



Drumbeat: November 18, 2011

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[Saudi Aramco CEO says expects oil prices to remain 'healthy'](#)

Saudi Aramco CEO Khalid al-Falih said Friday he does not expect oil demand to fall in the future and that he saw oil prices remaining at a "healthy" level in the long term.

Speaking to reporters on the sidelines of an energy forum in Moscow, Falih said he did not see a drop in crude oil demand as it would be supported by "driven by demographics which is rising and by economic growth in Asia." "I expect [oil] prices will remain healthy in the long term," he said.

Falih said that in 2012 Saudi Aramco is to keep capital expenditure "at the very high level to maintain our production and meet our strategic plans."

[Oil Rallies, Heads for Seventh Weekly Gain in New York, as Euro Rebounds](#)

Oil rose in New York as the euro strengthened amid speculation that European Central Bank buying of Italian and Spanish bonds will stem surging borrowing costs and mitigate the effects of the region's debt crisis.

Futures rose as much as 1.3 percent, after dropping 3.7 percent yesterday. The euro strengthened against the dollar while Italian and Spanish lending costs declined following reports the European Central Bank bought the nations' bonds. Prices, up 1.1 percent this week, are headed for their seventh straight weekly gain, the longest run in more than two years.

"The physical oil market remains fairly tight, which keeps supporting the market," said James Zhang, London-based commodity strategist at Standard Bank Plc. "It also benefits from a recovery in euro."

[Gas prices likely to reach holiday high](#)

Motorists will probably pay record-high gasoline prices for the Thanksgiving holiday weekend.

Regular gas is likely to average \$3.37 a gallon next week — up a whopping 51 cents over last Thanksgiving, according to price tracker GasBuddy.com. Adjusting for inflation, that's about 1 cent higher than 2007's previous holiday high of \$3.08.

[China Power Firm Margins Worst Since 2006 as Coal Rises](#)

Chinese power plants face the smallest profit margins in at least five years as government- mandated caps on electricity prices prevent utilities from passing along coal-price increases.

[Disaster reform eyed for oil industry](#)

The government, Petroleum Association of Japan and other oil industry-related entities are taking steps to make oil supply chains more disaster-resistant, due to lessons learned from serious fuel shortages in the wake of the Great East Japan Earthquake.

[EU Rules May Soak Up \\$93 Billion of Utility Cash](#)

Companies from RWE AG (RWE) to Vattenfall AB may have to find an extra 69 billion euros (\$93 billion) to meet unprecedented European Union regulations designed to crack down on speculation in the region's energy markets.

A proposal made last month by the EU may for the first time require utilities and other firms with commodity assets to set aside funds to clear, or safeguard, their power, fuel and carbon permit trades against default. Those companies don't currently need to clear so-called over-the-counter, or OTC, trades, which, in power, account for 73 percent of Europe's electricity market.

[Russia eyes legal opportunities to challenge EU's Third Energy Package](#)

Russia is considering an opportunity to legally challenge the rules envisaged by the Third Energy Package of the European Union, Russian Energy Minister Sergei Shmatko said on Friday.

The existing cooperation agreement between Russia and Europe stipulates maintenance of the existing economic conditions of work of the Russian firms operating in the European Union, Shmatko said.

[UAE in line for bigger oil presence in Kurdistan](#)

ERBIL, Iraq // The UAE could increase its presence in Iraqi Kurdistan's energy assets as the prospect of a merger between two of the first companies to pump oil in the northern region of Iraq improve.

[South Sudan assertive on oil sales](#)

JUBA (Reuters) - South Sudan will market its crude through its oil ministry, an oil official said on Thursday casting further doubt on the role trading major Glencore's venture will have in selling the nation's oil.

[Baghdad threatens ExxonMobil with contract cancellation](#)

Baghdad is flexing its muscles as it threatens to enforce a blacklisting policy against foreign companies that sign oil contracts with the regional government in Iraqi Kurdistan.

A deal struck by ExxonMobil to explore for oil in the semi-autonomous region of northern Iraq has inflamed relations between Erbil and Baghdad, and put pressure on Baghdad to cancel ExxonMobil's multibillion-dollar contract in the south or face the prospect of other oil companies entering Kurdistan.

[Transneft to load first Ust-Luga oil cargo Dec.15-20](#)

MOSCOW (Reuters) - Russia's new Baltic oil terminal at Ust-Luga will load its first crude oil cargo on Dec. 15-20, the chief executive of oil pipeline monopoly Transneft said on Friday.

"By December 15-20 we plan to finish all the works... and the first cargo will load," Nikolai Tokarev told reporters, adding that the terminal was expected to ship 20 million tonnes of crude in 2012.

[Origin Needs at Least One More Customer to Expand Conoco LNG Venture](#)

Origin Energy Ltd. (ORG), ConocoPhillips (COP)'s partner in a \$20 billion Australian liquefied natural gas venture, said it aims to sell more than half the fuel from the project's second phase before committing to an expansion.

[The Fracturing of Pennsylvania](#)

From some views, this diamond-shaped cut of land looks like the hardscrabble farmland it has been since the 18th century, when English and Scottish settlers successfully drove away the members of a Native American village called Annawanna, or "the path of the water." Arrowheads still line the streambeds. Hickory trees march out along its high, dry ridges. Box elders ring the lower, wetter gullies. The air smells of sweet grass. Cows moo. Horses whinny.

From other vantages, it looks like an American natural-gas field, home to 10 gas wells, a compressor station — which feeds fresh gas into pipelines leading to homes hundreds of miles away — and what was, until late this summer, an open five-acre water-

impoundment chemical pond. Trucks rev engines over fresh earth. Backhoes grind stubborn stones. Pipeline snakes beneath clear-cut hillsides.

[Passions electrify Dansville hydrofracking hearing](#)

DANSVILLE — The first public hearing on New York's controversial rules for regulating natural gas drilling brought little meeting of the minds Wednesday, but plenty of passion.

More than 1,500 people descended on an old school auditorium in the Livingston County village of Dansville for two separate sessions. Anti-drilling forces rallied outside the school, pro-drilling forces flashed placards and drove a mobile billboard up and down the village streets, and advocates of both positions exchanged pointed comments at the public sessions amid cheers, applause and not a little booing. A large contingent of Rochesterians made the one-hour trip to Dansville, as did a sizable group from Steuben County just south of here.

[The seam old story springs a leak](#)

ENERGY Minister Martin Ferguson is often criticised, but he's right about this: the coal seam gas industry has grown too fast.

We have not done our homework before issuing approvals for this \$50 billion-plus export industry: on the possible groundwater and land-use impact, on what to do with the millions of tonnes of salt left over, or the impact on Gladstone Harbour and the Great Barrier Reef.

[‘Inappropriately Cozy’ U.S. Ties on Keystone, Group Says](#)

The State Department withheld information on internal discussions about TransCanada Corp. (TRP)'s proposed Keystone XL pipeline across six U.S. states, according to an environmental group.

The department “heavily redacted” or withheld internal e-mails on discussions over the \$7 billion project that were requested under the Freedom of Information Act, according to Friends of the Earth in Washington. Documents that have been released demonstrate “inappropriately cozy” relationships between department officials and TransCanada, the group said.

[Brazilian federal police investigate Chevron offshore oil spill](#)

SAO PAULO — The Brazilian Federal Police on Thursday began investigating an oil spill in an offshore field operated by Chevron Corp., a leak that an environmental group

alleges is far bigger than the company has stated.

[Fishermen sue ConocoPhillips over China oil spill](#)

A group of Chinese fishermen is suing ConocoPhillips for damages allegedly caused by a huge oil spill at an offshore field operated by the US energy giant, their lawyer said Friday.

The early-June spill leaked more than 3,000 barrels of oil and oil-based mud -- a substance used as a lubricant in drilling -- off China's eastern coast, drawing widespread public criticism and warnings from Chinese authorities.

[In Pakistan, a deep civil-military divide](#)

LAHORE, Pakistan — A growing storm over a confidential memo is laying bare the profound division between Pakistan's powerful army and its civilian government, and the nation's relationship with the United States is again at the center of the gulf.

At issue are allegations that the government of President Asif Ali Zardari asked for U.S. help to prevent a military coup after the Navy SEAL raid in May that killed Osama bin Laden in Pakistan. The claim is thought to have enraged Pakistan's army, and the resulting controversy prompted Pakistan's ambassador to Washington, Husain Haqqani, to offer his resignation this week.

[Obama Highlights Maritime Security as China and Philippines Spar](#)

President Barack Obama said the East Asia Summit he is attending in Indonesia is the "premier" arena to discuss concerns over maritime security, a topic China has resisted addressing at international forums.

[Clashes along Egypt Christian march injure 29](#)

CAIRO — Twenty-nine people were injured in Cairo on Thursday when residents clashed with a group of Christians marching through the capital to commemorate those who died in confrontations with the army on Oct. 9, state news agency MENA said.

[Egypt protesters return to Tahrir Square to protest military 'dictatorship'](#)

CAIRO — Over 50,000 Egyptian protesters flocked to Cairo's Tahrir Square Friday to pressure the military government to transfer power to elected civilian rule, after the cabinet tried to enshrine the army's role in a constitutional proposal.

The protesters, mostly bearded men and veiled women, sang religious chants before

Friday prayers, while others handed out flyers demanding the withdrawal of the constitutional proposal and presidential elections be held no later than April 2012.

[Russia warns Syria is close to 'real civil war'](#)

An attack by Syrian army defectors on an intelligence complex that reportedly left 20 security police dead or wounded prompted Russia's foreign minister to warn Thursday that the embattled nation was close to a "real civil war."

[Assad's forces shell Syria villages for hours](#)

AMMAN, Jordan — French Foreign Minister Alain Juppe on Friday called on the U.N. Security Council to act against Syrian President Bashar Assad's regime, as his forces used sustained shelling against people involved in the eight-month uprising for the first reported time.

[West Bank solar panels risk demolition](#)

Clouds of uncertainty hung over this tiny Palestinian village on Wednesday, as locals waited to see if the Israeli army would call off its demolition of the community's solar panels.

It was two years ago that Spanish NGO SEBA joined forces with Nablus's Al-Najah University and installed two solar panels in the community, at the southernmost tip of the West Bank, replacing the gasoline generators that the village had been using as its only source of power.

[Solyndra \\$535 Million Loan Mostly Lost to Taxpayers, Chu Tells Lawmakers](#)

Energy Secretary Steven Chu told lawmakers he was responsible for the \$535 million U.S. loan guarantee to Solyndra LLC and said he doubted much of the money would be recovered after the company's bankruptcy.

Chu, who once predicted the California maker of solar panels would be a "shared success story," testified today before a House Energy and Commerce subcommittee investigating the Energy Department's reasons for backing Solyndra and providing refinancing as it slid toward collapse.

[Issa: Energy Department's Wind Power Project Resulted in 'Abuse of Taxpayer Dollars'](#)

"Instead of lowering unemployment, the Energy Department's efforts to play venture capitalist with stimulus funds have resulted in enormous waste and abuse of taxpayer

dollars," said House Committee on Oversight and Government Reform Chairman Rep. Darrell Issa, R-Calif., on a recent Energy Department Inspector General's report about a stimulus program gone wrong.

[Renewable energy in Constellation deal questioned](#)

The chairman of the Garrett County Board of Commissioners wrote Exelon President and CEO Christopher Crane this month saying industrial wind-power generation has been a contentious issue in the county.

The board "does not support further industrialization of ridge tops until a prudent and reasonable public policy has been created and enacted that will provide protections to those who will be adversely impacted," Chairman Gregan Crawford said in the letter.

[Safety in mind for country's first nuclear power plant](#)

An international committee that is to visit the proposed site of the UAE's first nuclear plant next week says the potential risks of the proposed reactor site require more study.

[Abu Dhabi to send more power north](#)

The combination of increasing supply to the Northern Emirates and strong demand growth in Abu Dhabi will next year push the load on the emirate's power plants during the hottest months above 10 gigawatts for the first time.

[From Edison's Trunk, Direct Current Gets Another Look](#)

Thomas Edison and his direct current, or DC, technology lost the so-called War of the Currents to alternating current, or AC, in the 1890s after it became clear that AC was far more efficient at transmitting electricity over long distances.

Today, AC is still the standard for the electricity that comes out of our wall sockets. But DC is staging a roaring comeback in pockets of the electrical grid.

Alstom, ABB, Siemens and other conglomerates are erecting high-voltage DC grids to carry gigawatts of electricity from wind farms in remote places like western China and the North Sea to faraway cities. Companies like SAP and Facebook that operate huge data centers are using more DC to reduce waste heat. Panasonic is even talking about building eco-friendly homes that use direct current.

[Hybrids safer than comparable gas-powered cars](#)

On average, the odds of being injured in a crash are 25 percent lower for people in

hybrids than people traveling in comparable non-hybrid vehicles, the research found.

“Weight is a big factor,” said Matt Moore, vice president of the Highway Loss Data Institute and an author of the report. “Hybrids on average are 10 percent heavier than their standard counterparts. This extra mass gives them an advantage in crashes that their conventional twins don’t have.”

[Honda Civic Natural Gas: Green Car of the Year](#)

NEW YORK (CNNMoney) -- The Honda Civic Natural Gas took home *Green Car Journal's* 2012 Green Car of the Year award at the L.A. Auto Show on Thursday.

The Civic was lauded for being the cleanest running internal combustion vehicle as certified by the EPA and the only assembly-line produced natural gas passenger model for sale on the U.S. market.

[Molycorp's \\$1 billion rare-earth gamble](#)

How an American company is trying to break China's monopoly on high-tech minerals.

[Your grocery bill is getting higher, and higher](#)

Paula McGowan has cut out soda, switched to store brands for other foods and even sent her boyfriend hunting for deer so she can put food on the table.

Still, she finds herself struggling with higher food prices.

“It’s milk, bread, just the basic stuff,” she said. “We’re looking at basics and it’s all going up.”

After two years in which overall food prices barely budged, groceries are getting more expensive.

[Exelon Chief Defends EPA](#)

One of the lessons that Exelon CEO John Rowe has learned over 28 years of leading utility companies and dealing with Washington politics is that liberalism is relative. “The electricity industry is probably the only place where I could be a liberal,” Rowe says with a smile in a recent interview with *National Journal*. “I’m fundamentally very conservative in my economic views. And I never met a big power plant that I didn’t like.” As the chief executive officer of the country’s largest nuclear-reactor operator, he is one of the utility industry’s rare vocal fans of the Obama administration’s clean-air rules; he also ardently supported climate-change legislation. (His company was not at risk: Nuclear power emits virtually no air pollution.)

[Kent Says Canada to Speed Environmental Reviews of Big Projects](#)

The Canadian government is considering narrowing the focus of its main environmental assessment agency so it can accelerate reviews of major industrial projects, Environment Minister Peter Kent said.

[Not All Rivers Reach the Sea](#)

For six million years, the Colorado River ran its course from its soaring origins in the Rockies to a once-teeming two-million-acre delta, finally emptying 14 million acre-feet of fresh water into the Sea of Cortez. But now, a multitude of straws are drinking from the river, Mr. McBride notes in his documentary.

“The Colorado River delta is a testament of what happens when we ask too much of a limited resource,” he said. “It disappears.”

[Report: Climate change means more frequent droughts, floods to come](#)

Climate change will make the drought and flooding events that have battered the United States and other countries in 2011 more frequent in years to come, forcing nations to rethink the way they cope with disasters. according to a new report the U.N. Intergovernmental Panel on Climate Change issued Friday.

The report — the culmination of a two-year process involving 100 scientists and policy experts — suggests that researchers are far more confident about the prospect of more intense heat waves and heavy downpours than they are about how global warming is affecting hurricanes and tornadoes. But the new analysis also speaks to a broader trend: The world is facing a new reality of more extreme weather, and policymakers and business alike are beginning to adjust.



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