



Drumbeat: October 2, 2010

Posted by [Gail the Actuary](#) on October 2, 2010 - 9:26am

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[Russian Oil Production Reaches Post-Soviet High on Rosneft Field](#)

Russia, the world's largest energy supplier, pumped a post-Soviet record amount of crude last month as state-run producer OAO Rosneft increased output at a new field in Siberia.

Output advanced 1 percent from the same month last year to 10.16 million barrels a day, according to Bloomberg calculations based on Energy Ministry data released today. That beat the previous record of 10.15 million barrels a day in June.

Rosneft led the advance as it boosted output at its Vankor field 78 percent to 264,000 barrels a day.

[OIL FUTURES: Crude Extends Rally As Dollar Weakens](#)

Crude oil futures rose to a seven-week high Friday, extending this week's rally on the back of continued dollar weakness and positive economic data.

Light, sweet crude for November delivery settled \$1.61, or 2%, higher at \$81.58 a barrel on the New York Mercantile Exchange. Brent crude on the ICE futures exchange settled \$1.44 higher at \$83.75 a barrel, the highest settlement since May.

[IMF says China policy to help yuan revalue](#)

Policy moves by the Chinese government to free the yuan from a dollar peg will help the Chinese currency rise, Dominique Strauss-Kahn, the head of the International Monetary Fund, said on Saturday.

"I am confident that the new policy of the Chinese authorities will lead to the revaluation of the yuan," Strauss-Kahn said during a conference in the Black Sea resort town.

[Iraq's Shi'ite union backs incumbent Maliki as PM](#)

Iraq's Shi'ite alliance backed incumbent Nuri al-Maliki as the next prime minister Friday after months of argument, but he still faces severe obstacles in his bid for a second term.

[Crude Oil Rises on Economic Data, Caps Best Week Since February](#)

Oil rose, capping its biggest weekly gain since February, after economic data from the U.S. and China bolstered optimism that demand is growing in the world's two largest energy-consuming countries.

Crude advanced to the highest level in eight weeks as China's purchasing managers' index gained in September at the fastest pace in four months, according to a report today. U.S. consumer spending increased more than forecast in August as incomes climbed, a Commerce Department report showed.

[JP Morgan Says More Cushing Drawdown on Midwest Refinery Refill](#)

Midwest refiners replenishing inventories after the Sept. 27 restart of Enbridge Energy Partners LP's Line 6B may extend an eight-week decline in Cushing, Oklahoma, stockpiles, according to JPMorgan analysts.

The pipeline was shut after it ruptured July 26, curtailing heavy crude shipments to refineries in Ohio, Pennsylvania, and Ontario. As repairs continue, the link is transporting about 245,000 barrels a day, compared with its capacity of 283,000 barrels, Terri Larson, an Enbridge spokeswoman, said in an e-mail yesterday.

[Oil Majors to Dominate U.S. Shale Gas M&A, Wood Mackenzie Says](#)

Oil majors will continue to buy shale gas resources in the U.S. and dominate that market over the next couple of years after spending \$21 billion on the fuel in the first half of this year, Wood Mackenzie said.

"Shale gas offers a good fit for the large caps and majors, playing to their technical capability, financial strength and long-term view, all of which are pre-requisites for those looking to build a material position," Luke Parker, manager of merger and acquisition research at Wood Mackenzie Consultants Ltd., wrote in a note today. "Hence this peer group will continue to dominate the large scale deal activity."

Companies including Exxon Mobil Corp., BP Plc and Royal Dutch Shell Plc are snapping up reserves of unconventional gas, an industry term for fuel trapped in shale formations, coal beds and impermeable sandstone rock. The companies are betting prices for the cleaner-burning fuel will rise as governments curb carbon dioxide emissions and as more accessible sources dwindle.

[September's Auto Sales Jumped](#)

Major auto makers reported U.S. auto sales rose 28.5% in September, lifting hopes for an uptick in buying in the final three months of the year.

Auto makers sold 958,966 cars and light trucks last month compared to 746,104 a year ago, according to researcher Autodata Corp. Year-ago sales were damped by the end of the U.S. government's "cash for clunkers" incentive program.

[Reliance Industries East India Field Crude Output Down 23%-28%-Govt Official](#)

Crude oil output at the Dhirubhai-26 oil & gas field of Reliance Industries Ltd. (500325.BY) has fallen by 23-28% due to fluctuating production levels and low reserves, a senior official at the Directorate General of Hydrocarbons said Saturday.

"The oil production has gone down from a peak of 30,000-32,000 barrels per day to about 23,000 barrels per day in the last two to three months," the official said.

[Judge Is Removed From Chevron's Ecuador Pollution Lawsuit](#)

The judge overseeing a multibillion-dollar pollution lawsuit against Chevron Corp. (CVX) in Ecuador has been removed from the case following a request by the company, according to court documents.

In an order issued Thursday, the president of Ecuador's Lago Agrio court, Nicolas Zambrano, asked Judge Leonardo Ordonez to stop overseeing the case.

[UPDATE: Consol To Close Pennsylvania Mine, Idle One In Utah](#)

Consol Energy Inc. (CNX) said Friday it will close a Pennsylvania mine and idle a mine in Utah because of their operating costs, resulting in a combined 231 layoffs and furloughs.

The moves, to be made in December, come as prices for coal used in electricity generation remain under pressure due to a slow recovery in power demand and as generators turn more to running plants fueled by cheaper natural gas.

[Repsol Sinopec in deal to tap vast Brazilian oilfields](#)

Spanish energy giant Repsol Friday announced a 7.1-billion-dollar alliance with China's

Sinopec, a major international player, to help develop Brazil's massive offshore oil reserves.

Sinopec, which as part of China's drive to secure energy supplies for its booming economy already has Brazilian interests, will take a 40-percent stake in Repsol's Brazil affiliate.

[Sinopec Dreaming Big In Deal For Repsol's Brazil Fields](#)

Simon Flowers, head of Wood Mackenzie's Corporate Analysis group, says that \$7.1 billion was a huge premium to his \$1.6 billion valuation of Repsol's proven and probable oil reserves in Brazil.

"The scale of the premium suggests the buyer is assuming both aggressive oil price assumptions and that significant new reserves will be found on the Repsol acreage," said Flowers in a statement this afternoon. Said another way: the Chinese have extreme faith that oil companies will figure out how to drill and develop heretofore impossibly difficult reserves. Rendering seismic data on Brazil's subsalt fields is a challenge. Wells can cost \$150 million, just to drill.

[Chevron gets permission to drill off UK coast](#)

Britain has granted Chevron Corp. permission to begin the first new deepwater drilling in the North Sea since the Gulf of Mexico oil spill, brushing aside calls for a U.S.-style moratorium on off-shore drilling.

The decision, confirmed on Friday, means that Chevron can begin drilling an exploratory well immediately in its remote Lagavulin prospect in waters north of the Shetland isles off the Scottish coast.

[Blasts mar Nigeria's 50th birthday party](#)

At least seven people were reported dead after two explosions struck Abuja, Nigeria's capital, on Friday, close to the parade ground where the county's rulers and foreign dignitaries were marking 50 years of independence for Africa's most populous nation.

Militants from the restive Niger delta oil province had issued an alert shortly before a pair of car bombs detonated five minutes apart outside the federal high court, a short walk from Eagle Square, the venue for the independence day ceremony.

[EPA and NHTSA Issue Notice of Intent to Develop New Greenhouse Gas and Fuel Economy Standards for Light-Duty Vehicle Model Years 2017-2025; Proposal Expected by 30 Sep 2011](#)

The US Department of Transportation's (DOT) National Highway Traffic Safety Administration (NHTSA) and the US Environmental Protection Agency (EPA) issued a Notice of Intent (NOI) to begin developing new standards for greenhouse gases and fuel economy for light-duty vehicles for the 2017-2025 model years. The two agencies expect to issue a proposal by 30 September 2011.

[Analysis: Other Countries Fail to Follow U.S. Lead on Drilling Moratorium](#)

The six-month offshore drilling moratorium imposed by the Obama administration due to the April 20 Gulf Coast oil spill remains in place, but foreign countries have failed to follow the U.S. reaction to the oil spill by shutting down offshore drilling.

The Institute for Energy Research reports that countries with offshore oil resources do not intend to follow the U.S. in imposing a moratorium on offshore drilling, nor are they slowing progress towards exploration and development of offshore oil resources in the Gulf of Mexico and elsewhere.

[Oman crude oil production up by 7pct in first 8 months 2010](#)

Gulf News reported that Oman's crude oil production rose by 7% in the first 8 months of this year to 208.5 million barrels compared to 195 million barrels in the corresponding period in 2009.



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