



## Drumbeat: June 17, 2010

Posted by [Leanan](#) on June 17, 2010 - 9:09am

Topic: [Miscellaneous](#)

### [Experts: Drilling Moratorium May Do More Economic Damage Than Oil Spill](#)

The six-month moratorium on deepwater oil and gas drilling in the Gulf of Mexico imposed by President Obama is taking a toll on the economy of Louisiana that could far exceed the damage to other industries caused by the BP oil spill. The purpose of the moratorium is to assure that no other accident occurs, but many experts believe it is too long.

Congressional representatives from Texas, Louisiana and Mississippi are appealing to the Obama administration to shorten the six-month moratorium on deepwater drilling in the Gulf, noting the damage that will be done to regional economies dependent on the oil and gas industry. The bi-partisan group of lawmakers also note the importance of the oil produced from the Gulf, which amounts to around 30 percent of total U-S domestic production. Of that, 80 percent is produced from deepwater wells.

d access to luxury goods and services is only possible, however, because our economic system still creates enough surplus to distribute some of it among even the non-elite. During pre-industrial times, the difference between the haves and the have-nots was not one of degree but one of kind. A medieval peasant could not even dream of owning a stone house, for instance. Because the economy produced little surplus, it could support few rich people, and those few could accumulate riches only by reducing the rest of the population to permanent poverty, sometimes barely above survival level. The result was a considerable distance between the wealthy and the rest of the population, comparable not to the difference between a modern-day French worker and a millionaire, but to the one between the same French worker and a Malian subsistence farmer.

### [Middle East's Oil – a market in transition](#)

Saudi Arabia's oil patch is also in transition. The large, easy-to-produce, low-cost deposits of light oil are mostly developed and future projects will be concentrated in smaller, costly, complex developments that will deliver poorer quality oil. The next, and last, of the giant Saudi projects is to develop the 900,000b/d Manifa field, where the costs have soared to at least \$16 billion, a seven-fold increase from Haradh-3, which was brought on-line in 2006. The heavy oil field is offshore in a delicate marine setting, adding to costs, but it is a sign of the times that it will offset declines elsewhere and add nothing to overall capacity when it comes on-stream in 2013.

### [Crunch time in Saudi price review](#)

A wide-ranging governmental review of prices for gas and oil inputs in the Saudi petrochemicals sector will have huge implications for the kingdom's bid to become the world's largest producer of chemicals in the next decade, experts say.

### [Chevron, Russia's Rosneft to explore Black Sea oil](#)

MOSCOW (Reuters) - Oil major Chevron and Russia's largest oil producer Rosneft agreed on Thursday to jointly develop a deposit on Russia's Black Sea shelf, with Chevron financing initial exploration activities.

"The exploration stage will cost \$1 billion," Russia's top energy official, Igor Sechin, said after the signing ceremony, held at Prime Minister Vladimir Putin's residence outside Moscow.

### [Norway Oil Workers, Employers Reach Wage Agreement](#)

(Bloomberg) -- Norwegian offshore oil workers reached an agreement with employers averting a planned strike at platforms operated by Statoil ASA and Royal Dutch Shell Plc.

### [BP Reports Highest Oil-Capture Rate From Well Since Spill Began](#)

(Bloomberg) -- BP Plc captured 18,600 barrels of oil from its leaking Gulf of Mexico well yesterday, a 78 percent increase from the previous day and the most since the spill began in April.

About 21 percent of the oil was burned aboard the Q4000, a floating rig connected to the wellhead that began operations early yesterday, BP said in a statement posted today on its website. The rest was stored aboard the Discoverer Enterprise, a drillship that's been collecting oil since June 4, BP said.

### [Cracks Show BP Battled Well Two Months Before Blast](#)

(Bloomberg) -- BP Plc was struggling to seal cracks in its Macondo well as far back as February, more than two months before an explosion killed 11 and spewed oil into the Gulf of Mexico.

### [Lawmakers lay blame squarely on BP](#)

NEW YORK (CNNMoney.com) -- Lawmakers raked BP's corporate culture Thursday, calling the firm's top leadership "oblivious" to what was happening with its doomed oil well, in the first Congressional appearance by BP chief executive Tony Hayward since since the Gulf of Mexico oil spill began nearly two months ago.

"BP cut corner after corner...and they were apparently oblivious as to what was happening," Rep. Henry Waxman, D-Calif., said during a hearing before a subcommittee of the House Committee on Energy and Commerce. "Now the whole Gulf Coast is paying the price."

### [Obama v BP](#)

America's justifiable fury with BP is degenerating into a broader attack on business.

### [On BP's 'Strategic Default' Option](#)

The market decline, of nearly \$100 billion, assumes that the cost to BP will be much more than \$50 billion. That's a "worst case" scenario, not "most likely" case. More to the point, it is a "worst case" scenario that probably won't be realized, even if it occurs.

That's because BP has the option of offering BP America as a "sacrificial lamb," if the actual cost of the spill is significantly more than \$50 billion, just as home owners may choose to offer the bank the house if its value falls below the mortgage. Put another way, BP has put a 20% down payment on a "house" that could cost up to \$100 billion (depending on the size of a randomly determined mortgage), but whose "market" value is more like \$50 billion.

### [BP's Spill Fund a \\$20 Billion Shakedown, Republican Barton Says](#)

(Bloomberg) -- Representative Joe Barton, a Texas Republican, said a fund BP Plc agreed to establish after meeting with President Barack Obama yesterday amounted to "a \$20 billion shakedown."

"I'm ashamed of what happened in the White House," Barton said today as a House Energy Committee panel began a hearing on BP's Gulf of Mexico oil spill.

### [The Other U.S. Energy Crisis: Lack of R&D](#)

BP says it's throwing its best people at stopping the Gulf of Mexico oil spill. Nevertheless, it took an outsider—Energy Secretary Steven Chu, who has a Nobel Prize in physics—to come up with the idea of peering inside the malfunctioning blowout

preventer with high-energy gamma rays. BP tried Chu's idea—after a few snickers and Incredible Hulk jokes, according to the Washington Post—and lo and behold, it worked. The probe was "crucial in helping us understand what is happening inside the BOP [blowout preventer] and informing the approach moving ahead," said Jane Lubchenco, head of the National Oceanic & Atmospheric Administration.

The gamma ray incident is symptomatic of a problem that's bigger than London-based BP: Energy companies worldwide are far less science-oriented than one might expect from an industry that is heavily dependent on technology for safety and profit. In the U.S., energy companies' spending on research, development, and deployment amounts to just 0.3 percent of sales. That's barely more than a tenth what the auto industry spends as a share of sales and is dwarfed by the pharmaceutical industry, which spends nearly 19 percent of sales. (American Petroleum Institute chief economist John Felmy says R&D measures understate his industry's "overall investment for the future.")

### [Spill threatens NW Florida; Intracoastal Waterway may close](#)

Oil has begun invading beaches in Northwest Florida and is seeping into Pensacola Bay, leading state officials to warn that the Intracoastal Waterway may have to be closed to commercial traffic.

### [Democrats May Aid Renewable Energy in Oil Spill Bill](#)

(Bloomberg) -- Senate Democrats will debate today whether a bill that responds to BP Plc's oil spill should benefit renewable energy sources and limit greenhouse gases.

The closed-door meeting will gauge Democratic support for these proposals before President Barack Obama brings Republicans into talks on energy legislation next week at the White House.

### [Videos, fake logos mock BP over oil disaster](#)

Making a mockery of BP and its unsuccessful efforts to stem the flood of oil has gone viral on the Web. And based on viewership, it appears the public would rather watch parodies of the disaster than BP's official responses to it.

### [Lisa Margonelli - Oil Spill Theater: Catharsis or Catalyst?](#)

Obviously, I'd like to see policy makers seize this opportunity to have a fully blown discussion about the risks of oil dependence, and let that lead towards new and comprehensive energy policy moving away from oil dependence.

To some extent, that's what's on display, as the discussion gets down into the weeds on

the details of what may have gone wrong in the Deepwater Horizon rig. Lock out collars, degassing mud before recirculation, annulus, tie back lines on the casing, blind shear rams -- I have to say I love this. The last few weeks I've had more discussions about blow out protectors around barbecue grills than in my previous eight years of writing about oil. At last, the big national conversation is beginning.

### [Resolving BP spill will take years](#)

Just before the Deepwater Horizon accident, Florida spent \$200,000 on a study of offshore drilling safety that concludes: "Oil spills from offshore exploration, development, production and the transportation associated with these activities are unlikely to present a major risk to Florida."

So much for studies.

### [Security Tops Environment in China Energy Plan](#)

BEIJING — When President Obama called this week for a "national mission" to expand the use of clean energy and increase American energy independence, Chinese officials might have nodded knowingly.

The government here is already far along in drafting energy legislation with similar goals for China, according to Chinese officials and executives.

### [Kingdom may enrich uranium for nuclear plants](#)

DUBAI: Saudi Arabia may mine and enrich uranium to fuel power plants if it embarks on a civilian nuclear energy program, a consultant preparing a draft nuclear strategy for the Kingdom said on Wednesday.

Saudi Arabia would want to play a role in as many of the stages of generating nuclear power as possible eventually, said David Cox, president for energy at the UK branch of Finnish management consultancy Poyry. "Enrichment could happen there and the same with mining uranium..." Cox said in a telephone interview with Reuters. "But outsourcing will happen initially."

### [NOAA Sees Above-Normal Temps Across US](#)

Above-normal temperatures are expected in a wide swath of the U.S. from the entire East Coast to the deep south and across the Gulf Coast to the desert southwest in July through September, government forecasters said Thursday.

## [Two Win Blue Planet Prize for Bridging Science and Policy](#)

James Hansen, director of NASA's Goddard Institute for Space Studies in New York City and a vociferous advocate for lowering global greenhouse gas emissions, was chosen for his work modeling Earth's climate, predicting global warming, and warning the world about the consequences. Robert Watson, an atmospheric chemist at the University of East Anglia in the United Kingdom, is being honored for his studies of the ozone hole and work toward an international agreement to ban the use of the chemicals causing ozone depletion; he later chaired the Intergovernmental Panel on Climate Change.

## [Experts: Drilling Moratorium May Do More Economic Damage Than Oil Spill](#)

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## [Disaster is making US think again about cleaner energy](#)

The Deepwater Horizon oil spill is making Americans think more about a clean energy future – but not yet to the extent of having to pay for it, or to tackle climate change, one of the leading US thinkers on global warming policy said yesterday.

## [Iran sanctions may see redirection of oil flows](#)

Kazakhstan and Turkmenistan may redirect oil exports to Russia's Black Sea port of Novorossiisk rather than shipping it to Iran due to sanctions imposed from 1 June according to reports.

## [Natural Gas Spreads Spark New Amaranth Concern](#)

(Bloomberg) -- Trading patterns in natural-gas futures are fanning speculation of a repeat of the collapse four years ago of U.S. hedge fund Amaranth Advisors LLC.



### [Gazprom opens base at Djibouti Free Zone](#)

(MENAFN) Economic Zones World (EZW) announced that Gazprom Neft Marine Bunkering Limited, a subsidiary of Russian gas giant, Gazprom Energy, has established a base at Djibouti Free Zone (DFZ), Gulf News reported.

### [BP Gulf Spill Fuels Australian Opponents to Drilling](#)

(Bloomberg) -- BP Plc's Gulf of Mexico disaster is generating opposition to deepwater drilling off Australia, where the government is opening new exploration areas less than a year after the country's third-worst oil spill.

### [BP and Barack Obama: Knee-deep in oil](#)

The extent to which oil consumption is still regarded as akin to a constitutional right is the measure of Obama's real problem.

### [BP Hires Army of Washington Fixers to Manage Oil-Spill Outrage](#)

Coordinating the approach is a crisis-management team, assembled over the last two months, of high-priced Washington insiders. Orchestrating the response is the Brunswick Group, whose Washington managing partner, Hilary Rosen, has connections throughout the city as the former head of the Recording Industry Association of America and from previous jobs that include working for Senator Dianne Feinstein, a California Democrat.

### [It's Raining Lawyers in the Gulf](#)

A cavalcade of lawyers are homing in on what is shaping up as one of the worst environmental disasters in the nation's history.

### [Half a World From Gulf, a Spill Scourge 5 Decades Old](#)

BODO, Nigeria — Big oil spills are no longer news in this vast, tropical land. The Niger Delta, where the wealth underground is out of all proportion with the poverty on the surface, has endured the equivalent of the Exxon Valdez spill every year for 50 years by some estimates. The oil pours out nearly every week, and some swamps are long since lifeless.

Perhaps no place on earth has been as battered by oil, experts say, leaving residents here astonished at the nonstop attention paid to the gusher half a world away in the Gulf

of Mexico. It was only a few weeks ago, they say, that a burst pipe belonging to Royal Dutch Shell in the mangroves was finally shut after flowing for two months: now nothing living moves in a black-and-brown world once teeming with shrimp and crab.

### [Why Coal Prices Will Soar](#)

China is now the world's largest car market and is quickly becoming the world's largest market for a number of consumer goods. It's also the world's largest market for mobile phones.

On a recent trip to Beijing, I saw these numbers come to life... and watched the unfolding boom serving China's new and growing disposable incomes. Besides busy shops and restaurants and 5 million cars on the road in Beijing alone, there is something more basic that underlines all of this. In fact, it is more fundamental to the entire story of Asia's new consumer.

It's energy. Yes, all those factories require power. But so do iPods and air conditioners. So do cell phones and computers. The modern consumer economy is a plugged-in economy that eats electricity like locusts devour crop fields.

### [Solar plane set for night flight](#)

A solar-powered plane is getting ready to hit the skies once again - this time, at night.

It will be the first ever manned night flight on a plane propelled exclusively by solar energy.

### [The Peak Oil Crisis: A Speech to the Nation](#)

This was not the speech we were waiting for. The one in which the President goes on national television and says "My fellow citizens - Our nation and indeed the whole industrialized world is about to face one of the greatest challenges to befall mankind for many centuries - the rapid depletion of our supplies of oil and other fossil fuels has begun... very soon you will no longer be able to afford to drive your cars."

Of course, the President can't say that. The reaction would be totally unpredictable. Equity markets could collapse, there could be a run on gas stations, banks, food stores, or who knows what else. There would be calls for impeachment. It is far safer to break the bad news to us gradually and let people figure out what is about to happen themselves.

### [Oil falls to \\$77 as 3-week rally stalls](#)



MOSCOW – Oil prices dropped to \$77 a barrel Thursday as investors lost confidence in a three-week rally amid signs of weak crude demand in the U.S., the world's biggest energy consumer.

### [EU to Target Iran's Oil, Gas Industries in Widened Sanctions](#)

(Bloomberg) -- European Union governments will target Iran's oil and gas industries in backing U.S. calls for widened sanctions against the Iranian nuclear program, a draft EU declaration said.

European penalties will hit "key sectors of the gas and oil industry with prohibition of new investment, technical assistance and transfers of technologies, equipment and services," according to a statement prepared for today's EU summit.

### [BP boss to face US Congress over oil spill](#)

WASHINGTON (AFP) – BP's chief executive faces a flaying from furious US lawmakers Thursday over the Gulf of Mexico oil spill, a day after the energy giant pledged at least 20 billion dollars for compensation claims.

Tony Hayward faces fuming US lawmakers, some of whom have publicly suggested senior BP officials should "commit hara-kiri," after he and BP Chairman Carl-Henric Svanberg were summoned to the White House on Wednesday.

### [BP chief Tony Hayward's statement in full](#)

BP boss's full statement to congressional committee on the Deepwater Horizon oil spill, the causes, clean-up operation, and BP's actions and responsibilities.

### [BP shares jump on dividend suspension](#)

LONDON (AFP) – BP's share price soared almost ten percent on Thursday after the group suspended its shareholder dividend and agreed to create a 13.56-billion-pound fund for costs from the Gulf of Mexico oil spill.

### [BP Bonds Escape Distressed List, Trade as Junk](#)

(Bloomberg) -- BP Plc's agreement to cut three quarters of dividend payments and set up a \$20 billion fund for oil-spill victims removed the energy producer from a four-hour stint among companies the bond market labels distressed.

### ['Strong' BP has resources for US pay-outs: Osborne](#)

LONDON (AFP) – Oil giant BP is a "very strong company" and has the resources to cover the costs of the Gulf of Mexico oil spill, Chancellor of the Exchequer George Osborne said on Thursday.

"BP in the end is a very strong company," Osborne told BBC radio, when asked about the 13.59-billion-pound fund BP had unveiled on Wednesday to face the mounting costs from the disaster.

### [With Criminal Charges for Oil Spill, Costs to BP Could Soar](#)

As BP watches its bill rise quickly for the oil spill, including \$20 billion it is setting aside for claims, it could find the tally growing much faster in coming months if the United States Department of Justice files criminal charges against the company.

### [FACT CHECK: Obama left blanks in oil spill speech](#)

WASHINGTON – In assuring Americans that BP won't control the compensation fund for Gulf oil spill recovery, President Barack Obama failed to mention that the government won't control it, either.

That means it's anyone's guess whether the government can, in fact, make BP pay all costs related to the spill.

### [Obama May Get Boost From Pressing BP to Set Up Fund](#)

(Bloomberg) -- President Barack Obama scored a political victory by pressuring BP Plc to commit \$20 billion for damages from an environmental disaster that's weighing on his presidency as the company struggles to contain thousands of barrels of oil flowing into the Gulf of Mexico each day.

### [Obama seeks emergency funding for oil disaster commission](#)

Washington (CNN) -- President Barack Obama on Wednesday asked Congress for \$15 million in emergency funding for the new national commission investigating the oil disaster in the Gulf of Mexico.

### [Gulf inhabitants push for energy bill in Congress](#)

WASHINGTON (AFP) – Close to 100 local officials, businessmen, fishermen and ordinary citizens from oil-stricken states on the Gulf of Mexico, went before Congress Wednesday to push for a new energy and climate change bill.

"Americans don't want band-aid solutions to this crisis. They want comprehensive action. Now is not the time for delays, now is the time for leaders in the Senate to act," resort owner Kevin Overton, of Escambia, Florida, told a press conference.

### [Citigroup to Suspend Foreclosures in Area Affected by Oil Spill](#)

(Bloomberg) -- Citigroup Inc., which received \$45 billion in a taxpayer-funded bailout, will suspend foreclosures in coastal areas "hard hit" by the oil spill in the Gulf of Mexico.

The halt is effective starting tomorrow and will apply only to loans owned by the New York-based bank's mortgage unit and meeting "certain other criteria," and not debt that Citigroup services for other lenders or investors, the company said today in an e-mailed statement.

### [Internal documents contradict BP engineer's testimony](#)

A BP drilling engineer's testimony before a fact-finding commission investigating the Gulf oil spill has been contradicted on several key points in e-mail messages released by congressional investigators, the New Orleans Times-Picayune reports.

### [Energy bank Simmons cuts ties to outspoken founder](#)

(Reuters) - Outspoken energy investment banker Matthew Simmons is relinquishing his last ties to the energy-focused firm he founded, Simmons & Co International said on Wednesday.

### [Simmons says...](#)

Simmons & Co International, the energy investment bank founded by author and peak oilist Matt Simmons, has announced that Simmons himself is retiring as chairman emeritus there.

This move is perhaps not surprising, as Simmons' own views have diverged markedly from the bank's in recent weeks.

### [BP's \\$20 billion spill fund echoes in Bhopal justice cry](#)

NEW DELHI (Reuters) – Indian activists seeking justice in the world's worst industrial disaster are accusing the United States of "double standards", saying it was punishing firms polluting American soil but ignoring their mistakes abroad.

### [Screwed if by Sea: A 90-year-old maritime law gets BP off the hook for workers killed on the Deepwater rig](#)

The math works out even worse for workers without dependents. Jones' brother Chris testified before the Senate Judiciary Committee that one of the other Deepwater workers who was killed was single and childless. That means his family would only be entitled to recover funeral expenses under DOHSA. But because his body was never recovered after the explosion, the funeral costs will be lower. BP could end up paying his family as little as \$1,000 for their loss.

Chris and his father Keith have pleaded with Congress to fix the law so that any employer can be held accountable for negligence—regardless of whether an employee dies on land or at sea. Last week, Senate Judiciary chair Patrick Leahy, D-Vt., introduced legislation that would do just that.

But Leahy's bill faces an ugly political fight. And giant oil corporations—the most obvious potential opponents of such legislation—may not even have to flex their lobbying muscle. There's another powerful industry with an interest in doing BP's dirty work to preserve the status quo. That would be cruise line operators—and when it comes to Beltway battles, the cruise lobby is no Love Boat.

### [BP Chairman: 'We Care About the Small People'](#)

BP chairman Carl-Henric Svanberg today said that President Obama “is frustrated because he cares about the small people. And we care about the small people. I hear comments sometimes that large oil companies are really companies that don't care, but that is not the case in BP, we care about the small people.”

### [BP chief apologizes for "small people" remark](#)

WASHINGTON (Reuters) – BP Chairman Carl-Henric Svanberg on Tuesday apologized for speaking "clumsily" by referring to those hurt by his company's oil spill as "small people."

### [BP will pay for its costly disaster](#)

Following Obama's meeting with BP bosses we should expect to see the firm leak billions long after the flow of oil is staunch.

### [BP stock: Yes, it's cheap, but it's a huge gamble](#)

If you've ever wanted a chance to invest in an oil company on the cheap, it might be here. Shares of BP are selling for about half what they were before the April 20 oil rig disaster. Major multinational oil companies don't go on sale like this often.

But BP is a classic example of why a cheap stock isn't necessarily one you should buy.

### [BP's next challenge: Disposal of tainted sludge](#)

Oil giant BP is facing a huge new challenge in disposing of the millions of gallons of potentially toxic oil sludge its crews are collecting from the Gulf of Mexico, according to industry experts and veterans of past spills.

Crews so far have skimmed and sucked up 21.1 million gallons of oil mixed with water, according to the Deepwater Horizon Unified Command. Because the out-of-control well may continue spewing for months, that total almost certainly will surge.

### [Europe Sounds Alarm on Minerals Shortage](#)

The European Union is facing shortages of 14 critical raw materials needed for mobile phones and emerging technologies like solar panels and synthetic fuels, according to a study by the European Commission to be released on Thursday.

### [Uncle Sam, Solar Landlord, Is Under Fire](#)

The nation's biggest landlord, the United States government, has set the rent it will charge developers who build solar power plants on federal land, and some prospective tenants are not happy.

### [EU 2013 Carbon Trades at Smallest Premium Over 2012 in 5 Months](#)

(Bloomberg) -- The premium of European Union carbon dioxide permits for December 2013 delivery compared with 2012 declined to its narrowest in five months as lawmakers from around the world fail to set greenhouse gas limits.

### [Global Warming and the Pollsters: Who's Right?](#)

All three of these polls were conducted by professionals, so why do they seemingly disagree? Mainly, it's in how the questions were asked, and how the data was

interpreted. On the surface, it appears that Americans are deeply divided over the issue, wafting back and forth because it was a mild winter, or it's a hot spring, neither of which have anything to do with global climate change.

### [Met Office warns of long-term extreme weather risks](#)

British businesses need to invest in adaptation measures to cope with flooding and drought in the coming decades even if substantial reductions in greenhouse gas emissions are achieved.

That is the stark warning from the insurance industry today after a new report from the Met Office warned that global water cycles will continue to be disrupted in the coming decades even if average temperatures stabilise and begin to decrease.



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