



Drumbeat: June 4, 2010

Posted by [Gail the Actuary](#) on June 4, 2010 - 7:25am

Topic: [Miscellaneous](#)

[Obama Arrives in Gulf Region as Well Cap Effort Proceeds](#)

President Obama arrived here Friday for his third trip to Gulf coast since oil began gushing into the water nearly seven weeks ago, as officials said that a cap placed over the leaking well showed tentative signs of progress.

Adm. Thad W. Allen of the Coast Guard, who is commanding the federal response to the disaster, said some oil had been collected in the cap and was beginning to funnel up to the surface. But he noted that a great deal of oil was still escaping, by design, through vents in the cap that were intended to let oil out in order to keep cold Gulf water from rushing in and forming icy hydrates that could block the flow of oil to the surface.

So it will not be clear if the cap is sealed tightly enough to prevent large amounts of oil from continuing to pour into the Gulf until those vents are closed, Admiral Allen said. He said that current plans call for closing those vents on Friday.

“Progress is being made,” he said during a morning telephone briefing with reporters. But, given the up and down nature of past efforts to contain the disaster, he hastened to add, “I think we have to caution against over-optimism here.”

He said that a rough estimate of the amount collected earlier was at the rate of about 1,000 barrels a day, a small fraction of the estimated 12,000 to 19,000 barrels of oil spilling into the Gulf each day. But he said that as the valves closed, more oil should be collected, if the seal continues to hold.

[Tar Balls Wash Ashore in Florida](#)

PENSACOLA BEACH, Fla.—Brown tar balls were washing ashore on this popular Panhandle beach Friday as the Deepwater Horizon oil spill neared Florida's northwestern coastline on the Gulf of Mexico.

Cleanup teams have been deployed to scour 18 miles of beach in Escambia County, which borders Alabama, said a county spokesman. He confirmed the presence of the tar balls, adding that authorities will carry out tests to determine if they are tied to the spill that has been spreading across the Gulf since April.

[Insurers Dodge Hefty Ash, Oil Claims And May Hike Premiums](#)

The insurance industry could be among the few winners from the Gulf of Mexico oil spill and the volcanic ash disaster, which have the dual benefit of being relatively light in claims costs but may still give insurers an excuse to raise premiums for some types of cover.

The insurance industry "got lucky," because only around 20% of the losses incurred so far in connection with spill are being carried by the industry, said Stephen Catlin, chief executive officer of London-based reinsurance company Catlin Group Ltd. (CGL.LN), speaking at Euroforum's annual reinsurance summit in Zurich this week.

[Wind Turbine Gearbox Reliability: The impact of rotor support](#)

. . . the main problem of conventional rotor support structures is that the gearbox is performing structural and mechanical functions at the same time, which makes it challenging to simulate loads properly at the design stage. This is especially critical in a component as complex as a gearbox, which is basically designed to withstand mechanical loads. This challenge is illustrated by the recent debate in the US about whether gearbox failures are due to the gearbox ability to withstand the specified loads, or to the fact that real loads experienced by the gearbox are higher than those specified by the wind turbine manufacturers.

An efficient way to solve this problem is to use a rotor support concept that separates structural behaviour from mechanical behaviour. This allows designers to simplify the way the loads are transmitted in the drive train, and therefore specify the drive train components with figures that are much closer to the real loads.

The company's trademarked Alstom Pure Torque system is a unique rotor support concept protecting the gearbox and other drive train components from deflection loads. It was introduced by Alstom's wind business, formerly Ecotecnica, back in 1984, and has since been installed in more than 1600 wind turbines.

[History of 'peak coal' is guide for our oil quandary](#)

Mr. Jevons provides the modern reader will an eerie sense of déjà vu. In the mere dawn of the Age of Coal, he writes of the debate in Britain over the next principal source of cheap energy. The alternatives are mostly the same now as they were a century and a half ago (with the single significant exception of nuclear power): water power, wind power, tidal power, solar power – “all the supposed substitutes,” as Mr. Jevons expressed it, “for coal.”

Mr. Jevons, however, was not persuaded. Coal itself, he said, “possesses all the characteristics that entitle it to be considered the best natural supply of motive power.” Coal, he said, was like a spring – “wounded up through the geological ages for us to wind

down.”

[Under Pressure to Block Oil, A Rush To Dubious Projects](#)

Under pressure from Louisiana Gov. Bobby Jindal and other state and local officials, the U.S. Army Corps of Engineers issued an emergency permit on May 27 authorizing the state of Louisiana to construct 45 miles of artificial berm — 300 feet wide at its base and rising six feet out of the gulf — in an attempt to protect delta wetlands and barrier islands from the encroaching oil. . .

While mitigating the environmental damage of this spill is critical, it must be done in a way that wisely utilizes the resources at hand, effectively deals with the problem (e.g., keeping oil out of wetlands), and doesn't do more harm than good. But the emergency projects currently being proposed by various entities and permitted by the Corps of Engineers — including a plan to build a seawall in front of Dauphin Island, Alabama — have not had sufficient review and design to guarantee that any of the above goals will be met. Indeed, since the Louisiana berm will not be continuous, there is a strong likelihood that oil will flow in through the gaps, then possibly become trapped in wetlands.

In addition to its questionable prospects for success, the Louisiana berm project would be extremely expensive.

[BP Captures Some Leaking Oil](#)

BP PLC on Friday said some oil was flowing up a pipe from a cap it placed on its broken Gulf of Mexico well, but crude still spewed and it was unclear how much could be captured.

"Even if successful, this is only a temporary and partial fix, and we must continue our aggressive response operations at the source, on the surface and along the Gulf's precious coastline," Mr. Allen said in a statement.

BP Chief Operating Officer Doug Suttles said it will be later in the day before they know how much is being captured. "There is flow coming up the pipe. Just now, I don't know the exact rate," Mr. Suttles said on NBC's "Today" show.

[BP working to settle cap over oil well](#)

Gushing oil makes success of effort unclear

After successfully hacking through the leaking pipe a mile deep in the Gulf of Mexico, BP worked to place a cap on the newly shorn pipe Thursday night.

Live video showed that an inverted funnel-like cap slightly wider than a severed pipe

was being maneuvered into place over the spewing oil. However, the gushing oil made it difficult to tell if the cap was fitting well. BP spokesman Toby Odone said he had no immediate information on whether the cap was successfully attached.

[UPDATE 1-BP aims to stop 90 pct of oil spill flow with cap](#)

BP Plc (BP.L) (BP.N) aims for the containment cap placed over the gushing well pipe in the Gulf of Mexico to stop at least 90 percent of the flow of oil spilling into the ocean, a senior official with the British energy giant said on Friday.

"I'd like to see us capture 90 plus percent of this flow. I think that's possible with this design," BP Chief Operating Officer Doug Suttles told the CBS "Early Show."

"Of course what we have to do is work through the next 24 or 48 hours to optimize that. But that would be the goal. ... We want to stop this oil from spilling to the sea," Suttles added.

Suttles told CNN of the containment cap: "It should work."

['79 Gulf Oil Spill Leaves Sobering Lessons for BP](#)

Three decades later, the 1979 Ixtoc disaster remains the Gulf's — and the world's — worst peacetime oil spill.

The parallels between that disaster and the current BP oil spill offer sobering lessons. There were no quick fixes for Ixtoc: It took 10 months to stop the leak, with Mexico's state-owned oil company, Pemex, trying methods similar to those that BP has attempted at its Deepwater Horizon rig.

Pemex managed to slow the spill a little using several methods including forcing metal spheres into the well. But it couldn't stop the leak until two relief wells were drilled — and even that didn't work right away: the oil kept gushing for another three months after the first well was completed.

[Model Suggests Slick Could Zoom Up East Coast](#)

New supercomputer studies suggest it is "very likely" ocean currents will carry oil from the Deepwater Horizon spill in the Gulf of Mexico around the tip of Florida and thousands of miles up the U.S. East Coast this summer, researchers announced Thursday.

"It is truly a simulation, not a prediction," said Terry Wallace, principal associate director for science, technology and engineering at the Los Alamos National Laboratory in New Mexico, which collaborated on the project. "But it shows that when you inject something into the Gulf, it is likely to have much larger consequences."

[Oil Market Takes Long View on Spill: Prices May Rise](#)

NEW YORK (Dow Jones)--An oil slick spreading from a leaking well beneath the Gulf of Mexico isn't having much of an effect on the cost of crude Wednesday. But tough new restrictions on offshore drilling may lead to higher prices further down the line, long after the spill is contained.

The spill becomes harder to ignore further into the decade. By 2015, Wood Mackenzie predicts stiffer federal offshore permitting and safety regulations will delay over 350,000 barrels a day of production.

What production does come out of the deepwater Gulf is almost certain to be more expensive as well, at a time when there are few alternative sources of new supplies. Companies already need oil prices of at least \$60 a barrel to break even on a new project in the Gulf, according to Eurasia Group. The industry would need much higher oil prices to justify investing in new production, a reality that would be seen first in sparsely traded contracts for oil delivered in the next few years when those projects are scheduled to begin.

[BP CEO Says Cap's Success to Be Clear in 12-24 Hours \(Update2\)](#)

BP Plc will know in 12 to 24 hours if its effort to capture most of the oil leaking from a Gulf of Mexico well is a success, Chief Executive Officer Tony Hayward said.

"There's always a risk as to whether it will be a success," Hayward told reporters in Houston today. Attaching the cap to the leak would be an "important milestone," Hayward said. Like the other efforts to fight the leak, this latest device has never been used in such deep waters, he said.

[Tony Hayward: What BP Is Doing About the Gulf Gusher](#)

Here are a few of the lessons as I see them.

First, we need better safety technology. We in the industry have long had great confidence in the blow-out preventer as the ultimate failsafe piece of safety equipment. Yet on this occasion it failed, with disastrous consequences. . .

Second, we need to be better prepared for a subsea disaster. It is clear that our industry should be better prepared to address deep sea accidents of this type and magnitude. . .

Third, the industry should carefully evaluate its business model. For decades, exploration and production companies have relied on outsourcing work to specialized contractors. There's much that makes sense about this kind of structure, and lots of talented people and well-run companies are a part of it. But the question after the

Deepwater Horizon accident is how all involved parties—including exploration and production companies and drilling contractors—can work even more closely together to better understand and significantly reduce the various risks associated with drilling operations.

[Gulf oil spill: Coast Guard's early flow estimates are released](#)

The day after the April 20 explosion of the Deepwater Horizon rig, the U.S. Coast Guard evaluated the "potential environmental threat" of a spill and concluded that, in addition to 700,000 gallons of diesel from the vessel, there was an "estimated potential of 8,000 barrels per day of crude oil, if the well were to completely blow out," according to Coast Guard documents.

Two days later, Coast Guard logs included a new estimate that a full blowout could result in a spill of 64,000 to 110,000 barrels per day. (A barrel equals 42 gallons.) That's far more than current estimates of 12,000 to 19,000 barrels daily.

The Coast Guard's early appraisals were not made public, however, as BP and the Obama administration pegged the initial spill at 1,000 barrels, and then revised it to 5,000 barrels daily.

[Gulf Oil Spill Workers Report Health Problems](#)

More than a dozen workers have been treated at local medical centers for flu-like symptoms ranging from chest pain to dizziness, nausea and headaches, presumably due to exposure to different chemicals emanating from the slick, according to news reports.

The Unified Command in Louisiana -- a coalition of government agencies that includes the U.S. Coast Guard, the Department of the Interior and the National Parks Service -- last week called back to shore 125 boats helping with the clean-up after medical complaints from crew members.

[BP debt rating is cut as gulf oil leak costs mount](#)

Fitch cut the oil giant to AA from AA-plus, citing the potential for civil and criminal charges and saying "risks to both BP's business and financial profile continue to increase."

Fitch estimated that the company could spend as much as \$3 billion on cleanup and containment this year. The federal government Thursday sent BP its first bill covering oil-spill response costs so far, totaling \$69 million.

Moody's lowered BP to AA2 from AA1 and put it on review, which might lead to another downgrade. Moody's said costs related to the protracted oil leak will "weigh significantly" on BP's cash and "constrain its ability to focus on other key areas of the

company's business."

[Who could gobble up a hobbled BP?](#)

LONDON (MarketWatch) -- For sale (maybe) -- oil giant with world-class assets, unquantified liabilities and a reputation for major mishaps.

The obvious partner for BP would be Anglo-Dutch rival Royal Dutch Shell, though Total or Exxon Mobil can't be entirely ruled out either.

[Gulf oil spill: BP to go ahead with \\$10bn shareholder payout](#)

Tony Hayward, BP's embattled chief executive, will risk incurring further wrath in the US over the Gulf oil spill tomorrow by defying calls from politicians to halt more than \$10bn (£6.8bn) worth of payouts due to shareholders this year.

He will hope to appease City investors by promising in a conference call with analysts to stick with BP's dividend policy amid mounting concern about a plunging share price.

BP declined to comment on its strategy tonight but it is understood that Hayward will say he is confident the company can pay for liabilities resulting from the Deepwater Horizon rig explosion – now estimated by analysts at \$20bn to \$60bn – as well as rewarding investors.

[Another Torrent BP Works to Stem: Its C.E.O.](#)

Among his memorable lines: The spill is not going to cause big problems because the gulf “is a very big ocean” and “the environmental impact of this disaster is likely to have been very, very modest.” And this week, he apologized to the families of 11 men who died on the rig for having said, “You know, I’d like my life back.”

From the start, BP promised to be transparent about the spill. But the company has wavered between providing information to the public and strictly limiting it. For example, it resisted for weeks putting up a live video feed of the underwater spill, agreeing to it only after intense pressure from Congress. The company has consistently refused to use widely used scientific techniques to measure the spill, saying it was focused on shutting down the well.

[Everyone Missed It, But the EIA Just Totally Confirmed Peak Oil](#)

We covered the EIA's release of its annual energy outlook, and noted the fact that the organizations' demand estimate had been lowered.

But Steven Kopits of Douglas-Westwood writing a guest post at EconBrowser notes something that everyone's missed, and argues that EIA has gone "hardcore" peak oil.

[As BP severs riser, false report sends oil prices higher](#)

On a day when BP took a successful step in its most recent effort to cap a runaway Gulf of Mexico oil well, an apparently false rumor about new restrictions on offshore drilling in shallow water drove the price of oil up \$1.75 to more than \$74 a barrel.

The false report that the Obama administration would extend its six-month moratorium on deepwater drilling to water less than 500 feet deep was carried by a variety of news outlets, including the Washington Post, the Associated Press and the Wall Street Journal.

That reporting was based on an e-mail obtained by the Associated Press and several other news outlets. In the e-mail, Michael Saucier, the regional supervisor of field operations for the Minerals Management Service's Gulf of Mexico region, told one company seeking a permit that "until further notice we have been informed not to approve or allow any drilling no matter the water depth."

[Climate Bill Rebranded as BP Spill Bill?](#)

Looking to use the Gulf oil spill as an impetus to act on climate and energy legislation, the Senate expects next week to start work on a revamped "BP spill bill" —one that includes both tougher regulation of the industry and the climate and energy provisions outlined last month by Sens. John Kerry (D-Mass.) and Joe Lieberman (I-Conn.).

Mike Allen teased this out in this morning's email, noting that the new plan to combine the two issues operates "on the theory the bill will be hard to oppose." A Democratic Senate aide confirmed to Mother Jones that this is the anticipated plan: combine the standing legislation with the energy bill passed last summer and a new spill-specific package.

[Reid pushes to move energy bill in July](#)

Reid asked the chairmen to recommend legislation to deal with the Gulf oil spill before July 4 so that leaders can include those ideas in the comprehensive energy package.

"Among the actions I think we need to explore are ensuring that the oil companies are held accountable for their actions and the damages caused by their operations," Reid wrote.

Reid suggested changing the law to "ensure swift and fair compensation of people and communities for their oil pollution-related losses."

The law now limits oil companies' liability for spills to \$75 million.

[TNK-BP gas unit files for bankruptcy](#)

Russian-British oil venture TNK-BP says a subsidiary that holds the license to a huge Siberian gas field has filed for bankruptcy.

The oil company said in a statement Thursday that RUSIA Petroleum was unable to repay debts to its parent company.

[Xstrata halts Australian projects over new taxes](#)

Anglo-Swiss mining company Xstrata, in a move being closely watched in Canada, has raised the stakes in the industry's protest over plans by the Australian government to glean more taxes from the resource sector.

Xstrata PLC announced Thursday it will axe investments worth US\$496 million in two projects in Australia in a move that puts the creation of 3,250 jobs at risk.

It also ratchets up pressure on Australian Prime Minister Kevin Rudd's government over the proposed 40 per cent tax on profits generated from resources projects in the country.

[Faith leaders push senators on climate legislation](#)

"As religious leaders from across the Commonwealth, we are writing to express our alarm at the state of environmental stewardship here in Virginia, and nationwide," the letter states. "For us as people of faith, this is an issue of basic fairness and justice; not only because we are called to care for creation, but because of who will be harmed most by inaction: the poor and voiceless."

The clergy who joined this effort hail from all over Virginia and represent five religious traditions -- Hinduism, Islam, Judaism, Unitarian Universalism and seven denominations of Christianity.

[Nigeria: Confronting Country's Energy Crisis](#)

The war against the energy crisis in Nigeria is, perhaps, one that all generations in recent memory have witnessed. The shrill battle cries and bogus rhetoric that announce the campaigns are all too familiar, but the results always fail to match the rigour and optimism. With victory ever so elusive, energy reforms in Nigeria have taken the format of a recurrent combat, the reason why any new talk of consummate triumph is met with

justifiable reservations. This does not mean, at all, that Nigerians have stopped hoping.

The prostrate energy sector stands as a perennial indictment against all that ever ruled Nigeria.

[Viscount Monckton, another fallen idol of climate denial](#)

Now another fallen idol of climate change denial must be added to the list: Viscount Monckton's assertions have been comprehensively discredited by professor of mechanical engineering John Abraham, at the University of St Thomas in Minnesota.

Abraham, like the other brave souls who have taken on this thankless task, has plainly spent a very long time on it. He investigates a single lecture Monckton delivered in October last year. He was struck by the amazing claims that Monckton made: that climate science is catalogue of lies and conspiracies. If they were true, it would be a matter of the utmost seriousness: human-caused climate change would, as Monckton is fond of saying, be the greatest fraud in scientific history. If they were untrue, it was important to show why.

[User fee for water even in agri sector?](#)

NEW DELHI: Water may no longer be a free commodity even for the agriculture sector. In order to deal with an imminent water crisis that could haunt the country in the next few decades, the Centre has commissioned the Planning Commission to formulate a policy on integrated water management.

He said that a need for an integrated policy had been felt considering that diverse sectors which cater to irrigation, rural and urban drinking manage their affairs behaving as if god has given them an infinite authority over water.

[Sony Feels Heat, GE Sees Opportunity as Lights Dim in Pakistan](#)

Power plants commissioned in the 1960s and 1970s have deteriorated for lack of maintenance and spare parts, while transmission grids lose a third of their electricity to aged equipment and theft, said a fact sheet from the U.S. Agency for International Development. The agency is to spend \$146 million over five years, in part to upgrade those systems.

Inefficiencies, unpaid consumer bills and price controls on power have led state-owned utilities to stop payments to private generating companies and fuel suppliers, which have cut service. Protests over the blackouts have turned violent, with rioters burning tires, attacking government buildings and stoning police.

[Govt report shows decline in crude oil](#)

Oil prices wavered and wholesale gasoline prices climbed yesterday, after a Government report showed that inventories of crude fell more than forecast last week and supplies of gasoline dropped unexpectedly.

Natural gas prices also rose after a separate report indicated supplies increased less than expected last week.

[US Stocks Struggle to Stay Positive; Materials Slide](#)

"Everything is pointing in the sustainable-economic-recovery camp, but I think people are just not buying it yet," said Jamie Cox, managing partner at Harris Financial Group. "We need the data to get back to normal before people are going to believe it."

"If this catastrophe had happened two years ago, oil prices would've been \$200 a barrel," Cox said. Instead, the shifting strength of currencies is wielding more influence over prices. "The commodity itself is denominated in dollars and the dollar has become stronger because Europe is a train wreck. It won't be too long before that trend reverses," Cox predicted.

[Mapping Out an Electric-Car Future](#)

Anton Klima is a self-described electric car fanatic. The Los Angeles television cameraman is already on his second electric vehicle, a battery-powered BMW Mini E. To make sure he's carbon-free, he charges the car from solar panels on the roof of his Hollywood Hills home. But when he's out and about, Klima has to make do with a patchy network of public chargers left over from California's original electric-car campaign a decade ago. Though he can now track down chargers with an iPhone app, the shape of the plugs has changed, so Klima has to carry three adapters to be sure he can power up. "After a while you get used to [the hassles]," Klima says.

U.S. policymakers can't count on that kind of dedication as they map out the electric-car future. President Barack Obama aims to get a million electric cars and plug-in hybrids on U.S. roads by 2015 to ease U.S. reliance on imported oil and cut carbon emissions.

"Two chargers are needed for each car—one where you live and one where you work," says Richard Lowenthal, chief executive officer of Coulomb Technologies, a California-based maker of electric car charging stations. Building that infrastructure, he estimates, "may be a \$12 billion industry."

Some experts caution against moving too fast. Mark Duvall, director of electric transportation for the Electric Power Research Institute, an industry group, believes it may be hard for the U.S. to reach Obama's target. He predicts sales are unlikely to top 15,000 electric cars annually before 2013. "If you build some solid gold-plated infrastructure before you understand what the public wants or needs," he says, "you're

going to squander a lot of resources."

[Suncor Energy Reports Oil Sands Production Numbers for May 2010](#)

Suncor Energy Inc. reported today that the company's oil sands production during May averaged approximately 304,000 barrels per day (bpd). Planned maintenance on one of the company's two upgraders began on May 17 and is proceeding as planned. Year-to-date oil sands production at the end of May averaged approximately 250,000 bpd. Suncor is targeting average oil sands production of 280,000 bpd (+/- 5%) in 2010.

[Way up north, another kind of oil controversy](#)

However, in June, a Paris-based monthly journal described the area as "an immense toxic cesspool."

The report in Le Monde Diplomatique echoed a 2007 report by Kevin P. Timoney, an ecologist with Treeline Environmental Research, who concluded that the town's treated drinking water was safe, but high levels of arsenic, mercury and polycyclic aromatic hydrocarbons were found in fish, which many people in Fort Chipewyan, especially members of its native community, rely on for a substantial portion of their diet.

The newest report, from Le Monde Diplomatique, charged that around the Athabasca lake region the cancer rate is becoming alarming: 30 percent above the Albertan provincial average. The culprit, said the report, is suspected to be the toxic reservoirs where the effluence from the oil industry's operations is collected.

[N.J. orders Oyster Creek nuclear plant to beef up water monitoring after leak](#)

The state Department of Environmental Protection invoked the state's "Spill Act" today, ordering the Oyster Creek Nuclear Generating Station to drill new test wells, increase monitoring on existing wells and review its data on tritium contamination around the Lacey Township plant.

Tritium is a by-product of nuclear generation, and the groundwater contamination at Oyster Creek was first detected on April 9, 2009. At least 180,000 gallons of tainted water were released through two small holes in separate, underground pipes, and some of contamination is 50 times higher than permitted under federal health standards.

[Inspectors Fault Beryllium Safety at Hanford Nuclear Reservation](#)

No one said cleaning up a Cold War-era bomb factory was without its hazards. But weaknesses in a program to protect workers from a toxic metal may have exposed them

to avoidable risk, according to a newly released report by the Department of Energy.

These findings confirm prior reporting done by ProPublica, which pointed out lapses or gaps in beryllium testing at the site and beryllium training for workers at the Hanford Nuclear Reservation in Washington state. At Hanford and at other nuclear cleanup sites around the country, thousands of additional workers have been hired, thanks to billions in federal stimulus funds.

[Nokia announces bicycle charger for mobile phones](#)

There is one obvious challenge to offering mobile phones in emerging markets: the availability of electricity to charge a mobile phone. You can't expect people to be driving around cars with chargers when most in the market might be riding bicycles.

That's one reason that Nokia has announced the Nokia Bicycle Charger Kit. The kit not only allows a bicycle to charge a phone while they ride it also could create a micro-business for individuals who could offer mobile phone charging services for a fee using a bicycle.

[China's Fast Track to Development](#)

As incomes rise, China's passenger railroads will become by far the world's busiest. Moving passenger traffic off clogged conventional rail lines will free up room for an explosion of freight traffic, so increased freight revenue will pay the capital cost of building the new lines. And by reducing the need for airplanes, cars and trucks to carry passengers and freight, the system will yield big savings in energy intensity and carbon emissions.

China's rail system is already the most intensively used in the world. China carries a quarter of the world's rail freight and passenger traffic on only 6% of the world's track. China's intensity of rail use (passenger and freight combined) is double India's, triple that of the United States, and a dozen times Europe's. Over the next decade, China's Ministry of Railways expects freight carriage to rise 55%, while passenger-miles will double. More miles of track are not a luxury, but a necessity. In addition to the high-speed lines, the ministry plans to lay another 18,000 kilometers of new conventional freight and passenger track by 2020.

[California Teachers Fund to Use Commodities to Hedge Inflation](#)

June 3 (Bloomberg) -- The California State Teachers' Retirement System, the second-biggest U.S. public pension fund, agreed to begin investing in commodities as a hedge against inflation and to buffer losses in equities.

[Total OPEC May Output Up 0.19% From April—Dow Jones Survey](#)

However, oil production from OPEC's 11 quota-bound members that exclude Iraq fell for the first time this year, decreasing 0.32%, or 85,000 barrels a day, in May compared with April to a daily 26.92 million barrels, largely to due to lower output in Nigeria, the survey shows.

"If oil prices go below \$65, OPEC will call an emergency meeting, but at \$70 it is still comfortable," Al Harami said.

TABLE OF OPEC OUTPUT
DOW JONES NEWSWIRES SURVEY (a)
(in millions of barrels a day)
Oil Survey Data

	May	Apr	Mar	Feb	Quota (b)
Saudi Arabia	8.260	8.285	8.235	8.225	8.051
Iran	3.740	3.740	3.760	3.770	3.336
UAE	2.300	2.290	2.280	2.270	2.223
Kuwait	2.290	2.290	2.280	2.280	2.222
Venezuela	2.280	2.260	2.260	2.260	1.986
Nigeria	2.050	2.120	2.070	2.040	1.673
Angola	1.870	1.890	1.930	1.940	1.517
Libya	1.570	1.570	1.560	1.560	1.469
Algeria	1.290	1.290	1.280	1.280	1.202
Qatar	0.790	0.780	0.790	0.790	0.731
Ecuador	0.480	0.480	0.480	0.480	0.434
TOTAL (11)	26.920	27.005	26.915	26.895	24.845
Iraq (c)	2.420	2.280	2.300	2.567	n/a
TOTAL (12)	29.340	29.285	29.215	29.462	n/a

[Severe drought causes hunger for 10 million in west Africa](#)

A severe drought is causing increasing hunger across the Eastern Sahel in west Africa, affecting 10 million people in four countries, aid agencies warned today. In Niger, the worst-affected country, 7.1 million are hungry, with nearly half considered highly food insecure because of the loss of livestock and crops coupled with a surge in prices. In Chad, 2 million require food aid. The eastern parts of Mali and northern Cameroon have also been badly affected by the failed rains, says the UN World Food Programme, which described the situation as critical. The Sahel, a largely arid belt of land that stretches across Senegal to Sudan and separates the Sahara desert in the north from the savannah regions further south, is one of the poorest regions in the world. The WFP, which plans to assist 3.6 million people in the coming months, has described the humanitarian situation in the four affected countries as "critical", and says the hunger season is expected to last at least until the next harvest in September.



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