



## Drumbeat: July 13, 2010

Posted by [Leanan](#) on July 13, 2010 - 9:19am

Topic: [Miscellaneous](#)

### [Gulf braces for power shortages](#)

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All Gulf states except Qatar face electricity shortages that intensify during the airconditioning season. Already this year, the emirate of Sharjah as well as Kuwait and Saudi Arabia have suffered disruptions.

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es oil money to federal, state and local governments, Babalola said.

### [Venezuela revels in oil reserves, challenges remain](#)

CARACAS (Reuters) - Venezuela hopes to catapult past Saudi Arabia as the world leader in certified crude oil reserves when it finishes registering oil deposits in its vast Orinoco Belt this year.

An increase of 22.5 percent in the Latin American country's reserves was behind OPEC's announcement last week that the group's proven reserves rose in 2009 to 1.06 trillion barrels.

### [ANALYSIS - Reliance on oil could lure Russia into budget trap](#)

(Reuters) - Russia's reliance on oil to ride its way out of recession could set it up for a fall, potentially alienating investors who snapped up its Eurobond just three months ago, unless it acts now to cut spending and hike taxes.

### [Russia and Iran to outline future cooperation](#)

Russia's energy ministry said it will sign a "road map" with Iran to outline long-term

energy cooperation as Moscow's investments in Iran are stalled because of international sanctions.

### [Petrobras 2nd-Worst Oil Stock as Politics Hurt Offer](#)

(Bloomberg) -- Petroleo Brasileiro SA is the world's second-worst performing oil company this year, behind only BP Plc, on concern Brazil's government will force the producer to pay more than investors originally expected for crude reserves.

### [Pemex to Sell Benchmark Dollar Bonds Overseas Today](#)

(Bloomberg) -- Petroleos Mexicanos, the state-owned oil company, plans to sell dollar bonds in overseas markets after its benchmark yields fell to the lowest level in almost six months.

### [Sabic Profit May Triple as Global Economy Recovers](#)

(Bloomberg) -- Saudi Basic Industries Corp., the world's biggest petrochemicals maker, may have seen second- quarter profit more than triple after demand for fertilizers and plastics recovered in a strengthening global economy.

### [City saps emirate's gas supply](#)

Gas demand in the city of Sharjah increased sharply last year, contributing to a shortage of the fuel across the emirate.

### [Analysis: Anemic Permitting Points to A Winter Utilization Drop](#)

The approval process for "Applications for Permits to Drills" (APDs) has ground to a halt following the six-month imposed drilling moratorium put in place on May 30, 2010. We note that while two Notices to Lessees and Operators (NTLs) from the Bureau of Ocean Energy Management Regulation and Enforcement (BOEMRE, was formerly the MMS) for new safety requirements along with guidelines for additional information on drilling plans were issued on June 8, 2010 and June 18, 2010, approvals for drilling plans in waters less than 500' have yet to take hold. Just one APD that was submitted since May 30, 2010 has been approved (to Apache on July 7, 2010) in what can only be described as federal feet dragging.

### [Lifting U.S. Drilling Moratorium Is Too Risky, Bromwich Says](#)

Lifting the moratorium on deep-water oil drilling is too risky as companies have yet to

show they are capable of preventing and containing spills following the BP Plc disaster, the main regulator for U.S. offshore drilling said.

Drillers must do a better job, and investigators must gather more data on the causes of BP's Macondo well leak in the Gulf of Mexico before drilling can resume, Michael Bromwich, director of the Bureau of Ocean Energy Management, Regulation and Enforcement, said today at a hearing in New Orleans.

### [Factbox: BP assets that may be put up for sale](#)

Below are what some analysts see as potential disposals:

### [Rare mix of geological factors created rich but dangerous reserves](#)

Ken Deffeyes, a retired Princeton geologist who once worked for Shell Oil and has written about the gulf, said, "The Mississippi Delta and the Niger Delta are the only two really productive, big deltas in the world. The Amazon, nothing. The Ganges, nothing or very, very little."

### [Kurt Cobb: Is Net Energy Peaking?](#)

When most people think of fossil fuel supplies, they think in terms of barrels of oil, cubic feet of natural gas and tons of coal. But in evaluating how much energy in the form of finite fossil fuels the world has left, these are no longer adequate measurements.

### [A clean option to chuck dirty coal](#)

The Indian power sector is under pressure to reduce its carbon emission as part of the global effort to fight the climate change. It must shift from dirty coal to natural gas for generation on a large scale if it is to meet the objective. However, domestic gas shortage is a major obstacle to achieving that. But this constraint would significantly ease if India could find a big reserve of shale gas.

### [Don't believe a word about electric cars and the coming lithium shortage](#)

FORTUNE -- Shai Agassi wants to put the world into electric cars whose batteries can be swapped out at one of his futuristic "gas" stations. But just as the cells in flashlights and laptops need lithium to run, so do -- swappable batteries or not -- electric cars. And some are now saying that will make lithium, in our increasingly battery-dependent society, increasingly hard to come by.

There are rumblings in the press that the auto industry switching from petroleum to

lithium is simply shifting from one finite resource to another, and even that the U.S.'s real reasons for invading Afghanistan were to secure its massive deposits of the alkali metal. Also, electric skeptics think there might be trouble accessing enough lithium to fuel the shift. Agassi, unsurprisingly, is not among them.

### [How Goldman gambled on starvation](#)

By now, you probably think your opinion of Goldman Sachs and its swarm of Wall Street allies has rock-bottomed at raw loathing. You're wrong. There's more. It turns out that the most destructive of all their recent acts has barely been discussed at all. Here's the rest. This is the story of how some of the richest people in the world – Goldman, Deutsche Bank, the traders at Merrill Lynch, and more – have caused the starvation of some of the poorest people in the world.

It starts with an apparent mystery. At the end of 2006, food prices across the world started to rise, suddenly and stratospherically. Within a year, the price of wheat had shot up by 80 per cent, maize by 90 per cent, rice by 320 per cent. In a global jolt of hunger, 200 million people – mostly children – couldn't afford to get food any more, and sank into malnutrition or starvation. There were riots in more than 30 countries, and at least one government was violently overthrown. Then, in spring 2008, prices just as mysteriously fell back to their previous level. Jean Ziegler, the UN Special Rapporteur on the Right to Food, calls it "a silent mass murder", entirely due to "man-made actions."

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On May 10, a 90-minute power cut grounded flights at King Abdul Aziz International Airport near Jeddah.

### [Illegal oil exports flourish in the region](#)

Middle East oil smuggling is flourishing as governments fail to tackle big problems including unsecured borders, fuel subsidies, corruption and trade sanctions.

The latest cases to surface involve the smuggling of oil products from Iraq and Saudi Arabia under two different sets of circumstances that highlight a systemic regional problem. On Sunday, the government of Iraq's semi-autonomous Kurdish region said it

was clamping down on fuel smuggling across its mountainous borders with Iran and Turkey.

### [Formosa Petrochemical Mailiao Refinery Unit Shutdown May Curb Fuel Exports](#)

Formosa Petrochemical Corp., Taiwan's only publicly traded oil refiner, shut a residue fluid catalytic cracker yesterday because of an "equipment fault" that will probably curb gasoline exports next month.

### [Shah sour gas project is delayed again even as contracts are signed](#)

Abu Dhabi Gas Development Company has indicated the Shah gas development will be delayed by a further three to six months, even as it finalises more than US\$5 billion (Dh18.35bn) of contracts related to the project.

### [Millions face starvation as Niger prays in vain for rain](#)

To the north of Niger, the creeping Sahara; to the south, oil rich and agriculturally lush Nigeria – this nation straddles the Sahel – dry, hot and cruel. It has suffered catastrophic droughts – 1974, 1984 and 2005. And now, another.

Five times the size of the United Kingdom, Niger is one of the poorest nations on earth with child mortality worse than Afghanistan. The absence of regular rainfall throughout 2009 has led to poor harvests, lack of grazing for animals and food reserves exhausted.

### [Doom Feared as Asian Carp Advances](#)

With the country's attention riveted on the oil spill in the Gulf of Mexico, the news in late June that a live Asian carp had been caught in the Chicago Area Waterway System, just six miles from Lake Michigan, registered only a blip on the radar of the national news media.

But for state and local officials in the Great Lakes region, the arrival of the carp on the doorstep of Lake Michigan is an environmental crisis.

### [400 Park Geese Die, for Human Fliers' Sake](#)

They have been a familiar sight around the lake in Prospect Park in Brooklyn: Canada geese, scores of them. To some residents, the birds and their fuzzy offspring are charming hints of wildlife amid the bricks of the city. Recently, when one was found with

an arrow through its neck, park rangers tried to corral it to administer first aid.

But then, over the last few days, parkgoers noticed something strange.

The geese were gone. Nearly 400 of them.

On Monday, the answer emerged. Wildlife biologists and technicians had descended on the park Thursday morning and herded the birds into a fenced area. The biologists, working with the federal Agriculture Department, then packed the geese two or three to a crate and took them to a nearby building where they were gassed with lethal doses of carbon dioxide, Carol A. Bannerman, a spokeswoman, said.

### [A Watchdog's Warning on Nuclear Waste](#)

This week, a blue-ribbon commission on nuclear waste established to seek alternatives to Yucca will hold two days of hearings near Hanford. And one of the experts giving testimony will be Gerry Pollet, executive director of Heart of America Northwest, which describes itself as a watchdog group focused on Hanford.

### [Biomass Britain: do fields of energy crops spell an end to grazing livestock?](#)

A new vision to replace our grazing land with energy crops will help reduce greenhouse gas emissions, but many are unwilling to embrace its suggestions for our future diet and countryside.

### [Biodiversity Inches Up Corporate Agenda](#)

More and more companies are making noteworthy efforts to minimize damage to the environment from their activities, according to a report on business and biodiversity issued on Tuesday.

### [New Weather Patterns Threaten U.S. Breadbasket](#)

DES MOINES, Iowa (IPS/IFEJ) - Climate change is expected to disrupt agriculture in the U.S. Midwest, with high carbon dioxide promoting crop growth but stronger storms, drought, floods and migrating yields dampening yields.

### [Sea Levels Rising in Parts of Indian Ocean; Greenhouse Gases Play Role, Study Finds](#)

ScienceDaily — Newly detected rising sea levels in parts of the Indian Ocean, including the coastlines of the Bay of Bengal, the Arabian Sea, Sri Lanka, Sumatra and Java, appear to be at least partly a result of human-induced increases of atmospheric



greenhouse gases, says a study led by the University of Colorado at Boulder.

### [Sea ice melting faster in Arctic](#)

Arctic Ocean sea ice melted faster last month than it has in any previous June since satellite measurements began 30 years ago, continuing a pattern that could see a record retreat by summer's end, according to North America's main ice-monitoring research centre.

The U.S. National Snow and Ice Data Center, the Colorado-based institute that tracks the annual cycle of winter ice buildup and summer thaw, says in its latest report that June's rapid melt -- which followed a similar record-setting retreat in May -- means the polar ice cover remained on pace to shrink more than it did in 2007, when an unprecedented loss of ice first prompted scientists to raise alarms about the Arctic as a harbinger of global climate change.

### [Saudi Arabia's House Of Cards](#)

Seventy-eight years after Abdul Aziz ibn Saud triumphantly carved out his kingdom on the Arabian Peninsula following a quarter-century of warfare against rival tribes, Saudi Arabia is living on borrowed time. And the likely culprit of its eventual undoing is the one commodity that allowed ibn Saud to secure international legitimacy in the years following his country's founding: oil.

### [IEA Forecasts World Crude Oil Demand Growth Will Slow to 1.6% Next Year](#)

Global oil demand will increase at a slower pace next year, as advanced nations trail China and other developing countries, the International Energy Agency said in its first assessment of 2011.

Worldwide daily crude oil consumption will climb 1.3 million barrels, or 1.6 percent, to average 87.8 million a day, the Paris-based adviser said in a monthly report today, leaving its estimate for this year unchanged at 86.5 million. The rate of demand growth for 2011 will be less than this year's 2.1 percent as a result of increased fuel efficiency in the industrialized nations of the Organization for Economic Cooperation and Development, the IEA said.

### [Crude Futures Advance as Stocks Gain, U.S. Oil Inventories Seen Increasing](#)

Crude oil advanced in New York as rising equity markets and forecasts of declining U.S. inventories signaled growing demand for fuel.

European stocks gained for a sixth day, with the Europe Stoxx 600 index rising 1.7

percent. U.S. index futures also rose. The U.S. Energy Department may say tomorrow that crude stockpiles fell last week, and the International Energy Agency predicted higher demand for oil next year.

### [U.S. trade deficit widened unexpectedly in May](#)

The rise in the May deficit came despite the fact that oil imports dropped by 9.1 percent to \$27.6 billion as both the price of oil and the volume of shipments declined slightly.

### [Brent Oil May Exceed Year High on Channel Formation: Technical Analysis](#)

Brent crude oil may surpass this year's high of \$89.58 a barrel after prices rebounded against a rising channel formation, according to technical analysis by Standard Chartered Plc.

### [Cost of gas should remain steady this summer](#)

Gasoline pump prices should stay in a fairly narrow range this summer, putting less strain on family budgets for summer driving trips and commutes to work.

### [Fuel Oil Losses in Europe Decline as Russia Ships to Asia](#)

European refining losses on sales of fuel oil fell to a one-month low as Russian supplies headed to power stations and shippers in the Middle East and Asia.

Refiners are losing about \$12.48 a barrel from processing North Sea Brent crude into fuel oil, compared with \$14.36 on June 16 and as much as \$18.95 on April 5, according to data compiled by Bloomberg. The discount averaged \$10.10 a barrel in the past year. Oil companies are typically willing to lose money as long as they profit from higher-value products such as gasoline and diesel.

### [Iran May Cut Gasoline Imports 75% in Five Years Amid Sanctions, IEA Says](#)

Iran, facing international sanctions over its nuclear energy plans, is likely to reduce gasoline imports by 75 percent by 2015 as it expands refining capacity and tackles subsidies, the International Energy Agency said.

Iran's gasoline imports will shrink to 100,000 barrels a day in five years from 400,000 in 2009, the IEA said today in its latest monthly report.



### [Putin Extends Discount on Fuel Supplies for Russian Farmers Amid Drought](#)

Russian Prime Minister Vladimir Putin agreed to extend a discount on fuel supplies to farmers, who are suffering the worst drought in at least a decade.

### [Feds issue revised deep-water drilling ban](#)

NEW ORLEANS — The federal government on Monday issued a revised moratorium on deep-sea offshore drilling, imposed on the heels of the Deepwater Horizon oil spill in the Gulf of Mexico.

Unlike the previous moratorium, which was struck down in federal court, the new one isn't based on water depth and applies to any deep-water floating facility with drilling activities. It will last through Nov. 30.

### [Analysis: New moratorium could spell more legal fights](#)

WASHINGTON (Reuters) – The Obama administration issued a revised moratorium on deepwater oil drilling Monday but will likely face another tough legal battle with the companies which have so far successfully sued to get the original drilling suspension lifted.

### [BP hopes cap will end Gulf oil nightmare](#)

NEW ORLEANS, Louisiana (AFP) – Oil giant BP hoped Tuesday to finally stem the catastrophic flow of toxic crude in the Gulf of Mexico as it tested a new tighter-fitting cap attached to the gushing well.

The test, according to BP, will last from six to 48 hours "or more depending on the measurements that are observed," said Admiral Thad Allen, a former Coast Guard chief who is leading the US government's response to the crisis.

### [Abu Dhabi May Make BP Investment, Crown Prince Says](#)

Abu Dhabi's crown prince, a member of the board of one of the world's largest sovereign wealth funds, said the emirate is considering an investment in BP Plc after the company lost half its value following the worst oil spill in U.S. history.

### [BP may face probe over bomber's release](#)

(CNN) -- A group of U.S. lawmakers have called for an investigation into whether BP may have played a role in lobbying for the release of Abdelbaset al Megrahi to secure an oil contract with the Libyan government.

### [BP replaces key staff in global fuel oil team](#)

SINGAPORE (Reuters) – BP Plc has replaced key staff on its global fuel oil and Asia marine fuels teams with internal personnel, following a wave of resignations more than a month ago, industry sources said on Tuesday.

### [Kazakhstan Plans to Levy New Crude-Oil Export Tax on Chevron-Led Venture](#)

The government of Kazakhstan plans for the first time to tax exports of crude oil from a venture led by Chevron Corp., in its latest effort to seek more revenue from the central Asian country's energy wealth.

Kazakhstan's cabinet today approved a crude-oil export tax of \$20 a metric ton, said Farida Batyrbayeva, an Astana-based spokeswoman at the Ministry for Economic Development and Trade. The tax, which applies to most oil producers in the nation, will take effect 30 days after it is published in official media, she said by telephone.

### [Iran: Missing scientist surfaces in Washington](#)

TEHRAN, Iran – Iran said Tuesday a missing Iranian nuclear scientist, who Tehran claims was abducted by the U.S., has taken refuge at the Pakistani embassy in Washington and is asking to return to his homeland.

### [Population ballooning out of control](#)

The population isn't merely replacing itself. It's ballooning out of control and conservative estimates predict a grand total of 10 billion consumers (sorry, "human beings") by the year 2050. As James Lovelock pointed out in the deeply unpopular but stubbornly relevant Earth Feedback Hypothesis, that is nine billion more than are needed for a sustainable and comfortable coexistence with the biosphere. I call them like I see them and I fail to understand how could one cast an eye over this overpopulated rats' nest we call home and declare the numbers insufficient.

### [Nitrogen and Phosphorous: The Future of Toilet Design Hangs in the Balance](#)

Now, some of you who remember your periodic table might have noticed something funny about these claims of scarcity. After all, one fundamental law of matter says you can't "use up" elements like nitrogen—they're conserved, neither created nor destroyed.

So an atom of nitrogen can never really disappear. (Radioactive elements do decay and disappear, but the vast majority of atoms are not radioactive.) Besides, there's plenty of nitrogen in the air—four out of every five molecules you breathe. It's hardly in short supply. Advertisement

That said, the *useful* form of an element can disappear. Pure nitrogen in the air acts differently than saltpeter nitrogen, which is locked into a molecule called a nitrate. For plants, nitrogen in the air just isn't palatable—it's analogous to dying of thirst in the middle of the ocean. Plants need nitrates or other forms of the element. So even though the world supply of nitrogen *atoms* hadn't decreased by 1900, the supply of nitrogen that plants can actually use had decreased.

### [For recyclers, one \(complicated\) word: Plastics](#)

Just as America is addicted to oil, it's positively hooked on plastic.

Americans rely on plastic made from crude oil and natural gas in virtually every aspect of our lives — from soda bottles to car parts to toys. And yet even as the Gulf Coast oil disaster is causing more Americans to rethink their dependency on petroleum, we're doing a poor job of reusing the plastic we already have.

### [Finding New Energy](#)

Guru of crude Matt Simmons shook the industry with his peak-oil predictions. Now he's betting on wind with a new company that could go to public with a \$1 billion IPO.

### [McGuinty Government Deliberately Conceals its Cuts to Solar Power?](#)

As anyone who reads this column knows, I have been a steady proponent of the Green Energy Act, passed last year. I believe it is a good act – indeed excellent, as it makes Ontario just about the only jurisdiction in North America to take the future fuel shortage seriously (e.g. Peak Oil), and proposes a workable plan to minimise this impact on the province. Although I am not a great fan of McGuinty, this act alone would have guaranteed him my vote in the next provincial election.

Imagine my surprise when I discovered, quite by accident, that the tariffs for alternate energy were changed without notice.

### [Wake up to a Himalayan opportunity](#)

Surprisingly, geothermal energy, which is available throughout the year, is not on the radar of the government of India. Even the recent order of the Central Electricity

Regulatory Commission (CERC) directing electricity utilities to purchase green power to the extent of minimum 6% of their installed capacities, lists all renewable sources except geothermal. One can argue that currently, geothermal is not available; but if it is not even listed as an option, it would discourage its development by potential investors.

### [A Green Retreat](#)

Why the environment is no longer a surefire political winner.

### [U.S. Election-Year Pressures Might Sink Carbon Cap Legislation, Kerry Says](#)

U.S. lawmakers might be too focused on elections in November to approve legislation this year that charges power plants and other industrial companies a price for releasing carbon dioxide into the atmosphere, said Senator John Kerry, a leading advocate of the pollution-cutting plan.

### [Province receives A- grade on curbing climate change](#)

FREDERICTON - An environmental group has awarded New Brunswick a grade of A- for its adoption of a regional plan to curb climate change.

### [Reading the printed page is 'greener' than online browsing, says papermaker](#)

"Reading a newspaper has a lower impact on global warming than reading the news online for 30 minutes," according to Torrasapel's *Paper: the alternative to climate change* report.

The Spanish group added: "Teaching with textbooks printed on paper contributes to global warming 10 times less than the use of electronic documentation."

### [Scientists Quantify Global Warming's Threat to Public Health](#)

Extreme weather induced by climate change has dire public health consequences, as heat waves threaten the vulnerable, storm runoff overwhelms city sewage systems and hotter summer days bake more pollution into asthma-inducing smog, scientists say.

The United States – to say nothing of the developed world – is unprepared for such conditions predicted by myriad climate models and already being seen today, warn climate researchers and public health officials.



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