



## Drumbeat: December 13, 2010

Posted by [Leanan](#) on December 13, 2010 - 9:57am

### [Fears of hacked eagles halts key wind projects](#)

APPLE VALLEY, California — Fears that whirling wind turbines could slaughter protected golden eagles have halted progress on a key piece of the federal government's push to increase renewable energy on public lands, stalling plans for billions of dollars in wind farm developments.

The U.S. Bureau of Land Management suspended issuing wind permits on public land indefinitely this summer after wildlife officials invoked a decades-old law for protecting eagles, according to interviews and documents obtained by The Associated Press.

The restriction has stymied efforts to "fast-track" approvals for four of the seven most promising wind energy proposals in the nation, including all three in California.

### [Stable LNG supply behind Russia deal](#)

Japan's latest move to join hands with Russia in building a liquefied natural gas plant in the Russian Far Eastern port of Vladivostok is aimed at ensuring a stable supply of LNG from that country.

A planned agreement between Japan and Russia to carry out such a joint project is greatly significant in that the deal would enable this country to secure a multitude of LNG suppliers, instead of its current heavy reliance on the Asian and Oceanian regions for LNG supplies. The move would shore up the nation's energy security, according to observers.

### [Brazil's Petrobras To Tap Credit Markets In 2011 - CFO](#)

RIO DE JANEIRO -(Dow Jones)- Brazilian state-run energy giant Petroleo Brasileiro, or Petrobras, plans to tap global credit markets next year, adding to the cash horde the company raised in the world's largest share offer earlier this year.

"We are going to raise money from the market," Chief Financial Officer Almir Barbassa said.

### [Canadian oil sands firms team up on tailings study](#)

CALGARY, Alberta Dec 13 (Reuters) - Canada's oil sands developers, stung by controversy over the environmental impact of their toxic waste ponds, said on Monday they agreed to collaborate on research into speeding up reclamation of the northern Alberta land they cover.

The move comes after Syncrude Canada, one of the largest developers, was found guilty in the 2008 deaths of 1,600 ducks in a tailings pond, an incident that brought the issue into the international spotlight.

### [They Haven't Learned](#)

The oil industry, its lobbyists and its Congressional allies are predictably furious at the Obama administration's decision not to allow exploratory oil drilling in the eastern Gulf of Mexico and off the Atlantic coast. The decision was unquestionably the right one.

### [The Shadow War](#)

Someone is killing Iran's nuclear scientists. But a computer worm may be the scarier threat.

### [Ukraine to open Chernobyl area to tourists in 2011](#)

KIEV, Ukraine – Want a better understanding of the world's worst nuclear disaster? Come tour the Chernobyl nuclear power plant.

Beginning next year, Ukraine plans to open up the sealed zone around the Chernobyl reactor to visitors who wish to learn more about the tragedy that occurred nearly a quarter of a century ago, the Emergency Situations Ministry said Monday.

### [Silver lining in dark economic times: Recycling rates soar](#)

For the past three years, Mark Schwede has been coming to Ranch Town Recycling in San Jose's Willow Glen neighborhood, dropping off cans and bottles every couple of months to make a few extra bucks.

As the economy worsened, he began to notice a change.

"Before, it was mostly people with shopping carts," he said. "Now you're seeing nicer cars here."

### [Exxon CEO says global oil markets well supplied](#)

RAS LAFFAN, Qatar, (Reuters) - Exxon Mobil Corp Chief Executive Rex Tillerson said on Monday global oil markets are well-supplied.

"Inventory levels are still very healthy in the U.S. and other OECD (Organisation for Economic Co-operation and Development) countries," Tillerson told reporters at an event in Qatar's industrial city of Ras Laffan.

"You still have OPEC (Organization of the Petroleum Exporting Countries) with spare capacity of something like 6 million barrels per day. I would say there's plenty of supply," he said.

### [UK Looks To Qatar To Meet Rising Gas Demand - UK Energy Min](#)

DOHA (Zawya Dow Jones)--The U.K. will import more Qatari gas over the coming years as domestic supplies of the fuel dwindle and it looks to boost energy security amid fears about relying too heavily on Russia, the country's energy minister said Monday.

In an interview with Zawya Dow Jones Monday U.K. energy minister Charles Hendry said the U.K. currently imports 12% of its gas from the Gulf Arab state of Qatar and this figure would rise in the coming years.

### [Enbridge's Line 6A resumes oil shipments](#)

CALGARY, Alberta (Reuters) - Enbridge Inc said it resumed oil shipments on its 670,000 barrel per day Line 6A pipeline late on Sunday, five days after shutting the conduit for safety testing.

### [Shell Rejected by High Court on \\$54 Million Award in Oklahoma Lease Case](#)

The U.S. Supreme Court rejected a Royal Dutch Shell Plc unit's appeal of a \$54 million punitive damage award in a decades-old Oklahoma dispute over oil and gas profits.

Declining to consider putting tighter restrictions on damages, the justices today left intact an Oklahoma state court decision that said the award was within constitutional bounds.

### [Feinberg Said to Offer Oil-Spill Victims Fast-Track Compensation Process](#)

Kenneth Feinberg, administrator of the \$20 billion BP Plc oil-spill claims fund who has been faulted for slow payments to victims, will offer a quicker process to final compensation.

### [Russia should make offshore operations laws stricter says deputy PM](#)

Russia needs to strengthen its legislation on development of the coastal shelf by oil companies, Deputy Prime Minister Igor Sechin said on Monday.

"In most countries, legislation covering shelf operations is much stricter (than in Russia). We need to modernize and alter the legislation," Sechin said.

### [The new hungry: College-educated, middle-class cope with food insecurity](#)

Feeding America said 36 percent of the people who get food from its soup kitchens and pantries have at least one employed person in their household. While rural and urban areas continue to require the most assistance, several food bank workers say the need in suburban areas has risen more quickly.

### [Has OPEC built enough capacity during the lean years?](#)

(Reuters) - With oil prices near \$90 a barrel for the first time in two years, one of the biggest questions for analysts is has the Organization of the Petroleum Exporting Countries assembled enough spare capacity to quench over-heated markets this time?

At least five major banks including Goldman Sachs, Societe Generale and JP Morgan raised their mid or long-term oil price forecasts last week, betting on faster than expected oil demand growth slashing the world's buffer supplies within two to three years.

The most bullish forecast came from Goldman Sachs, the largest investment bank in commodities. The bank's energy analysts warned that if their projections for global oil demand growth of over 2 million barrels per day (bpd) in both 2011 and 2012 prove correct, OPEC spare capacity could quickly be exhausted.

### [The Myth of Peak Oil Demand and the Example of Loma Prieta](#)

The demand-shift response to the Quake of '89 is actually a helpful narrative to understand larger demand-shifts now taking place in the global oil markets. And, the story also helps to clarify the primacy of supply, and how demand is only inelastic up to certain barriers. Yes, it's true that Bay area drivers used many highways and roadways that were affected in the quake: right up until the time they collapsed.

### [OPEC Cheating Most Since 2004 as \\$100 Oil Heralds More Supply](#)

OPEC is breaching its production limits the most in six years, signaling the world's biggest suppliers are ready to pump more crude next year as oil rallies toward \$100 a

barrel.

### [Crude Rises as China Imports More Oil, Increases Refining Rates to Record](#)

Crude advanced after a government report showed Chinese refineries ran at record rates last month, signaling oil demand will continue to increase in the world's largest energy user.

Futures gained as much as 1.5 percent, rising with global equity markets. China's refiners increased crude processing to a record in November, according to the China Mainland Marketing Research Co., which compiles data for the National Bureau of Statistics. The Organization of Petroleum Exporting Countries maintained production quotas at a Dec. 11 meeting.

"We could be heading for a year-end rally, as the general outlook is good," said Roland Stenzel, a crude-oil trader at E&T Energie Handelsgesellschaft mbH in Vienna. "Fundamentals from Asia are much better than the U.S."

### [A Secretive Banking Elite Rules Trading in Derivatives](#)

Banks' influence over this market, and over clearinghouses like the one this select group advises, has costly implications for businesses large and small, like Dan Singer's home heating-oil company in Westchester County, north of New York City.

This fall, many of Mr. Singer's customers purchased fixed-rate plans to lock in winter heating oil at around \$3 a gallon. While that price was above the prevailing \$2.80 a gallon then, the contracts will protect homeowners if bitterly cold weather pushes the price higher.

But Mr. Singer wonders if his company, Robison Oil, should be getting a better deal. He uses derivatives like swaps and options to create his fixed plans. But he has no idea how much lower his prices — and his customers' prices — could be, he says, because banks don't disclose fees associated with the derivatives.

### [Contango Reverses as Oil Producers Sell Near \\$90 a Barrel](#)

Oil producers increased sales for the first time in four weeks to lock in profits near \$90 a barrel, reversing a two-year contango and raising speculation that stockpiles will decline.

### [Saudi Arabia Said to Cut Naphtha Exports to Asia on Refinery Maintenance](#)

Saudi Arabian Oil Co., the world's biggest state-owned oil company, may reduce naphtha exports to Asia next year because of refinery maintenance, said buyers who were notified of the company's plans during supply talks.

### [U.K. Natural Gas for First Quarter Falls as More LNG Tankers Are Expected](#)

U.K. natural gas for delivery next quarter declined as more liquefied gas carriers headed to the U.K. and Belgium. Power for delivery tomorrow rose on forecast increased demand.

The port of Milford Haven in south Wales will receive two additional LNG deliveries this month, according to its website. Belgium's Zeebrugge terminal, linked to the U.K. by pipeline, will also get a shipment, shipping data show.

### [South African Coal Prices May Extend Rally Two-Year High on European Cold](#)

Prices for coal shipped from South Africa's Richards Bay, the continent's biggest export facility for the fuel, may extend gains from a two-year high as cold weather in Europe boosts demand for the fuel.

### [Factbox: OPEC ministerial comments at Quito meeting](#)

QUITO (Reuters) – OPEC agreed to maintain current oil production levels at its meeting on Saturday while Saudi Arabia reiterated that \$70-\$80 a barrel was its favored price for crude.

The group scheduled its next meeting for June 2 to discuss production policy.

Below are comments from OPEC ministers and officials at the Saturday meeting:

### [New York governor halts gas "fracking" until July](#)

NEW YORK (Reuters) – New York Governor David Paterson on Saturday halted a controversial form of natural gas drilling in the state until July and ruled no such drilling take place until environmental regulators deem it safe.

The industry and environmentalists -- normally rivals on the issue -- both applauded Paterson's executive order, which stops all horizontal, high-volume hydraulic fracturing, or "fracking," while calling for further study of that method's impact on drinking water.

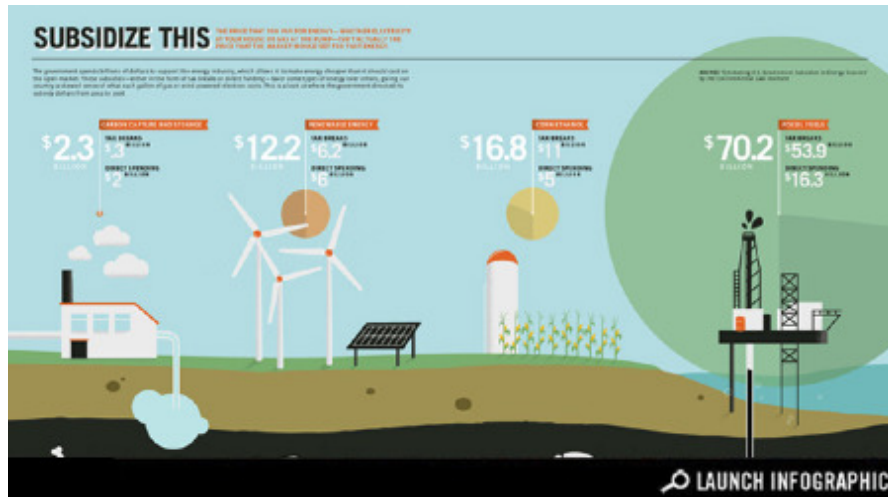
### [Detroit's Monsters Thrive on a Diet of Cheap Gas](#)

CARACAS, Venezuela — Ascending the narrow streets that wind through this city's hillside slums, the graffiti steadily gets more radical and anti-American, repeatedly proclaiming "Yankees go home!" amid murals denouncing President Obama and Secretary of State Hillary Rodham Clinton.



But at the same time, the cars get bigger — as in '70s-style, gas-guzzling, Starsky-and-Hutch, Ford-Gran-Torino big — and American.

## [Transparency: How Much Does the United States Subsidize Energy](#)



The government spends billions of dollars to support the energy industry, which allows it to make energy cheaper than it should cost on the open market. These subsidies—either in the form of tax breaks or direct funding—favor some types of energy over others, giving our country a skewed sense of what each gallon of gas or wind-powered electron costs. This is a look at where the government directed its subsidy dollars from 2002 to 2008.

## [Robert Bryce: Lame-Duck Bailouts for Ethanol and Wind?](#)

Ethanol is the Frankenfuel of the energy business, a subsidy-devouring monster that cannot be killed, no matter how great the political opposition. Farm-state senators have apparently succeeded in adding an extension of the ethanol tax credit, which is scheduled to expire at the end of the year, to the tax bill now working its way through Congress.

While that news is disheartening enough, the wind-energy business — the electricity sector's equivalent of the ethanol scam — may also be winning in its effort to garner more federal subsidies. It is pushing lame-duck legislators to extend a part of the stimulus package known as the Section 1603 tax credit, which gives cash directly to wind-project developers. But what the wind boosters really need to keep their struggling business afloat is a mandate requiring the production of renewable electricity — at least 15 percent by 2020. And some Democratic senators are pushing a bill that would do just that.

## [Indonesia may import more fuel following subsidy ban](#)

Indonesia's state oil and gas firm PT Pertamina said that the government's plan to cut

oil subsidies next year would force the firm to import massive quantities of high-octane fuel in the year to meet rising demand, local media reported Monday.

Starting from January first, subsidized Premium fuel would be off limits to private car owners in Jakarta and the whole of Java and Bali from July 1. Drivers would have to buy higher-octane Pertamina fuel at 6,500 rupiah (some 0.72 U.S. dollar) a liter, almost 50 percent more expensive than Premium, the Jakarta Globe said.

### [Philippines to be hit by power cuts in 2011 - Energy chief](#)

MANILA, Philippines - The main island of Luzon could face power cuts next year, with supply possibly hitting critical levels before around 2,700 megawatts from new coal plants come on stream from 2013, the energy secretary said on Monday.

The capital Manila -- home to at least 10 million Filipinos and where many foreign outsourcing companies operate -- will be hit hard by the outages, with peak demand projected to hit 7,900 MW next year in the whole island, 300 MW higher than this year's peak demand.

### [Abu Dhabi signs oil and gas deal with Yemen](#)

DOHA // Mubadala Oil and Gas and the Yemen Company for Investments in Oil and Minerals (YICOM) have signed an agreement to co-operate on oil and gas exploration and production in Yemen.

The two state-owned companies signed the agreement yesterday in Sana'a, the capital of Yemen, in the presence of Amir al Aydarus, the country's oil and minerals minister. It covers information sharing and a plan to assess potential joint projects including the redevelopment and expansion of Yemeni fields plagued by declining oil and gas output.

### [Turkmens Open New Gas Export Market After Agreement on Trans-Afghan Pipe](#)

Turkmenistan has moved closer to opening another market for its natural gas reserves after signing an agreement for a pipeline to India via Afghanistan.

### [GE to buy UK oil pipemaker Wellstream for \\$1.3 billion](#)

LONDON (Reuters) – General Electric Co has agreed to buy British oil drilling pipe-maker Wellstream Holdings Plc for 800 million pounds (\$1.3 billion), as GE continues its push into the offshore oil services industry.

The deal is the latest in a series of GE buys in the oil services sector in recent years and shows that, despite the BP oil spill in the Gulf of Mexico this summer, the industry expects deep water drilling to continue apace.



### [RWE Guarantees German Power Supplies This Week Following Strike Threat](#)

RWE AG said there won't be any power disruptions this week related to planned strike action at Germany's second-largest utility.

"We can guarantee electricity supply for our customers," RWE spokesman Juergen Frech said in an interview, declining to comment on wage negotiations between the two sides.

### [Egypt, ADFD sign \\$50m loan deal for power plant](#)

Egypt's Energy and Electricity Ministry said the Abu Dhabi Fund for Development (ADFD) has granted the Egyptian government a \$50m loan for constructing and developing a power station in Banha, Arabianbusiness reported.

### [Pike River Appoints Receivers After 29 Die in New Zealand Coal Mine Blast](#)

Pike River Coal Co., owner of a New Zealand coal mine where 29 miners died after blasts last month, had receivers appointed after telling major creditors it's unlikely to be able to repay loans.

### [Uranium Spot Market Trading Volume Climbs to Record on Rising Asian Demand](#)

The volume of uranium sold in the spot market, used by utilities to have material delivered within a year and by investors to speculate on the price of the fuel, hit a record this year on Asian demand.

### [Nigeria takes over ex-militant camps in oil delta](#)

PORT HARCOURT, Nigeria (Reuters) - A former Nigerian militant leader handed eight camps in the Niger Delta to the military over the weekend, part of efforts to prevent new gangs emerging in the oil region after last year's amnesty.

Ateke Tom is the latest former militant leader to surrender his camps after accepting the amnesty, which was partly brokered by President Goodluck Jonathan last August and brought more than a year of relative peace in Africa's biggest oil and gas industry.

### [Iraqi Kurd leader says Kirkuk belongs to Kurdistan](#)

ARBIL, Iraq, Dec 11 (Reuter) – Iraqi Kurdish leader Masoud Barzani said Saturday that

his semi-autonomous region has the right to self-determination and to the disputed city of Kirkuk, which is located above some of Iraq's largest oil reserves.

The fate of Kirkuk is one of the main issues of contention between the Kurdish region and the central government in Baghdad, which are locked in disputes over land and some of the world's richest oilfields.

### [India woos Russian oil and gas investors](#)

MOSCOW (Reuters) - India has invited Russia to explore its hydrocarbon reserves as Asia's third-largest oil consumer seeks less dependence on oil and gas imports and looks to attract more investment in its energy sector.

India is also interested in increasing its participation in the development of Russia's vast oil and gas reserves.

### [Russian spy gets job with oil company Rosneft - report](#)

(Reuters) - One of the Russian spies deported from the United States in a Cold-War style spy swap in July has been named an advisor at Russia's largest oil company, state-owned Rosneft, Kommersant reported on Monday.

### [\\$7.6bn TAPI gas pipeline project comes back to life](#)

ASHGABAT: Pakistan on Saturday joined Turkmenistan, Afghanistan and India in signing the long-awaited over \$7.6 billion gas pipeline project to help it meet its sharply rising industrial and domestic demands.

### [China elbows its way into discussions over Arctic future](#)

There was little fanfare at the end of last month when the China National Petroleum Corp. (CNPC) signed a long-term cooperation agreement with Russia's most experienced company on shipping oil and gas through the Arctic, Sovcomflot (SCF).

However, this deal is but the latest in accumulating indications of a Chinese strategy to elbow its way into the opportunities for both shipping and resource development afforded by expectations of the melting Arctic ice cap.

### [Clearing the air on electric cars](#)

NEW YORK (CNMoney.com) -- Ever since electric cars began commanding headlines a few years back, some have questioned whether the vehicles are really better for the

environment.

### [Kazakhs Say Germany's Pure Nature May Invest \\$1.3 Billion in Hydropower](#)

Germany's Pure Nature Energy GmbH may invest 1 billion euros (\$1.32 billion) to construct small hydropower plants in Kazakhstan, central Asia's biggest oil producer, the Industry and New Technologies Ministry said.

### [Farming with hydrogen power](#)

Along with its hydrogen-powered NH2 electric tractor, New Holland has delivered a promise of the "energy independent farm"—a concept that may be reality sooner than you think.

The NH2 is an early wavelet in a tsunami of electric-powered vehicles rolling off drawing boards around the world.

### [Kurt Cobb: Why you should read \*The Biochar Solution\*](#)

First, you should know that I have an allergy to anything that smacks of geoengineering. And the use of biochar--charred organic matter that can improve soil fertility--to address climate change by interring carbon in farmland on a mass scale strikes me as one of the largest geoengineering projects ever conceived. I always ask, "What will the unintended consequences be? Can we be sure that those consequences won't simply present a new set of problems, possibly catastrophic ones?"

Fortunately, Albert Bates, author of *The Biochar Solution*, takes these questions seriously and offers a measured endorsement of biochar as one of an array of strategies for responding to climate change. Even in the forward Vandana Shiva warns that "[b]y shifting our concern from growing the green mantle of the earth to making charcoal, biochar solutions risk repeating the mistakes of industrial agriculture."

### [UN boost for UAE carbon capture bid](#)

A new UN agreement could pave the way for multibillion-dollar plans to build a carbon capture network in the UAE.

But energy companies still have to wait to learn the exact shape of the UN carbon credit programme, including how much credit could ultimately be available.

### [Cancún Agreement Signals a New Pragmatism in Global Climate Policy](#)

In the end, it came down to Bolivia. The South American country — whose President Evo Morales was one of the few world leaders to attend this meeting — had raised angry objections throughout the two-week-long U.N. climate-change summit in Cancún, Mexico. On Friday night, with the draft texts of an agreement prepared and every other nation ready for a deal, Bolivia wouldn't budge. "We reject this document," Bolivia's U.N. Ambassador Pablo Solon told the assembled representatives of more than 190 nations at the final plenary session, "and therefore there is no consensus for its adoption."

### [Climate deal does little but prep for future talks](#)

Lowered expectations to the rescue.

Global climate negotiators put the best face on the modest agreements they reached at the just-concluded talks in Cancun, Mexico, to tackle the problem of worldwide carbon emissions.

### [Climate Deal Decades Away as 'Dysfunctional' U.S. Delays Cap](#)

With President Barack Obama struggling to salvage his energy agenda and richer and poorer nations in conflict over extending Kyoto's emission limits, a new worldwide climate treaty may be 20 years away, said Tim Wirth, who in 1997 led the U.S. delegation in Kyoto, Japan. Such a delay endangers the future of \$2.7 billion a year in pollution credits sold under a UN program based on the Kyoto agreement.

"We have a dysfunctional Congress and an administration without policy," Wirth, a former Democratic senator from Colorado, said in an interview during two weeks of UN climate talks in Cancun, Mexico. "The U.S. doesn't have an energy strategy. You can't sign up to an international treaty unless you know what you are going to do at home."

### [Climate Talks Might Need a Profit Motive](#)

More business engagement is the key to unlocking real progress, said Yvo de Boer, who stepped down this year as executive secretary of the U.N. Framework Convention on Climate Change.

Clean-technology profits could illustrate the opportunities from a global climate deal and persuade negotiators from China and the United States, the world's top two emitters of heat-trapping gases, to cooperate.

"We're trying to get away from a zero-sum logic," Robert B. Zoellick, president of the World Bank, said in an interview. "From my own experience in trade negotiations, if you see it as one guy wins, the other guy loses, you're going to have a hard time getting a deal, frankly, because nobody wants to go home the loser."

Countries thirst for oil, compete for minerals and confront climate change. The American military, with surprising allies, worries that these issues represent a new source of conflict.



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