic video of mud, gas and oil billowing from the seafloor has become an Internet sensation as Americans watch to see whether BP's effort to plug the gusher in the Gulf of Mexico succeeds.

BP warned Friday that it could be Sunday or later before the outcome of the cliffhanger becomes clear. And scientists cautioned that few conclusions can be drawn with any certainty from watching the spillcam coverage of the "top kill." But some said the video seemed to suggest BP was gaining ground.

[Report: BP Stopped "Top Kill" Overnight Again](#)

BP started pumping the fluid into the well Wednesday afternoon and then suspended the method later that night, letting much of Thursday go by before alerting the media. The Times report about the latest stoppage came less than two hours before a scheduled news conference for Friday evening.

[BP Engineers Making Little Headway on Leaking Well](#)

BP engineers struggled Friday to plug a gushing oil well a mile under the sea, but as of late in the day they had made little headway in stemming the flow. Amid mixed messages about problems and progress, the effort — called a “top kill” — continued for a third day, with engineers describing a painstaking process of trying to plug the hole, using different weights of mud and sizes of debris like golf balls and tires, and then watching and waiting. They cannot use brute force because they risk making the leak worse if they damage the pipes leading down to the well.

Despite an apparent lack of progress, officials said they would continue with the process for another 48 hours, into Sunday, before giving up and considering other options, including another containment dome to try to capture the oil.

[Oil Spill May Be Still Bigger](#)

But some of the researchers who came up with the range of 12,000 to 19,000 say that is merely the minimum amount gushing out, not the lower and upper limits.

"It would be irresponsible and unscientific to claim an upper bound," Ira Leifer, a researcher at the Marine Science Institute at the University of California, Santa Barbara, said in an interview. Dr. Leifer is a part of the National Incident Command's Flow Rate Technical Group, which produced the estimate.

UC-Santa Barbara issued a statement Thursday in which Dr. Leifer said that "it's safe to say that the total amount is significantly larger" than 12,000 to 19,000 barrels a day. He urged that the statement be issued because "I wanted to stand up for academic integrity," he said in the interview.

[Oil Spill's Latest Developments](#)

New evidence emerged that the oil was spreading more broadly than thought. A Louisiana State University scientist said his crew had located another vast plume of oily globs 75 miles northwest of the leak. Unlike a plume previously found east of the leak --

in which the oil was dissolved and the contaminated water appeared clear -- the oil at this site was so thick that it covered the lights on the submarine.

[Gulf oil spill is public health risk, environmental scientists warn](#)

Prolonged exposure to crude oil and chemical dispersants is a public health danger, environmental scientists warned yesterday as BP spent a third day trying to initiate a "top kill" operation to cap the ruptured well on the sea bed.

Wilma Subra, a chemist who has served as a consultant to the Environmental Protection Agency, said there was growing anecdotal evidence that locals were falling ill after exposure to tiny airborne particles of crude.

Air quality data released earlier by the EPA suggested the presence of chemicals that – while still within legal limits – could be dangerous. But Subra complained that the EPA was not releasing all data it had gathered from BP.

"Every time the wind blows from the south-east to the shore, people are being made sick," she said. "It causes severe headaches, nausea, respiratory problems, burning eyes and sore throats." Long-term health effects include neurological disorders and cancer.

[BP shares drop as clean-up cost approaches \\$1bn](#)

BP shares are the top fallers in the London market this morning after the company conceded the cost of its clean-up operation in the Gulf of Mexico is approaching \$1bn.

[Birnbaum 'took fall' after MMS played catch-up after lapses in ethics, oversight](#)

"They needed someone to visibly take the fall," said a former Interior official who worked with Birnbaum and did not want to comment publicly on a personnel matter. "She was the director, and that's what happens when something goes wrong."

[Oil sands: the clean alternative?](#)

Until the Deepwater Horizon oil rig exploded in April and a massive slick oozed across the Gulf of Mexico, environmentalists had managed to dramatically shift public opinion in the U.S. against the Alberta oil sands. Now, as crude-soaked birds wash up on Louisiana shores, Canadian officials are seizing the opportunity to brand Fort McMurray crude as the clean, safe alternative to offshore drilling. It's a message environmental groups are desperate to undermine.

[Buying carbon offsets may ease eco-guilt but not global warming](#)

An investigation by The Christian Science Monitor and the New England Center for Investigative Reporting has found that individuals and businesses who are feeding a \$700 million global market in offsets are often buying vague promises instead of the reductions in greenhouse gases they expect.

They are buying into projects that are never completed, or paying for ones that would have been done anyhow, the investigation found. Their purchases are feeding middlemen and promoters seeking profits from green schemes that range from selling protection for existing trees to the promise of planting new ones that never thrive. In some cases, the offsets have consequences that their purchasers never foresaw, such as erecting windmills that force poor people off their farms.

[Lower gas prices this Memorial Day... weird](#)

Gas prices have been drifting lower over the past few weeks, which is welcome news for drivers who are gearing up to hit the road for Memorial Day weekend.

Gas prices have fallen about 6% in the last 22 days. The average price for unleaded gas sits at about \$2.75 a gallon, according to motorist group AAA, down 18 cents from \$2.93 a gallon. And prices are nearly a third cheaper than the record highs hit in the summer of 2008.

[Firms focus on energy efficiency](#)

The ministry said that to generate US\$1,000 GDP, Viet Nam must consume 600kg of oil equivalent, a unit of energy, one and a half times higher than that in Thailand and double the average rate of the world.

The energy consumption of Vietnamese manufacturing sector was also double or triple that of other nations in the region.

Schneider Electric Vietnam representative Do Manh Dung said: "The gap between energy supply and demand in Viet Nam tripled against a decade ago and the gap will continue to widen due to a sharp increase in demand."

It was expected the demand on power would be 74 billion kWh while the supply would likely stay at about 64 billion kWh this year, he said.

[Oil moves above \\$75 amid improving economic mood](#)

Oil prices rose above \$75 a barrel Friday, extending two days of gains on the back of

improving economic figures and China's expression of support for Europe's recovery.

By early afternoon in Europe, benchmark crude for December delivery was up 66 cents to \$75.21 a barrel in electronic trading on the New York Mercantile Exchange. The contract jumped \$3.04 Thursday to settle at \$74.55.

This week's rally, the strongest for more than nine months, has added more than \$6 a barrel to crude prices. Earlier this month crude prices were as high as \$87.15 a barrel before falling steeply amid concerns that Europe's debt crisis could thwart efforts to stimulate growth.

[Elon Musk's Financial Car Wreck](#)

DETROIT -- The romantic notion of starting a car company in your garage is a folly from a bygone era. Even when the government is handing out billions of dollars to help electric-car startups get off the ground, the costs can be overwhelming.

But Musk, who sold his previous company, PayPal, to eBay(EBAY - news - people) for \$1.5 billion, now says he's broke.

Of course, Musk's disclosure came in a filing as part of his divorce from novelist Justine Musk, so perhaps it is advantageous to be out of money at the moment.

Tesla has incurred about \$261 million in net losses since its inception in 2007, including \$55.7 million last year, according to the registration documents.

[Electric Car Bills on the Hill: 10 Things You Should Know](#)

The Electric Drive Vehicle Deployment Act of 2010, introduced in Congress this week, has a simple goal to electrify half of all cars and trucks on U.S. roads by 2030, and a basic strategy: focus the might of the federal government on a small number of pilot communities around the country, subsidizing the buildout of charging infrastructure and purchase of electric vehicles.

Here are 10 things you should know about a pair of proposals that could play a big role in how the nascent electric vehicle market takes shape over the next 20 years:

How much will the legislation cost?

The Senate bill is estimated to have an overall cost of \$7-\$10 billion over five years. The House bill is estimated to cost about \$11 billion over five years.

[Wall Street slides on Spain downgrade](#)

(Reuters) - Stocks fell on Friday, capping off their worst month in over a year as a

downgrade by Fitch of Spain's credit rating reignited worries about euro-zone debt issues.

The downgrade was the latest setback in a month in which the S&P 500 fell more than 8 percent on concerns the euro-zone debt woes would escalate into a global financial crisis.

"Up until now it's been mostly Greece and the threat of Spain and Portugal and Ireland. With Fitch actually downgrading Spain, it seems as if it is no longer a hypothetical, the contagion is now real."

[California adopts first statewide green building code](#)

Taking effect January 2011, the nation's first mandatory green building code – dubbed “CalGreen” – lays out specific constraints for newly constructed buildings. It requires builders to install plumbing that cuts indoor water use by as much as 20 percent, to divert 50 percent of construction waste from landfills to recycling, and to use low-pollutant paints, carpets, and floors. It also mandates inspection of energy systems to ensure that heaters, air conditioners, and other mechanical equipment are working efficiently. And for non-residential buildings, it requires the installation of water meters for different uses.

[Earth's growing nitrogen threat](#)

Dennis Lindsay still recalls the day four decades ago when his father, an Iowa farmer, began using nitrogen fertilizer on the family's 160 acres.

With nitrogen, the family's corn crop suddenly grew much higher and stronger, and produced full ears and big harvests. When fed to their cows and pigs, that high-quality corn produced far more milk and meat. As a result, the family bought more livestock – and the farm grew. “I remember Dad bringing the neighbors over to see how much greener and better the quality of the stalk was,” Mr. Lindsay says. “It was a really big deal then.”

It's an even bigger deal today. Lindsay and his son farm 3,000 acres of corn and soybeans, using about 150 tons of nitrogen fertilizer annually. Farmers from China, Europe, and South America rely on nitrogen, too, to make ends meet and feed a growing world.

The situation is even worse in China, which uses about twice as much nitrogen fertilizer as the US to yield about the same amount of crops. As much as three-quarters of all nitrogen used to grow rice in China may be wasted, says Vaclav Smil, a nitrogen expert at the University of Manitoba in Winnipeg.

[Consumers more cautious about spending in April](#)

WASHINGTON (AP) -- Consumers don't appear confident enough in the economy to open their wallets more freely.

Their spending stalled in April. Without stronger job creation and higher pay, people are less likely to up their spending in the months ahead and invigorate the recovery.

The flat level for consumer spending was the weakest showing in seven months, according to the Commerce Department report. Personal incomes rose 0.4 percent, in line with expectations but not fast enough to help generate real growth.

In the mean time, more people are holding on to their money. The savings rate rose 3.6 percent in April.

Consumer spending is closely watched because it accounts for 70 percent of total economic activity.

[Big volcanic eruptions in Guatemala, Ecuador](#)

GUATEMALA CITY (AP) -- Explosive eruptions shook two huge volcanos in Central and South America on Friday, forcing thousands of people to flee their homes and disrupting air traffic as ash drifted over major cities.

Guatemala's Pacaya volcano started erupting lava and rocks Thursday afternoon, blanketing the country's capital with ash and forcing the closure of the international airport. A television reporter was killed by a shower of burning rocks when he got too close to the volcano, about 15 miles (25 kilometers) south of Guatemala City.

[Millions face hunger in arid belt of Africa](#)

In Niger, some say the growing food crisis could be worse than the one that struck the country in 2005, when aid organizations treated tens of thousands of children for malnutrition.

"We have lost so much we cannot count," said one 45-year-old tribesman with a family of 20 to feed. He and others on Gadabeggi Reserve drive starving donkeys through the burnt orange haze of a sandstorm to gather what little water they can on the desiccated plain and struggle to draw water from private wells.



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