



Drumbeat: June 18, 2010

Posted by [Leanan](#) on June 18, 2010 - 9:18am

Topic: [Miscellaneous](#)

[ANALYSIS - Britain: the pivot point for global LNG](#)

(Reuters) - Britain will continue to play a pivotal role in balancing the amply-supplied global liquefied natural gas market this year, using its big new LNG import terminals and export pipeline to refill European gas stocks drained over a long winter.

British gas exports to continental Europe via the Interconnector UK (IUK) pipeline have surged around 70 percent, year on year, since May 1, as European companies buy gas in Britain's open market to stock up for next winter with cheaper fuel than they can get from long term supply deals.

[\\$7-a-gallon gas?: The folly of O's oil-spill 'fix'](#)

President Obama has a solution to the Gulf oil spill: \$7-a-gallon gas. That's a Harvard University study's estimate of the per-gallon price of the president's global-warming agenda. And Obama made clear this week that this agenda is a part of his plan for addressing the Gulf mess. So what does global-warming legislation have to do with the oil spill? Good question, because such measures wouldn't do a thing to clean up the oil or fix the problems that led to the leak. The answer can be found in Obama Chief of Staff Rahm Emanuel's now-famous words, "You never want a serious crisis to go to waste -- and what I mean by that is it's an opportunity to do things that you think you could not do before."

the mid-year update to the Barclays Capital's Original E&P Spending Survey.

[Crude storage facility for Kuwait on agenda](#)

India is likely to offer to Kuwait a storage facility for its crude oil in return for assured supplies in the long term from the Gulf nation. The proposal may be put before Kuwait's oil minister Sheikh Ahmad Abdullah al Sabah when he visits New Delhi later this month.

[Belarus says will sort out Gazprom row](#)

Belarus (Reuters) - Belarus President Alexander Lukashenko said on Friday that he did not think his country had any debts outstanding for Russian gas, but would settle any disagreement over the issue.

[Steve LeVine: Blackbeard's return](#)

For some years -- and long before the Gulf of Mexico spill -- Big Oil has seemed to be in existential peril. These gargantuans have been starved of new resources and wrong-footed by state-owned oil companies like China's Sinopec and Malaysia's Petronas, which are also competing around the world for drilling rights. At stake has been not only Big Oil's good health -- after all, how many people really care whether Chevron or Shell thrive, apart from their shareholders? -- but also the power of nations. It's part of the narrative of the rise of the East, and the decline of the West.

Which brings us to the brouhaha that's descended upon Washington this week, and a Gulf of Mexico oilfield called Blackbeard.

[Oil spill: Russian President Dmitry Medvedev fears BP's 'annihilation'](#)

Russian President Dmitry Medvedev has expressed concerns that the massive Gulf of Mexico oil spill could lead to the "annihilation" of BP.

[US Hypocrisy and the Gulf Oil Tragedy](#)

US President Barak Obama has fanned the wind of public anger against BP for its massive Gulf oil spill. But the US could well reap a whirlwind for the manner of its official response to the disaster. There are several reasons.

The first is the sheer hypocrisy of US demands for mammoth compensation for livelihood losses incurred by its citizens, given the persistent refusal of the US (and other) oil majors, miners and assorted multinationals to compensate for environmental havoc they have created in other countries.

[America rethinks its dependence on oil](#)

"We are at a turning point in our history ... This intolerable dependence on foreign oil threatens our economic independence and the very security of our nation.

"The energy crisis is real. It is worldwide. It is a clear and present danger to our nation. These are facts and we simply must face them."

Barack Obama, June 15, 2010? No, these were the words of Jimmy Carter, spoken almost 31 years ago in an evening broadcast to the nation that became known as the

"malaise" speech, a dour appraisal of the 1970s oil shocks and recession.

[Oberstar points to road problem: a shortage of federal gas-tax revenue](#)

WASHINGTON — The problem is simple, says Rep. Jim Oberstar, who chairs the House Transportation Committee: There simply isn't enough money coming in through the federal gas tax right now to meet the nation's current needs for road and bridge repairs.

And as fuel efficiency increases, drivers will invariably take fewer trips to the gas station and the amount of revenues generated by the gas tax will drastically shrink.

[In the Senate, Seersuckers Seldom Seen](#)

Even on the annual "Seersucker Thursday" in the Senate, the lighter suits that were once a summertime standard were hardly the uniform of the day, although more than a few were sported by lawmakers and staff members alike.

No wonder. Even outside, it was only in the mid-80s, and as a journalist visiting Washington I have been amazed all month that the air conditioning in Washington's governmental buildings is generally set for a comfort zone of dark-jacket, snug-tie formality.

[Interim leader: Up to 2,000 dead in Kyrgyz clashes](#)

OSH, Kyrgyzstan - Kyrgyzstan's interim president said Friday that 2,000 people may have died in the ethnic clashes that have rocked the country's south — many times her government's official estimate — as she made her first visit to a riot-hit city since the unrest erupted.

[Stalin's harvest](#)

The latest outbreak of violence in the ethnic boiling-pot of Central Asia will take generations to heal.

[The Coal Age Continues](#)

One way to keep perspective amid all the Beltway cogitation over how to keep a climate component in an energy bill is to pay attention to the global coal industry. Coal is the prime factor determining the pace of growth in emissions of heat-trapping carbon

dioxide as human populations and appetites crest in the next few decades. And regardless of what happens in the United States, the industry's leaders see nothing but bright prospects ahead. We're still stuck on the coal rung of Loren Eiseley's heat ladder.

[Global scenarios for the century ahead: searching for sustainability](#)

Building on earlier work of the Global Scenario Group and the Stockholm Environment Institute - Boston, this paper presents four updated and contrasting global scenarios for the twenty-first Century created with the PoleStar modeling system. These scenarios feature brief narratives and integrated quantifications across numerous economic, social, resource, and environmental dimensions. Alternative pathways for meeting a set of sustainability targets are evaluated, focusing on a comparison of conventional and transformative strategies between two of those scenarios: Policy Reform versus Great Transition. One basis for our overall evaluation of sustainability is a new Quality of Development Index (QDI) which is designed to take into account many of the dimensions modeled. The quantitative findings of these updated scenarios are compared and contrasted to some other major sustainability/climate studies. The need for a fundamental shift in the development paradigm for the future is stressed, including much greater equity and less material growth, in order to enhance the feasibility of sustainability.

[The Long Disaster: Ecotherapy as Emergency Medicine](#)

James Howard Kunstler calls these worsening conditions "The Long Emergency" because the traumas we now face aren't just one-time disasters like a beating, rape, fatal disease or even a single hurricane or oil spill. They just keep coming.

I don't think that therapists or the general public have truly awakened to the shocking reality of our rapidly devolving circumstances. This awareness alone could be an important psycho-educational healing tool in helping people who are suffering from multiple shocks make sense of what's happening to them.

[Creating a game plan for the transition to a sustainable U.S. economy](#)

The Obama administration should take advantage of the economic crisis to redefine the country's social goals to prioritize sustainable human well-being and not just grow the economy. We should strive for a future that has full employment and more leisure time to spend with friends and family, thereby reducing conspicuous consumption and poverty. This article envisions what that society might look like with redefined goals, and includes specific ideas as to how to achieve this vision.

[Neurobiological Cause of Intergroup Conflict: 'Bonding Hormone' Drives Aggression Towards Competing out-Groups](#)

ScienceDaily — Researchers at the University of Amsterdam provide first-time evidence for a neurobiological cause of intergroup conflict. They show that oxytocin, a neuropeptide produced in the brain that functions as hormone and neurotransmitter, leads humans to self-sacrifice to benefit their own group and to show aggression against threatening out-groups. This finding qualifies the wide-spread belief that oxytocin promotes general trust and benevolence.

[ANALYSIS - Britain: the pivot point for global LNG](#)

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['Long term-gas deals still the way'](#)

Russia's top energy official Igor Sechin said spot gas deals were not alternatives to long-term gas contracts and he questioned whether US shale gas was economically viable.

[Sri Lanka says buying back Shell gas stake](#)

COLOMBO (Reuters) - Sri Lanka's government on Thursday said it plans to repurchase the majority stake of Royal Dutch Shell's local arm Shell Gas Lanka, in the second announced buyback of formerly state-owned assets in two months.

The government is to buy back at least a 51 percent stake of Shell Gas Lanka, to which it sold its Colombo Gas Company outright to Shell in 1996 for \$37 million.

[Crude Oil Falls Below \\$76; Survey Forecasts Rebound Next Week](#)

(Bloomberg) -- Crude oil futures fell below \$76 a barrel in New York, extending their losses as the euro declined against the dollar.

Crude may advance next week after U.S. gasoline consumption climbed to the highest level in nine months, a Bloomberg News survey showed. The commodity lost 1.1 percent yesterday after the Labor Department said the number of Americans seeking jobless benefits last week climbed to a one-month high. U.S. crude inventories are 8.4 percent above their seasonal norm, according to the Energy Department.

[Oil May Rise as U.S. Gasoline Demand Increases, Survey Shows](#)

(Bloomberg) -- Oil may rise next week after U.S. gasoline consumption climbed to a nine-month high, a Bloomberg News survey showed.

Eleven of 21 analysts, or 52 percent, forecast crude will advance through June 25. Six respondents, or 29 percent, predicted that it will be little changed and four saw a decline. Last week, 42 percent of analysts said there would be a gain.

[Romania lowers Russian gas price](#)

Romania has negotiated lower prices for some of the gas it imports from Russia and hopes to get further cuts by the end of the year, Economy Minister Adriean Videanu said today.

[Fuel Oil Poised to Drop in Japan on PetroChina](#)

(Bloomberg) -- Japanese oil refiners are about to face increasing competition in the market for fuel oil as PetroChina Co. buys cheaper supplies from Venezuela and sells it to shipping companies in Asia.

[Steve LeVine: Paul Wolfowitz and the eternal return of energy optimism](#)

This week, of course, has seen a much-discussed New York Times story on Afghanistan's purported \$1 trillion in mineral riches, which my FP colleagues, including Steve Walt, have discussed. Again, the subtext is, "This nation can stand on its own two feet."

Perhaps the most famous example of this, however, was then-Deputy Defense

Secretary Paul Wolfowitz's suggestion before Congress in 2003 that Iraq's oil reserves would cover the cost of the country's reconstruction after a U.S. invasion.

[Oil Prices: Two Ways to Profit From 'Peak Oil'](#)

America is about to get a sobering slap in the face.

And that slap will have to do with the country's passive, unimaginative and downright-haphazard national energy plan.

[Crude Oil Realities](#)

Without a doubt, the oil spill in the Gulf of Mexico is an environmental disaster. Unfortunately, as far as the global economy is concerned, Mr. Obama's six-month moratorium on new offshore drilling is an even bigger disaster.

Remember, the supply of crude oil is already struggling and in order to offset the ongoing depletion, the world desperately needs to find new oil-fields. Thus, by stopping new exploratory drilling in the Gulf of Mexico, the US establishment is wasting precious time.

[Jim Chanos Shorts Oil Companies Based on Diminished Reserves; Peak Oil Impact on GDP, Standard of Living, Geopolitical Tensions](#)

Jim Chanos, the hedge-fund manager who made money betting against Enron Corp., said he is short- selling shares of large oil companies because investment in drilling and exploration is eating up their cash flows. The founder of Kynikos Associates Ltd. said in a Bloomberg Television interview from his office in New York that his bearish calls on "some" energy companies, which he declined to identify, pre-date the April 20 explosion of the Deepwater Horizon in the Gulf of Mexico. That incident led to the largest oil spill in U.S. history and sent BP Plc shares down 49 percent through yesterday.

"If you look at their cash-flow statements relative to their income statements, you will see companies that haven't replaced reserves in years, and haven't seen any increase in revenues in years," he said. "They're borrowing their dividend. They're in effect liquidating."

[On a Wing and a Prayer: Chevron's Deep Well](#)

One of the deepest offshore oil fields in the Gulf of Mexico lies beneath 7,000 feet of water and under more than 20,000 feet of rock and sand. Estimated to hold as much as

100 million barrels of crude, the field was discovered by Chevron in 2001, and production began in 2008. It is less than 20 miles west of the Deepwater Horizon blowout.

The name of the field, and the rig anchored above it, is Blind Faith.

[Mining Deals Plunge in Australia After Rudd Tax Plan](#)

(Bloomberg) -- Mining takeovers in Australia, the biggest shipper of iron ore and coal, are set to fall to a five- year low after government plans to increase tax on the industry kicked up a hail of protest from the world's biggest producers.

The level of transactions has slumped to 47 worth a total of \$914 million this quarter, compared with 89 deals worth \$9.11 billion a year ago, data compiled by Bloomberg show. The figure suggests the smallest number of deals since the first quarter of 2006 and the lowest value since the fourth quarter of 2005.

[Evasive BP CEO leaves Congress flummoxed](#)

"I can't answer that question."

That was the gist of much of Thursday's Capitol Hill testimony from BP CEO Tony Hayward, who faced a severe grilling but shed little light on the company's disastrous Gulf oil spill.

Despite major developments surrounding the catastrophe in the past few days that helped bring some legal certainty to Gulf Coast residents and BP investors, the most fundamental question faced by the company, lawmakers and the nation remains unanswered: When will BP's runaway well stop spewing oil and gas into the Gulf of Mexico?

[BP's U.S. Future Teeters After CEO, Lawmakers Clash](#)

(Bloomberg) -- BP Plc Chief Executive Officer Tony Hayward's failure to set safety standards to prevent the Gulf of Mexico oil spill may cost the company control over U.S. oil fields, refineries and pipelines that account for more than one- third of its sales, lawmakers and analysts said.

[Moody's cuts BP by 3 notches, may cut again](#)

LONDON (Reuters) - Moody's cut BP's credit rating by three notches on Friday, the oil major's third downgrade in a week, and said the company's \$20 billion spill fund would

not cap liabilities for the Gulf of Mexico oil disaster.

Moody's cut BP's rating to A2 and said it might downgrade the rating again.

[Could BP's Money Stop Flowing?](#)

BP's financial resources are finite and its broken Gulf of Mexico well is still spewing. Investors are wondering if the money could stop flowing before the oil does. Even with the gloomy possibilities, it looks as though the oil company will avoid a cash crisis.

[BP 'shakedown' remark sets off US political furor](#)

WASHINGTON (AFP) – A US lawmaker kicked off a political storm Thursday and embarrassed his own Republican party by apologizing to BP chief Tony Hayward for what he termed a White House "shakedown."

[Five crucial moves by BP: Did they lead to Gulf oil spill disaster?](#)

BP made five crucial decisions in the name of saving money that may have contributed to the catastrophic Deepwater Horizon oil spill, according to top Democrats on the House Energy and Commerce Committee.

[BP's Dividend Cut: A Catch-22 \(Of Sorts\)](#)

While BP has traditionally been known as a mainstay in the dividend market, the company announced on Wednesday that it will suspend its quarterly payouts at least through the end of this year. That will free up roughly \$7.8 billion, which BP will contribute to the \$20 billion compensation fund it has agreed to set up. But it will also punch a large hole in the market, particularly in Britain, where BP is based. Notably, among the 100 largest companies traded on the London Stock Exchange, BP's payouts had accounted for around 14 percent of the total dividends.

[Drill Ban Means Hard Times for Rig Workers](#)

In addition to the fishermen and hoteliers whose livelihoods have been devastated by BP's hemorrhaging undersea oil well, another group of Gulf Coast residents is beginning to suffer: the tens of thousands of workers like Ronald Brown who run the equipment or serve in support roles on deepwater oil rigs in the Gulf of Mexico.

[In the Gulf: Lives forever in recovery](#)

Just as the parish was recovering nearly five years after Katrina, fueled by \$1 billion in federal disaster funds, it woke up to a new threat: the Gulf of Mexico spill. The deluge of the spill hasn't yet filtered into the parish's inner marshes but it still threatens a 200-year-old fishing tradition here.

The Gulf region is filled with similar predicaments. Lower Plaquemines Parish, which suffered \$450 million in damage when it was slammed by a 20-foot storm surge from Katrina, was flooded again by Hurricane Ike three years later. Many residents were just beginning to recover from the devastation when the BP rig blew in the Gulf of Mexico, sending the biggest environmental disaster in U.S. history headed toward Lower Plaquemines.

[Why the BP Spill is Bigger Than You Think](#)

Americans are notoriously bad at math, so it may come as a shock to learn that the BP oil spill in the Gulf of Mexico is 42 times bigger than many people might have believed.

It's not just because of the ballooning guesstimates of the size of the spill. It's also because the standard unit of measurement for oil makes the volume of goo sound smaller than it is, at least to the untutored ears of anybody who doesn't pump or process oil for a living.

[Gulf oil full of methane, adding new concerns](#)

NEW ORLEANS – It is an overlooked danger in oil spill crisis: The crude gushing from the well contains vast amounts of natural gas that could pose a serious threat to the Gulf of Mexico's fragile ecosystem.

[Spill May Have Taken Its Largest Victim Yet](#)

Over the last weeks, the carcasses of oily pelicans, turtles and other animals have washed to shore in the Gulf of Mexico. Now the first dead whale has been found – a juvenile sperm whale floating 77 miles from the leaking oil well.

[BP oil spill: MMS shortcomings include 'dearth of regulations'](#)

The federal agency charged with overseeing the offshore oil and gas industry was ill-prepared to do its job because of a severe shortage of inspectors, a "dearth of regulations," and a "completely backwards" approach to investigating spills and accidents.

[Big Oil's shoddy spill plans reflect industry's arrogance](#)

It was almost comical to hear chief executives of major oil companies sheepishly admitting to Congress this week that most of them had virtually the same worthless, cookie-cutter plan for coping with oil spills. It vowed to protect walrus, a species that hasn't inhabited the Gulf of Mexico for 3 million years, and as part of the emergency response, it listed the phone number of a marine biologist who has been dead since 2005.

[We will make changes](#)

Since the tragic accident, our thoughts and prayers have been with our workers and their neighbors along the coast. Our focus, however, has been on helping to stop the spill, clean up the oil and — once the causes of the spill are known — prevent it from happening again.

[Kevin Costner blasts Big Oil 'bureaucratic maze'](#)

NEW YORK (CNNMoney.com) -- A company Kevin Costner founded worked for 17 years on a technological innovation now being used to help clean up the Gulf oil spill -- and it took almost as long to get Big Oil to pay any attention.

"The whole world is watching as America fumbles its way through the greatest environmental disaster in history," Costner told the Senate Committee on Small Business and Entrepreneurship at a hearing Thursday in Washington. "I believe there are other small companies out there in the private sector just like us. You should know that negotiating your way through the bureaucratic maze that currently exists is like trying to play a video game that nobody can master."

[Obama's Twist of BP's Arm Stirs Debate on Tactic](#)

With that display of raw arm-twisting, Mr. Obama reinvigorated a debate about the renewed reach of government power, or, alternatively, the power of government overreach. It is an argument that has come to define Mr. Obama's first 18 months in office, and one that Mr. Obama clearly hopes to make a central issue in November's midterm elections.

[Former BP Exec Cynthia Warner Left Big Oil for Big Algae - And She's Not Alone](#)

And that difficulty, she says, was at the heart of her decision to leave Big Oil. "They have to drill this deep because it's getting harder and harder to find new sources of oil. The harder you work to find additional crude, the more environmental impact there is. What this does from a big perspective is illustrate the urgency of continuing to work to get

solutions that are more in harmony with the earth's cycles and more controllable."

[Gulf spill could swing Obama's power play on energy policy](#)

Will the Gulf oil spill finally lead to a more aggressive energy policy to wean America from oil — or to more far-reaching measures to reduce the risks of climate change?

[BP Atlantis Whistleblower Drops Suit Against U.S. Over Safety](#)

(Bloomberg) -- A lawsuit seeking to force U.S. regulators to temporarily shut BP Plc's second-largest oil platform in the Gulf of Mexico was dropped at the request of the whistleblower who lodged the complaint, court records show.

[Australian Prosecutors Get Montara Oil Leak Evidence](#)

(Bloomberg) -- Australia's National Offshore Petroleum Safety Authority presented evidence to prosecutors today as part of an investigation into a 2009 oil spill off the nation's northwest coast.

Authorities are probing whether operators of the Montara well and the West Atlas rig violated health and safety laws, NOPSA said in a statement today. The federal government's Director of Public Prosecutions will consider the evidence and determine what action to take, the safety authority said.

[Coast Guard: Environmental disaster averted as oil removed from sunken cruise ship](#)

The U.S. Coast Guard says it has recovered more than 100,000 gallons of oil from a cruise ship that sunk near Juneau, Alaska more than 50 years ago -- finally bringing an end to years of worry among local officials and residents who feared an environmental disaster.

[India Boosts Imports of Colombian Thermal Coal on Demand, Price](#)

(Bloomberg) -- Colombia boosted sales of power-plant coal to India as Agarwal Coal Corp. imported a second consignment late last month, according to a trader and ship-tracking data.

[New CR-Z is awfully sporty for a hybrid](#)

NEW YORK — Honda's about to take another swing at selling a gasoline-electric hybrid

vehicle as a sporty, performance car that just happens to have a hybrid drivetrain to save fuel.

[E.P.A. Postpones Ruling on Ethanol](#)

WASHINGTON (AP) — The Environmental Protection Agency said on Thursday that it would wait until September to decide whether car engines can handle higher concentrations of ethanol in gasoline.

[Nuclear Agency Weighs a Plan to Dilute Waste](#)

BETHESDA, Md. — A competition between nuclear waste dumps has pulled the Nuclear Regulatory Commission into an unusual reconsideration of its rules to allow moderately radioactive materials to be diluted into a milder category that is easier to bury.

[Q-and-A: A Pay Model for Ecosystems](#)

Q. In a recent article in The Guardian, you described the destruction of the natural world as “a landscape of market failures.” Please explain?

A. Ecosystems like coral reefs or forests are public goods. And we are drawing a benefit from these resources and some people may be drawing an income, but there’s no cost. In economic language, this is a market failure. There is no incentive to maintain that resource and so it suffers what is called a tragedy of the commons.

[Oceans choking on CO2, face deadly changes - study](#)

SYDNEY (Reuters) - The world's oceans are virtually choking on rising greenhouse gases, destroying marine ecosystems and breaking down the food chain -- irreversible changes that have not occurred for several million years, a new study says.

The changes could have dire consequences for hundreds of millions of people around the globe who rely on oceans for their livelihoods.

"It's as if the Earth has been smoking two packs of cigarettes a day", said the report's lead-author Australian marine scientist Professor Ove Hoegh-Guldberg.



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