



## Drumbeat: January 29, 2011

Posted by [Leanan](#) on January 29, 2011 - 10:59am

### [IEA calls on OPEC to be flexible, watch Egypt](#)

(Reuters) - The West's main energy watchdog, the IEA, called on Saturday on oil group OPEC to be flexible in the face of instability in the Arab world, saying prices could spike even because of a small disruption.

"At this moment the Suez Canal is open and there is no problem with the supply side," the executive director of the International Energy Agency, Nobuo Tanaka, told Reuters referring to riots in Egypt.

"But of course the market has been tightening because of the demand increase due to a recovery. The oil price is rising so a small disruption can create a spike," he said on the sidelines of the World Economic Forum in Davos.

### [Obama Forced to Reconsider Mideast Policy as Protests Roil Cities in Egypt](#)

After decades of backing authoritarian regimes in the Mideast and North Africa as bulwarks against Muslim extremism, the U.S. faces an urgent challenge as popular uprisings sweep the region: how to defend U.S. economic and security interests while supporting democratic values.

### [U.S. Energy Policy Is Responsible for Unrest in Egypt](#)

The world continues to suffer from America's addiction to foreign oil and its inability to craft a strategic long-term comprehensive energy policy to reduce consumption of foreign oil. In the recent past the world has witnessed \$148/barrel oil and an oil war in Iraq. The unrest in Egypt is the latest result of American oil dependency. Is this an absurd statement? Before you vent your disagreements in the comment section following the article, please let me explain.

### [Alarm as Gazprom grabs big business](#)

Kremlin-controlled energy giant Gazprom has built up a dominant 20% share in some sectors of Britain's business gas market in just over a year of frantic trading.

British rivals say they have not been able to compete because the prices being offered

by the Russian group are so low.

### [BP ready to assure US after Russian contract](#)

OIL giant BP is this week expected to stress the importance of its US business despite signing a deal with Russia's state-owned Rosneft which has been criticised by some American policy makers.

### [Gasification projects light up lobbying efforts](#)

There was one major distinction between three coal gasification projects that came before the Illinois General Assembly this year: The cost burden created by one would fall on big business. For the others, the costs would be borne by residential customers.

### [Gulf Of Mexico Gas Leak Stopped At Apache Platform -US Regulators](#)

HOUSTON -(Dow Jones)- Federal regulators said Saturday that a natural gas leak first noticed two weeks ago at a Gulf of Mexico production platform owned by Apache Corp. (APA) and Stone Energy Corp. (SGY) has been stopped.

### [Burning ambitions: What is good news for miners is bad news for the environment](#)

IN RICH countries, where people worry about air quality and debate ways of pricing carbon emissions, coal is deeply unfashionable. Elsewhere demand for the dirty rocks has never been stronger. The International Energy Agency (IEA) reckons world consumption will increase by a fifth over the next 25 years, assuming governments stick to their current climate-change policies. A new age of coal is upon us.

### [Biofuels drive a major change](#)

Henry Ford, the father of the American car industry, was among the first to predict a transition from oil-based fuels such as petrol and diesel to plant-based alternatives.

"There's simply no two ways about this fuel question," Ford said in 1916. "Gasoline is going and alcohol is coming. It's coming to stay, too, for its unlimited supply."

But after decades of research and development the cars and trucks of only one country - Brazil - are predominantly propelled by fuels, mainly ethanol, produced from purpose-grown crops.

### [Daimler Sends Fuel-Cell Compacts on 18,600-Mile Trip to Steal March on BMW](#)

Daimler AG is sending fuel cell- powered Mercedes-Benz compacts on a 30,000-kilometer (18,600- mile) trip around the world to steal a march on Bayerische Motoren Werke AG and Volkswagen AG.

### [Tensions rise on surging food prices](#)

NEW YORK (CNNMoney) -- Food prices have been rising worldwide, as the cost of raw materials and agricultural products surge, contributing to political unrest around the globe.

In December, international food prices broke an all-time high when they rose 25% for the year, led by rising costs for staples like rice, wheat, and maize, the United Nations reported.

The sharp rise in food prices, in particular, has become "a source of political instability," New York University economist Nouriel Roubini, told CNNMoney's Poppy Harlow, at the World Economic Forum in Davos, Switzerland this week.

### [Oil and food prices](#)

Several years ago National Geographic magazine published an article on oil that included a stunning photo of mature steer and the barrels of oil needed to grow an animal to that size. I recently went looking for that picture, found it, and post it here because it hasn't lost its impact or relevance one bit.

### [Petrobras CEO sees high oil price volatility](#)

(Reuters) - Oil prices are likely to be highly volatile in the first half of 2011 but markets may soften in the second quarter, the head of Brazil's oil major Petrobras, Jose Sergio Gabrielli, said on Saturday.

"I think we (are) gonna face a very big volatility in the first half of this year and in the second half we will see a little softening of the markets. In the long run we work with big range of \$65 to \$85 (per barrel)," he told Reuters Insider television.

### [Analysis: US Seeks Beaufort Sea Compromise While Canada Favors Full Rights](#)

While Americans appear more open to working with Canadians to settle the Beaufort Sea border dispute, Canadians appear entrenched in their view that this area is within their jurisdiction, a study by Ekos Research Associates for the University of Toronto revealed.

### [Kayan inks deal with Saudi firm and Dow-Aramco](#)

KHOBAR, Saudi Arabia (Reuters) - Saudi Kayan Petrochemicals on Saturday signed a preliminary agreement with Saudi Acrylic Acid Co (SAAC) and a joint venture between U.S. Dow Chemical and Saudi Aramco to build a 1.8 billion-riyal (\$480 million) n-Butanol plant in the kingdom.

### [US Energy Cos Flee Natural Gas for Unconventional Oil Fields -Analyst](#)

U.S. energy producers are making a massive investment shift from natural-gas production to unconventional oil drilling as natural-gas prices stagnate, said Sylvia Barnes, managing director and head of banking at investment firm Madison Williams and Co.

With natural-gas prices remaining stuck at about \$4 per million British thermal unit, more energy companies are taking the advanced drilling technologies that allowed them to unlock previously unattainable natural gas and moving to less developed, but potentially more profitable, unconventional oil fields.

### [Hubco may stop work over fuel shortage](#)

ISLAMABAD - With the fuel left for only 72 hours, the Hub Power Company Limited (Hubco) has asked the National Transmission and Dispatch Company (NTDC) to pay to Pakistan State Oil (PSO) for smooth supply of fuel for power generation.

### [Texas man gets probation in Mexican oil scheme](#)

HOUSTON — A former Texas oil company official was sentenced to probation Friday for his role in the sale of petroleum products stolen from Mexico.

### [World energy markets will eventually convince all of the wisdom of renewable energy, author and advocate says](#)

L. Hunter Lovins is no conspiracy theorist, but when it comes to the roller coaster ride-like momentum of the renewable energy sector, she concedes it not always easy not to succumb to bouts of dark speculation.

“Certainly, the way I see the renewable energy field is that it’s a sector that’s sped up and, more recently, slowed down, particularly here in the US, and I think that’s shaken the confidence of people interested in fostering its development,” said Lovins, an author and promoter of sustainable development for over 30 years, during a recent interview with Renewable Energy Magazine.

### [Incomprehensible — New mining rules could cost 7,000 jobs](#)

During Tuesday's State of the Union address, President Barack Obama vowed to rally behind a vision of job creation and economic revitalization for a country still struggling to recover from the worst economic downturn since World War II.

What the president failed to tell the nationally televised audience was that his administration is apparently taking steps to eliminate more than 7,000 coal mining jobs. This action, as U.S. Sen. Joe Manchin, D-W.Va., correctly calls it, is "foolish beyond words."

### [U.S. Company, in Reversal, Wants to Export Natural Gas](#)

CAMERON PARISH, La. — The oil patch is a world of risk takers, but few are as daring as Charif Souki, the chairman and chief executive of Cheniere Energy.

A decade ago, Mr. Souki warned of an impending natural gas shortage, and set out to build a network of gas import terminals after none had been built in a generation. He lured Chevron and the French oil giant Total into signing long-term use agreements, and Cheniere's stock price rocketed from less than \$1 a share in 2002 to more than \$40 in three years.

But the sudden boom in gas drilling that took off around 2005 created a glut, ruining Mr. Souki's dream. Cheniere's stock price collapsed to \$2. And he managed to complete only one terminal, at a cost of \$1.4 billion, that stands idle much of the time.

Now he is trying to recoup his investment by making the opposite bet: that he can profitably export cheap American natural gas to Europe and Asia, where prices are roughly twice as high.

### [Turmoil in Egypt roils oil markets](#)

"This looks like the Arab world's version of the flash crash," said Daniel Senor, a fellow for Middle Eastern studies at the Council on Foreign Relations. "If you look among the inputs that are fueling this revolt, including food prices and food shortages, I don't know how you fix that quickly."

Despite market concerns about the potential impact of the widening unrest, there appeared to be no immediate threat to oil supplies.

"Egypt doesn't mean much on its own in terms of crude oil production or exports," said Tom Kloza, editor & publisher of OPIS, which tracks oil prices.

"It is of course the key country for the operation of the Suez Canal which cuts 5,000-6,000 miles off the voyages of many European-bound tankers," he said. "But the real worries today are about violence and unrest spreading eastward into the Arabian Gulf. Whether one is a fan of (Egyptian President Hosni) Mubarak or not, one can at least suggest that it was a stable country on the edge of a region which has long been unstable."

## [Oil ETF Call Trades Soar to Record Amid Egypt Unrest](#)

Trading of bullish options on an exchange-traded fund tracking crude futures soared to a record as oil surged the most since September 2009 after unrest in Egypt raised concern that protests would spread to major oil- producing parts of the Middle East.

## ['Revolution of the people': Egyptians return to streets](#)

CAIRO — A massive crowd calling for the ouster of President Hosni Mubarak defied a government curfew to gather in the streets and squares of downtown Cairo Saturday afternoon, with protesters making clear they reject promises of reform and a new government offered by the embattled leader trying to hang on to power.

Dozens of tanks and armored personnel carriers fanned out across the city of 18 million, guarding key government building a day after large, violent confrontations emboldened the movement demanding a change of leadership. There was rampant looting across the sprawling city of 18 million and a growing feeling of fear and insecurity.

## [Kyrgyzstan requests Ireland to extradite former economy minister](#)

BISHKEK (Itar-Tass) -- The Prosecutor General's Office of Kyrgyzstan has sent a request to Ireland for extraditing ex-minister of energy and former general director of the joint-stock company Electric Stations Sanarbek Balkibekov, the press service of the Prosecutor General's Office reported on Saturday.

"Balkibekov is charged with especially large embezzlement of state property and other abuses of power in the period of his work as minister," the report notes. According to preliminary data, damage cause by him to the state is estimated at more than 300,000 dollars. "The request for Balkibekov's extradition is sent to the Ministry of Justice of Ireland in accordance with the UN Convention on Combating Corruption," the press service stressed.

## [Russia identifies airport bomber as Caucasus man](#)

The suicide bomber who killed 35 people and wounded 180 at Moscow's largest airport was a 20-year-old man from the volatile southern Caucasus region, Russian investigators said Saturday.

Breaking a five-day silence over the probe, federal investigators also said foreigners were deliberately targeted, marking an ominous new tactic in Russia's losing battle with extremism.

## [Changing ties between oil and agri-commodities](#)



IN an energy-dependent world, the movement of crude oil prices have consequences beyond just prices at the pump for petrol, diesel or gas.

From mid-2000 to July 2008, the correlation between crude oil and agricultural commodities was at its closest as the latter became an increasingly attractive alternative as a source of energy.

## [Energy and the Planet](#)

The oil age started in Pennsylvania and 40 years later came to Texas. From then on, massive oil deposits were found virtually everywhere around the planet, except in most of Europe. This is why Europe has always had some form of energy plan and we haven't. It's probably fair to say that from the earliest days, most Europeans have not been able to take oil for granted, unlike Americans.

And unlike America's, Europe's governments are already considering what the economic impact will be when oil production hits a brick wall in the future - and making plans premised on global warming.

## [New age for old oil](#)

Policy and market blows in the past five years, including Ottawa's elimination of royalty trusts, Alberta's royalty changes, weak energy prices and the market meltdown, combined to beat many companies out of business.

But some junior oil and gas entrepreneurs got back to work — and reconfirmed that necessity is the mother of all invention.

Inspired by such advances as horizontal drilling and hydraulic fracturing that caused the shale gas revolution, or by other enhanced oil-recovery methods, they are squeezing new, profitable barrels from Western Canada's mature reservoirs.

## [China and Vietnam to Talk on Sea Dispute](#)

Nguyen Van Tho, the Vietnamese ambassador to China, told Chinese reporters on Thursday that China and Vietnam would hold a new round of talks on their territorial dispute in the South China Sea this year, Chinese news organizations reported Friday. He declined to name a specific date, but said, "I am optimistic about this issue," the reports said. Both countries and other Asian nations claim parts of the South China Sea, which has potentially large oil and natural gas deposits.

## [Big breaks for Big Oil](#)

Obama wants to cut unneeded and expensive oil subsidies, but Congress won't go along.

### [CNOOC lifts production target by 11 percent](#)

HONG KONG - China's top offshore oil and gas producer, CNOOC Ltd, has lifted its 2011 production target by up to 11 percent as new projects at home and overseas come on stream.

### [Natural gas demand to soar](#)

BEIJING - China's natural gas demand will rise 20 percent in 2011 to 130 billion cubic meters (cu m) and production will increase 16 percent to 110 billion cu m, according to a statement from the National Energy Administration (NEA) on Jan 28.

### [What Oil Spill?](#)

William Reilly and Bob Graham, co-chairmen of the presidential panel on the 2010 Gulf of Mexico oil spill, went to Capitol Hill last week to sell their final report. The detailed document endorses deep-water drilling while urging a series of reforms to make it safer. But Republicans on the House Natural Resources Committee reacted as if they had called for an end to the oil industry.

### [Return of California energy credits a boon for Calgary wind farms](#)

California's revived market for tradable renewable energy credits has helped two wind farms in Alberta qualify for financing. Under a deal approved Friday by the California Public Utilities Commission, San Francisco-based utility Pacific Gas & Electric Co. is buying renewable energy credits associated with two projects that Greengate Power Corp. will build in Alberta. The sale lets PG&E receive credit for using renewable energy that it will not sell in the state, or even in the country.

### [Pa. nuclear reactor reopens after steam leak](#)

BERWICK, Pa.

A reactor at PPL Corp.'s Susquehanna nuclear plant in northeastern Pennsylvania is back in service after a steam leak was repaired.

### [Hawaiian Electric uses 100 percent biofuel in test](#)

Hawaiian Electric Co. is reporting that it successfully used 100 percent biofuel in a full-scale test involving a steam turbine generator that normally uses petroleum.



## [How Permaculture, Worms in Your Kitchen and a Crown Heights Chicken Coop Can Save the World](#)

Crown Heights resident Greg Todd believes that the practice of permaculture is the key to building a sustainable future.

“A lot of people talk about sustainability. It’s very much a catch phrase: ‘Oh it’s sustainable, it’s sustainable.’ Well permaculture took that and figured out: well, that’s cool, but how do we actually do that?” he said in an interview that ranged from how a sustainable agriculture community garden in Crown Heights will save us from descending into chaos when the oil is gone, to why everyone should have a worm composting bin tucked into their apartment.

## [Tougher rules needed to meet greenhouse gas emissions target, Kent warns](#)

In his first major speech as Environment Minister, Peter Kent says Ottawa and the provinces will have to adopt far tougher regulations to reduce greenhouse gas emissions across all sectors of the economy if Canada is going to meet its 2020 target.

Mr. Kent rejected calls for a national cap-and-trade system but said Ottawa is getting ready to introduce regulations on industrial emitters – a group that would include oil sands producers.

## [EPA chief says Texas action 'not about politics'](#)

SAN ANTONIO — The head of the U.S. Environmental Protection Agency says the long-running dispute between the agency and Texas is about public health and not politics.

EPA administrator Lisa Jackson said Friday in San Antonio that her agency isn't out to cripple Texas businesses with its actions. The EPA earlier this month took over the issuing of greenhouse gas permits in Texas, the only state that has refused to comply with tighter federal rules.

## [Sen. Inhofe Shapes Major GOP Bills to Fight EPA's Greenhouse Gas Regs](#)

The Senate's most vocal climate change skeptic has taken a key role in crafting two bills to be introduced next week that would both permanently stop U.S. EPA from regulating greenhouse gas emissions under the Clean Air Act.

Sen. James Inhofe (R-Okla.), who famously called climate change the "greatest hoax ever perpetrated on the American people," will unveil a bill with House Energy and Commerce Chairman Fred Upton (R-Mich.) that would strip EPA of its authority to limit carbon emissions from power plants, refineries and other stationary sources.

At the same time, he will be a "first co-sponsor" of a much broader bill that would bar the federal government from regulating greenhouse gas emissions under any existing environmental law. That measure will be introduced Monday by Sen. John Barrasso (R-Wyo.), who serves on the Environment and Public Works Committee, on which Inhofe is the ranking Republican.



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