



Drumbeat: January 8, 2011

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[Mexico heavy crude exports to hit 15-yr low in 2011](#)

MEXICO CITY (Reuters) - Exports of Mexican heavy oil will fall to the lowest level in 15 years in 2011 once a local refinery is upgraded, which could hit the profitability of U.S. refiners emerging from the bruising 2008-09 market downturn.

The start-up of a major refinery project will cut Maya heavy crude exports by some 110,000 barrels per day this year, according to government data.

The decline in Maya exports could pressure top Mexican crude oil customers like Valero Energy Corp, Exxon Mobil Corp and Chevron Corp who have seen their profit margins squeezed by lower supplies of heavy crude that is cheaper but more difficult to process.

[Rare Earths Shortage Becoming Problem For Refiners](#)

HOUSTON (Dow Jones)--The skyrocketing cost of rare-earth metals coming out of China is pushing up the cost of gasoline production in the U.S., the latest sign of the wide-reaching impact of Beijing's decision to restrict exports of the minerals.

Prices for some of the chemicals refiners use to process gasoline have risen exponentially after China, which controls about 95% of the world's rare-earth supply, said it would slash exports of the metals by 35% in 2011. The increase could raise gasoline production costs by about a penny a gallon and potentially lead some refiners to cut back on fuel production, and is expected to become a topic in many refiners' earnings conference calls in the first quarter of 2011.

[Musings: 2011 Another Year of Robust Industry Capital Spending](#)

The annual Barclays Capital survey of global exploration and production spending plans of oil and gas companies was recently released and its results signal a further healthy increase in expenditures, which should boost the revenues and earnings of oilfield service companies. The survey calls for a 10.8% increase in total global E&P spending to a record \$490 billion, which follows on the estimated 10% increase in spending experienced in 2010. Growing optimism about a strengthening of the nascent economic recovery in the developed world, primarily the United States and Europe, combined with continuing rapid economic growth in developing economies underlies the strength in E&P spending.

[Calderon Shuffles Mexico's Cabinet, Names Jose Meade as Energy Minister](#)

Mexican President Felipe Calderon announced changes to his Cabinet, appointing a new energy minister who may be able to make more progress moving forward measures in Congress to boost oil production.

[Brazil's Petrobras to speed up two pre-salt oil projects](#)

Brazil's state-controlled oil and gas giant Petrobras announced on Friday its decision to speed up the operations of two pre-salt projects.

[Analysis: Fitch Sees Stable Outlook for Latin America O&G Industry in 2011](#)

Fitch Ratings expects the credit outlook for the Latin America oil and gas industry to remain stable in 2011, supported by solid global demand for oil and moderate improvement in operating margins, according to a new report released by Fitch Ratings.

Overall, the Latin American oil and gas sector's revenues and earnings improved in 2010 due to rising oil prices and the recovery of domestic demand. As a result, the companies have registered solid credit metrics and reported a strong liquidity.

[Stop-work order issued after explosion rocks oilsands plant](#)

EDMONTON — A stop-work order at the Canadian Natural Resources Ltd. oilsands upgrader hit by an explosion and fire will not be lifted until the province determines the plant is safe, says Employment and Immigration Minister Thomas Lukaszuk.

[U.S. Gas Assets Likely to Trade at Discount for 2011 M&A Deals](#)

U.S. natural gas assets will likely continue trading at a large discount to equivalent liquids assets in merger and acquisitions (M&A) activity during 2011, with only a modest growth in gas prices predicted, said Eoin Coyne, M&A expert at London-based Evaluate Energy.

[New black-oil terminal wants refinery leftovers](#)

A founder of one of the Houston Ship Channel's largest oil storage terminals is planning a new facility to compete with his former company in the niche market of black oil.

[A Good Week for BP, But It Still Faces Long Road to Recovery](#)

BP has had a good start to 2011. Though it could hardly have been worse than the disaster that was 2010.

[Venezuela eyes new power sources](#)

The severe energy crisis Venezuela was experiencing in 2010 caused by a rare drought the previous year has prompted the country to seek new power sources, the power energy minister says.

Venezuela is the world's third largest hydroelectric energy generator for local consumption, only after Norway and Brazil, but the drought in 2009 led to a severe energy crisis in the country beginning early 2010, according to Electric Energy Minister Ali Rodriguez Araque.

[PLN to shut down 4 power plants to cut down fuel consumption](#)

The Jakarta Post quoted Mr Dahlan Iskan president director of state electricity firm PT PLN as saying that his company had planned to shut down four power plants in 2011 to cut down on oil based fuel consumption amid soaring global oil prices.

[Supply of fuel: IPPs accuse Pepco of violating contractual obligations](#)

ISLAMABAD: The independent power producers (IPPs) have accused the Pakistan Electric Power Company (Pepco) (reportedly defunct) of violating contractual obligations with regard to supply of fuel for power generation, sources told Business Recorder.

[Alaska Legislature Expected to Revisit Oil Taxes](#)

Momentum is building for a push in the coming weeks to roll back the oil tax increase that stands among the biggest legacies of Sarah Palin's time as Alaska's governor.

[Book Review – Why We Hate The Oil Companies](#)

What is Hofmeister all about? Bringing affordable, clean and sustainable energy to all Americans. He writes, “The truth is that affordable energy is essential for American economic growth. It is essential for our national security and position in world leadership. And it is necessary to maintain our quality of life.” He continues by saying affordable energy and environmental sustainability are challenges that require immediate attention.

Who is in charge of leading the way to affordable energy? The oil and utility companies? Government? American Citizens? The answer is not so black and white as Hofmeister

explains. No one believes the oil companies – they are ranked 24 out of 24 in the industry “Who do you trust” poll and the government is ranked at 22. Not swelled by any standards. Then we have American citizens who have been fed “information, misinformation and no information” and they are still electing politicians who have spent 40 years not making good energy policy decisions. We Americans have bad voting histories.

[Arabian Gulf tanker rates decline on surplus vessels for hire](#)

The cost of shipping Middle East crude oil to Asia, the world’s busiest route for supertankers, declined on a surplus of vessels for hire.

...Available vessels were “more than adequate” to meet demand, EA Gibson Shipbrokers Ltd in London said in a report e-mailed on Friday. The result has been a “stuttering start” to 2011 for VLCCs in the Arabian Gulf, it said.

[Oil Declines as U.S. Adds Fewer Jobs Than Forecast, Pushing Stocks Lower](#)

Crude oil fell to the lowest level in three weeks as a U.S. payroll report showed employers added fewer jobs last month than expected, pushing down stocks and other commodities.

[North Sea Brent Crude Loadings to Climb 26.5% in February to 4.8M Barrels](#)

North Sea Brent crude loadings for February will increase by 26.5 percent over January, according to a loading program obtained by Bloomberg News.

[Unstoppable gold could hit US\\$2000 this year](#)

Longer term, Mr. Barisheff noted three irreversible trends that will continue to boost demand for gold; an aging population, outsourcing and peak oil.

“These three mega trends will continue to lower the GDP, lower the tax revenue, create higher trade deficits, create higher unemployment, resulting in the need for further currency creation,” he said.

[Nigeria: Attack in Niger Delta kills 2, wounds 6](#)

LAGOS, Nigeria (AP) -- Gunmen in Nigeria's restive southern delta opened fire on a ceremony welcoming a former presidential adviser on the region back home, killing two people and wounding six others, police said Saturday.

[Peter Kent's Oily New Portfolio](#)

Within hours of being sworn in as Canada's new environment minister, Peter Kent didn't talk about deformed fish, acid rain, disappearing woodland caribou, or large lakes of toxic mining waste.

Oddly enough, the former newscaster mostly avoided any mention of his ministerial mandate including water conservation or enhancing "the quality of the natural environment."

Instead, the Tory politician, sounding like a grossly overpaid oil patch lobbyist, declared bitumen, an extremely dirty hydrocarbon, a gift to morality and economy.

[Harper defends oil sands](#)

Harper was asked in a televised news conference to react to comments by newly appointed Environment Minister Peter Kent, who characterised development of the oil sands as "ethical" in recent media interviews.

Harper replied that not only are the oil sands a source of economic and job growth for Canadians, but that the United States should value Canada's oil supply over other sources because of the country's democratic track record, Reuters reported.

[Iran, Turkey continue gas talks](#)

Iranian gas transit to Europe via Turkey, boosting the two countries cooperation in the energy field, and Turkey's investment in Iranian gas fields were among the major topics of the meeting.

Currently Iran on average exports 30 million cubic meters of natural gas to Turkey per day.

[Systems thinking](#)

There was more to the oil spill than BP's bad behavior and complacency.

[Scope and Pace of Gulf Cleanup Is Criticized](#)

BAY JIMMY, La. — Eight months since the Deepwater Horizon oil spill began, the cleanup of the Gulf of Mexico goes on, with over 5,000 people and more than 300 boats still at work. Tar balls are still washing up on beaches. Visible sheen is still showing up in certain places in the wake of motorboats. Oil is being washed out of some areas, where it was buried, only to show up someplace else.

And so the debates among the responders go on as well, though perhaps not as publicly and fiercely as they once did.

[Green architecture: It's officially a flood](#)

When the Creation Museum in Petersburg, Ky., opened on Memorial Day 2007, temperatures inside the 100,000-square-foot complex began to spike. Huge crowds of warm bodies will do that to an HVAC system, and it took months of tweaking through the museum's first hot summer to get the system working properly.

Mike Zovath, senior vice president of Answers in Genesis, the organization that built the Creation Museum, says he has learned his lesson. As a consortium that includes his group prepares to break ground this spring on a biblical theme park called Ark Encounter, which will include a replication of Noah's Ark built according to the dimensions given in the Book of Genesis, it is turning to the latest trends in "green" architecture. Scheduled to open in 2014, Ark Encounter will include environmentally sustainable technology "from Day One," Zovath said, and will be built by a firm that specializes in LEED-certified construction and design, the industry standard for environmentally efficient buildings.

[Hawaiian Electric to Use Locally Produced Biofuel for Power Generation](#)

Aina will spend \$320 million to develop a farm for energy crops and a processing facility to turn the plants into biofuel, Char Chang, a company spokesman, said today in an e-mail. The 13,000-acre farm will grow mainly sweet sorghum and eucalyptus, and the company will also use Christmas berry and guinea grass, Chang said.

[Cape Wind is Cleared for Takeoff – Mostly](#)

Cape Wind, the wind farm proposed for a 24-square-mile tract of Nantucket Sound off Cape Cod, Mass., got its final government permit on Friday, 10 years after work on the project began, the sponsors announced. They hope to begin construction this year, although they have not yet lined up a market for all of the electricity.

[First Solar Acquires RayTracker to Enable Panels to Follow Sun's Movements](#)

First Solar Inc., the world's biggest maker of thin-film solar modules, bought closely held RayTracker Inc. for an undisclosed amount to expand in sun-tracking technology.

First Solar will assimilate RayTracker's nine employees and clients with the purchase, the Tempe, Arizona-based company said today in a statement. Tracking systems let solar panels follow the sun's movements, increasing output from solar panels.

[2 Environment Rules Halted in New Mexico](#)

Acting on a campaign promise, New Mexico's new Republican governor, Susana Martinez, has scuttled a state regulation requiring annual 3 percent cuts in greenhouse gas emissions.

[A deafening warning](#)

The record rise in world food prices last month is not only a prelude to a possible "food price shock" in the coming months, but also a blatant warning that the international community cannot afford to ignore. The dire consequences of long-term climate change are more imminent now and divided response to the global financial crisis could make them worse.

[Measures to Save Ozone Stemmed a Lot More Global Warming](#)

Now, for a change, some good news on the environmental front. Global efforts launched in 1989 to stem emissions of chlorofluorocarbons (CFCs)—volatile chemicals, used as refrigerants and propellants in spray cans, that break down ozone—have borne fruit not only by protecting ozone in the atmosphere but also by preventing even more dramatic atmospheric heating. That's because, like carbon dioxide, CFCs in the atmosphere trap heat. New studies, presented here last month at the fall meeting of the American Geophysical Union, show that had humanity not cut this pollution, Earth would have experienced as much as 1.5°C of additional global warming by 2070. Moreover, the new projections show, CFC pollution would have thinned the layer of ozone in the upper atmosphere, which blocks harmful ultraviolet radiation, even more than scientists expected, as a result of an unforeseen "feedback" effect.

[Greenland's Melt Will Be Unstoppable by 2040, Berlingske Says](#)

The melting of Greenland's icebergs will be irreversible by 2040 at the latest, Berlingske Tidende said, citing a report based on data compiled by Denmark's Meteorological Institute.

The report's findings are "alarming" and show that the "melt can go at a much faster pace than one would normally imagine," said Jens Hesselbjerg Christensen, one of the report's authors, in an interview with the Copenhagen-based newspaper.



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