



Drumbeat: May 31, 2010

Posted by [Gail the Actuary](#) on May 31, 2010 - 8:25am

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[BP Shifts Gears in Gulf Oil Fight as 'Top Kill' Fails](#)

In such a scenario, "there could be oil coming up until August when the relief wells...are finished," Carol Browner, special assistant to the president for energy and climate change, told NBC's "Meet The Press."

Appearing on CBS's "Face the Nation," Ms. Browner added that government experts believe BP's containment operation could result in a temporary 20% increase in the volume of oil spilling from the well. That's because the company will cut off a kink in the pipe that currently seems to be holding back some of the gusher, Ms. Browner said. She added that government experts believe the increase could last four to seven days.

"Once the cap is on, the question is how snug is that fit?" Ms. Browner said. "If it's a snug fit, then there could be very, very little oil. If they're not able to get as snug a fit, then there could be more."

[Factbox: Gulf oil spill impacts fisheries, wildlife, tourism](#)

Tourism operators in Louisiana, Mississippi and Alabama -- from hotel owners to restaurateurs and boat charterers -- have reported cancellations as a result of the oil spill, although some are picking up other business from journalists, officials and cleanup workers who have flocked to the Gulf Coast.

Amidst a scare involving tar balls found on Florida Keys beaches -- later declared not to have come from the BP oil spill, Florida's \$60-billion-a-year tourism industry is also losing millions as a result of the incident, a top state tourism marketing official said earlier this month.

[Regulators let oil industry write rules](#)

Our economy went in the ditch while traders got rich peddling CDOs and DSs. Even many bankers — much less average Americans who lost their shirts — were gobsmacked by the acronyms, and scrambled to figure out how collateralized debt

obligations and credit default swaps worked.

And now a gazillion gallons of oil have poisoned the Gulf of Mexico, thanks in part to unethical employees at a once-obscure agency known as MMS — the Interior Department's Minerals Management Service. MMS is charged with collecting royalties from Big Oil even as it regulates it — an absurd conflict right there. So MMS has had the same sort of conflicts of interest as ratings agencies like Moody's and Standard & Poor's had with Wall Street.

[Salazar: Oil Moratorium In Gulf Won't Affect Oil Production Wells](#)

Interior Department Secretary Ken Salazar said Thursday a moratorium in place for 33 rigs in the Gulf only applies to exploratory, deepwater wells in 500 feet of water or more, not those that currently are producing oil.

[After fix fail, a dispiriting summer of oil, anger](#)

BOOTHVILLE, La. (AP) -- There is still a hole in the Earth, crude oil is still spewing from it and there is still, excruciatingly, no end in sight. After trying and trying again, one of the world's largest corporations, backed and pushed by the world's most powerful government, can't stop the runaway gusher.

As desperation grows and ecological misery spreads, the operative word on the ground now is, incredibly, August - the earliest moment that a real resolution could be at hand. And even then, there's no guarantee of success. For the United States and the people of its beleaguered Gulf Coast, a dispiriting summer of oil and anger lies dead ahead.

Oh ... and the Atlantic hurricane season begins Tuesday.

[Fury and despair as BP admits oil could leak for months](#)

An uncontrollable fountain of oil could gush into the Gulf of Mexico until August, the Obama administration warned today, as BP conceded it was moving to a containment strategy after failing to plug the well at the centre of the most environmentally disastrous spill in US history.

As anger and despair grew in the coastal communities of Louisiana, BP began preparations to cut a leaking drill pipe on the ocean floor and attach a containment cap intended to capture at least some of the 12,000 to 19,000 barrels of crude spewing from its Macondo well every day.

[BP facing multimillion-dollar legal claim from British pension fund](#)

The Gulf of Mexico oil spill, which could see BP face hundreds of lawsuits, is giving new impetus to a highly damaging legal case stemming from a previous environmental disaster in Alaska.

A UK pension fund alleges that it lost money because of falls in the BP share price after a pipeline leak in the Prudhoe Bay field four years ago. Lawyers for the fund say the latest spill is providing further ammunition for its case.

"It is too soon to tell exactly what went wrong in the gulf, but what is clear is that they [the accidents] both reflect a corporate culture and series of operating procedures that need to be reformed," said Thomas Dubbs, a partner at New York law firm Labaton Sucharow, which is handling the case against BP for the Lothian pension fund, claiming tens of millions of dollars. The fund, an investor in BP, looks after the retirement benefits of 67,000 workers employed by councils in Edinburgh and the Midlothian area, and also by the local bus company.

[BP CEO disputes claims of underwater oil plumes](#)

During a tour of a BP PLC staging area for cleanup workers, CEO Tony Hayward said the company's sampling showed "no evidence" that oil was suspended in large masses beneath the surface. He didn't elaborate on how the testing was done.

Hayward said that oil's natural tendency is to rise to the surface, and any oil found underwater was in the process of working its way up.

"The oil is on the surface," Hayward said. "There aren't any plumes."

[BP's behavior in the Gulf is appalling. But our thirst for oil is the real issue](#)

Casting BP executives as cardboard cut-out villains does not get us very far though. Whatever the courts may find about BP's culpability the real cause is our demand for oil and our refusal to pay its true price. Right now, everyone in America wants to do something to fight the spill. However, if you suggest that perhaps we should double the price of fuel and use the revenue to rebuild our transportation network, the general response is suspicious silence.

[BP unsure how much oil in reservoir in Gulf spill](#)

COVINGTON, La. (AP) -- BP spokesman John Curry says the company does not know how much oil is contained the vast reservoir nearly three miles beneath the seafloor.

Curry said Sunday that the company didn't have time to properly analyze how much was in the discovery well. He says if the oil rig had not exploded, BP PLC ultimately would have drilled another well to complete that analysis.

[Reforms slow to arrive at drilling agency](#)

Mr. Obama, shortly after taking office, had assigned Interior Secretary Ken Salazar to clean up the agency, the Minerals Management Service. The office's history of corruption and coziness with the industry it was supposed to regulate had been the subject of years of scathing reports by government auditors, lurid headlines and a score of Congressional hearings.

But the promised reforms of the agency were slow to arrive, and the subject of the minerals service never came up at the meetings leading to the new drilling policy, according to a senior administration official involved in the discussions.

Political expediency may have played a role. In pushing offshore drilling, Mr. Obama was hoping to placate the oil industry and its supporters in Congress, who were demanding increased access to the outer continental shelf in exchange for their possible support for broader climate change and energy legislation that Mr. Obama wants.

That focus apparently eclipsed any concerns about the minerals agency, especially since at the time no oil rig had exploded and sent hundreds of thousands of barrels of oil into the gulf.

[Oil prices steadied after upwards drive](#)

Oil prices steadied on Friday after an upwards drive was reversed by renewed concerns about the health of Europe's economy.

Most metals prices fell as the US dollar gained strength against other currencies.

[Radioactive fish near Vt. nuke plant deemed common](#)

MONTPELIER, Vt. — When a fish taken from the Connecticut River recently tested positive for radioactive strontium-90, suspicion focused on the nearby Vermont Yankee nuclear plant as the likely source.

Operators of the troubled 38-year-old nuclear plant on the banks of the river, where work is under way to clean up leaking radioactive tritium, revealed this month that it also found soil contaminated with strontium-90, an isotope linked to bone cancer and leukemia.

Three days later, officials said a fish caught four miles upstream from the reactor in February had tested positive for strontium-90 in its bones. State officials say they don't believe the contamination came from Vermont Yankee.

Tritium was reported leaking from the plant in January, and since then has turned up in monitoring wells at levels 100 times the federal Environmental Protection Agency's

safety limit for that substance in drinking water. Other radioactive isotopes have been found as well, including cesium-137, zinc-65 and cobalt-60.

[Presence of world leaders 'paralysed' climate summit, UN letter claims](#)

A leaked letter from the United Nations' climate chief suggests the Copenhagen climate summit failed because the presence of 130 world leaders paralysed decision-making and the Danish presidency backed the US and other western nations over the interests of the poor.

[Pedal or throttle? The lure of the electric bike](#)

We might not have been fast but we've made it – over the past couple of weeks myself and two colleagues have been testing out three examples of that curious half-way point between the bicycle and the moped. You can hear more about the experience in the next Bike Podcast, out on Tuesday.

Below are some details about the three models, but firstly an observation as someone who had never previously tried out an electric bike: they really are great fun.

[Why Wal-Mart wants to take the driver's seat](#)

The retailer aims to take over U.S. transportation services from suppliers in an effort to reduce the cost of hauling goods. Wal-Mart is contacting all manufacturers that provide products to its more than 4,000 U.S. stores and Sam's Club membership warehouse clubs, says Kelly Abney, Wal-Mart's vice-president of corporate transportation.

Manufacturers would compensate Wal-Mart by giving the retailer lower wholesale prices for the goods it transports. Wal-Mart isn't saying how much it hopes to save. However, in a slim-margin business such as retailing, even small efficiencies can help the bottom line; in 2009, Wal-Mart trimmed expenses by almost \$200 million by packing and scheduling its U.S. truck fleet more efficiently, according to spokesman Lorenzo Lopez.

[The new Nissan Leaf electric car sold out](#)

Automaker Nissan reports that more than 19,000 of the new Leaf electric cars have been ordered in the U.S. and Japan. The car is not scheduled to arrive at dealerships until January 2011, and that model year is already sold out. CEO Carlos Ghosn has not yet decided if the automaker will continue to take preorders for the electric auto. The advance orders include 13,000 in the U.S. and 6,000 buyers in Japan. Most of the U.S. orders are in California, where charging stations are being installed.

After speaking to the Detroit Economic Club, CEO Ghosn said that the company is very happy with the level of advance orders. The cars are priced at \$32,780 with buyers receiving a federal tax credit of \$7,500.

[California: ruined by the supermajority](#)

You don't need to know anything about electricity to understand what's wrong with Proposition 16, the initiative sponsored by the parent company of the Northern California utility PG&E, on the June 8 ballot. You only need to know California's tortured history with supermajorities.

Proposition 16 would establish a new supermajority requirement in the state Constitution by mandating that local governments get approval from two-thirds of their voters before starting or expanding a public power agency.

[Vermont family farms face a grim future](#)

The Vermont Agency of Agriculture last month delivered a worst-case scenario that envisioned 200 farms — 20 percent of the state's total — closing down this year, primarily because of volatile milk prices and debts accrued during a devastating 2009.

Last year, prices fell from \$18 a hundredweight to \$12 a hundredweight for conventional milk, forcing farmers to sell milk at a loss. A hundredweight, the unit by which milk most commonly is measured, is 11.6 gallons. The cost of production for a Vermont dairy farm regularly is estimated at \$17 to \$18 per hundredweight.

[Rail transit ideas await their fate in Milwaukee](#)

After years of study and debate, the state has landed an \$810 million federal grant to build a high-speed train line from Milwaukee to Madison. At the same time, Milwaukee-area authorities are seeking federal permission to start preliminary engineering on a \$283.5 million commuter rail line from Milwaukee to Kenosha and a \$95.8 million modern streetcar line in downtown Milwaukee, two other long-discussed ideas.

[Mile by mile, landmark Bay Area Ridge Trail comes together](#)

The plan is ambitious: a 550-mile-long trail for hikers, horse riders and bicyclists, complete with campsites, scenic vistas, mountain ranges and forests.

It's still unknown to many of the Bay Area's 7 million residents.

But the Bay Area Ridge Trail, begun as a far-off dream by a few parks lovers more than 20 years ago, is slowly taking shape.

[We Are Oil Responsible; Can We Get Serious About Kicking the Habit?](#)

Make no mistake:BP stinks. Their Gulf accident and safety violation record, their lack of transparency, their short-term profit focus are all sickening. But ultimately, BP is only truly responsible for this spill if you believe that drilling for oil in a mile of water can ever be done safely. BP is part of a system that has made us all dependent on oil and petroleum-based products, and with our consumption spurring demand, we must all shoulder some of the blame for the calamity in the Gulf of Mexico and beyond.

It's not just about the gas for driving cars. Oil is everywhere, trickling throughout our consumer-driven society. Denture adhesives, electric blankets, bras and bubble gum ...they all contain oil. Cameras, carpets, umbrellas, vitamin capsules...ditto. Perhaps we are finally waking up to realize that what once seemed so cheap and plentiful is actually very, very expensive--and becoming more so.

[U.S. natural gas production reaches highest level in 30 years](#)

U.S. natural gas production in March rose to the highest level in at least 30 years, led by gains in Texas and Alaska, the Energy Department reported Friday.

Production increased 1.3 percent to an average 74.64 billion cubic feet a day, according to the report. Texas, the nation's largest gas producer, was up 2 percent to 20.71 billion cubic feet a day, while Alaskan gas production rose 1.2 percent to 9.97 billion cubic feet a day.

"We've had production and rig numbers increasing all while prices are decreasing, and that makes no sense," said Michael Rose, director of trading at Angus Jackson Inc. in Fort Lauderdale, Fla. "I think they have to reduce the rig count and production."

Natural gas for July delivery advanced 4.7 cents, or 1.1 percent, to settle at \$4.341 per million British thermal units. Prices have fallen 22 percent this year.

[Shale's a curse and blessing for natural gas](#)

A supply surplus has made natural gas a cheap source of energy, and its growing production from so-called "unconventional" sources such as shale may be destined to keep it that way.

"Natural gas is at a historically cheap price, assuming we're just looking at the last ten years, but one major issue not affecting other energy markets is driving the price lower and lower," said Neal Ryan, managing partner at Ryan Oil & Gas Partners LLC.

Driven by the nation's growing need for energy and high natural-gas prices in recent years, interest in gas derived from shale, a geologic formation, has increased despite the high costs involved with developing the sources.



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