



## Drumbeat: June 4, 2011

Posted by [Leanan](#) on June 4, 2011 - 10:42am

### [U.S. Warns of South China Sea Clashes Without Code of Conduct](#)

(Bloomberg) -- U.S. Defense Secretary Robert Gates warned that more clashes will occur in the South China Sea if nations vying for oil and gas in the waters fail to agree on ways to avoid confrontations.

"I fear that without rules of the road and without agreed approaches to dealing with these problems, that there will be clashes," Gates said at the annual IISS Asia Security Summit: The Shangri-La Dialogue in Singapore. "That serves nobody's interest."

### [Oil ends week unchanged at around \\$100 per barrel](#)

NEW YORK – Oil seems to be stuck at \$100 per barrel.

Despite a gloomy unemployment report, benchmark West Texas Intermediate crude on Friday settled just about where it began the day: down 18 cents at \$100.22 per barrel. Oil has hovered around the \$100 mark since early May.

"It's like there's a magnet on that \$100 level," independent oil analyst Jim Ritterbusch said. "As soon as we get \$2, \$3 away in either direction, it snaps back."

### [Britain as vulnerable to energy price shocks as Uganda](#)

Maplecroft, the risk-analysis firm, has found that the UK is one of the most exposed developed nations and is more likely to suffer supply disruption than France, Germany or the US.

Only Italy, Spain, Greece and Japan are at greater risk than Britain in the short-term among developed countries. China also faces an uphill struggle to meet its energy demand.

### [OPEC should raise output at meeting - advisory board](#)

(Reuters) - OPEC should increase its oil production when it meets next week in order to

meet higher demand expected in the second half, a delegate who attended a meeting of the group's advisory board told Reuters on Friday.

### [Four Workers Are Killed in U.K.'s Deadliest Refinery Explosion Since 1974](#)

Four workers were killed when a storage tank exploded and caused a fire at Chevron Corp's Pembroke plant in Wales yesterday, in the U.K.'s worst refinery disaster for almost four decades.

Another worker was hospitalized with serious injuries, San Ramon, California-based Chevron said in a statement. Output at the 210,000 barrel-a-day refinery wasn't disrupted and an investigation is under way.

### [Valero-Chevron deal spins](#)

Britain's deadliest refinery accident since 1974 may give Valero Energy Corp. grounds to renegotiate the terms of its purchase of the Chevron Corp. plant, energy lawyers and analysts said.

### [Pemex 'could extend life of Ku-Maloob-Zaap'](#)

Mexico's Pemex could maintain output of 850,000 barrels of oil per day at its Ku-Maloob-Zaap field for seven more years, extending the field's life by two years.

### [Iraq boosts oil exports to Jordan](#)

AMMAN, Jordan - Iraq has agreed to increase daily oil exports to neighboring Jordan by 50 percent, a government official said Friday, helping meet rising demand in a country that has few energy resources of its own.

### [Obama sets meetings next week with leaders of Nigeria, Gabon, 2 oil-rich African nations](#)

WASHINGTON — President Barack Obama has set White House meetings next week with two African leaders.

The White House says Obama will hold talks next Thursday with President Ali Bongo Ondimba of Gabon. Ondimba is serving as president of the 15-nation Security Council during June.

### [Greenpeace activists force Arctic oil rig to stop drilling](#)

An Arctic oil rig has been forced to stop drilling by environmental activists demanding to know how its owner would respond to an oil leak on the scale of last year's Deepwater Horizon spill.

### [U.S. Orders TransCanada to Shut Pipeline](#)

After a series of spills, the United States Department of Transportation has ordered the TransCanada Corporation to suspend operation of its one-year-old Keystone 1 pipeline, which carries oil extracted from oil sands in the Canadian province of Alberta to the United States. The order was issued by the department's Pipelines and Hazardous Materials Safety Administration.

### [PG&E takes out ads to say sorry for Calif. blast](#)

Pacific Gas & Electric Co. has taken out full-page advertisements in 24 California daily newspapers to apologize for last year's deadly pipeline explosion.

### [China should scrap price controls](#)

Indeed, while government officials have been warning about a water crisis for a decade, China's water price has been kept artificially low, which averages about \$0.40 per cubic meter - "lower than in many emerging economies and a fraction of the real marginal cost" - resulting in huge waste by farmers, factories and households alike.

The power sector also faces the same dilemma, as power generation companies normally shoulder the rising cost. "Beijing approved a 3% increase in prices that took effect Wednesday, but this hardly provides relief to utility firms when annual inflation is running at 5%, especially since residential users are exempt from the hike," the article explains.

### [The Agriculture Chief as Water Advocate](#)

Because farm runoff has been such a big cause of pollution, many advocates are wary and skeptical about the active role that Agriculture Secretary Tom Vilsack is taking on water quality.

### [China Faces 'Very Grave' Environmental Situation, Officials Say](#)

BEIJING — China's three decades of rapid economic growth have left it with a "very grave" environmental situation even as it tries to move away from a development-at-all-costs strategy, senior government officials said on Friday.

In a blunt assessment of the problems facing the world's most populous country, officials from the Ministry of Environmental Protection delivered their 2010 annual report.

They pointed to major improvements in water and air quality — goals that the ministry had set for itself over a five-year period ending in December.

### [EPA Said to Delay Draft Power-Plant Carbon Rules by Two Months](#)

The U.S. Environmental Protection Agency plans to delay draft greenhouse-gas emissions limits for power plants, according to two people briefed on the discussions.

### [In Quebec, an economic plan for an environmental mutation](#)

FORTUNE -- Climate change is reshaping our world from pole to pole. But one result of global warming could alter the face of commerce in North America and Asia forever: the opening, thanks to the melting polar ice caps, of a new maritime shipping route through the Arctic ocean. The route would connect Asia with Northern Canada and might open up in the next 20-30 years, according to the Canadian government. When that happens, the Québécois will be ready.

"We're building a parallel canal to the Panama Canal for Chinese ships so they can accelerate the transport of goods," Jean Charest, the Premier of Québec, tells *Fortune*. Charest and his government predict demand in China, India and other emerging markets will increase dramatically in the next 20 years. During that same time period, "Climate change is going to change this whole economy." So, he asks, "How do we develop?"



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