

# Drumbeat: November 20, 2010

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Topic: Miscellaneous

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the Deepwater Horizon accident in the Gulf of Mexico, Norway's oil safety watchdog says.

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"We see a number of countries that are looking towards nuclear as part of their energy security," he said during a lecture at the University of Tokyo. "Japan has a major role in developing the technology."

#### U.S. natgas rig count falls 19 to 936-Baker Hughes

NEW YORK (Reuters) - The number of rigs drilling for natural gas in the United States slid by 19 this week to 936, according to a report on Friday by oil services firm Baker Hughes in Houston.

The gas-directed rig count, which has fallen four times in the last six weeks, hit 992 in mid-August, its highest level since February 2009 when there were 1,018 rigs drilling for gas.

# The other way out

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# Greenbuild expo showcases new cash-saving products

A \$6,500 home wind turbine, glass that helps prevent bird collisions, LED bulbs that could outlive their buyers and non-toxic paint that turns walls into dry-erase boards are among hundreds of eco-friendly products touted at this week's colossal Greenbuild expo in Chicago.

#### Ken Deffeves: IEA on Board, Sort Of

"Crude oil output reaches an undulating plateau of around 68-69 mb/d, by 2020, but never regains its all-time peak of 70mb/day reached in 2006." —International Energy Agency

Make that 2005; then we're talking about the same planet. The implied IEA message is that the peak happened several years ago and the world didn't come to an end. Wayminnit. We are in the biggest economic downturn since the Great Depression and we don't know whether we can ever restore our earlier prosperity. My interpretation is that the 2008 crude oil price, \$147 per barrel, shattered the global economy. The "invisible hand" of economics became the invisible fist, pounding down the world economic growth to match the limitations of crude oil production.

## There Will Be Exports: America isn't just an energy hog

The United States is known throughout the world as a pathetic energy hog. Americans' insatiable need for gas and electricity plays havoc with trade flows (petroleum-related imports accounted for 38 percent of the trade deficit in September) and sustains hostile, undemocratic governments like those in Venezuela and Iran. But a funny thing is happening to the globe's black hole of energy—it's becoming an exporter.

#### Oil Has Biggest Weekly Decline in Three Months on China Bank Reserves Move

Oil fell, posting its biggest weekly loss in three months, after China ordered banks to raise reserves in a move that may slow growth in the world's largest energy-consuming country.

Futures dropped 0.4 percent after China told lenders for the fifth time this year to set aside more funds to drain cash from the financial system and limit asset bubbles. Economic growth will spur a 9.5 percent jump in 2010 Chinese oil use, according to a Nov. 12 International Energy Agency report.

Oil may increase next week on speculation Ireland will accept a European Union-led financial bailout, reducing concern the region's debt crisis will spread, a Bloomberg News survey showed.

Eighteen of 38 analysts, or 47 percent, forecast crude oil will climb through Nov. 26. Ten respondents, or 26 percent, predicted prices will fall and 10 estimated there would be little change. Last week, 43 percent said futures would rise.

#### BP Buys Second Jet Fuel Cargo; European ICE Gasoil Slumps: Oil Products

"There's not enough gasoline flowing into ARA from Finland, Sweden, U.K. and France to meet the demand strength," said Filip Petersson, a Stockholm-based commodities strategist at SEB AB.

Gasoline stockpiles in northwest Europe are about 22 percent below last year's level, partly as labor unrest halted production at refineries across France in October.

#### China's largest oil refiner suspends diesel exports amid domestic market shortage

China Petroleum and Chemical Corporation (Sinopec), China's largest oil refiner, said Friday it has suspended diesel exports to relieve shortages in the domestic market.

Sinopec also said it is seeking to import 200,000 tonnes of diesel.

#### Sinopec Trading Unit Hires Tanker to Ship Fuel to China From Rotterdam

China International United Petroleum & Chemical Corp., the trading unit known as Unipec, hired a supertanker to carry fuel to China from Rotterdam, according to reports from two companies including Optima Shipbrokers Ltd.

# Marseille Oil Port Set to Remain at `Mercy' of Labor Unrest, Deputy Says

Marseille's oil terminals, Europe's second-biggest hub for importing crude, will remain at risk of labor unrest because a government-led overhaul won't go far enough to privatize operations, according to a lawmaker.

"A small group of about 30 union members has retained the power to block the oil port," said Roland Blum, parliamentarian for the ruling UMP party and deputy mayor of Marseille in charge of economic development and the port. "This won't change."

#### Gasoline Refining Margins Double on Outages, French Strike

Refiners' profit from turning oil into gasoline more than doubled this month as plants along the U.S. East Coast shut for repairs and imports from Europe declined in the aftermath of a French strike.

The return from processing crude into motor fuel, the so- called crack spread, fell to \$10.72 a barrel today on the New York Mercantile Exchange after Hess Corp. said it finished repairs at its New Jersey refinery.

#### Britain's biggest gas store reopens Saturday after leak

(Reuters) - Britain's biggest gas storage facility, Rough, resumed supplies into the UK gas network on Saturday after shutting on Thursday because of a gas leak at the reception terminal, a spokesman for operator Centrica Storage said.

# Higher gas prices should fall

Thanksgiving pump prices are certain to be the highest in three years, although a recent drop in oil should lead mean lower prices for drivers once the weekend road trips are done with.

#### Group suggests 10-cent gas tax increase

KEARNEY — Are good state highways worth motorists paying an extra \$60 per year in fuel taxes?

A contractors group believes that higher state gasoline taxes would be a fair tradeoff to maintain and improve the state's roads compared with the cost of neglecting them.

"Nebraska's future rides on its roads. Economic considerations are critical for the whole state," said Curt Smith of Lincoln, a one-time roads engineer and current executive director of the Nebraska Chapter of Associated General Contractors.

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# U.S. federal court sanction lawyers at Gibson Dunn for abusive questioning in Ecuador environmental contamination

A U.S. federal court has sanctioned Chevron and its lawyers at Gibson Dunn & Crutcher for abusive questioning during a deposition related to the oil giant's multi-billion dollar liability in Ecuador for environmental contamination, according to court papers made available today.

The questioning that led to the sanctions was conducted by Andrea Neuman, one of Chevron's lead lawyers on the Ecuador matter and a partner at Gibson Dunn's office in Irvine, CA.

#### Shell declares force majeure in Nigeria after pipeline damage

Royal Dutch Shell on Friday declared a force majeure on its Bonny Light crude oil shipment in southern Nigeria after it observed a leakage on one of its pipelines, a company spokesman told Xinhua.

# Nigerian army arrests militant gang behind kidnaps

(Reuters) - The Nigerian army has arrested a militant gang leader and more than 50 of his followers believed to be behind the kidnapping of 19 people in the oil-producing Niger Delta, a spokesman said on Saturday.

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# A great future is in store for us when we take the power

Richard Heinberg, senior fellow in residence at the Post Carbon Institute, spoke at the

Harvest Festival recently about peak oil and its implications for our way of life. Although this subject can be a real downer, he was actually inspirational as he sounded a clarion call for the audience to help create the next major era in our world's history.

#### George Soros on the green drivers of growth

There is an urgent need to start producing concrete results now, based on initiatives that deserve to be scaled up.

#### 'Smart' electrical grids coming

BRUSSELS (UPI) -- Smart electrical grids that synchronize supply and demand will be a crucial weapon in the fight against global climate change, U.S. power industry experts say.

With global energy consumption expected to rise dramatically over the next 15 years, the European Union is among those moving to the new technology designed to use electricity more efficiently, EUobserver reported Friday.

#### Cost-Saving State Law Endangers Growth of Wind Industry

Chicago is the nation's wind industry economic hub, home to about 80 wind companies from corporate headquarters to turbine component factories. Illinois has ample farmland well-suited for wind farms, and a law mandating that the state get at least 18 percent of its electricity from wind power by 2025.

But the byzantine process by which an obscure state agency decides where that wind power comes from has stalled development of new wind farms and threatens to curtail Illinois's wind generation for years to come, experts said. A number of companies have new farms sited, permitted and ready to be constructed, but a complicated bidding process playing out through December could determine whether any of them are actually built.

#### Ethanol Fuel Tests on 2001-06 Vehicles Delayed Until December, EPA Says

Testing fuel with higher levels of ethanol in cars made for 2001 through 2006 has been delayed and now will be completed by the end of December, the U.S. Environmental Protection Agency said.

The Energy Department notified the agency that the tests are incomplete, the EPA said today in an e-mailed statement, without elaborating. The agency will decide whether to let the cars use gasoline blended with as much as 15 percent ethanol, known as E15, after tests results are reviewed, the agency said.

#### BP may have bid for half of Cerradinho

BP may have offered 800 million Brazilian reals (Dh1.71 billion) for 50 per cent of the sugar and ethanol group Cerradinho, even as it seeks to raise up to US\$30bn (Dh110.17bn) from sales of petroleum assets to pay costs related to its Gulf of Mexico oil spill.

The putative deal could be BP's second in the biofuels sector since the catastrophic spill, highlighting the strategic role of biofuels in the company's alternative energy programme and of Brazilian biofuel assets in particular.

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# Debating the Climate Change Proposals In 'Cool It'

Needless to say, Lomborg's sentiment has been championed by conservatives and derided as dangerous by some scientists who believe that his argument only emboldens climate change skeptics. Here's what critics are saying about the film's arguments, and how Lomborg is actively responding to these charges.

# Scientists Call for Nonpartisan Communication Initiative

A collection of high-profile scientists and communication experts are calling for the creation of a nonpartisan education service aimed at helping organizations and governments make informed decisions about climate change, the authors wrote in a letter published today in *Science*.

#### Latinos, Asians more worried about environment than whites, poll finds

California's Latino and Asian voters are significantly more concerned about core environmental issues, including global warming, air pollution and contamination of soil and water, than white voters, according to the latest Los Angeles Times/USC poll.

#### The Night of the Living Lawmakers

The left-leaning Center for American Progress has published a survey identifying those it terms "climate zombies" — people who question the science of global warming — who will be stalking the halls of Congress come January.

#### A Warning About Climate Change From a Departing Republican

An outgoing Republican congressman used a House science and environment subcommittee hearing this week as an opportunity to chide his party for its growing skepticism about the threat of global warming and to warn of missed economic opportunities in clean energy development if climate change is ignored.

#### What if Captured Carbon Makes a Getaway?

One leading solution to the problem to the fossil fuel emissions generated by a coal-fired plant is injecting it into underground storage areas thousands of feet below the surface, a technology known as carbon capture and sequestration. The Energy Department announced this summer that it would finance 15 separate projects to develop iterations of this technology.

But the technology may hold some unwelcome surprises if the carbon dioxide finds its way out and up to groundwater aquifers, a new study by Duke University researchers indicates. It could react with minerals there and increase levels of pollutants, perhaps so much that federal regulators would deem the water undrinkable, experiments suggest.

# Need to speed up process of fighting global warming: Al Gore

Former US Vice President and Nobel Peace Prize winner Al Gore has been spreading the message of climate change, but his own country the United States, which is the world's second largest polluter, has failed to pass a law to fight global warming. He spoke to Chetan Chauhan on wide range of issues including the US's failure on this front.

#### China promises climate carbon reductions

BEIJING (UPI) -- China says it will "positively explore" new ways for low-carbon development to control greenhouse gas emissions for sustainable global development.

Under an announced five-year proposal, China will work to boost energy efficiency, promote low-carbon technology and establish carbon trade markets, the country's state-run news agency Xinhua reported.

#### ANALYSIS-US seeks trust, not caps, in Cancun climate talks

WASHINGTON (Reuters) - The Obama administration, weakened by political setbacks, will likely limit its role in global climate talks this month to building trust with other big polluters rather than blazing an ambitious path on binding carbon emissions cuts.

#### New Yorkers Learn the Troubles Posed by Sea Level Rise Flow Far Beyond Manhattan

NEW YORK -- New York state is beginning to take the threat of sea level rise attributed to climate change seriously as a new government prepares to settle in next year.

Starting Monday, state officials in Albany will gather with members of the public to discuss a recently released 93-page report that recommends major changes to development planning and conservation along coastlines from the tip of Long Island all way up the Hudson River Valley.

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