



## Drumbeat: July 8, 2010

Posted by [Leanan](#) on July 8, 2010 - 9:13am

Topic: [Miscellaneous](#)

### [BP push for Mideast investors may pose problems in U.S.](#)

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contracts to supply Iran Air with jet fuel in response to pressure from the U.S. to cease business with the Islamic republic, an industry source said on Thursday.

### [Obama Spill Investigator Sees Role for Oil Self-Policing Agency](#)

(Bloomberg) -- William Reilly, co-chairman of President Barack Obama's commission investigating the BP Plc oil spill, said the oil industry could benefit from a self-policing agency similar to one that monitors the safety of nuclear power plants.

"I'm very interested in using that approach, as an addition, not as a substitute for regulation, but as a way to raise the bar," Reilly, former administrator of the Environmental Protection Agency, said in an interview today.

### [Hard Times Wash Up Before BP Oil in Gulf Coast Towns, Bayous](#)

May and June mark the peak of shrimp season here, says Griffith, but Lesso's business is off about 65 percent. Federal and state authorities have shut fishing grounds, and hundreds of boats that would normally be hauling in shrimp have been hired by BP for its cleanup efforts. Lesso's 35 employees have taken pay cuts as processing plunged

from 72,000 pounds a day to 25,000.

### [Battlefield General: Is Bobby Jindal Making Sense?](#)

Bobby Jindal, a Rhodes scholar with a skeletal frame, doesn't look like a battlefield commander. But since the Deepwater Horizon rig exploded, Louisiana's Republican governor has cast the fight to protect the state's coastline as a struggle for survival. "The war against the spill continues," Jindal wrote in a typical Twitter post June 21. "We will not wait on bureaucracy or wishful thinking, we will move forward."

### [Exxon sees greater scrutiny after spill](#)

(Reuters) - Exxon Mobil Corp, the largest U.S. oil company, expects heightened government scrutiny for the industry following BP Plc's well rupture, but no measurable risk is seen longer-term for the company's natural gas exploration plans, CEO Rex Tillerson said on Thursday.

### [BP stake may help oil sovereign funds diversify](#)

A stake in BP PLC may seem like a curious purchase for sovereign wealth funds looking to diversify oil wealth, but it holds a definite allure: gas and renewable energy expertise and exposure to emerging economies.

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### [Owner of exploded rig exploits offshore status](#)

Transocean is the world's largest offshore drilling company, but until its Deepwater Horizon rig exploded in the Gulf of Mexico in April, few Americans outside the energy business had heard of it. It is well known, however, in a number of other countries — for

testing local laws and regulations.

### [Iran buys July gasoline from Turkey, Chinese sellers](#)

(Reuters) - Iran is buying around half of its gasoline imports in July from Turkey and the rest from Chinese sellers, oil traders said on Thursday.

Many gasoline sellers have stopped trading with Iran due to U.S. sanctions on those that supply the Islamic Republic, making it more expensive for Iran to meet its import needs.

### [Issuing of new U.S. drill ban over BP depends on case](#)

(Reuters) - The Obama administration said on Thursday it will immediately issue a revised ban on deepwater drilling if an appeals court does not allow it to reinstate the six-month moratorium it imposed in the wake of the BP oil spill.

However, it will not impose a new drilling ban if the federal court in New Orleans supports its initial moratorium, an Interior Department official told Reuters.

### [Giant skimmer gets another shot at Gulf oil spill](#)

NEW ORLEANS -- The giant Taiwanese oil skimmer known as 'A Whale' is getting another chance to prove its value in the Gulf of Mexico.

### [BP May Have Third Vessel Receiving Oil From Leaking Well in 2 to 3 Days](#)

BP Plc may start collecting oil aboard a third vessel near its leaking Gulf of Mexico well in two or three days, National Incident Commander Admiral Thad Allen said.

The Helix Producer I, which has the capacity to double the oil collected at the site, may be connected to the Macondo well in the next 48 hours if weather is good, Allen said today at a press conference in Theodore, Alabama.

### [Obama administration seeks BP plans on oil cap](#)

(Reuters) - The Obama administration has asked BP Plc for a detailed timeline and contingency plans for the latest effort to contain the Gulf Coast oil spill.

[Egypt, Saudi Aramco to hold oil spill drill in Nov](#)

DUBAI (Reuters) - Egypt and Saudi state oil giant Aramco plan to launch an oil spill containment exercise in an Alexandria port in November, an Egyptian official said on Thursday.

[The Choice: Drill, Baby, Drill or American Values. You can't Have Both](#)

Claiming that domestic drilling is a viable solution to America's energy crisis is dishonest and irresponsible. It is a policy that sows the wind and we are already reaping the whirlwind with human lives, with jobs lost and local economies destroyed, and with the shores of the Gulf. Drilling has a roll in our energy supply but is FAR from providing the answer to America's energy addiction.

[Ex-offshore drilling regulator defends her tenure](#)

CASPER, Wyo. — The former director of the federal agency that regulates offshore drilling is defending her tenure in the wake of a disastrous oil spill in the Gulf of Mexico, saying no safety rules were relaxed while she was in charge.

[BP says no Gulf output shut by storm; restaffing](#)

(Reuters) - BP Plc said on Thursday that none of its crude oil production at the Atlantis, Holstein, Mad Dog and Thunder Horse platforms in the Gulf of Mexico was shut by a tropical disturbance, but nonessentials have been evacuated from those sites.

[Iran says high oil price will offset sanctions](#)

High crude oil prices and better agricultural output will help accelerate Iran's economic growth this year, its Economy Minister Shamseddin Hosseini said today, partly offsetting the impact of sanctions.

[Ghana sees 2010 flows](#)

Ghana will definitely pump its first barrel of oil in 2010 but it will take four to six months to reach its planned output of 120,000 barrels per day, Energy Minister Joe Oteng-Adjei said today.

[Musings: Natural Gas Price Rebound Heat Driven; Supply Still Grows](#)

After peaking at \$6.01 per thousand cubic feet (Mcf) on January 6th, natural gas futures

prices steadily fell until they bottomed at \$3.84 on March 29. From that point gas prices rebounded to above \$4/Mcf and traded in the low \$4 range for the next month. Gas prices began to move higher in response to hotter than normal temperatures finally reaching a near-term peak at \$5.19/Mcf in mid June. Since then, gas prices have fluctuated wildly but generally have remained in the upper \$4/Mcf range as continued supply growth battled hotter weather and hurricane supply-disruption concerns. The weak U.S. economic figures recently reported have begun to weigh more heavily on gas prices.

### [PDVSA tracks down stolen goods](#)

Venezuela's state oil company PDVSA said it has recovered stolen oilfield equipment taken by thieves who caused a loss of production of some 60,000 barrels per day and oil spills in western Lake Maracaibo.

### [LNG terminal at Gwadar Port likely alternative](#)

Karachi — The much needed Iran Gas Pipeline project seems to be in hot waters international pressures and the UN sanctions against Iran it is learnt.

If the project fails to materialize the government is considering to set up an LNG Terminal at Gwadar port as an alternative to Iran gas pipeline project which is being considered as the savior in the persisting energy crisis in the country.

### [Energy still king in KSA](#)

There is talk of Saudi Aramco deploying over 100 exploration drilling rigs by the end of the first quarter next year, and major project awards have been forthcoming from Abu Dhabi. Companies which have ridden out a period in which collections, or rather payment for work done, has been a major problem should take some respite from the fact that, on the whole, energy has now normalised, and those payment strains should begin easing from the top down.

### [Has the Green Investment Bank selected the right target?](#)

The Green Investment Bank should boost struggling independents not hand public money to multinational utilities.

### [Wider Metro Manila water rationing looms](#)

Energy Secretary Jose Almendras has advised consumers that electricity prices may go up as suppliers are forced to use the more expensive bunker fuel and oil to operate

power plants.

But he said: "Hopefully, when the rains are in full swing, and the dams are full, we should see improvement in generating costs."

### [John Michael Greer: Seeking the Gaianomicon](#)

The archetype I proposed as a model for an appropriate-technology revival in the age of peak oil – the archetype of the green wizard – comes with certain standard features in folklore and fantasy. One of them happens to be a full-blown archetype in its own right: the book of ancient and forgotten lore. Those of my readers who plan on becoming green wizards will need to provide themselves with the grimoires, literally “grammars,” of that art, and in this post I propose to explain how to do just that. Yes, it involves a quest; the details will follow in a bit.

### [Hurdles for a Natural Gas Transition](#)

Her calculation runs like this: coal-fired capacity comes to 335,000 megawatts today, and it produces an average of 72 percent of the electricity that would result from around-the-clock full-power operation. Doing that with modern, efficient natural gas plants would consume 39 billion cubic feet of gas a day, or 14.1 trillion cubic feet a year.

That is a rather large number given that today, national consumption of natural gas for all purposes is only a little over 20 trillion cubic feet a year.

### [Tropical Storm Warning Issued for South Texas, Mexico as Gulf System Forms](#)

Residents of south Texas and northeastern Mexico were warned to expect a tropical storm today after a weather depression formed in the Gulf of Mexico, the U.S. National Hurricane Center said.

### [Lawmakers Oppose Canadian Pipeline](#)

Facing a decision on a proposed pipeline to bring Canadian crude oil to the United States, the Obama administration is confronting growing resistance from politicians who oppose the project or, at the very least, urge further study before approval.

The massive pipeline, known as Keystone XL, would allow Canada to export an additional 1.1 million barrels a day of oil to the United States. The United States currently imports 1.9 million barrels a day from Canada. Canadian oil sands are expected to become America’s primary source of imported oil this year.



### [BP Investigates Resignation of 18 Traders, Singapore's Business Times Says](#)

BP Plc is probing the resignation of 18 traders mainly from its Singapore operations, the Business Times reported, citing an unidentified person.

The person declined to specify what BP was investigating, the Singapore-based newspaper reported. The report said the traders had made up almost its entire fuel oil trading team in Singapore.

### [BP may pay for wasted oil](#)

NEW YORK (CNNMoney.com) -- Adding to BP's problems in the Gulf, the company may have to pay the U.S. government royalties on all the uncollected oil currently spewing into the water.

### [Saudi Investors Have Limited Chance to Buy Stake in BP, Banque Saudi Says](#)

Saudi investors have a limited chance to buy a stake at troubled BP Plc, said John Sfakianakis, Chief Economist at Banque Saudi Fransi.

Saudi newspaper Al-Eqtisadiya said on July 7 that a group of Saudi investors were eying a 10 percent to 15 percent stake in the company without mentioning where it got the information. Sfakianakis said such an acquisition was unlikely.

### [Oil spill response doesn't address issue](#)

The paradox is that, even though Obama cannot stop the oil from gushing, his search for someone's ass to kick might be an effective solution because it de-politicizes the looming crisis of peak oil. The present oil crisis is not simply signaling an ecological crisis, inadequate administrative oversight, the multiple risks associated with oil extraction, and the greed of BP shareholders. The present oil crisis in the Gulf of Mexico signals a terminal crisis in global capitalism. In the popular media, very little has been done to connect this oil crisis to the crisis of peak oil.

### [Faith in Government Gone, Citizens Appalled by the Oil Spill Turn to Each Other](#)

Nothing says more about citizens' loss of faith in government than a website in Santa Rosa, CA called "StoptheGusher", where ordinary citizens have gathered to share ideas, offer suggestions, and rack their brains about what to do about the Gulf Oil Spill.

Almost three months into this crisis, both BP and the White House appear paralyzed. But on StoptheGusher, people spend hours composing long, intricate plans and copying

their Congresspeople, proposing concrete underwater containment barriers, and suggesting organic products such as Kenaf, an oil-soaking plant grown in North Carolina, Georgia and Texas that is ground down, refined and marketed as SupremeSorb.

### [Rick Rule on Oil & Gas vs. Green Energy](#)

Peak oil is more an economic and political phenomenon than it is a geological phenomenon. I think we're past \$40 peak oil but I don't think we're past \$200 peak oil. There are technologies, as an example, miscible CO2 flooding to recover oil from allegedly depleted oil fields. There are new basins, albeit remote, frontier basins. There are new technologies that allow dry gas or LNG to be substituted for liquid oil. It's an economic function because these technologies and substitutions require higher energy prices. At \$200 oil, we've got lots of oil.

### [Peak oil means expensive food](#)

The impacts of even a small drop in production can be devastating. For instance, during the 1970s oil shocks, shortfalls in production as small as 5 per cent caused oil prices to nearly quadruple. The same thing happened in California a few years ago with natural gas. A production drop of less than 5 per cent caused prices to skyrocket by 400 per cent. What, then, can we expect when the annual decline rate, beginning soon, falls into the presently predicted range of 4 to 10 per cent?

Every sector of the economy will be affected, but the initial lack will be felt in terms of food. In this regard, Cuba's experience has relevance for us.

### [Moving home and hearth](#)

While years ago, a modest three-bedroom asbestos home with an outside laundry and gas boiler with the weekly collected dunny was Nirvana, now nothing short of two-and-half-bathrooms, stone kitchen benchtops, eight-kilowatt reverse cycle air-conditioners and if possible, a triple remote-operated garage are regarded the minimum.

Another main difference is that young people now are totally gobsmacked about any notion of saving. Saving, what is that? The hysteric Harvey Norman jingle goes; "I want it noooooow". It perfectly sums up our terminal materialism with so many expecting everything immediately, at the same time easily accepting being eternally on the hock as well. Our love of credit has never been higher. 'Peak house mortgage' has overtaken 'peak oil', and this will inevitably also run its course with a sea of mortgage defaults polluting our economic landscape with dire consequences for many.

### [Heads in the sand](#)



How can a city that can't get bike lanes right deal with peak oil?

### [Patrick Takahashi: Hawaii: The Proposed Symbol of Energy Independence](#)

Hawaii is that proverbial canary in the coal mine regarding Peak Oil and the economy. Our only hope is a global partnership to as quickly as possible help us attain a high level of energy independence. But why should Hawaii be singled out for this privilege?

The reasons are many, but the most compelling is that we are the ideal sustainability test tube: progressive leaders, abundance of renewable options, high cost of energy (an electricity bill 250% higher than the national average, so commercialization can more quickly be attained), relatively small size (less than one half of one percent the population of the Nation, so the investment will be affordable), singular political clout (the most powerful congressional member in Senator Daniel Inouye, and leader of the Free World, President Barack Obama, who was born in this state) and, soon, sheer desperation, and, therefore, motivation. Provided is a golden opportunity for the World to work together with us to create a symbol for sustainability.

### [Soybean Yields Will Drop on Climate, Ozone, University of Illinois Says](#)

Climate change and pollution may cut yields for soybeans and other crops by 2050 unless plants are adapted, the University of Illinois said, citing research.

Tests showed crops grown in open fields benefitted less than expected from higher levels of carbon dioxide in the air, the university said in a report published yesterday. The yield increase was only half of that assumed by the United Nations' climate-change panel to predict world food supply in 2050, according to the report.

### [Russian Oil Erodes Middle East's Hold on Exports to Asia](#)

Russia is sending record amounts of oil to Asia, eroding the dominance of the Middle East, as refiners in South Korea and Japan increase purchases from a source that's three weeks closer by ship.

South Korean imports of Russian crude climbed to an all-time high of 179,000 barrels a day in May, equal to 7.3 percent of the country's supplies, according to government data. Japan took an unprecedented 241,000 barrels a day, up 61 percent from a year ago, Ministry of Economy, Trade and Industry data showed.

The first completed segment of the \$26 billion East Siberian-Pacific Ocean pipeline is boosting competition between Russia and the Middle East, the world's two biggest oil suppliers. North Asian processors can access the Russian oil, known as ESPO, for about \$1 a barrel less than Dubai crude, according to shipping rates and data compiled by Bloomberg.

## [Crude Rises to One-Week High as Supplies Drop, IMF Boosts Growth Forecast](#)

Crude oil climbed to the highest price in a week as the IMF bolstered its economic outlook and a decline in U.S. crude inventories added to signs of recovery.

U.S. crude stockpiles fell 2 percent to 351.8 million barrels last week, the biggest reduction since September, the American Petroleum Institute reported. The Energy Department will release its own weekly data today. The International Monetary Fund raised its forecast for global growth this year, reflecting a stronger-than-expected first half.

## [Gas drillers seek input on Pennsylvania natgas tax](#)

PHILADELPHIA (Reuters) – Pennsylvania's shale gas industry says any state tax on natural gas collected at the wellhead should be accompanied by new rules and regulations, but critics say that's just a tactic to secure fewer restrictions on their operations.

## [Ghanaians to Stage a Protest Asking Lawmakers to Raise Petroleum Royalties](#)

Ghanaians will today stage a peaceful demonstration asking lawmakers to increase oil-industry royalties by almost double the maximum level.

The protestors want Ghana to increase royalties to 20 percent from between 4 percent and 12.5 percent now, George Kotey, who is leading the demonstration in the capital, Accra, said by phone today.

## [China to Extend Resources Tax to Entire Nation to Fund Government Spending](#)

China plans to extend a tax on oil, gas and coal output to the entire nation, stepping up efforts to raise funds for development of poorer inland provinces in a move that will reduce earnings for resource producers.

## [Chevron, Rosneft Black Sea Drilling Plans Depend on Request for Tax Breaks](#)

Chevron Corp. and OAO Rosneft's plan to drill for oil in the Russian Black Sea hinge on a request for government tax breaks, according to a copy of their initial drilling agreement obtained by Bloomberg News.

The final agreement is conditional on the group gaining assurances of "fiscal relief" from

the Russian government “to ensure the economic viability of the project,” according to the document. The two sides aim to finish negotiations by the end of March and start drilling at the end of next year. Chevron will have a 33.3 percent stake in the venture.

### [BP dampens hope of early leak fix](#)

WASHINGTON (Reuters) – BP dampened hopes that it could plug its leaking Gulf of Mexico well sooner than forecast on Thursday, while a battle between the U.S. government and the oil industry over a deepwater drilling ban heads to court.

BP stuck to its August target to complete a relief well to halt the worst oil spill in U.S. history, after a press report raised hopes the company could stem the 80-day-old leak sooner.

### [US government launches new website on Gulf oil spill](#)

WASHINGTON (AFP) – The US government Wednesday launched a new website to give information on the Gulf of Mexico oil spill, moving away from the portal jointly run with oil giant BP.

Coast Guard Admiral Thad Allen, the top government official handling the spill, said the site [www.RestoreTheGulf.gov](http://www.RestoreTheGulf.gov) was "designed to serve as a one-stop repository for news, data and operational updates related to administration-wide efforts to stop the BP oil leak."

### [Obama administration set for drill ban legal fight](#)

WASHINGTON (Reuters) – The Obama administration heads to court on Thursday with a single goal -- to reinstate a six-month moratorium on deepwater oil drilling imposed in response to the BP Plc oil spill but blocked by a federal judge.

The high-stakes showdown starts at 3 p.m. local time (4 p.m. ET) at the U.S. Court of Appeals for the Fifth Circuit in New Orleans, where government lawyers will square off for one hour against drilling companies before a three-judge panel.

### [Economic peril seen from offshore drilling ban](#)

HOUSTON (Reuters) – A Gulf of Mexico deepwater drilling ban has already cost offshore jobs in a nascent U.S. economic recovery and a lengthy moratorium will put the industry at peril, sector executives said on Wednesday.

### [Moratorium to cut U.S. oil output 82,000 bpd: EIA](#)

WASHINGTON (Reuters) – The U.S. offshore oil drilling ban will reduce crude output by an average of 82,000 barrels per day next year, more than previously estimated, the government's top energy forecaster said on Wednesday.

The Energy Information Administration had said last month that the moratorium, which the government put on exploration rigs in response to the BP Plc oil spill, would reduce next year's U.S. crude output by an average of 70,000 bpd.

### [Base drilling halt on results, not an arbitrary timeline](#)

Which is worse: Risking another catastrophic oil spill like BP's April 20 blowout? Or inflicting even more financial damage on the already battered regional economy?

There's no easy answer, despite what the industry and environmentalists say.

### [Let drilling resume](#)

The moratorium neither improves safety nor mitigates risk.

### [Energy Department Lags in Saving Energy](#)

WASHINGTON — Like flossing or losing weight, saving energy is easier to promise than to actually do — even if you are the Department of Energy.

Its Web site advises that choosing new lighting technologies can slash energy use by 50 to 75 percent. But the department is having trouble taking its own advice, according to an internal audit released on Wednesday; many of its offices are still installing obsolete fluorescent bulbs.

### [Aircraft completes first solar-powered night flight](#)

PAYERNE, Switzerland (Reuters) – A giant glider-like aircraft has completed the first night flight propelled only by solar energy, organizers said on Thursday.

Solar Impulse, whose wingspan is the same as an Airbus A340, flew 26 hours and 9 minutes, powered only by solar energy stored during the day. It was also the longest and highest flight in the history of solar aviation, organizers said.

## [How China Has Pruned Its Families' Trees](#)

With a current population of 1.3 billion people, China now boasts fertility rates of around 1.6 births per woman, well below the 2.1 replacement rate at which a population is maintained. But the country is also saddled with one of the planet's worst gender imbalances, largely a result of women aborting female fetuses due to a traditional preference for male offspring. Other countries such as India and South Korea also have skewed sex ratios, but the pressure to bear a son is all the greater in China precisely because many families are limited to just one child. The Chinese Academy of Social Sciences estimates that by 2020 there will be at least 24 million "bare branches" — men destined to stay single because there are not enough wives to go around. As more of those boys become bachelors, China risks all sorts of social plagues — from criminal gangs to greater trafficking in women.

The other danger is that China will grow gray before it is rich enough to cope. Reducing population growth has meant that per capita GDP rates have zoomed upward. But factories are now facing shortages of young, skilled labor. By 2050, one-third of Chinese will be elderly. Despite its communist heritage, the People's Republic has little in the way of a national social-security system. Will a generation of "little emperors" be willing or able to support their parents and grandparents?

## [Masdar to drive change with carbon data](#)

Masdar City is set to reveal the carbon footprint of hundreds of materials that will be used to build the US\$22 billion (Dh80.8bn) carbon-neutral development at the edge of the capital.

The data, from Masdar's efforts to procure low-carbon cement, aluminium, steel and other materials for its groundbreaking city, covers 400 products plucked from the many advertised as environmentally friendly, said Richard Reynolds, the department supply chain manager at Masdar City. It will be disclosed by the end of this year.

## [A Flush of Funding for Carbon Capture](#)

In the endeavor to reduce greenhouse emissions, carbon capture and storage technology continues to generate a lot of interest.

## [Climate scientists praise report on hacked email scandal](#)

SINGAPORE (Reuters) — Leading climate scientists on Thursday welcomed a British report that cleared researchers of exaggerating the effects of global warming and said they hoped it would restore faith in the fight against climate change.



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