



Drumbeat: January 14, 2012

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[Aramco aims to lift refining capacity to 8 mln bpd](#)

DHAHRAN, Saudi Arabia (Reuters) - Saudi Aramco expects to raise its refining capacity to 8 million barrels per day (bpd) as it increases downstream investments, its chief executive officer said, after signing a \$10 billion refinery deal with China's Sinopec Group.

"Over the next decade our total global refining capacity is expected to approach 8 million barrels per day," Khalid al-Falih, Aramco's CEO, said in a speech at the signing ceremony.

The new figure exceeded a goal Falih cited last year for a 50 percent increase in capacity to over 6 million barrels per day (bpd). He has said repeatedly that, while other companies are reducing exposure to the refining business, Aramco sees it as a growth industry.

[Saudi Aramco Sees Karan Gas Project Completion Ahead of Schedule](#)

(Bloomberg) -- Saudi Arabian Oil Co. increased output from its offshore Karan natural-gas deposit and expects to reach full capacity this summer, a year ahead of schedule, Chief Executive Officer Khalid al-Falih said.

The state oil company said in July last year that Karan would reach full capacity of 1.8 million barrels a day in 2013, and would feed into the Khursaniyah processing plant. Saudi Aramco, as the company is known, originally aimed to produce 1.5 billion cubic feet a day by June this year, according to the Dhahran-based company's 2010 annual review.

[Saudi, Chinese oil giants ink joint refinery deal](#)

RIYADH — Saudi state oil giant Aramco inked a deal Saturday with China's Sinopec to build an oil refinery in the Red Sea city of Yanbu that will process 400,000 barrels per day, state news agency SPA said.

[Saudi Arabia to Continue Fuel Donation to Yemen](#)

Saudi Aramco will continue to donate fuel to Yemen in February, industry sources said, as the company looks to buy at least two shipments of petrol with at least one to be delivered to Yemen.

The impoverished southern neighbour of Saudi Arabia is reliant on fuel imports from abroad and donations as its main refinery has been shut for almost two months following consecutive blasts on its primary oil pipeline.

[A year on from Arab Spring, Tunisians protest lack of jobs](#)

TUNIS, Tunisia — As a symbol of how far Tunisia still has to go to fulfill the promise of the first Arab Spring revolution, Ammar Gharsallah's death this week could hardly have been more poignant.

The 40-year-old father of three, despairing at his poverty, died after immolating himself with petrol, echoing the act of the Tunisian vegetable vendor who last year ago set off a wave of revolt that has not yet abated.

[Unlocking the Secrets Behind Hydraulic Fracturing](#)

Starting Feb. 1, drilling operators in Texas will have to report many of the chemicals used in the process known as hydraulic fracturing. Environmentalists and landowners are looking forward to learning what acids, hydroxides and other materials have gone into a given well.

But a less-publicized part of the new regulation is what some experts are most interested in: the mandatory disclosure of the amount of water needed to “frack” each well. Experts call this an invaluable tool as they evaluate how fracking affects water supplies in the drought-prone state.

[Made in America: Trend against outsourcing brings jobs back from China](#)

Many companies, especially in the auto and furniture industries, moved plants overseas once China opened its doors to free trade and foreign investment in the last few decades. Labor was cheaper for American companies – less than \$1 per hour according to the BCG report. Today, labor costs in China have risen dramatically, and shipping and fuel costs have skyrocketed. As China’s economy has expanded, and China has built new factories all across the country, the demand for workers has risen. As a result, wages are up as new companies compete to hire the best workers.

[Oiling the wheels](#)

While the outrage may have been genuine, and frankly justified given BP’s miserable safety record in America, the problem it created was that less than two months after the

accident, \$89 billion had been wiped off BP's value—far in excess of all but the direst forecasts of the costs of the spill. (Besides the \$20 billion spent on the response, BP has also spent a similar amount on a trust to ensure that funds will be available for environmental and economic restoration.)

[Geithner Gets China Snub on Iran Oil as Japan Discusses Cut](#)

(Bloomberg) -- U.S. Treasury Secretary Timothy F. Geithner's efforts to tighten economic sanctions on Iran over its nuclear program won backing from Japan a day after China rejected limiting oil imports from the country.

[Twitter generation fuels rage of Nigeria gas protests as users demand end of corruption](#)

LAGOS, Nigeria — A nationwide strike and demonstrations have unleashed years of pent-up frustrations in Nigeria over its kleptocratic leaders, and the rage has grown even stronger across social media this week.

Twitter users shared pictures of dead protesters while others broke down the oil-rich nation's 2012 budget figures, comparing funds allocated to the president and vice president's offices with the cost of living of the average Nigerian. Hackers have targeted government websites, while others criticized local news coverage of demonstrations in a nation where journalists often accept bribes from those they cover.

[Oil Falls to Lowest Level in Three Weeks on Plans to Delay Iranian Embargo](#)

Oil dropped to a three-week low after two European Union officials said an embargo on Iranian crude imports may be postponed for six months.

Crude fell 0.4 percent as officials said that the ban would be delayed to allow nations to find new supply. International Atomic Energy Agency inspectors will go to Tehran to discuss Iran's nuclear program, two diplomats said. Futures also declined after French Finance Minister Francois Baroin said Standard & Poor's is stripping France of its AAA credit rating.

[Geopolitics heat up; oil price premium settles in](#)

SAN FRANCISCO (MarketWatch) — Flare-ups in geopolitical hot spots such as Iran are nothing new to the oil markets, so commonplace for the market that there may actually be a "permanent premium" built into the price.

That premium is particularly important for a market that, nowadays, struggles to balance global demand with shrinking spare production capacity from major oil producers.

[EU Naval Forces Exchange Gunfire With Somali Pirates in Attack on Tanker](#)

European Union naval forces exchanged gunfire with Somali pirates yesterday in thwarting an attack on a Spanish navy oil tanker near Mogadishu.

Five of six suspected pirates detained on the ESPS Patino were injured and two required medical treatment, EU Navfor Somalia said yesterday in an e-mailed statement.

[Egypt's ElBaradei pulls out of presidential race](#)

In Saturday's statement, ElBaradei says the military rulers who took over from Mubarak have governed "as if no revolution took place and no regime has fallen."

[Iraq: Bomb kills at least 53 Shiite pilgrims](#)

ZUBAIR, Iraq (AP) – A bomb killed at least 53 Shiite pilgrims near the southern port city of Basra on Saturday, an Iraqi official said. It was the latest in a series of attacks during Shiite religious commemorations that have killed scores of people and threaten to further increase sectarian tensions just weeks after the U.S. withdrawal.

[Statoil 'may exit West Qurna 2'](#)

Statoil reportedly may be looking to dispose of its stake in the West Qurna 2 field development project in Iraq as security in the country deteriorates following the withdrawal of US forces amid escalating political tensions.

[US warns Iran to leave Persian Gulf oil route alone, clash shows risk of larger war](#)

WASHINGTON — Tensions rising by the day, the Obama administration said Friday it is warning Iran through public and private channels against any action that threatens the flow of oil from the Persian Gulf. The Navy revealed that two U.S. ships in and near the Gulf were harassed by Iranian speedboats last week.

Spokesmen were vague on what the United States would do about Iran's threat to block the strategic Strait of Hormuz, but military officials have been clear that the U.S. is readying for a possible naval clash.

[Cameron in Saudi says world will keep open oil route](#)

(Reuters) - Prime Minister David Cameron said the world would "come together" to prevent Iran closing the Strait of Hormuz oil shipment route and that Russia should take a tougher stance against Syria during his visit to Saudi Arabia Friday.

Iran last month threatened to blockade the strategically vital strait if it was subjected to any new international sanctions over its nuclear program, which it says is for civilian use, but which Western countries believe is aimed at building an atomic bomb.

[Cameron calls for Saudi oil production rise](#)

British Prime Minister David Cameron has called on the king of Saudi Arabia to step up his country's oil production in the face of Iranian threats to block off the sea corridor through which one sixth of the world's oil supplies pass.

In private talks with King Abdullah during an official visit to Saudi Arabia yesterday, Mr Cameron expressed Britain's fears that a blockade could destabilise the world economy.

[Saudi ready to meet a rise in oil demand: Naimi](#)

DHAHRAN - Top oil producer Saudi Arabia is ready to meet any increase in consumer countries' demand for crude oil, oil minister Ali Al Naimi told reporters on Saturday.

Saudi Arabia is "always obliged" to meet demand, Naimi said when asked whether the kingdom has enough spare capacity to cover demand in light of possible oil sanctions by the West on Iran's crude oil sales.

[Saudis have enough oil to make up for Iran](#)

WASHINGTON - Saudi Arabia says it has enough oil output capacity to meet global customers' needs if new sanctions keep Iran from exporting oil, a top US Republican lawmaker said on Friday.

[Iran says not storing oil in Gulf due to sanctions](#)

(Reuters) - Iran has not stored oil on tankers in the Gulf, and its crude exports have not been disrupted due to mounting international pressure over its disputed nuclear program, an oil official told the semi-official Mehr news agency on Saturday.

[Negotiating Iran: Can U.S. End the Standoff?](#)

"U.S. Not Keen On Negotiating With Iran"

That's the headline of a recent news clip that featured a panel of experts discussing the economic sanctions against Iran and the Iranian threat to block the Strait of Hormuz, a key passage way for oil tankers. While each of the three experts had different opinions on the matter, the sentiment seemed to be same: negotiations are nowhere on the

horizon.

[China might think twice about Iran oil: US](#)

Speaking Friday in an interview with MSNBC, US Ambassador Susan Rice disputed the characterization that China had rejected Treasury Secretary Timothy Geithner's appeal to help bring sanctions on Iranian oil in order to rein in that country's nuclear ambitions

[Middle East Trip Suggests Change in Policy by China](#)

BEIJING — Premier Wen Jiabao heads on Saturday to the oil-producing nations of Saudi Arabia, Qatar and the United Arab Emirates, a six-day tour of Iran's Persian Gulf neighbors that is the first Saudi trip by a Chinese premier in two decades, and the first ever to the other two states.

But some experts find the trip notable for a different reason: It comes as China's strategic alliance with Iran is less certain than before.

[Japan Expresses New Caution About Cutting Iranian Oil Imports](#)

Japan's government has backed away from comments by its finance minister about reducing oil imports from Iran in support of U.S. sanctions against the Islamic republic.

Japanese Prime Minister Yoshihiko Noda expressed reluctance to make any quick decision on cutting oil imports from Iran. Speaking to reporters Friday evening in Tokyo, Noda said comments the previous day by his finance minister, Jun Azumi, were a personal opinion, not government policy.

[Energy-hungry Japan in \\$34bn Australia gas deal](#)

TOKYO: Japanese energy firm Inpex and French giant Total on Friday announced a huge \$34 billion gas project in Australia, as Tokyo looks for alternatives to nuclear power in the wake of the Fukushima disaster. Japan has virtually no hydrocarbon resources of its own and is the world's biggest importer of liquefied natural gas (LNG) to drive its energy-hungry economy, the third largest on the planet.

[Venezuela Closes Its Miami Consulate](#)

Venezuelan President Hugo Chavez has ordered the closure of the country's consulate in Miami, days after the United States expelled a Venezuelan diplomat.

[Super Fracking Goes Deeper to Pump Up Natural Gas Production](#)

As regulators and environmentalists study whether hydraulic fracturing can damage the environment, industry scientists are studying ways to create longer, deeper cracks in the earth to release more oil and natural gas.

Energy companies are focused on boosting production and lowering costs associated with so-called fracking, a technique that uses high-pressure injections of water, sand and chemicals to break apart petroleum-saturated rock. The more thoroughly the rock is cracked, the more oil and gas will flow from each well.

[Protester: Ruling Party Vowed to Ban Shale Gas from Bulgaria](#)

Bulgarian ruling center-right GERB party has taken a political commitment to ban the exploration and production of shale gas in the country, according to an environmentalist leader.

Sunday more than 1,500 people in Bulgarian capital Sofia rallied in front of the House of Parliament to protest against what they see as a highly hazardous technique.

[Hoeven urges approval of Keystone pipeline](#)

WASHINGTON (UPI) -- Sen. John Hoeven, R-N.D., Saturday urged U.S. President Barack Obama to approve the controversial TransCanada Keystone XL oil pipeline.

Hoeven said in the weekly GOP media address the pipeline would create numerous jobs, strengthen the economy and reduce dependence on oil from the Mideast.

[Shell's Arctic Drilling Plan Clears Hurdle](#)

Royal Dutch Shell has been on a six-year crusade to drill in Arctic waters off Alaska's coast, and has spent about \$4 billion on the effort so far without drilling a single well.

But the company took one more bureaucratic baby step forward this week toward drilling in the Chukchi Sea later this year. An appeals board of the Environmental Protection Agency on Thursday rejected four challenges brought by Alaska Native entities and environmental groups like Earthjustice to block Clean Air Act permits covering airborne emissions from industrial operations.

[Top Business Books](#)

"Oil's Endless Bid" by Dan Dicker (Wiley). Petroleum prices have gone crazy, and a large share of the blame belongs to Goldman Sachs, Morgan Stanley and other banks, argues

this Nymex trader.

“The Quest” by Daniel Yergin (Allen Lane/Penguin Press). The energy economist who brought us “The Prize” sets out to debunk peak oil theory.

[Community sustainability requires community's support](#)

The real reason we should all care about local sustainability is the strength of our local economy. A strong local economy makes us more resilient to the ups and downs of the national economy.

It also creates a safety net for the future should we for some reason not have daily delivery of food and other essentials. If we are headed into peak oil, or a depression, we will find ourselves asking: “Why, in an area so perfect for growing food, don't we have any local farms?” and “Where did all those local shops and restaurants go?”

[Farm To Fork Across America -- EcoFarm Conference: Sustainable Agriculture, Food, Love and Butterflies](#)

In a couple weeks I'll be attending the oldest and largest ecological agricultural gathering in the West. The EcoFarm Conference has been a centrifugal force for more than 30 years. It will be jam-packed with networking opportunities and information on the newest eco-ag developments and techniques. Hot topic Farm Bill 2012 lectures will focus on important policy concerns. Newly emerging topics are elbowing their way into the Farm Bill: local food, urban agriculture, farm-to-school and community gardens.

[Carmaker Tesla Falls After Executives Leave](#)

Tesla Motors Inc. (TSLA) plunged a record 19 percent after saying two senior engineers on the new Model S luxury sedan left the U.S. electric-car maker just months before the auto goes on sale.

[Second assembly of Irena aims to generate capital ideas](#)

Officials are gathering on Abu Dhabi's Saadiyat Island yesterday for the second assembly of the International Renewable Energy Agency (Irena).

[More E-Mails Released on Failed Solar Company](#)

WASHINGTON — The White House has given House Republican investigators an additional 66 pages of internal correspondence relating to Solyndra, the solar equipment manufacturer that filed for bankruptcy after accepting a \$535 million loan guarantee, and the e-mails reflect significant anxiety about the poor financial prospects of the

administration's flagship choice to demonstrate how federal help could add to building a clean energy economy.

But the new documents do not appear to support the Republicans' contention that the White House steered the loan guarantee to Solyndra, a company whose investors included an Obama campaign donor.

[Obama Aides Discussed Solyndra Layoffs](#)

White House officials knew before the 2010 midterm elections that Solyndra LLC planned to fire workers after winning a \$535 million U.S. loan guarantee, according to e-mails released yesterday, a disclosure that might have embarrassed the administration.

[Solar Capacity Rose 54% to 28 Gigawatts Last Year, BNEF Says](#)

New solar capacity around the world increased 54 percent to about 28 gigawatts last year driven by record installations in Germany and Italy, Bloomberg New Energy Finance data shows.

[Rainy days power Scotland ahead](#)

Scotland can count on its inclement weather, and it is the prevalence of what the Scots call "dreich days" that is helping the nation develop a cutting-edge partnership with Abu Dhabi in green technology.

[Germany Seeks Faster Offshore Wind Grid Connection, Roesler Says](#)

The German government wants to connect offshore wind farms to the power grid faster after utilities including RWE AG (RWE) complained that the process was taking too long.

[China's renewables surge dampened by growth in coal consumption](#)

China tripled its solar energy generating capacity last year and notched up major increases in wind and hydropower, government figures showed this week, but officials are still struggling to cap the growth in coal burning, which is the biggest source of carbon dioxide emissions in the world.

The latest evidence of China's promotion of renewable energy has been welcomed by climate activists, but they warn that the benefits are being wiped out by the surge in coal consumption.



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