



## Drumbeat: June 2, 2010

Posted by [Gail the Actuary](#) on June 2, 2010 - 9:22am

Topic: [Miscellaneous](#)

### Oil Nears Florida as Effort to Contain Well Hits Snag

Overnight, the response team was able to "successfully" make the first shear cut of the pipe, U.S. Coast Guard Adm. Thad Allen, the national incident commander for the spill, said at a news conference in Houma, La. However, a specialized saw got stuck while making a second fine cut that's needed before a containment device can be put in place.

If the response team is unable to dislodge the saw, another saw would have to be used, Adm. Allen said. He added that there's no question that a second cut can be made, but it remains uncertain how precise the cut will be. The smoother the cut is, the better the chance will be that the containment device will be able to capture a greater quantity of oil.

An announcement will be made later Wednesday about whether or not a second saw will be wielded, Adm. Allen said.

"As soon as the cut is made that separates the remainder of the riser pipe from the lower marine riser package, they will assess the quality of the cut and either move to install the top cap, which is the tighter device, with actually a rubber seal around it, or the top hat, which is a little wider and has less of a seal," he said.

The procedure, which has never been attempted at these depths, could increase the flow of oil spewing into the water by 20%, at least temporarily, government officials have said in recent days. Adm. Allen reiterated that projection, but said the increase in the flow rate wouldn't occur until the second cut is finished.

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### [BP Frees Jammed Saw as Oil Nears Florida Beaches](#)

BP PLC, has freed a jammed saw blade from a pipe that was slowing down the process of capping a well that has been spilling oil into the Gulf of Mexico for six weeks, a spokesman for the unified command center said Wednesday afternoon.

The company will replace part of the blade and then cut at the pipe on its other side, the spokesman said.

This will be the second cut to the pipe. If the saw can make a smooth cut it will increase

the amount of oil that can be contained, U.S. Coast Guard Adm. Thad Allen, the national incident commander for the spill, said at a news conference earlier Wednesday.

BP has been under pressure to contain the massive oil spill that is affecting an increasingly wide swath of U.S. Gulf Coast shoreline. A six-foot-long oil sheen was found along Florida's Panhandle shoreline Wednesday.

### [Oil Nears Florida as Effort to Contain Well Hits Snag](#)

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### [Wind Farms: Are All the Best Spots Taken?](#)

In the US, a lack of transmission continues to be a primary restraint to the growth of onshore wind farms. The US has land aplenty with strong wind, but it remains undeveloped for lack of a way to get the power to market. Transmission lines cost roughly US\$1 million per mile to build in the US. Given that prime wind sites are often far from where the wind power is needed, the price tag is hefty and the federal government has yet to resolve who will pay the bill. Wind developers shy away from proposing wind farms where no transmission yet exists and utilities don't want to put money into building transmission unless they know a generator stands ready to use the lines. Wind industry insiders call this the transmission chicken and egg dilemma.

Transmission is the chink in the armour. That is where the frontier mentality still exists that everybody has to figure out their own way to get to market. It is causing great

expense for generators and developers', said Andrew Spielman, a partner in law firm Hogan & Hartson, which has secured land use approvals for 725 MW of wind energy and an accompanying 80-mile (128 km) private transmission line in eastern Colorado.

While it can take a year to build a wind farm, transmission lines are likely to require at least five years – and sometimes decades if they run into public opposition.

### [US Wind Growth Likely To Drop in 2010](#)

The study forecasts anywhere from 6.3-7.1 GW of wind could be installed in 2010, 40-60 percent lower than 2009 installations.

### [Google-Funded Geothermal Drilling System Could Reduce Costs](#)

The process for creating geothermal wells is very similar to that used for extracting oil and gas, at least in the initial phases. . .

A better method, called “spallation,” which refers to chipping or flaking of stone, involves using jet engines to produce superheated, pressurized air which breaks rock.

This method, previously used to fracture granite and marble for commercial use but effective only in surface or close-to-surface applications, is now being applied to deep-well geothermal drilling, but with water as the medium instead of air.

Not only does the method save money by not using drill bits, which break or wear out, costing crews thousands of dollars and hours of time, but drilling is continuous and considerably faster – 30 feet per hour as compared to traditional drilling’s top speed of 10 feet per hour.

### [Obama pushes Kerry's climate bill](#)

In an indication that Democrats could renew their push for climate change legislation this year, President Obama this afternoon said he would attempt to round up votes for legislation filed by Senator John Kerry.

Obama, speaking at Carnegie Mellon University, urged the US Senate to take action on a bill that aims to reduce reliance on foreign oil while putting a price on carbon emissions. It was the fourth time in 12 days that Obama urged the Senate to act, comments that come in the wake of a massive oil spill in the Gulf Coast.

### [David Strahan: Americans should be thanking BP](#)

So, how is any of this good news?

First, it could have been so much worse. Had BP suffered a similar accident while drilling for Tiber, a three-billion-barrel field it discovered in the Gulf of Mexico last year under two miles of water, reservoir pressures and oil volumes would have been far higher, and there would be many fewer remotely operated submarines capable of working at this depth. Likewise, had such a spill occurred in the remote Arctic, galvanising a speedy response would have been still harder and impacts yet more devastating. Now at least regulations will be tightened, making such accidents less likely.

More important, the spill may finally spur Americans, who make up 5 per cent of the world's population but guzzle 25 per cent of the oil supply, to get serious about cutting their consumption.

### [BP Cites Broken Disk in 'Top Kill' Failure](#)

BP PLC has concluded that its "top-kill" attempt last week to seal its broken well in the Gulf of Mexico may have failed due to a malfunctioning disk inside the well about 1,000 feet below the ocean floor.

The disk, part of the subsea safety infrastructure, may have ruptured during the surge of oil and gas up the well on April 20 that led to the explosion aboard the Deepwater Horizon rig, BP officials said. The rig sank two days later, triggering a leak that has since become the worst in U.S. history.

The broken disk may have prevented the heavy drilling mud injected into the well last week from getting far enough down the well to overcome the pressure from the escaping oil and gas, people familiar with BP's findings said. They said much of the drilling mud may also have escaped from the well into the rock formation outside the wellbore.

As a result, BP wasn't able to get sufficient pressure to keep the oil and gas at bay.

### [Almost one third of Gulf fishing grounds closed](#)

NEW ORLEANS (AP) -- Almost one-third of federal waters in the Gulf of Mexico is closing to commercial and recreational fishing because of the oil spill.

The National Oceanographic and Atmospheric Administration expanded the area by 5 percent Tuesday. NOAA says as of 6 p.m. EDT Tuesday that nearly 76,000 square miles would be off-limits because of oil spreading from the Deepwater Horizon disaster. That's more than 31 percent of federal Gulf waters.

### [Spill Draws Criminal Probe](#)

The U.S. has launched criminal and civil investigations into the Gulf of Mexico oil spill

—the latest move by the Obama administration to show it is taking aggressive action amid bipartisan criticism of its response to the disaster.

"We have what we think is a sufficient basis for us to have begun a criminal investigation," said U.S. Attorney General Eric Holder Tuesday after meeting in New Orleans with state attorneys general and federal prosecutors from the region. Mr. Holder noted that 11 people died in the April 20 rig accident that precipitated the spill.

In a press conference, Mr. Holder said there is "a wide range of possible violations." He declined to specify the target of the investigation because he said authorities aren't "clear on who should ultimately be held liable" and didn't want to "cast aspersions."

### [Energy Stocks Lead Market Lower](#)

"You're already looking at a situation where oil prices have been under pressure because of the outlook for demand," said strategist Dan Greenhaus, of Miller Tabak. "That [stock-market] sector already had a lot of problems because of that, and now the BP situation just adds to the list." . . .

The S&P 500's energy sector slid 4.3%, leading the index to a 1.7% decline overall. Transocean, the operator of the BP rig that exploded and caused the Gulf spill, fell 11.9%. Anadarko Petroleum fell 19.6%, while Halliburton was off 14.8%.

Meanwhile, crude-oil prices slipped to end below \$73 a barrel, beginning June on a sour note. The commodity is coming off a 14.1% slide for May, the worst monthly performance since December 2008.

### [BP can take financial hit from spill](#)

The British oil giant is worth \$75 billion less on the open market than it was when the Deepwater Horizon rig exploded six weeks ago. Other companies involved in the spill — Transocean, Halliburton and Cameron — have all lost at least 30 percent in value.

### [Spill Clouds Future For Oilfield-Service Companies](#)

"I don't think in the near term this is good for service companies or the industry because operations are disrupted," said Gene Shiels, a spokesman for Baker Hughes Inc. (BHI), which provides directional drilling services and drilling fluids for offshore drilling projects.

But Shiels added that in the long term, heightened standards for back-up systems or requirements to add more equipment to existing rigs could create opportunities for service companies.

### [Undersea oil pipelines vulnerable to hurricanes](#)

The study found that the 31,000 miles of pipelines along the seafloor of the Gulf could crack or rupture unless they are buried or their supporting foundations are built to withstand hurricane-induced currents. "Major oil leaks from damaged pipelines could have irreversible impacts on the ocean environment," the authors wrote.

Researchers got a unique look at what a hurricane can do underwater during Ivan, a Category-4 hurricane with wind speeds of more than 130 mph in the Gulf. Ivan passed over a network of sensors on the ocean floor.

"This is the first time that anyone measured hurricane-induced stresses on the Gulf bottom," says study author Bill Teague of the Naval Research Laboratory in Mississippi.

The study's calculations are the first to show that hurricanes propel underwater currents with enough force to dig up the seabed as far as almost 300 feet below the surface, potentially creating underwater mudslides and damaging pipes and other equipment that rest on the bottom.

### [Feds meet with film director Cameron on oil spill](#)

"Top kill" didn't stop the Gulf oil spill. How about something "titanic"?

Federal officials are hoping film director James Cameron can help them come up with ideas on how to stop the disastrous oil spill in the Gulf of Mexico.

### [Oil appears in Alabama & Mississippi; BP & Coast Guard scrambling](#)

First Louisiana, today it's Alabama and Mississippi. True to NOAA's predictions, oil washed ashore on barrier islands off Alabama and Mississippi on Tuesday. In addition, significant slicks of crude offshore appeared to be moving toward those states' coasts.

Researchers scrambled to clean up tar balls and puddles of oil from the beaches of Alabama's Dauphin Island, while a strip of oil about two miles long and three feet wide stretched along Petit Bois Island, about five miles away off Mississippi.

If NOAA predictions hold, both Alabama and Mississippi's beaches will begin to see more than tar balls by the end of this week.

### [Oil spotted about 9 miles off Fla. coast](#)

An oil sheen was confirmed about nine miles off the Florida coast, and officials are saying it could hit the white sands of Pensacola Beach as soon as Wednesday.

## [Obama's Options for Addressing Oil Spill](#)

### We Must Finally Address Energy Crisis

The New York Times' Bob Herbert insists, "However and whenever the well gets capped, what we really need is leadership that calls on the American public to begin coping in a serious and sustained way with an energy crisis that we've been warned about for decades. If the worst environmental disaster in the country's history is not enough to bring about a reversal of our epic foolishness on the energy front, then nothing will."

## [Middle East Oil Troubles Could Lead to Lower Prices.](#)

OPEC production grew to take advantage of the higher prices of early May, and high production is likely to continue as long as prices don't collapse entirely.

Greed aside, another reason OPEC production could continue to grow is that floating oil storage is declining rapidly. Danish shipping company A.P. Moller-Maersk estimates that there are about 25 VLCC tankers, each of which holds about 2 million barrels of oil, being used for floating storage. That is about half the number of VLCCs being used for a similar purpose a year ago.

The decline in floating storage is a result of an easing of the crude market's contango, a position where the price of oil for prompt delivery is lower than the price of future delivery. As the prompt and future prices converge, it becomes too expensive to store oil on a tanker.

One of the biggest users of floating storage is Iran, which Maersk estimates is storing oil on 20 of the 25 tankers. That's not highly unusual because Iran's lack of refining capability coupled with its limited on-shore storage and its 3.7 million b/d production capacity means the country has to put the black stuff somewhere.

## [Hunterston coal power station plan due to be submitted](#)

If the proposal by Ayrshire Power is approved it would be the first plant in the UK to use carbon capture and storage (CCS) technology.

Environmentalists and locals have opposed the plan.

They argue it makes a mockery of the government's commitment to reducing carbon emissions.

## [Electric Car Warning Sounds: Don't Expect Ring Tones](#)

Although no one (at least yet) is making them do it, automakers are preparing to introduce quiet electric and plug-in hybrid cars that make sounds to alert pedestrians, the blind and others to their presence.

A 2009 study by the National Highway Traffic Safety Administration showed that hybrids (when they're moving slowly, backing up, stopping or coming in or out of parking spaces) hit pedestrians and bicyclists more often than do other cars.

### [China will pay electric car subsidies to makers, rather than buyers](#)

China, one of the most aggressive promoters of electric vehicles, is trying to defuse criticism that big EV subsidies favor rich folks who can afford cars over poorer Chinese who help the nation's severe air pollution problems by still getting around on bikes or public transit.

The Ministry of Finance announced a trial plan in five cities to pay an EV and hybrid subsidy up to 60,000 yuan (\$8,784) directly to the carmakers. Private buyers of the EVs will get a smaller 3,000 yuan (\$440) payment from dealers, the ministry said on its website, according to the Associated Press. Paying most of the money behind the scenes to manufacturers is aimed to make the subsidies more politically palatable.

### [Statistics alone paint an incomplete picture of women and bicycles](#)

According to the statistics, there is a dramatic imbalance in bike riding along gender lines, with men using the bicycle as a primary means of transportation at a rate more than double that for women.

Data from the 2008 US Census Bureau's American Community Survey found that 2.7 percent of San Francisco's population commutes to work by bike. The survey reports that 3.7 percent of men ride to work, while only 1.6 percent of women do. A 2009 study in Scientific American found that men's cycling trips surpass women's by at least 2:1. In the competitive arena, 87 percent of competitive cyclists are male, according to 2009's active member demographic conducted by USA Cycling.

### [Chris Huhne warns of £4bn black hole in nuclear power budget](#)

Britain is facing a £4bn black hole in unavoidable nuclear decommissioning and waste costs, Chris Huhne, the energy and climate change secretary disclosed tonight.

The decommissioning costs over the next four years revealed by officials to Huhne are so serious that he has already flagged the crisis up to the cabinet.

Huhne disclosed that in current financial year the Nuclear Decommissioning Authority's



budget is expected to be in balance. From 2011-12, the deficit suddenly rises to £850m, in 2012-13 the gap increases further to £950m and then to £1.1bn in the two subsequent years.

The revelation will also hand further ammunition to those who say a new generation of nuclear power stations in Britain will end up being more expensive than the industry claims.

### [Temperatures reach record high in Pakistan](#)

Mohenjo-daro, a ruined city in what is now Pakistan that contains the last traces of a 4,000-year-old civilisation that flourished on the banks of the river Indus, today entered the modern history books after government meteorologists recorded a temperature of 53.7C (129F). Only Al 'Aziziyah, in Libya (57.8C in 1922), Death valley in California (56.7 in 1913) and Tirat Zvi in Israel (53.9 in 1942) are thought to have been hotter.

According to the US National Oceanic and Atmospheric Association (NOAA), the national climate monitoring service that measures global temperatures by satellite, 2010 is shaping up to be one of the hottest years on record. The first four months were the hottest ever measured, with record spring temperatures in northern Africa, south Asia and Canada.

### [Live Q&A: Moneyless man Mark Boyle answers your questions](#)

When Mark Boyle (aka the moneyless man) wrote last October on the Ethical Living Blog about how he lives without using money, his article was one of the most commented on of the year.

And it sparked a series of followups, including the chilly video above.

### [Scottish national park chief raises prospect of water exports](#)

The Environment Agency, which rejects the proposal, estimated in 2006 that storing, piping and pumping water to the London area from Wales would be the cheapest mass transfer option but still cost £2.4m per million litres a day, while building new reservoirs in south-east England cost £1.6m per million litres a day. The agency said Cantlay's proposals were unnecessary and unworkable.

"Pumping water around uses a lot of energy so this would also increase greenhouse gases," a spokesman said. "There are better, cheaper solutions much closer to home. These include making better use of the water we have."

### [Debt measures could spark new recession: U.N.](#)

The United Nations agency, which gathers unions, employers and governments to discuss employment issues, said public debt needed to be reduced in an orderly manner.

But a report by ILO Director-General Juan Somavia said that pressure from financial markets was pushing countries into stringent fiscal policies that jeopardize recovery, making it less likely that growth, employment and wages -- and hence tax revenues -- will recover soon.

### [A Bullish View of Wind Power Out West](#)

But that intermittency – long considered a major shortcoming – may have little impact on the potential for wind to power much of the electric grid in the western United States, according to a new study by the Department of Energy’s National Renewable Energy Lab.

The study, released in late May, found that the power grid for five western states – Arizona, Colorado, Nevada, New Mexico and Wyoming – could operate on as much as 30 percent wind and 5 percent solar without the construction of extensive new infrastructure.

### [Global Programs Are Growing the Next Generation of Eco-Cities](#)

For the first time in history, half of the world's population – some 3.2 billion people – lives in cities, which occupy just two percent of the Earth's land mass but generate a massive 80 percent of the planet's global warming emissions. By 2050 the world's cities will be home to 70 percent of the population, or more than six billion people.

To mitigate the impact of urban growth on climate change, visionary cities worldwide are implementing programs aimed at reducing their carbon footprints and moving toward carbon-neutral status. At the same time, a new generation of sustainable cities – from China to the Americas – is rising from the ground up.

### [Florida’s High Speed Rail](#)

They’re common in Europe and Asia, but soon Florida will be sporting a high speed rail system as well. The state just received about 1.25 billion dollars in funding from the federal government for a railway stretching from Tampa to Miami.

### [CSX Upstate train deal ‘welcome news’](#)

State and federal officials have brokered a deal with CSX Corp. to build a high-speed rail line running from Buffalo to Albany, ending months of negotiations.

Back in January, the state was awarded \$153 million in federal funding for high-speed rail improvements.

The state and CSX, however, had fought over what the speed limit would be set at on the new high-speed rail line. The state wanted 110 mph as the maximum speed, while CSX wanted 90 mph.

### [Nigerian airlines to get bail-out](#)

Nigeria's central bank is extending a 500bn naira (\$3.3bn; £2.3bn) bail-out to its troubled airlines.

Virgin Atlantic has said it is looking to sell its 49% stake in Nigerian Eagle Airlines, formerly Virgin Nigeria.

Nigerian Eagle Airlines suspended its loss-making long-haul routes to the UK and South Africa last year to focus on domestic operations.

### [Hewlett-Packard to cut 9,000 jobs worldwide](#)

Hewlett-Packard (HP) says it plans to spend \$1bn (£686m) and shed 9,000 jobs over three years as it creates fully-automated commercial data centres.

The latest job losses come after 6,700 posts were shed last year to make savings.

### [The Density of Smart People](#)

Clusters of smart people of the highly educated sort that economists refer to as "human capital" are the key engine of economic growth and development. Jane Jacobs argued that the clustering of talented and energetic in cities is the fundamental driving force of economic development. In a classic essay, "On the Mechanics of Economic Development," the Nobel prize-winning, University of Chicago economist Robert Lucas formalized Jacobs' insights and argued that human capital, or what can be called Jane Jacobs externalities, are indeed the key factor in economic growth and development. Still, the standard way economists measure human capital is to take the percentage of people in a country, state, or metropolitan area with a bachelor's degree or higher.

### [Toyota, Nissan and Honda increase production as demand rises in the U.S.](#)

For the month of April, Toyota Motor Corp., Honda Motor Co. and Nissan Motor Co. increased global vehicle production in response to the increasing demand in Asia and the United States.

In a statement, Toyota disclosed that it built 62% more cars than a year earlier, with 591,109 vehicles made in April. Its exports rose by 117% to 150,118 units, while overseas output increased by 55%. Production in Japan rose by 71%. Nissan built 57% more cars and light trucks to 319,673 units compared with April 2009. Meanwhile, Honda made 27% more vehicles to 294,308 vehicles.

### [Report explores economic impact of NH's local food](#)

New Hampshire farms are less productive and profitable than those in Maine or Vermont but do a good job selling directly to an affluent, engaged population, according to a new report.

With interest in local food rising, the state Department of Agriculture had researchers at the University of New Hampshire analyze the economic impact of the New Hampshire food system, which includes about 81,000 people in farming, manufacturing, distribution or retail jobs.



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