

Drumbeat: September 10, 2010

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Topic: Miscellaneous

E.P.A. to Study Chemicals Used to Tap Natural Gas

The Environmental Protection Agency sent letters to nine drilling companies on Thursday requesting detailed information about the chemicals contained in fluids used to crack open underground rock formations in the hunt for oil and natural gas.

The move is part of the federal agency's preparations for a long-term scientific study of the effects of the practice, known as hydraulic fracturing or "fracking," on drinking water and public health.

"Natural gas is an important part of our nation's energy future, and it's critical that the extraction of this valuable natural resource does not come at the expense of safe water and healthy communities," the E.P.A. administrator, Lisa P. Jackson, said in a statement.

heory, it's a simple procedure -- highly pressurized nitrogen, steam, air, or natural gas is propelled through pipes to clean out debris. Natural gas is the most dangerous choice; safety depends on dispersing the gas effectively and avoiding even the slightest spark. At the Kleen plant large quantities of gas were vented into a partially enclosed area that had a door that opened into a space where pipefitters were using blowtorches and open-flame industrial heaters warmed the men on a frigid winter day.

US crude rises more, up over \$2, on Enbridge outage

(Reuters) - U.S. crude oil futures extended early gains to more than \$2 on Friday, sparked by the shutdown on Thursday of a major Enbridge Inc pipeline to the Midwest and rising gasoline cash prices in the Chicago region and the U.S. Gulf Coast.

Europe Products-US supply worries boost gasoline crack

LONDON, Sept 10 (Reuters) - Gasoline crack spreads in Europe above \$8 a barrel on Friday to a two-month high in anticipation of lower U.S. refinery output after a major pipeline leak.

HOUSTON (Reuters) - Enbridge Inc expects "significant impact" on oil producers and refiners from the shutdown of its Line 6A Thursday due to a leak in Illinois, a spokesman said Friday.

FACTBOX - History of Enbridge's pipeline spills in the U.S.

(Reuters) - Enbridge Inc shut down the largest of its three major oil pipelines due to a leak in Illinois on Thursday, reducing supply on the main transit route for Canadian crude into the United States.

Canada is the largest oil exporter to the United States and Enbridge's pipelines carry the lion's share of that crude.

Huge California gas fire 75 percent contained

San Bruno, California (CNN) -- Firefighters have contained 75 percent of a massive gasfueled blaze in California that killed four people and destroyed or damaged 45 homes.

The intensely hot fire sent fireballs shooting 80 feet into the air in the normally quiet Glenview neighborhood in the city of San Bruno, near the San Francisco airport.

"It looks like a moonscape in some areas," said San Bruno Fire Chief Dennis Haag, who was visibly shaken at a Friday news conference.

US Govt: Flash Fire Aboard GOM Oil Platform

A flash fire occurred aboard a Mariner Energy Inc. (ME) oil and gas platform in the U.S. Gulf of Mexico on Thursday, U.S. regulators said.

The Bureau of Ocean Energy Management, Regulation and Enforcement said the fire was immediately extinguished and no pollution was reported. The platform sits atop permanently plugged wells, and is located in shallow waters about 109 miles south of Lafayette, La in South Marsh Block 136.

BP directed to assess quicker way for final kill

The US National Incident Commander, retired Coast Guard Admiral Thad Allen, directed BP this morning to assess whether it can use a sleeve to lock down the casing hangar beneath the wellhead instead of cementing from the top as a quicker way to complete the final kill of the Macondo well which for almost 90 days ejected some five

million barrels of crude into the deep-water Gulf of Mexico.

Transocean Rises as FBR Says Gulf Well Liability May Be Less Than Expected

Transocean Ltd., the owner of the rig that exploded in the Gulf of Mexico in April, rose 7.9 percent after a report from FBR Capital Markets said the company's liability for the accident may be less than expected.

BP evicted from ethical index, delays Q3 results

LONDON (Reuters) - BP Plc is to be evicted from the FTSE4Good ethical investment index due to its Gulf of Mexico oil spill, index compiler FTSE said on Friday, as BP said it would delay its third-quarter results due to the challenges of accounting for spill costs.

FTSE said BP would be excluded from FTSE4Good, which many managers of ethical funds use to screen companies before including them in their portfolios, from Sept. 18.

Iran to lift petrol output as sanctions hit

Iran has activated an emergency plan to increase petrol production in tacit confirmation that tighter international sanctions over its nuclear programme have affected supplies.

Mexico to push up fuel prices; budget fight looms

MEXICO CITY (Reuters) - Mexico will continue raising domestic fuel prices to eliminate costly subsidies, Finance Minister Ernesto Cordero said on Thursday as he pushed an austerity plan that opposition lawmakers promise to fight.

Mexico has been lifting fuel prices since mid-2009 to cut losses on fuel sales by state oil monopoly Pemex as the country recovers from a deep economic downturn.

Mexican drivers enjoy subsidies that in July had them paying roughly 10 percent less to fuel their cars than U.S. consumers do. Heating and cooking fuel also get price support.

Repsol ready for African pre-salt hunt

Spanish explorer Repsol wants to export its Brazilian pre-salt oil reserves model to Gabon, Congo, the Republic of Congo and Angola.

Steady Growth of Wind Industry Moves EU Closer to Green Goals

Europe is in the midst of a wind energy boom, with the continent now installing more wind power capacity than any other form of energy. In an interview with Yale Environment 360, the European Wind Energy Association's Christian Kjaer describes his vision of how wind can lead the way in making Europe's electricity generation 100 percent renewable by 2050.

USDA cuts world wheat, US corn forecasts

WASHINGTON (Reuters) - The U.S. Agriculture Department pared its world wheat production forecast less sharply than expected on Friday, but made a deeper cut in its outlook for the U.S. corn crop that will knock the ratio of inventories to usage to the lowest in 15 years.

While a fourth monthly reduction in its wheat supply forecast was widely expected in the USDA's monthly supply and demand report, the paring to 643 million tonnes was not as deep as expected as a more upbeat view on Canada helped offset crop losses in Russia and Europe.

WTA to consider eliminating rider transfers

WTA is set to reduce bus service starting Sunday, Sept. 19, but revenues continue to lag. In the first half of this year, WTA collected \$7.8 million in sales taxes, which was 5.4 percent less than it collected during the same period in 2009 and 8.5 percent below what it budgeted for this year.

By eliminating transfers, WTA staff estimates, the agency could see a revenue increase of about \$100,000 a year. It would also reduce the roughly \$10,000-a-year expense of printing the transfers.

New Pioneers

Americans are facing a troubling reality. The economic recovery they were promised has not materialized. There's growing talk about a "new normal"—a new way of life to take us through a long period of failed recoveries.

There are, indeed, good reasons to believe we won't go back to the old ways. But this new normal doesn't have to be a time of chaos and decline.

A Look at the Peak Oil Belief – Is the End Really Near

Deeply held beliefs go beyond evidence and logic. Thus they tend to be unfalsifiable,

invulnerable to demonstrable facts or reason.

Take belief in Peak Oil Doom. There are several blurred and shifting definitions of "Peak Oil", but none of them stand up to sustained examination. With any belief -- such as belief in a deity -- as long as one is not pressed for a rigorous definition of exactly what it is one believes in, there is little point to the argument. So what, exactly is this "Peak Oil" that so many people either do or do not "believe in?"

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"Natural gas is an important part of our nation's energy future, and it's critical that the extraction of this valuable natural resource does not come at the expense of safe water and healthy communities," the E.P.A. administrator, Lisa P. Jackson, said in a statement.

Oil Rises After U.S. Jobless Claims Decline, China Crude Imports Increase

Oil climbed to near a three-week high as economic indicators from the U.S. and Asia restored confidence that the recovery will stimulate fuel demand.

Oil was set for a 1.4 percent weekly increase as U.S. jobless claims fell, Japan boosted its estimate of economic growth, and China raised imports of crude. Prices gained after a leak prompted Enbridge Energy Partners LP to shut a pipeline that can carry more than a third of the crude oil shipped to the U.S. Midwest.

OPEC's August Output Quota Compliance 53%, Unchanged From July, IEA Says

OPEC's compliance with record supply cuts was unchanged in August as increased output from Angola and Iran offset lower production from Nigeria and the United Arab Emirates, the International Energy Agency said.

Shipping forecast is clearing

Rising demand for oil worldwide is encouraging shipping companies to expand their oil

tanker fleets, just a year after the outlook for the shipping industry appeared bleak.

By the end of this year, daily demand for oil is forecast to fully recover from the effects of the global downturn. Demand for this year will be 86.3 million barrels daily, almost matching the 86.5 million consumed in 2007, when the global economy reached its peak, according to the International Energy Agency.

IEA Maintains Estimates for Worldwide Oil Demand Amid Economic Concerns

The International Energy Agency left its estimate for oil demand for 2010 and 2011 little changed as fuel stockpiles surge and concern persists that a revival in world economic growth may falter.

Global crude demand will average 87.9 million barrels a day next year, the IEA said today in its monthly Oil Market Report, unchanged from last month. It revised the 2010 estimate 50,000 barrels a day higher to 86.6 million. Soaring stockpiles and slowing Asian consumption are capping oil prices and there's a "significant downside risk" that demand will falter should the global recovery stall, the Paris-based group said.

IEA sees Q4 refinery runs down on US, Europe

LONDON (Reuters) - Global refinery crude runs will fall in the fourth quarter as the end of U.S. driving season and lower demand in Europe will outweigh rising runs in Asia, the International Energy Agency said on Friday.

Runs could fall by 780,000 barrels per day to 73.9 million bpd, it said but added that it would still be 1.4 million bpd above year ago levels.

Producer price inflation slows to six-month low

(Reuters) - British annual factory gate inflation slowed more than expected to a sixmonth low in August, helped by a surprise fall in input prices on the month driven by oil, official data showed on Friday.

U.S. Improperly Banned Oil Drilling off Alaska Coast, State Claims in Suit

U.S. Interior Secretary Kenneth Salazar was sued by the state of Alaska over claims he improperly banned drilling off the state's coast after BP Plc's Gulf of Mexico oil spill.

Total considers sale of British petrol stations

LONDON (AFP) – French energy giant Total said Friday that it could sell its 480 petrol stations in Britain as part of a strategic review by its British arm.

"Total UK can confirm it is undertaking a strategic review of its UK downstream operations," a statement said.

Sinopec Group to Bid for 42 Gabon Oil Exploration Areas, Reuters Reports

China Petrochemical Corp., the nation's second biggest energy company, will join the bidding for 42 offshore exploration blocks off Gabon, Reuters reported.

CNOOC, Sinopec Weigh \$7 Billion Offer for Assets of Brazil's OGX

China's oil companies are seeking assets overseas to secure supplies for the world's fastest-growing major economy. Sinopec Group, as China Petrochemical is known, bought Addax Petroleum Corp. for C\$8.3 billion (\$8 billion) last year to add oil reserves, part of the record \$32 billion of acquisitions by Chinese companies in natural resources.

Chevron to explore for oil in Liberia

MONROVIA (AFP) – US energy giant Chevron will explore for oil in three deepwater oil wells off Liberia in West Africa, a region which has yielded massive oil finds in recent years.

In a statement on its website published on Wednesday, Chevron said the Liberian government had approved an agreement giving the company a 70 percent interest in the three deepwater blocks.

Enbridge Shuts 34-Inch Oil Pipeline in Illinois After Leak is Discovered

Enbridge Energy Partners LP shut down and isolated its Line 6A, which can carry more than one- third of crude oil imports to the U.S. Midwest, after a leak was discovered.

Crews are investigating the situation, said Glenn Herchak, a company spokesman. He declined to provide information on what the line was carrying and if it was at full rates. The pipeline, part of Enbridge's Lakehead system, can carry 670,000 barrels a day of oil from Canada to refineries in the U.S. Midwest, according to a company website.

Birth of oil bloc that shook the world

Fifty years ago, a telegram arrived at the desk of Juan Pablo Perez Alfonso, then the Venezuelan minister of mines and hydrocarbons.

The simple message invited him to a meeting of Middle East oil exporters in Baghdad to discuss the conditions of the world oil market.

Q+A: OPEC at 50 and the next 50 years

CAN OPEC CONTINUE TO INFLUENCE WORLD MARKETS?

OPEC sits on around three quarters of the world's proven reserves, according to sometimes disputed figures from its Annual Statistical Bulletin.

Its members largely deny international oil companies access, leaving the majors obliged to invest in very expensive oil, such as that beneath deepwater, in tar sands and in the Arctic.

"The fact that the world is using up its most expensive crude before it uses up its cheapest oil shows that OPEC is effective," said Lawrence Eagles of JP Morgan.

TIMELINE: 50 years of OPEC

The following is a timeline showing landmarks in its history.

Oil group to retain its global influence

Fifty years after its founding, OPEC is as influential and important to the oil market as it ever has been, even as it confronts the gradual decline of the petroleum age, says a former oil minister who has been closely involved with the group for decades.

"The organisation is alive and it's kicking, so what started out as an adventure, a dicey organisation to some, has become an eminently respectable group that has a role to play for a long time to come," said Alirio Parra, the Venezuelan minister of mines and hydrocarbons and the president of OPEC in the early 1990s.

Saudi's Naimi, from office boy to top oil min

(Reuters) - Saudi Arabian Oil Minister Ali al-Naimi helped to calm a record price rally, halt a record crash and restore OPEC's damaged credibility.

Repeated rumours the 75-year-old minister plans to retire from the top of the world's most powerful oil ministry have so far proved unfounded.

One of the leading oil exporter's highest ranking non-royals, the technocrat commands respect for his market savvy and deft handling of OPEC politics, notably between Riyadh and Tehran, the group's second biggest producer.

Russia Gazprom discovers new gas field in Sakhalin

MOSCOW (Reuters) - Russia's energy giant, Gazprom, said on Friday it has discovered a new gas field in Kirinsky block of the Sakhalin-3 project.

It said the company plans more exploration works in 2010 and 2013 and to evaluate the resources.

Bomb discovered at Russian hydro plant

An explosive device was discovered in the main hydraulic unit of the Irganaisk hydropower project in the republic of Dagestan, Russia, following a small fire at the project, according to reports from RIA Novosti.

FACTBOX-China's LNG import terminals and plans

BEIJING (Reuters) - CNOOC, China's leading liquefied natural gas (LNG) importer, hopes to start building its Hainan LNG receiving terminal in March 2011 and supply gas from early 2014, a company executive was quoted as saying by a local newspaper, four years behind an earlier schedule.

Here is a list of China's LNG terminals and plans. It will be updated as more information becomes available.

German Military Braces for Scarcity After 'Peak Oil'

The study states that there is "some probability that peak oil will occur around the year 2010 and that the impact on security is expected to be felt 15 to 30 years later."

The concept of "peak oil" is a controversial one, as it signifies the point at which global oil production reaches its maximum level and then enters a permanent decline. As oil is a finite resource, most energy experts consider the eventual peak and decline of world oil production to be an inevitable reality.

But the timing of this zenith — whether in the near term, or some distant future — is a subject of fierce debate.

Is a perfect storms building?

While the latest Interim Economic Assessment of the Organisation for Economic Cooperation and Development (OECD) found that the world's economic recovery may be slowing faster than previously anticipated, a leaked report from Germany and reports from the UK paint a picture of a world running scared that it is about to be hit by *perfect storm* which could dramatically change the world as we know it.

New Zealand: Environmental quiz time for local hopefuls

Mr Calkin said that with growing concerns surrounding resource depletion, peak oil, climate change and sustainability, it was important to know where the candidates stood on the issues.

"Fragile energy security associated with rising energy costs will also threaten our agricultural sector and transportation, which in turn will affect the very fabric and structure of our communities that local governments will be called upon to grapple with, in the future," he said.

Peak Oil, Meh? Ctd

Will it be the end of civilization? No. But surely dealing with the coming oil crisis is a major policy concern for all people across the political spectrum.

Here's Who To Invest In If The GOP Wins Big In November

Big oil companies will be huge winners. American oil imports from the Middle East will accelerate, where the industry earns 80% of its profits. That will bring peak oil sooner, easily taking crude over \$100/barrel quickly, and eventually to \$150 or \$200. Restrictions on both onshore and offshore drilling will get rolled back to their Bush era laissez faire levels, cutting costs and boosting profitability. You want to own Chevron (CVX), ExxonMobile (XOM), Conoco Phillips (COP), and of course, BP (BP). The drilling and service companies, like Transocean (RIG) and Diamond Offshore (DO), should do spectacularly well.

U.S. Oil Imports: Three Million Barrels or Bust

Canada is about to break another import record.

So far, our Canadian imports of oil have only reached as high as 2.73 million barrels of oil, according to EIA data.

That was two months ago.

Over the next six months, I wouldn't be surprised to see Canadian crude imports break that mark. At that level, that would make up approximately one-quarter of our oil imports.

You can bet the flood of Canadian oil is coming...

For Pelosi and Markey, an Oil Sands Mission

Representatives Nancy Pelosi of California and Edward J. Markey of Massachusetts are in Canada this week to learn and listen about oil sands development there. The two Democrats are getting an earful from Canadian officials as well as from Canadian environmental groups on the pluses and minuses of importing oil from Alberta.

Later this year the State Department will decide whether to authorize a new pipeline, Keystone XL, that would run from the Alberta to Texas. If built, it would vastly expand the potential for oil imports from Canada.

U.S. Speaker calls for cut in oil imports

Nancy Pelosi would like to see the United States buy less of what Canada is selling.

At a luncheon at the U.S. ambassador's Ottawa residence on Thursday, the powerful Speaker of the House of Representatives said she is committed to reducing her country's dependence on fossil fuels – and that includes Canadian crude oil and natural gas.

Canada's oil exports threatened by U.S. boycott

OTTAWA—U.S. concerns about Alberta's oilsands highlight the federal Conservative government's "laughable" approach to global warming and environmental protection, Liberal critics say.

"The Harper Conservatives have failed completely," MP Frank Valeriote said Thursday. "After almost four and a half years and three environment ministers, the Conservatives have nothing to show" on those fronts, he added.

Experts speak on the need to embrace renewable energy

Renewable energy and how to improve world's energy supplies were the focus of the recent World Energy Forum held at the European Union in Brussels last Tuesday.

Delegates from various countries presented papers on the way forward. Addressing the delegates, the Chairman/Chief Executive Officer of PSC Industries Limited, Dr. Patrick Owelle called on Nigeria's leaders to follow the lead of President Abdulwaye Wade of Senegal in implementing widespread solar electricity initiatives especially in the Niger-Delta as well as commercial/industrial centres and rural settings, saying"it is time to quit plans and master plans and start implementing."

U.K. Shouldn't Raise Renewable Energy Target, Government Adviser Says

The U.K. shouldn't raise its target for generating 15 percent of its energy for heating, power and transportation from renewable sources by 2020 because it would be too costly, the government's climate change adviser said.

Vestas Says Broken Blade on Prototype Was Due to Human Manufacturing Error

Vestas Wind Systems A/S said that the breakage of a blade on its prototype V112 wind turbine was due to a one-time human error in manufacturing and that when mass production begins, a similar error won't be possible.

Japan to sell its nuclear expertise to Kuwait

Japan will help Kuwait develop the expertise it needs for a civilian nuclear power programme as part of a broader effort to sell civilian nuclear technology across the region, its government said yesterday.

The Rise of the Biological Fuel

What do *E. coli*, grass, pond scum, and wood fungus all have in common? They could all have a hand in saving the planet. No, that is not an obscure science joke — it is the culmination of research from all over the world on the best ways to replace our stores of slowly dwindling fossil fuels with sustainable, renewable biofuels. According to the US Department of Energy, nearly 85 percent of all energy used in the United States comes from fossil fuels — coal, oil, and natural gas — and there's a big possibility that that number will increase during the next two decades. The US government, the European Union, and corporations such as ExxonMobil and Chevron are teaming up with scientists to come up with a viable solution — or set of solutions — to the problem.

UN climate chief urges flexibility in talks

BEIJING - The United Nations' climate chief on Friday urged countries to be flexible in order to make progress at weeklong climate talks in China next month, the last formal

UN Risks 'Huge Mistake' in Carbon-Trading Probe

(Bloomberg) -- A United Nations investigation into alleged improper claims for hydrofluorocarbon-pollution credits threatens to choke off investment in projects to curb emissions, according to Bill Clinton's former adviser on global warming.

Bjørn Lomborg: Sure, worry about climate change – but not too much

The point isn't that we can or should ignore global warming. The point is that we should be wary of fear-mongering. More often than not, what sounds like horrific changes in climate and geography actually turns out to be quite manageable. In research funded by the European Union, climate scientists Robert J. Nicholls, Richard S.J. Tol and Athanasios T. Vafeidis recently studied what would happen in the unlikely event that the entire West Antarctic Ice Sheet collapsed. The result, they found, would be a sealevel rise of 20 feet over the next hundred years — exactly Mr. Gore's nightmare. But how calamitous would this really be?

Not very. According to these scientists, a 20-foot rise in sea levels would inundate about 16,000 square miles of coastline and affect more than 400 million people. That's a lot of people, to be sure, but it's hardly all of mankind. In fact, it amounts to less than 6 per cent of the world's population —which is to say that 94 per cent of the population would be unaffected.

Ryanair boss O'Leary says global warming theories are 'nonsense'

He suggested scientists had invented and perpetuated the theory in order to gain research grants. "Scientists argue there is global warming because they wouldn't get half of the funding they get now if it turns out to be completely bogus," he said.

U.S. Steps Up Its Effort Against a European System of Fees on Airline Emissions

The United States has stepped up pressure to prevent Europe from charging foreign airlines for greenhouse gas emissions when they take off and land there.

Yet even as authorities in the United States seek to build support against the European system, some major carriers in the United States have started taking steps to comply with the rules, which take effect in 2012. Participating now will enable airlines to avoid paying most of the cost of permits for their carbon emissions for years to come.

The law, which European Union governments approved two years ago, represents the boldest attempt by Europe to push other parts of the world to adopt its standards for controlling greenhouse gases. It has prompted bitter criticism from the airline industry

in Europe and abroad, especially from carriers in the United States.

EPA officials: Kan. must revise air permit process

TOPEKA, Kan. – Federal officials told Kansas legislators Thursday that the state will be expected to cut greenhouse gas emissions as it considers air-quality permits for power plants, large factories, and oil refineries — and if it refuses, the Environmental Protection Agency could step in.

Climate change law's suspension slammed by UC Berkeley study

Suspending California's landmark climate change law would result in the loss of millions of dollars in state revenue and hurt the state's growing clean-tech industry, a new report says.

The Center for Law, Energy & the Environment at the University of California, Berkeley Law School also said the rollback initiative, Proposition 23, would benefit oil and power companies while increasing regulatory burdens to real estate developers and auto makers.

Fight over bid to suspend California's global warming law gets ugly

George Shultz warns of the dangers of dependence on foreign oil, and backers of Proposition 23 respond with attacks on him and his co-chairman in the opposition campaign.

How Much Global Warming Is Guaranteed Even If We Stopped Building Coal-Fired Power Plants Today?

Humanity has yet to reach the point of no return when it comes to catastrophic climate change, according to new calculations. If we content ourselves with the existing fossilfuel infrastructure we can hold greenhouse gas concentrations below 450 parts per million in the atmosphere and limit warming to below 2 degrees Celsius above preindustrial levels—both common benchmarks for international efforts to avoid the worst impacts of ongoing climate change—according to a new analysis in the September 10 issue of *Science*. The bad news is we are adding more fossil-fuel infrastructure—oilburning cars, coal-fired power plants, industrial factories consuming natural gas—every day.

Drought brings crop losses

It is so dry that frogs and honeybees forage for moisture in the few mud patches left at John Headley's cranberry bog in Eagleswood.

When Headley strides across the normally flooded ditches, dry vines crackle underfoot like old straw. Some cranberry plants are burned from the relentless heat, their berries scalded and stunted.

The American Dust Bowl Returns

Research published recently in the journal *Science* concluded that the Southwestern U.S. has already transitioned into permanent dust-bowl conditions. The storage capacity of the Colorado River system has been reduced by half between 1999 and 2007. The river supplies water to more than 30 million people, including residents of Los Angeles, Phoenix, Las Vegas and Denver. The most troubling fact: More people are moving to the Southwest than to any other part of the country. More people and no water to sustain them? That spells water wars by 2020.

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