



Drumbeat: June 7, 2010

Posted by [Gail the Actuary](#) on June 7, 2010 - 9:19am

Topic: [Miscellaneous](#)

[BP struggling to process cap-collected mix of oil, seawater](#)

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BP decided Sunday to keep some of the four vents open on the cap over its leaking well a mile below the surface of the Gulf because it didn't have enough processing capacity to handle the mix of sea water and oil coming from the gusher, according to a New York Times report.

The newspaper cited an unnamed technician working on the operation.

The cap was already capturing about 10,000 to 15,000 barrels a day without all its vents closed, while the Discoverer Enterprise drill ship at the site is equipped to handle up to 15,000 barrels a day.

"There is no chance to close the vents when you are at maximum production," the technician said, meaning oil continues to flow in.

ef="http://professional.wsj.com/article/SB10001424052748703303904575292210472764880.html?mod=wsjproe_hps_TopLeftWhatsNews" rel="nofollow">BP Captures More Oil as Spill Costs Reach \$1.25 Billion

he company said it brought 11,100 barrels of crude to a ship on Sunday after having collected 10,500 barrels Saturday, up from slightly more than 6,000 barrels the previous day.

[BP sees 'severe' financial fallout from spill](#)

Looking ahead, Hayward also said the moratorium imposed by the US on new deepwater drilling in the Gulf could reduce its crude production by up to 50,000 b/d next year and 75,000 b/d in 2015.

Hayward said final investment decisions on its six current Gulf oil projects already have been taken and delays to drilling development wells would hit output.

Last year, BP's production from the Gulf of Mexico was some 467,000 b/d of oil equivalent or 12% of its total production.

BP was hoping to bring onstream a further development stage of its Atlantis field in the Gulf before 2015. BP's five other deepwater Gulf projects include Tubular Bells, Mars B, Galapagos, Na Kika and Horn Mountain.

According to a report by Barclays Capital, Gulf of Mexico liquids production could decline by as much as 175,000-275,000 b/d if the government moratorium on drilling in waters of more than 500 feet lasts a full year.

[\\$100 Oil Will Soon Be Here to Stay, Says Former Shell Oil President](#)

Hofmeister predicts that, if the world economy recovers at all, the cost of oil will surpass \$100 a barrel either at the end of this year or during the first half of 2011. Furthermore, he foresees prices staying in the triple digits until an alternative source of energy begins to replace liquid fuel.

"I think over the next 5 to 10 years we will peak in the production of what's called conventional or easy oil," he says. "We will not in anyway peak relative to the resources left in the earth. But the resources left in the earth will be higher risk and higher cost to produce, which will increase the cost basis on which ultimately gas prices are set."

[BP struggling to process cap-collected mix of oil, seawater](#)

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[Baker Hughes: US Oil, Gas Rig Count Down 29 To 1,506 This Week](#)

The number of rigs drilling for oil and natural gas declined this week as the growing oil spill in the U.S. Gulf of Mexico and subsequent drilling ban pared back activity.

The number of oil and gas rigs fell to 1,506 rigs, down 29 rigs from the previous week, according to data from oil-field services company Baker Hughes Inc (BHI). . .

The offshore drilling rig count fell by half this week to 24 rigs, according to Baker Hughes.

[AP IMPACT: Many Gulf federal judges have oil links](#)

More than half of the federal judges in districts where the bulk of Gulf oil spill-related lawsuits are pending have financial connections to the oil and gas industry, complicating the task of finding judges without conflicts to hear the cases, an Associated Press analysis of judicial financial disclosure reports shows.

Thirty-seven of the 64 active or senior judges in key Gulf Coast districts in Louisiana, Texas, Alabama, Mississippi and Florida have links to oil, gas and related energy industries, including some who own stocks or bonds in BP PLC, Halliburton or Transocean — and others who regularly list receiving royalties from oil and gas production wells, according to the reports judges must file each year.

[Why the Oil Spill Won't End Gulf Drilling](#)

More than 246 million vehicles are on the road today, and the truth is we still are at least 30 years away from electric cars on a scale that would have an impact, said Ebinger, who has served as an energy policy adviser to more than 50 governments. Even replacing a few million cars with electric vehicles is a "long way from getting our dependence on petroleum in the transportation sector ended," he said.

[The Brightside of the BP Oil Spill](#)

TOP 15 BRIGHTSIDES OF THE BP OIL SPILL.

- * Your shrimp dish comes pre- marinated.
- * Newly affordable water front properties.
- * Frolicsome beachside tar ball fights.
- * Gulf Coast salad dressing: just add vinegar.

- * Jet Skis able to refuel mid- trip.
- * Lubricated Jelly Fish.
- * Mortared with oil and tar, sand castles now tide- proof.
- * Fewer silly election year cries of "Drill, Baby, Drill."
- * No more squeaky oysters.
- * Need an oil change? Wander down to water's edge and squeegee a duck.
- * Hot enough day, and voila: the world's largest fish fry.
- * Don't bother drilling for oil, the oil is coming to us.
- * Romantic beach bonfires 24/7.
- * Wriggling out of your tight swimsuit is a breeze.
- * Every Gulf dock and pier instantly doubles as a Slip and Slide.

[Hurricanes could derail August oil leak deadline](#)

Hurricanes in the Gulf of Mexico would force the shutdown of BP's relief well operations, further hampering what BP has said is the best sure-fire way of plugging the massive oil leak.

[Coast Guard Sees Cleanup of Spill Lasting Until the Fall](#)

The Coast Guard commander in charge of the federal response to the oil spill in the Gulf of Mexico warned on Sunday that even if the flow of crude was stopped by summer, it could take well into autumn — and maybe much longer— to deal with the slick spreading relentlessly across the gulf.

[The Gulf oil spill muddle: when oil nears shore, confusion begins](#)

A group of Gulf Coast mayors erupted Saturday, blaming BP for letting the Gulf oil spill come ashore. But on Sunday, Obama's man in charge said it was federal coordinators' responsibility. The exchange laid bare a still-misunderstood chain of command for onshore operations. . .

Allen summed it up this way: “Coast Guard is the federal on-scene coordinator for this response. BP is the responsible party. We are the ones accountable to make sure BP does the job.”

That gap – the space between the logistical capabilities that BP brings to bear and the Coast Guard’s ability to oversee their deployment effectively – has been the single murkiest area of command and control during the cleanup.

[Gulf's Fishing-for-Fun Culture Also Takes Hit](#)

With about a third of federal waters in the Gulf closed to fishing as of the weekend, scores of local angler tournaments are being nixed, bait shops are empty and charter boats are idle, illustrating the extent to which the slick is hurting not only commercial fishermen but the Gulf’s deep tradition of recreational fishing.

[Shale Gas Well Blowout Raises Specter of New BP: Energy Markets](#)

Pennsylvania natural gas well “blowout” last week helped drive prices to a 14-week high on concern that tighter restrictions on offshore drilling following BP Plc’s Gulf of Mexico spill will spread onshore.

The incident on June 3 at the project operated by EOG Resources Inc. shot flames and drilling fluids 75 feet (23 meters) into the air, the state Department of Environmental Protection said in a statement on June 5. The well is in the Marcellus Shale gas find in Clearfield County, about 122 miles northeast of Pittsburgh.

[Gas well problems likely, filmmaker warns](#)

Josh Fox, of Wayne County in northeastern Pennsylvania, said problems can occur with five to 10 natural gas wells of every 100 drilled.

“We probably never will learn what caused the blowout,” Fox said prior to the showing of “Gasland,” his recently completed documentary about the potential environmental impacts of the drilling and fracturing process now in use.

“There could be big problems underground. Blowouts are very common,” the 37-year old Fox said.

[Cornyn to Kerry: Try hitting some singles instead of home-run energy legislation](#)

A Republican senator on Sunday said he would work with Democrats on limited energy proposals but warned against a comprehensive energy and climate bill that congressional leaders want to push this summer. “We need to be very careful here,” Sen. John Cornyn (R-Texas) said on ABC’s “This Week” as he responded to a call from Sen. John Kerry (D-Mass.) that Congress use the Gulf Coast oil spill to advance sweeping energy and climate legislation.

Cornyn urged Kerry to think small.

“I think rather than try to hit a grand slam home run, I’d like to work with Sen. Kerry and others to try to hit some singles,” said Cornyn, who heads the National Republican Senatorial Committee. He mentioned nuclear power, improved battery technology and expanded natural gas production as areas that could form the basis of an energy bill.

[Policies bring ruinous results](#)

We are increasingly faced with insurmountable challenges; debt, rising costs, higher taxes, energy shortage, oil gushing into our Gulf waters and onto our pristine beaches.

We wring our hands and point out fingers. Blame this one, damn that one.

The farmer for high prices, when we forced the restrictions. The illegal immigrants when we elected the scum who allowed them to illegally immigrate. The greedy banks while demanding loans we can't repay. Oil companies for making too much money, forgetting they keep our automobiles running, our air-conditioners and furnaces humming and provide millions of jobs.

Look into the mirror.

[Hawaii's weather, high gasoline costs lure electric vehicles](#)

The first car imported to Hawaii in 1899 was an electric vehicle.

The royal Iolani Palace, home to the former king, lays claim to having electricity installed less than seven years after Thomas Edison invented the first practical light bulb.

Now, state officials and business leaders want Hawaii to become the real-world test ground for a burgeoning electric and alternative-fuel car industry.

[The fierce urgency of energy](#)

What we're doing with energy – what we've been relentlessly, myopically doing after being warned and warned about the consequences – is exacerbating a climate change already well under way by refusing to acknowledge that this is a crisis. Not a Priority #6, we-should-maybe-get-around-to-that-tomorrow-or-day-after-tomorrow kind of crisis. A right-now crisis. We have to stop dinking around.

We should treat our energy crisis like World War II.

[Energy: Crisis ahead](#)

ARGUABLY the biggest challenge facing not just India but the entire world in the 21st century is the challenge of depleting fossil fuels. For too long now, fossil fuels—particularly petroleum and natural gas—have fuelled global economic growth.

But now these fuels are rapidly getting exhausted, putting the world in a very uncomfortable and dangerous position. Already, India's imports of petroleum have doubled from approximately 80 million metric tonnes in 2001/02 to 160 million metric tonnes in 2008/09. There are no signs of this demand peaking and stabilising. We are using oil as if there is an unlimited supply of it; instead of recognising the problem (that oil is a finite source and will deplete soon) and focusing on developing clean, renewable sources of energy.

[Biofuels and Food Prices: An Update](#)

When U.S. food price inflation hit 5.5 percent in 2008, a lot of people pointed to growth in biofuel production as the culprit. A lot has happened in the last two years, so it may be a good time to revisit old arguments in the light of recent experience.

Between 2005 and 2008, U.S. ethanol production increased from less than 4 billion gallons to more than 9 billion gallons. As more of the nation's grain was used to produce ethanol, the price of corn more than doubled, from \$2.00 per bushel for the crop harvested in 2005 to \$4.20 for the crop harvested just two years later. Prices for other crops also increased, and food price inflation hit the highest level in decades.

Food price inflation slowed dramatically in 2009, to just 1.8 percent, and it currently appears that 2010 food inflation will only be slightly higher. What happened? And what does it imply for the debate about the effect of biofuels on food prices?

[Surging costs hit food security in poorer nations](#)

Families from Pakistan to Argentina to Congo are being battered by surging food prices that are dragging more people into poverty, fueling political tensions and forcing some to give up eating meat, fruit and even tomatoes.

[USA - Tyson leading the meat trade pack in bio fuels](#)

Tyson—one of the world's largest processors of chicken, beef, and pork—and the fuel company Syntroleum broke ground in Geismar, Louisiana, on a "renewable" diesel plant. The fuel will be produced in part with Tyson factory farm byproducts, including animal fat and poultry litter. ("Litter" is the euphemistic term for poultry poop mixed with feathers, leftover feed, bedding, and whatever else ends up on the factory floor.)

Tyson says this plant, along with another one it's building with oil giant ConocoPhillips in

Borger, Texas, will produce diesel destined for military and commercial aircraft. Once it is working at full capacity, the Geismar plant alone, Tyson estimates, will produce roughly one quarter of the country's current total output of biofuels.

[Brazil buries carbon plan](#)

A proposal supported by the UAE to fund the fight against climate change by burying carbon pollution underground has been blocked by a powerful, perhaps insurmountable foe: Brazil.

[IEA counts \\$550bn energy support bill](#)

The world economy spends more than \$550bn in energy subsidies a year, about 75 per cent more than previously thought, according to the first exhaustive study of the financial assistance devoted to oil, natural gas and coal consumption.

The study by the International Energy Agency, the western countries' oil watchdog, says phasing out subsidies over the medium term, as agreed last year by the G20, would trigger vast savings in energy consumption and carbon dioxide emissions.

Past efforts have foundered as many countries have vested interests in providing lower-cost fuel to their citizens and industries, and in propping up sectors such as coal mining.

[1st commercial bike-sharing programs rolling right along](#)

Reducing one's carbon footprint is as easy as riding a bicycle--especially if you live in Toyama or Kita-Kyushu, where the nation's first two commercial bicycle-sharing programs are gliding right along.

Community projects introduced in March enable residents to pick up a bicycle at one location and drop it off at another.

Organizers hope that affordable access to bicycles will eventually create a viable alternative to driving.

[Building a better bicycle](#)

Known as the "bicycle guy" around Iowa Park, Mack Carter creates innovative bikes out of other people's garbage.

"The most expensive bike I have cost me \$3 because I had to buy some pieces for it.

So far, Carter has built between 50 and 75 bikes.

“I’ve got tall bikes, low-riders, three-wheelers, recumbents. Anything with two or more wheels. Anything I can imagine,” he said.

[Africa’s first high-speed train opens for World Cup visitors](#)

JOHANNESBURG — South Africa will open the continent's first high-speed rail link on Tuesday, just in time to whisk a mass influx of World Cup fans Cup from the country's main airport into uptown Johannesburg.

The three billion dollar Gautrain project has been dogged by a series of problems since work began in September 2006, including strikes and excavation snags, and only one stretch of the line will open for business this week.

[Europe’s debt woes push down commodity prices](#)

NEW YORK: The biggest slump in commodities since Lehman Brothers collapsed is undermining Wall Street forecasts for accelerating economic growth and higher prices for everything from copper to crude oil. The Journal of Commerce Industrial Price Commodity Smoothed Price Index that tracks the growth rate of steel, cattle hides, tallow and burlap plunged 57% in May, two years after a decline that foreshadowed the worst recession in half a century. The index of 18 industrial materials declined the most since October 2008 as Europe’s debt crisis widened and China took steps to curb growth.

[Agricultural Exporters Still Facing Equipment Shortages](#)

U.S. exporters of agricultural products are likely to give ocean carriers an earful about the woes they are facing in getting their products to market when they convene this week in San Francisco for the 23rd annual Agriculture Transportation Conference. With a few exceptions, exporters of products ranging from almonds to wheat say they still do not have enough containers or ample space on ships to fill their orders in a timely manner. With competition heating up from suppliers in other countries, it is likely that even those exporters who have yet to lose sales may do so in the future.

The problem has been exacerbated by the rapid rebound of the Asian economy - where demand for U.S. beef has grown by 11 percent so far this year and by as much as 250 percent in China - combined with a slow rebound in the U.S. economy which is restricting the number of import containers entering the country.

[Area farmers develop their niches](#)

Agriculture once considered only full-time farmers raising grain and livestock to be “real” farmers, but the definition is changing. Only about one-third of Wayne County farmers work exclusively on the farm now, with the other two-thirds also working at other employment.

The mix of crops and animals on an Indiana farm now might include grass-fed beef, goats and llamas, grapes and wine, and homemade goat cheese or soap.

Seeing agriculture as a part of a community’s economic development is still a connection many people don’t make...”

[Colin Peterson, the environment and the 2012 Farm Bill](#)

In DC and at field hearings all witness were producers of agricultural commodities, producers of forest products or professors – mostly from land grant Ag schools. Conspicuously absent were witnesses representing the environment; only one organic producer was among the dozens of agricultural leaders who testified.

Scientists tell us that agricultural landscapes are key to maintaining biodiversity and agriculture is now the single most pervasive source of water pollution in virtually every US river basins. While the Clean Water Act has worked well to regulate point sources like sewage outfalls and factories, it has failed to control non-point pollution especially nitrates and pesticides from Ag lands, sediment from forest lands and stormwater run-off from everywhere.

[Desalination only solution to avert crisis](#)

He said more than 40 percent of oil and gas production is being used just to produce water, electricity and fuels for cars and industries in Saudi Arabia. These utilities are heavily subsidized, which is benefiting only a handful of people, not the majority of Saudis who need them.

[Lack of water threatens Iraq’s long-term stability](#)

The 50-year-old father of five from Falluja in western Anbar province was forced to abandon his 50 acres of land and take a job in construction after years of drought killed off his wheat, barley, tomato, cucumber and watermelon harvests.

He has little hope of returning to farming -- his primary source of income for 35 years -- and plans to sell some of his land as water levels in rivers and reservoirs continue to drop, increasing the concentration of pollutants in the water.

"Day after day, the soil situation is deteriorating because the level of salt is increasing and fertility is decreasing. It's like a cancer hitting the human body," Hasan said.

Already damaged by decades of war and sanctions, Iraq has acute water shortages which are expected to worsen as its population of around 30 million grows.

[Total Seeks More Opportunities in Unconventional Natural Gas](#)

June 4 (Bloomberg) -- Total SA, Europe's third-largest oil producer, said falling natural gas prices hasn't affected its plans expand in shale gas in the U.S. and Europe.

Europe faces an oversupply of gas until 2015, according to the International Energy Agency.

De Vivies said that while gas prices may pick up "in a few years," helped by rising demand in Asia, consumption in Europe may be stagnant. "We expect high growth from China, India and the Middle East," he said. "In Europe, maybe we have reached a peak of consumption. Everything will depend on the use of natural gas for power generation."

[Xinjiang Goldwind Seeks to Expand Outside China](#)

"We hope to be one of the world's top three wind-turbine makers in the next three to five years," Mr. Wu said.

Xinjiang Goldwind, the world's fifth-largest wind-turbine maker by capacity, said it expects its 2010 net profit to jump to 2.24 billion yuan (US\$328 million) from 1.75 billion yuan in 2009.

[Apple Patents Solar Panels Under Multitouch Displays](#)

Apple might be planning to integrate some kind of solar-charging technology in a future iteration of its handheld devices, according to a new patent filing.

[Lubimbi coal project among the biggest](#)

"Our immediate priority right now is to get the coking coal to market. I would like to have the first coal shipped from May 2011. Everything is geared towards that date," Kgadima told Mining Weekly Online.

Water, transport and energy are close by in this coal-mining area that is largely under-exploited. Lontoh Coal is in discussion with Zimbabwe National Railways to refurbish 450 rail wagons and to acquire up to 16 locomotives to give it the capacity to transport an eventual two-million tons of coal a year to the Motola export port at Maputo and also rail coking coal in the copper mines Zambia and the Democratic Republic of Congo and to ferrochrome producers in South Africa.

The company is planning to produce at a rate of two-million tons a year from Lubimbi and increase output to 10 million tons a year in five years.

[What does it mean to “enrich” Uranium?](#)

Let's face it. If it were that simple, nuclear bombs would have been invented long ago. If there's one thing the internet proves, it's that people will never stop looking for flashy ways to hurt themselves and others.

[Public meetings this week on proposed uranium mill](#)

MONTROSE COUNTY, COLO. (KKCO)_Want to make your voice heard on plans to build a uranium mill in Montrose County near Naturita? Well you can at one of two upcoming public meetings.

[Nuclear fusion dream hit by EU's cash dilemma](#)

A £15bn international bid to harness the fusion process that powers the Sun is facing a major funding crisis. Scientists have revealed that the cost of the International Thermonuclear Experiment Reactor (Iter) has trebled from its original £5bn price tag in the past three years. At the same time, financial crises have beset all the nations involved in the project.

To date, all prototype fusion plants have consumed more energy than they have generated.

[China's 'cancer villages' reveal dark side of economic boom](#)

Like many other residents of Xinglong, a small rural community next to an industrial park in China's Yunnan province, she had little doubt about the source of her cancer. "The pollution in this village is bad, people get sick."

Such stories have become much more common in China in recent years as breakneck economic growth increasingly takes its toll on the nation's health.

Since last year, there has been an explosion of lead poisoning cases close to smelting plants. Studies have shown that communities that recycle electronic waste are exposed to cadmium, mercury and brominated flame retardants. Elsewhere, there have been protests against chemical factories that are blamed for carcinogens that enter water supplies and the food chain.

Nationwide, cancer rates have surged since the 1990s to become the nation's biggest killer. In 2007, the disease was responsible for one in five deaths, up 80% since the start of economic reforms 30 years earlier.

[Petrobras Strikes Pre-Salt Oil at Brazil's Marlim](#)

The company plans to more than double oil production to 5.7 million barrels a day by 2020 as it develops fields sitting below a layer of salt in deep waters of the Atlantic Ocean. The company is spending as much as \$220 billion to finance offshore oilfields including Tupi, the Western Hemisphere's largest discovery since Mexico's Cantarell in 1976.



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