



## Drumbeat: June 24, 2010

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Topic: [Miscellaneous](#)

### [Offshore Insurance to Shrink as Providers Flee BP-Like Risk](#)

BP Plc's rig explosion that caused the worst oil spill in U.S. history is set to curtail insurance coverage for offshore drilling, forcing companies to self-insure or exit deepwater fields.

BP's leak in the Gulf of Mexico is "a market-changing event," said Dieter Berg, senior executive manager marine at Munich Re, the world's biggest reinsurer and among those exposed to losses. "Buyers and sellers of coverage will be reevaluating their appetites for offshore energy risk," said Berg in a June 11 e-mail response to questions.

to drill three wells in the Chukchi Sea and two in the Beaufort.

But BP's project, called Liberty, has been exempted as regulators have granted it status as an "onshore" project even though it is about three miles off the coast in the Beaufort Sea. The reason: it sits on an artificial island — a 31-acre pile of gravel in about 22 feet of water — built by BP.

### [The Science Behind Deepwater Oil Drilling](#)

"One of the things I learned is that this particular well that had the blowout wasn't really unusual. ... But one of the things is, it really goes back to our need for oil and not just for cars but for pretty much everything — plastics, fertilizers and society," he says. "And the problem is, is that the easy oil has basically been gotten: the oil from land, the oil from shallow off-shore wells. So going forward, we're going to have more of these wells drilled in extreme conditions. So, in a way, there's potential for more disaster in the future and it seems to me, that if there were ever an argument for pursuing alternative energies, the argument is being made now in a pretty hard way but it's being made."

### [With all eyes on BP, others are busy drilling deep elsewhere...](#)

Few outside the oil industry have heard of Cairn Energy, but those who have keep a close eye on the Edinburgh-based explorer. Cairn has made some smart bets in the past, striking oil where other, bigger, outfits swore there was none. Next month it will start drilling off Greenland, in a stretch of sea known as Iceberg Alley.

### [Drilling ban: The jobs at stake](#)

NEW YORK (CNMMoney.com) -- There are as many as 10,000 people that work on deepwater oil rigs in the Gulf of Mexico. These are jobs that could soon begin to disappear because of the temporary ban on such drilling.

But not only those jobs are at stake. From helicopter pilots to offshore catering chefs, another 25,000 jobs could be affected by the six-month ban imposed by President Obama while the investigation into the BP accident is underway, according to David Dismukes, a professor at Louisiana State University's Center for Energy Studies.

### [Apparent suicide shows oil spill's emotional toll](#)

The Baldwin County, Ala., coroner's office called his death an apparent suicide and said Kruse didn't leave a note. There's no way to be sure why he would have taken his life. But his friends see the tragedy as a clear sign of the BP spill's hidden psychological toll on the Gulf Coast, an awful feeling of helplessness that descends on people used to hard work and independence.

"We're helping cover up the lie. We're burying ourselves. We're helping them cover up the [expletive] that's putting us out of work," said a 27-year-old deckhand who was working for Kruse on Wednesday and spoke on condition of anonymity.

### [N Sea oil & gas investment recovering - industry](#)

(Reuters) - Investment in the British North Sea oil and gas industry could reach 6 billion pounds (\$8.99 billion) this year after dropping off last year, the chief executive of industry group Oil & Gas UK said on Thursday.

### [Lights will stay on without new nuclear - Huhne](#)

(Reuters) - Britain's lights will stay on even without new nuclear power plants replacing the ageing reactors which are set to close in the next few years, energy secretary Chris Huhne said on Thursday.

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### [BP Demise Would Threaten U.S. Energy Security, Industry](#)

Oil spill aside, U.S. energy security will suffer if BP Plc goes under or is significantly reduced in size.

### [New Drilling Agency Will Have Investigative Arm](#)

WASHINGTON — The new director of the federal agency that oversees offshore oil drilling told a Senate panel on Wednesday that he would create an investigative unit to root out corruption and speed reorganization of the office.

### [Dubai's Oman Crude Futures Is 'The Shot' at New Gulf Benchmark, Vitol Says](#)

Rising Chinese and Indian demand for Persian Gulf crude is increasing the need for a new Middle East oil price benchmark to add transparency to eastbound sales and reflect Asia's market influence, a Vitol Group executive said.

### [Phil Flynn - The Energy Report for Thursday, June 24, 2010](#)

According to Bloomberg News, the International Energy Agency estimates that annual demand growth will shrink every year to average 1 percent in 2015, or 940,000 barrels a day, from 1.9 percent, or 1.62 million barrels a day, in 2010. Total consumption will be 91.93 million barrels a day in five years compared with 86.39 million barrels a day this year. Not the type of outlook that inspires peak oil talk.

### [Oil's 100-Day Mean May Send 'False Signals' on Rally: Technical Analysis](#)

Crude oil's 100-day moving average above \$78 a barrel, currently the first line of resistance on technical charts, may send "false signals" about the market's ability to rally, according to Societe Generale SA.

### [Belarus says could resume full gas transit today](#)

(Reuters) - Minsk will resume gas transit to Europe within 8-10 hours if Gazprom fully pays its gas transit fees, the country's First Deputy Prime Minister Vladimir Semashko

said on Thursday.

### [Gas row between RF and Belarus absolutely groundless – Lukashenko](#)

MINSK (Itar-Tass) -- Belarusian President Alexander Lukashenko said on Thursday the gas row between his country and Russia was absolutely groundless.

“It is an absolutely groundless dispute. But the main thing is that it arose when Gazprom owed us a transit fee of 260 million U.S. dollars (which is generally traded off with gas supplies to Belarus), while our debt was 190 million U.S. dollars, even 187 million U.S. dollars. They acknowledged it and we have already paid these 187 million U.S. dollars,” Lukashenko told in an interview with the Euronews TV channel.

### [BP's Gulf Oil Spill Response Based on Outdated Government Model, WSJ Says](#)

BP Plc and other oil companies were required to base their approach to a potential spill in the Gulf of Mexico on U.S. government guidelines that were last updated in 2004, the Wall Street Journal reported.

The faulty government models expected oil to evaporate quickly or get broken up by waves or weather, the newspaper said. They also didn't expect oil to reach the shoreline even in after much bigger spill than the current one, the Journal said.

### [NOAA: Undersea oil plumes came from BP well](#)

After four cruises into the oil-stained waters of the Gulf of Mexico, a team of federal scientists Wednesday released a report confirming what other researchers concluded weeks ago: “The preponderance of evidence” points to BP's ruptured well as the source of massive undersea oil plumes.

But after two months, what's happening with the diffused clouds drifting beneath the floating goo, sticky tar balls, and shimmering surface still remains murky. It could take several more months for the federal agency in charge of assessing spill damage to simply get a good grasp of how much oil remains drifting below.

### [BP Puts Gulf Well Manager on Leave Pending U.S. Investigations](#)

The BP Plc manager who oversaw the well that erupted in April has been placed on leave while at least four federal agencies probe the disaster that killed 11 workers and triggered the worst oil spill in U.S. history.

Donald Vidrine, the well site leader aboard the Deepwater Horizon drilling rig that

exploded and sank nine weeks ago off the Louisiana coast, said in an interview yesterday that he has been on administrative leave since the incident.

### [Concerns Grow Over Long-Term Health Effects of Oil Spill](#)

More than two months after the April 20 BP oil rig explosion in the Gulf of Mexico, experts are still trying to determine what the health effects will be on the workers who are struggling to clean up the biggest oil spill in American history.

There are concerns that some workers could suffer lung, kidney and liver damage from exposure to the volatile organic compounds found in the oil.

### [Boycott BP? Feels good, but it hurts the innocent](#)

BP owns fewer than 200 gas stations in the USA, and consumers would be hard-pressed to distinguish them from the nearly 9,800 others that are owned or leased by dealers. All have long-term contracts to sell BP gas – contracts not easily jettisoned without paying a hefty fee. While BP makes money from these sales, they are a minuscule portion of the company's worldwide revenue.

### [Opposing view on disaster in the Gulf: Send a message](#)

It is not true that BP is indifferent to a boycott. It benefits directly from sales to distributors of gasoline for BP stations. And, more than any other oil company, it cares desperately about its public image. This is the company that has sought to rebrand itself as "Beyond Petroleum."

### [East Timor Plans Study on Gas Plant as It Clashes With Woodside on Sunrise](#)

East Timor plans to spend \$3 million studying the option of building a plant in the country to process gas from the Sunrise project operated by Australia's Woodside Petroleum Ltd., Prime Minister Xanana Gusmao said.

The Southeast Asian nation has already commissioned a report which found that a pipeline stretching from the Sunrise gas fields to East Timor's shores was "technically feasible," Gusmao said in a budget speech e-mailed to Bloomberg today.

### [Rosneft seismic 'threatens whales'](#)

Scientists working with the International Whaling Commission (IWC) today warned that

exploration planned for Russia's Pacific coast pose a serious threat to gray whales in the area.

### [Putin upholds idea of producing gas from coal seams](#)

NOVOKUZNETSK (Itar-Tass) - Prime Minister Vladimir Putin upholds the idea of producing gas from coal seams in Russia.

Speaking at a meeting with coalminers here on Thursday, he recalled the existence of methods to produce gas from coal and shales. The latter technology is applied in the United States.

### [Petraeus Is Now Taking Control of a 'Tougher Fight'](#)

KABUL, Afghanistan — In late 2008, shortly after he had helped pull Iraq back from the brink of catastrophe, Gen. David H. Petraeus prepared to turn to that other American war.

"I've always said that Afghanistan would be the tougher fight," General Petraeus said at the time.

Now the burden falls to him, at perhaps the decisive moment in President Obama's campaign to reverse the deteriorating situation on the ground here and regain the momentum in this nine-year-old war. In many ways, General Petraeus is being summoned to Afghanistan at a moment similar to the one he faced three years ago in Iraq, when the situation seemed hopeless to a growing number of Americans and their elected representatives as well.

### [Thomas L. Friedman: What's Second Prize?](#)

My bottom line: The president can bring Ulysses S. Grant back from the dead to run the Afghan war. But when you can't answer the simplest questions, it is a sign that you're somewhere you don't want to be and your only real choices are lose early, lose late, lose big or lose small.

### [Our Cities Ourselves: 10 Principles for Transport in Urban Life](#)

NEW YORK /PRNewswire-USNewswire/ -- In a publication released today, visionary urbanist Jan Gehl and Walter Hook, Executive Director of the Institute of Transportation and Development Policy (ITDP), together set out ten keys to building successful cities. "*Our Cities Ourselves: 10 Principles for Transport in Urban Life*" shows how cities from New York to Nairobi can meet the challenges of rapid population growth and climate change while improving their competitiveness.

## [Richard Branson - A new source of energy: Entrepreneurs](#)

Part of the problem is that the decision to continue relying on oil has always been portrayed as the lesser evil of a difficult choice between continuing on along the profitable path of "business as usual" and that of sacrificing profits to develop expensive new alternative technologies.

This is wrong. Environmentalists and business leaders should never have been at odds over this issue.

## [The Electrification Coalition releases survey showing strong support for Electric Vehicles](#)

Perhaps it's not surprising for a group named the Electrification Coalition to release a survey showing support for Electric Vehicles. Indeed that is what they have done today (June 23). This sort of result is in agreement with other observations, for example that a large majority is in favor of environmental sensibility, a result which would be served by electric vehicle adoption. The survey was conducted between May 26 through June 1 and was a nationwide poll of 1000 voters.

## [An LED That Mimics an Old Standby](#)

The ubiquitous 40- and 60-watt incandescent light bulbs are supposed to be in their last few years of existence; a phase-out of incandescents mandated by the federal government begins next year with the 100-watt model and works its way down to the smaller bulbs in 2014.

Bulb manufacturers are working on a variety of replacements, including halogens, which, like incandescents, make light by letting current flow through a filament. Others will be replaced by compact fluorescents. But in August, Osram Sylvania will introduce another lamp it hopes will take a share of the market, using light-emitting diodes, or LEDs.

## [Vermont Gives Hydro Quebec Renewable Energy Label](#)

It was not surprising that, only weeks after the Vermont legislature voted to close the state's 40 years old nuclear power plant, Vermont Yankee, Vermont's largest utilities announced that they were in negotiation with the utility giant Hydro Quebec over a new long-term power contract.

## [Belgian regulator wants carbon windfall profit tax](#)

(Reuters) - Belgium's electricity regulator CREG recommended on Thursday that taxes

should be levied on the windfall profits electricity producers have reaped by passing on the cost of carbon emission permits they were given for free.

### [An Invader, Near the Great Lakes](#)

CHICAGO — After months of worrying over hints and signs and DNA traces suggesting that Asian carp, a voracious, nonnative fish, might be moving perilously close to the Great Lakes, the authorities here have uncovered the proof they did not want. They caught a fish.

### [Endangered-Species Status Is Sought for Bluefin Tuna](#)

Fearing that the oil spill in the Gulf of Mexico will deal a severe blow to the bluefin tuna, an environmental group is demanding that the government declare the fish an endangered species, setting off extensive new protections under federal law.

### [Career planning and peak oil](#)

While participating in a panel sponsored by RePower America yesterday night, I was reminded of the importance of values-based career planning, or the ability to explore and compete for opportunities that match both your career values and skill set.

### [Bottled Water Ban Vexes Concord Vendors](#)

At the Cheese Shop, a sandwich place in the town's retail district where bottled water is a top seller, employees predicted that thirsty shoppers would buy fewer healthy drinks if bottled water wasn't available. "Why ban water but not soda and juice bottles?" asked Armine Roat, 48, who said she brings her own reusable water bottle to work every day. "That doesn't seem right."

### [Saving Time and Stress With Cooking Co-ops](#)

Cate Bruce-Low, 32, of TriBeCa, is part of a monthly swap among a handful of families in their neighborhood. Swapping has saved time in her household. "It does take extra time to make that one meal for so many people," said Ms. Bruce-Low, who teaches cooking classes for children. "But then you have the luxury of having a stockpile of food. You get extra time to hang outside with your kids and not have to be home early to scrounge up dinner."

She added that households whose community-supported agriculture memberships leave them overwhelmed with too much of an unpopular vegetable "can find a recipe that will use all of it up and avoid five nights of collard greens in a row."



## [Joe Barton & the Coming of Peak Oil](#)

Under the "no new taxes" banner, conservatives in recent years have been content to watch the rapid erosion of state and local government services as withering revenues and inability to print or borrow money has forced unprecedented cutbacks. The ideology behind all this is that the economic growth that has been with us as long as anybody can remember will return soon and all will be well. Missing from this scenario of course is that for the last 150 years economic growth and the consumption of increasing amounts of oil have been inextricably linked. Take away steadily increasing oil supplies and the bedrock of conservative economic theory becomes a fantasy.

## [Oil supply crunch would leave us all in deep water](#)

The bell is tolling again now, this time for the imminent end of cheap and plentiful oil. Last week, Lloyd's – in collaboration with think tank Chatham House – issued a White Paper, Sustainable Energy Security: Strategic Risks and Opportunities for Business, which explicitly warned that we are heading towards a global oil supply crunch and price spike – in other words, "peak oil".

As the Deepwater Horizon disaster continued to unfold in the Gulf of Mexico, Lloyd's analysts said: "International oil prices are likely to rise in the short- to mid-term due to the costs of producing additional barrels from difficult environments, such as deep offshore fields and tar sands . . . This would create a price spike prompting drastic national measures to cut oil dependency."

## [Oil supply heading for record](#)

Oil supply from outside OPEC is headed for a record next year after showing unexpected growth.

The surprising forecast from the International Energy Agency (IEA), which advises 28 industrialised countries on energy, follows analyst predictions last year that the supply had already peaked, with some putting the production apex as far back as 2005.

## [Oil Trades Near Lowest in a Week on Strong Dollar, Higher U.S. Inventories](#)

Crude oil fell to near its lowest price in a week as growing U.S. inventories reinforced doubts about the economic recovery, while equities fell and a stronger dollar against the euro reduced oil's investment appeal.

The U.S. Energy Department reported yesterday crude stockpiles rose more than analysts expected. The International Energy Agency, an adviser to oil-consuming

nations, said that growth in world oil demand will slow in the next five years as the pace of Chinese consumption moderates.

### [Forties Floating Storage Falls To 2 Million Bbl On Destocking -Trade](#)

LONDON -(Dow Jones)- The floating storage of North Sea Forties crude oil has fallen by half to 2 million barrels after destocking occurred in one of the two supertankers, traders and shipbrokers said Thursday.

The Very Large Crude Carrier BW Lake, chartered by Royal Dutch Shell PLC, is anchored off Wilhelmshaven, Germany, after floating off Southwold, eastern England, for nearly a month, traders said.

### [India May fuel sales up on higher auto fuel demand](#)

NEW DELHI, (Reuters) - India's annual domestic oil product sales in May rose 6.3 percent, its highest jump since October, to 12.38 million tonnes, on higher demand for auto fuels, government data showed on Thursday.

### [Shell: Saudi Arabia May Benefit From LNG Imports](#)

LONDON -(Dow Jones)- Saudi Arabia, the world's largest energy producer, may benefit from importing liquefied natural gas to boost domestic supply and maximize profits from oil exports, a Royal Dutch Shell PLC (RDSB) executive said Thursday.

"In an environment where much crude and fuel oil is being burnt up for power, there's a strong case to bring in more gas and free up some of that [oil] for export," De la Rey Venter, Shell's global head of LNG, said at the National Oil Companies congress in London.

### [Russia-Belarus energy feud rumbles on despite payments](#)

MOSCOW (AFP) – Russian gas giant Gazprom resumed gas flows to Belarus on Thursday after Minsk settled its debt, but the bilateral energy feud rumbled on as Belarus threatened to cut off transit to Europe.

### [Containment cap again collecting oil from leak](#)

NEW ORLEANS - Engineers reattached a cap on the gushing well in the Gulf of Mexico late Wednesday night after crude oil spewed uncontrolled into the water for much of the

day.

### [BP is really sorry ... up to a point](#)

To a nation frustrated by the Gulf oil spill, BP's attempts at damage control have sometimes been infuriatingly vague. But from a legal standpoint, that's exactly the point.

### [U.S. administration appeals decision blocking drill ban](#)

WASHINGTON (Reuters) – The Obama administration on Wednesday appealed a court ruling that blocked its six-month moratorium on deepwater oil drilling after a judge said it was not adequately justified despite the crude oil spill from BP Plc's leaking well in the Gulf of Mexico.

The administration also asked District Judge Martin Feldman in New Orleans to put his ruling against the moratorium on hold pending the outcome of the appeal or until the U.S. Court of Appeals for the Fifth Circuit can consider a request for a stay.

### [House Democrats drafting oil spill legislation](#)

WASHINGTON (Reuters) – Democrats in the House of Representatives have begun drafting legislation to tighten oil industry practices, especially in deep-water drilling projects like the one that has left millions of gallons of oil spewing into the Gulf of Mexico.

### [Spill hurts Obama rating as storm season starts](#)

WASHINGTON/LONDON (Reuters) – The Gulf of Mexico oil spill piled pressure on Barack Obama on Thursday as the hurricane season closed in and voters angry at his crisis management hammered the U.S. president in a poll rating.

BP was able to restart one of its containment operations on Wednesday after a delay caused by an undersea collision of equipment, and coastal fishermen, cut off for weeks from the rich Gulf fishing grounds, were allowed back in some waters.

### [Oil sludge washes in Florida, dolphin stranded](#)

PENSACOLA BEACH, Florida (Reuters) – Florida saw its worst impact yet from the BP oil spill as thick oily sludge washed ashore on Pensacola Beach on Wednesday and emergency workers found an oil-covered dolphin stranded on the shore.

State emergency workers said the pudding-like mixture covered 3 miles of Pensacola Beach, a barrier island that is part of the Gulf Islands National Seashore.

#### [AP check: Shoddy disposal work mars oil cleanup](#)

ORANGE BEACH, Ala. (AP) - A leaky truck filled with oil-stained sand and absorbent boom soaked in crude pulls away from the beach, leaving tar balls in a public parking lot and a messy trail of sand and water on the main beach road. A few miles away, brown liquid drips out of a disposal bin filled with polluted sand.

BP PLC's work to clean up the mess from the worst offshore oil spill in U.S. history already has generated more than 1,300 tons of solid waste, and companies it hired to dispose of the material say debris is being handled professionally and carefully.

A spot check of several container sites by The Associated Press, however, found that's not always the case.

#### [Fired up: Indiana energy adviser argues the merits of coal in an anti-carbon climate](#)

SOUTHERN INDIANA — It doesn't take much for Indiana energy adviser Marty Irwin to spark a heated debate with advocates of climate-change legislation. All he has to do is say that coal is not a four-letter word.

At a time when the burning of fossil fuels is under attack as a major cause of global warming, Irwin argues the unpopular position that burning more coal may be good for the economy and the environment.

#### [Poland 'needs more time' to meet EU climate target](#)

As 94% of Poland's electricity comes from coal, the country says it needs "more time than others" to meet its CO2 reduction targets outlined in the 'Europe 2020' strategy. Polish industry is even more critical of the goals. EurActiv Poland reports.

#### [Japanese told to go to bed an hour early to cut carbon emissions](#)

The Japanese government has launched a campaign encouraging people to go to bed and get up extra early in order to reduce household carbon dioxide emissions.

The Morning Challenge campaign, unveiled by the Environment Ministry, is based on the premise that swapping late night electricity for an extra hour of morning sunlight could significantly cut the nation's carbon footprint.

## [Australians agog as Kevin Rudd crashes and burns](#)

Sydney - Kevin Rudd, ousted leader of Australia's Labor government, wept Thursday as he ticked off his administration's report card.

The achievements were not meagre for less than three years in office.

As prime minister, Rudd signed the Kyoto Protocol on fighting climate change, apologized in Parliament for all the wrongs done to Aborigines, introduced the nation's first paid maternity leave scheme and dragged the economy through the global financial crisis without falling into recession like every other developed country.

What spelled the end for Rudd Thursday was that he delivered so little of what he had promised.



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