



## Drumbeat: March 2, 2012

Posted by [Leanan](#) on March 2, 2012 - 9:38am

### [China's growing strategic stake in the Middle East](#)

U.S. oil imports are set to almost halve between 2000 and 2035 owing to rising domestic output from both conventional and shale fields, increased ethanol blending and improvements in vehicle efficiency. By 2035, the United States will be importing just 6 million barrels of oil per day (bpd), down from almost 11 million b/d in 2000.

In contrast, China's oil imports are set to surge from around 1 million bpd to more than 12 million by the end of the period. India's import needs will soar from less than 2 million bpd to around 7 million. Members of ASEAN will be importing almost 4 million bpd.

China will overtake the United States as the world's largest oil importer by around 2020, according to the IEA, with other Asian customers adding to regional import needs.

### [Oil Is Poised for Weekly Decline After Saudi Denial of Pipeline Explosion](#)

Futures slid as much as 1.1 percent after climbing to the highest price in 10 months yesterday. There was no sabotage at oil facilities in the Qatif area, according to Major General Mansour Al-Turki, a spokesman for the Saudi Arabian Interior Ministry. Prices rose above \$110 a barrel for the first time since May after Iran's Press TV said an explosion hit pipelines in the area, home to Saudi Arabia's largest refinery.

"The report of the pipeline fire seems to have been a very successful scam by the Iranians," said Filip Petersson, commodity strategist at SEB AB in Stockholm. "They want higher oil prices to compensate for lost export barrels and are obviously using various means to achieve it. The success clearly shows how nervous the market is."

### [Russia's oil output stays at post-Soviet high](#)

MOSCOW (Reuters) - Oil output in Russia, the world's top crude producer, stayed at a post-Soviet monthly high of 10.36 million barrels per day (bpd) in February as companies tried to reap extra gains from high oil prices, the Energy Ministry said on Friday.

The same level was reached in January, while Russia's previous oil production record of 10.34 million bpd was hit in November and October.

Russian oil production remained ahead of Saudi Arabia output, which rose to 9.85 million bpd from 9.75 million bpd. according to a Reuters survey published on Wednesday.

### [Tensions raise specter of gas at \\$5 a gallon](#)

HOUSTON — Gasoline for \$5 a gallon? The possibility is hardly far-fetched.

With no clear end to tensions with Iran and Syria and rising demand from countries like China, gas prices are already at record highs for the winter months — averaging \$4.32 in California and \$3.73 a gallon nationally on Wednesday, according to AAA's Daily Fuel Gauge Report. As summer approaches, demand for gasoline rises, typically pushing prices up around 20 cents a gallon.

And gas prices could rise another 50 cents a gallon or more, analysts say, if the diplomatic and economic standoff over Iran's nuclear ambitions escalates into military conflict or there is some other major supply disruption.

### [What Next for Gas Prices?](#)

Those who track the supply and demand fundamentals say the price of oil should be about \$80 a barrel and gasoline prices should be as much as 50 cents below where they are. But throw tensions with Iran into the mix, and you get scary prices. Investors — called speculators by many — see the fear and they throw money into oil futures contracts. That raises all of the benchmark oil prices well over \$100 a barrel.

### [Saudi says no pipeline sabotage on Thursday](#)

JEDDAH: Saudi Arabia said on Friday there had been no attack in the kingdom, a day after an Iranian media report of an explosion on a Saudi oil pipeline helped Brent crude prices hit their highest since 2008.

"There were no acts of sabotage in the kingdom yesterday," Interior Ministry spokesman Mansour al-Turki told Reuters. He did not elaborate.

### [Facing costly fuel, US airlines push fares higher](#)

U.S. airlines blame soaring fuel prices, which could cost them billions more than last year. That means fares, which normally rise as the summer travel season nears, could increase faster than normal.

Airlines have already pushed throughout two major price increases this year, and it's only February, when leisure travel is slow.

It's a sign of things to come.

## [Soaring Gas Prices Produce Business Winners — and Losers](#)

Every economic development produces winners and losers. A trend that is a kiss of death for some businesses may prove to be the gift of life for others. That's certainly the case with the recent rise in the price of oil, which was pushing \$107 per barrel on Tuesday.

## [They're Back: Rising Oil Prices](#)

Last year a similar surge in the oil price left global growth weak and vulnerable to European and US debt scares in the September quarter. So what is the risk this time around?

## [Editorial: Latest gas price spike spawns bad ideas](#)

If political pandering and half-baked ideas could fill Americans' gas tanks, the latest price surge at the filling station would be no problem. As typically happens when gas spikes, politicians are providing an oversupply of blame-shifting and cluelessness. If there's a good energy strategy in all the criticism, it's well hidden.

## [Opposing view: It's time to tap Strategic Petroleum Reserve](#)

High oil and gasoline prices strain families' budgets and slow economic growth. But we have a proven tool to temporarily reduce prices: sell oil from the Strategic Petroleum Reserve. Doing so would boost world oil supplies, which can cut prices and burst the "bubble" caused by speculators driving up oil prices for a quick profit.

## [The countries with the cheapest gasoline](#)

While Americans and Europeans bemoan the cost of gasoline at the pumps, people in some other parts of the world enjoy filling up their tanks cheaply thanks to subsidies provided by wealthy, oil-rich governments. But fuel subsidies tend to benefit the rich (who own motor vehicles) more than the poor. The IMF estimated that 65 percent of the fuel subsidies in Africa benefit the richest 40 percent of households (2010). Only 8 percent of the \$410 billion in government fuel subsidies worldwide went to the poorest 20 percent of the population.

The British insurance firm Staveley Head has released the latest list of the world's gas pump prices. Here are the 10 cheapest countries on Earth to fill a gas tank.

## [For more oil, U.S. should look to Mexico](#)

In the summer of 2008, I pulled up next to a gas pump off a major highway in Southern California where -- apparently, a few minutes earlier -- a recreational vehicle, which held more than 100 gallons, had stopped to fill up. The price was still on the screen: \$500.

Can you imagine paying \$500 to put gas in your vehicle? For many of us, that's more like a monthly car payment.

### [Crude Oil And Inflation Economic Crisis](#)

Conventional wisdom says high oil prices raise inflation and slow down economic growth. Recessions are therefore caused anytime oil prices spike, we are invited to believe. In the real world, European Central Bank president Mario Draghi has lowered interest rates twice since he took over as head of the ECB in November, as oil prices went on rising, but economic and finance observers claim that keeping borrowing costs down will get harder as oil prices cruise to record levels in euro terms.

### [Inflation: Not as low as you think](#)

Forget the modest 3.1 percent rise in the Consumer Price Index, the government's widely used measure of inflation. Everyday prices are up some 8 percent over the past year, according to the American Institute for Economic Research.

The not-for-profit research group measures inflation without looking at the big, one-time purchases that can skew the numbers. That means they don't look at the price of houses, furniture, appliances, cars, or computers. Instead, AIER focuses on Americans' typical daily purchases, such as food, gasoline, child care, prescription drugs, phone and television service, and other household products.

### [Obama, Republicans spar over gasoline prices](#)

Global oil prices have been rising sharply because of stronger demand from the United States, India and China and worries about supply disruptions from Iran. There are rising tensions between the major OPEC producer and western nations over the aims of its nuclear program.

That has caused pain at the pump for Americans, who have now endured more than a month of gasoline price rises, and sparked fears that prices could rise even further, from an average cost of \$3.74 a gallon now to up to \$5 this summer.

### [Obama calls on Congress to end fossil-fuel subsidies](#)

President Obama has called on the US Congress to vote to an end to fossil fuel subsidies.

Speaking at Nashua Community College in New Hampshire President Obama called on Americans to contact their representatives and call on them to vote out subsidies under the 2013 budget.

### [Obama: Rivals 'Licking Their Chops' on Energy](#)

President Barack Obama said his Republican critics are “licking their chops” at the prospect of rising gasoline prices as higher energy costs threaten to crimp the economic recovery.

### [Romney Names Oklahoma Oil Billionaire Harold Hamm Campaign Energy Adviser](#)

Mitt Romney, the front-runner for the Republican Party's presidential nomination, appointed Oklahoma oil billionaire Harold Hamm as energy adviser to his campaign.

Hamm, the 66-year-old founder, chairman and chief executive officer of Continental Resources Inc., will be chairman of Romney's Energy Policy Advisory Group, the candidate's campaign office said in a statement today.

### [Dubai mulls gas-trading hub plan](#)

Depleted oil and gas reservoirs in Dubai could become the basis for a new source of income for the emirate. The Supreme Council of Energy is considering a plan to build a trading hub around these geological structures, which are currently used to store gas for domestic consumption.

### [Has the 'Peak Oil' Tipping Point Arrived?](#)

"Peak oil" is one of those ideas that used to be the province of commodity speculators and zanier environmentalists, but is now entering the mainstream of the energy policy debate. The idea is simple on its face: For one reason or another (which one does it matter), we are approaching a limit to global oil production; thereafter, it must fall. Does this magic moment/number matter? Yes, if, as many suggest, the post-peak era is bound to be one of sharply higher energy prices that disrupt the global economy or, at very least, reduce the potential for economic growth just when the globe's have-nots seem to have a chance of joining the middle-class.

Like many other economists, we think the concern with peak oil is overblown. (For a lucid explanation, check out this jargon-light article by Oxford University's Dieter Helm.) But to cut to the chase, the explanation is straightforward: Markets generally adjust to supply and demand changes in ways that facilitate adaptation. We'll concede, though, that a smooth adjustment is not guaranteed—that the revelation of peak oil could lead to price spikes that generate significant economic pain.

## [Is the U.S. on Track to Join OPEC?](#)

This weekend, Thomas Friedman posed a question in his Sunday New York Times column: "Should the US join OPEC?" I generally don't like to get into Friedman's columns, as his name-dropping and taxicab reporting will drive you crazy. However, he probably has the widest readership of anyone in this field, and he does a good job of simplifying complicated issues.

## [Statoil Says New Rig Concept To Increase Recovery Rate](#)

OSLO -- Norwegian oil and gas giant Statoil ASA Friday said it is introducing a new drilling rig concept for mature fields on the Norwegian continental shelf, in a move to increase the recovery rate from its wells and reduce costs.

The new rigs will cut production costs by around 20%, cut yard delivery costs by 10%, and increase oil recovery, the company said, essential at a time when production from its existing fields is falling by about 5% a year.

## [Surgut Revealed as Best Russian Oil With Sleepy \\$28 Billion Secret: Energy](#)

Russia's fourth-largest oil producer pumps more crude than the U.K., employs 100,000 people and trades on stock exchanges in Moscow, London and New York. What's not disclosed is how much cash OAO Surgutneftegas (SNGSP) holds and the identity of its biggest shareholders.

## [Eni, Gazprom to revise gas contracts](#)

MOSCOW (UPI) -- Russian gas company Gazprom said it agreed to revise its gas supply contract with Italy's Eni during bilateral discussions on the South Stream pipeline.

## [China reaches agreement with Russia on oil price](#)

(Reuters) - China said on Friday it had reached a consensus with Russia over a dispute on the pricing of Russian crude oil it receives via a pipeline.

## [Lithuania inks LNG deal in blow to Russia's Gazprom](#)

VILNIUS (Reuters) - Norwegian LNG service company Hoegh LNG on Friday signed a deal to supply a floating LNG import platform to Lithuania, in a move that will cut the Baltic country's dependence on gas imports from Russia.

The deal includes the 10-year lease and operation of a 170,000 cubic meters floating



storage and regasification vessel (FSRU) with Lithuania's majority state-owned terminal Klaipėdos Nafta at a cost of \$156,200 per day.

### [Nigeria MEND militants claim attack, threaten oil ships](#)

YENAGOA, Nigeria (Reuters) - A Nigerian militant group based in the oil-producing Niger Delta claimed an attack on a police checkpoint on Thursday that killed four people, its second such claim after it said it blew up an oil pipeline last month in Africa's top crude producer.

### [Talk of Israel strike on Iran soars but is it bluff?](#)

LONDON (Reuters) - As tension rises over Iran's disputed nuclear programme, chatter indicating a potential Israeli strike on Iranian nuclear targets has never been higher.

But in the smoke-and-mirrors world of Middle East geopolitics, such talk can often be a diplomatic weapon in its own right and sometimes an alternative to genuine action.

### [In interview, Obama says he's not bluffing on Iran, warns against premature strike by Israel](#)

WASHINGTON - President Barack Obama says he means it when he insists it's unacceptable for Iran to have a nuclear weapon. "I don't bluff," Obama said in an interview published Friday.

In his most expansive remarks on the issue, Obama told The Atlantic magazine that Iran and Israel both understand that "a military component" is one of a mix of options for dealing with Iran, along with sanctions and diplomacy.

### [India cancels Iran oil shipment due to sanctions](#)

NEW DELHI/SINGAPORE (Reuters) - India's largest shipping company was forced to cancel an Iranian crude oil shipment last month because its European insurers refused to provide coverage for the vessel on the grounds of tightening sanctions on the OPEC member, industry sources said.

### [India refuses government guarantee on Syria oil imports: sources](#)

NEW DELHI (Reuters) - India has refused to provide its sovereign guarantee for oil imports from Syria, two government sources said, frustrating refiners looking for alternative sources of crude to hedge against possible supply disruptions from sanctions-hit Iran.

The Oil Ministry had hoped that the government would underwrite Syrian oil cargoes after Indian insurance firms failed to find re-insurers for shipments from the Middle East nation, which is also targeted by Western sanctions.

### [Keystone Pipeline Brings Pain at Pump, Few Jobs](#)

"I'll get us that oil from Canada," Mitt Romney said in his victory speech after the Michigan primary. He was referring to Keystone XL, the crude-oil pipeline that has become a top-tier campaign issue for Republicans.

Problem is, the tar-sands oil in that pipeline wouldn't be coming to "us." It would go directly from Canada to refineries in the Gulf region en route to export markets in Latin America and Europe. The U.S. would be used as little more than a transit corridor.

### [Keystone pipeline claims just don't add up](#)

ANALYSIS: Proponents of the Keystone oil pipeline argue the \$7 billion project will create hundreds of thousands of jobs, give the economy a shot in the arm, lower gasoline prices and wean the U.S. from foreign imports.

Too bad the claims don't hold up.

### [To Avoid Last-Minute Suit, Shell Asks U.S. Court to Rule](#)

HOUSTON — In an attempt to avoid a last-minute challenge from environmental groups that could delay its plans to begin drilling for oil this summer off the coast of Alaska, Shell asked a federal court on Wednesday to review its Alaska Arctic oil spill response plan and decide whether it complied with the law's requirements.

### [BP Faces Ruling on Gulf Liability as Pressure for \\$14 Billion Deal Mounts](#)

BP Plc, Transocean Ltd. and Halliburton Co., with billions of dollars on the line, are set to find out from a federal judge who among them is to blame for the April 20, 2010, explosion and sinking of the Deepwater Horizon oil rig in the Gulf of Mexico.

### [Vietnam's Nuclear Dreams Blossom Despite Doubts](#)

HANOI, Vietnam — Inside an unheated classroom at the Institute for Nuclear Science and Technology here about 20 young government technicians from Vietnam's incipient nuclear power industry kept on their winter jackets on the first morning of a 10-day workshop on radiation.



### [Japan government to take majority stake in Tepco: Asahi](#)

TOKYO (Reuters) - The Japanese government is set to take a majority stake in Tokyo Electric in return for injecting about 1 trillion yen (\$12.4 billion) in public funds, the Asahi newspaper reported on Friday, in what would be a political victory for the trade minister in his battle to reform the once all-powerful utility.

Trade Minister Yukio Edano, who oversees energy policy, and the operator of the tsunami-struck Fukushima nuclear plant have been fighting over how much say the government will have in the utility's management in exchange for what would be one of the world's biggest bailouts outside the banking sector.

### [Sizing Up Health Impacts a Year After Fukushima](#)

Health impacts from the radioactive materials released in the Fukushima Daiichi meltdowns will probably be too small to be easily measured, according to experts assembled by the Health Physics Society for a panel discussion on Thursday. And the area cordoned off by the Japanese government as uninhabitable is probably far too large, the experts said.

### [Fukushima 'punks' rage against evacuation](#)

Tokyo (CNN) -- You wouldn't know the punk band was Japanese, a culture self-programmed for propriety.

I can't write the chorus (sung in English) of the band's favorite song here, as my editor would first delete the offensive word and then report me to my superiors.

### [Salt Water or Frack Fluid? Tburg Residents Question Road Brine De-Icer Use](#)

A New York state Department of Transportation truck that sprayed anti-icing fluid on Main Street two weeks ago has a number of Trumansburg residents questioning whether the brine used was actually a carcinogenic gas-drilling byproduct.

### [How a billionaire fills gas tank for \\$1 a gallon](#)

Long Beach, California (CNN) -- Gasoline at \$4 a gallon is no worry for T. Boone Pickens, the billionaire energy investor from Texas. He drives from his home to his office in a car that runs on fuel costing less than \$1 a gallon.

His method: He has a device that fuels his Honda Civic GX with natural gas from the pipes that serve his home. And he thinks there's a lesson there for America's energy woes.

## [New Energy-Dense Battery Could Enable Long-Distance Electric Cars](#)

NATIONAL HARBOR, Md.—A company founded in the Palo Alto public library has taken a dose of government money and technology and turned it into the most energy-dense battery ever. Envia System's new lithium-ion battery packs roughly twice as much energy per gram as present batteries, the company will announce here at the third annual summit of the Advanced Research Projects Agency—Energy (ARPA-e).

## [The Peak Oil Crisis: A Breakthrough?](#)

For many months, U.S. Energy Secretary Chu, the guy with the Nobel Prize in physics, has been running around the country telling audiences that big breakthroughs were coming for electric vehicles. Well, this week the other shoe dropped when an announcement was made of an advance in battery technology that has the potential to change the motor vehicle industry as we know it. The announcement was made at the Department of Energy's Advanced Research Projects-Energy conference by a California startup called Envia that has received funding from DOE, the California Energy Commission, and General Motors among others.

## [How To Play The Coming Boom In Electric Vehicles](#)

As I noted in my recent article on gas prices, the sharp increase in prices is only going to continue. It's time to adjust to the new paradigm of perpetual currency devaluation (which also has the effect of centralizing wealth) and peak oil. I believe this will create an opportunity for new forms of transportation systems built around electric vehicles.

## [Pollution from EVs versus petrol cars kicks up an electrical storm](#)

It's been a very tough week for environmentalists. First, so desperate is the US administration to promote "green" cars that it is considering raising the incentive to buy electric vehicles from the generous to the exorbitant. But even that may not be the environmental panacea everyone expects since a new study says that, in China at least, EVs are actually responsible for more health-affecting pollution than petrol-fuelled cars when their energy comes from fossil fuel-based electricity production. And, to cap it off, another research study claims that coal, not oil, is the real "greenhouse" killer.

Like I said, it was a bad week for environmentalists.

## [High Voltage Oil Saving - Last Chance For The Electric Car](#)

Whether its the French-Japanese Nissan Leaf or the all American Chevrolet Volt, Chinese-American BYD and India's Reva, small scale producers of all-electric vehicles in other countries, and the infant industry's derived service providers like Israeli majority owned Better Place, times are very hard. Sales are in no way "exploding" and the

reasons are starkly clear.

## [10 Huge German Solar Energy Myths Bjørn Lomborg is Trumpeting](#)

No doubt, you've heard about Germany's likely decision to quickly and severely cut its solar PV feed-in tariff policy, a world-leading solar policy that has made Germany a solar power hero of sorts. A friend recently shared a story by Bjørn Lomborg on these cuts with me and asked me for my opinion. It's taken me a few days to get to it because Lomborg's piece is so full of myths and lies, but before I get to debunking Lomborg's claims, let's have a little context.

## [Green Tech After the Arab Spring](#)

Long blessed with a wealth of natural resources that has served to both enrich and isolate, North Africa has always been viewed by Europe, the US and Asia as a valued potential building block for energy policies. Libya alone boasts Africa's largest proven reserve of oil, while Algeria's natural gas has emerged as Southern Europe's ideal option for scrapping their delicate dependence on Russia.

However, over the last few years, policy makers from Tangiers to Cairo have begun to promote the very real and very viable potential of the region's renewable resources.

## [Wyoming narrowly defeats measure to prepare for apocalypse](#)

CODY, Wyoming (Reuters) - In a sign of rising consumer confidence prevailing over go-it-alone pessimism in the Cowboy State, Wyoming lawmakers on Tuesday narrowly defeated a "doomsday bill" to help the state prepare for a total collapse of the U.S. government and economy.

## [A farewell to growth?](#)

In that sense, our problem is less that we have reached the limits of the existence of renewable resources, but more that the consequences, which are associated to Green House Gas (GHG) emissions, will be and already are dire. It is very likely that climate change caused by GHG emissions will lead to increasing costs in terms of food shortages, for example. But the question there is less that we cannot grow [the Malthusian thing, food does not grow as fast as population; the quintessential anti-Malthusian was Ester Boserup, an early feminist economist, that showed that agricultural productivity was determined by population dynamics; in other words, higher population growth led to increasing agricultural productivity], but who bears the costs of growth.

## [A Bold Plan to Reshape the Central Valley Flood Plain](#)

Some farmers are angry because the plan, they said, enhances the environment and

protects urban dwellers from floods at the expense of agricultural jobs and the rural economy. They also criticized state planners for failing to identify which parcels of land would be affected.

### [An Eye on the Sky for Texas](#)

John Nielsen-Gammon, the Texas state climatologist, has a standard joke: A few years ago, before the start of the most intense drought in state history, almost nobody in Texas knew he existed.

“It’s quite possible even Rick Perry didn’t know we had a state climatologist,” he told an Austin audience recently, to chuckles.

### [Michael Mann's counterstrike in the climate wars](#)

Mann's book is a fascinating successor to "Merchants of Doubt," picking up where Oreskes and Conway left off by telling the detailed story of his own very recent battles with the denialist machine. Its greatest strength is also its biggest weakness: In countering the many attacks against his work, he must delve into the complex statistical methodology and the arcane details of measuring ancient climate changes using things like coral or ice cores, topics that for the lay reader are about as exciting as reading a chemistry textbook. Yet without understanding these details, it's impossible to understand the scientific criticisms of Mann's work that have been leveled by multiple challengers -- today's successors to Seitz, Singer, et al. In the end, Mann demolishes every one of them -- and unlike his critics, his defense is backed by multiple peer-reviewed studies and the testimony of prominent climate experts.

### [When It Rains, It Will Really Pour](#)

Early last year I attended a conference in Sacramento where state and federal scientists warned emergency planners, insurance executives and others about the danger of a superstorm's riding into California from warmer Pacific waters on an "atmospheric river" and inundating everything in sight.

Now comes a parallel prediction that throughout the Western states, the power of extreme winter storms will increase by more than 12 percent over the next 20 years, and more thereafter. The projection, outlined in the latest publication of the journal Geophysical Research Letters, explains how climatologists at the University of Arizona used a suite of regional climate models to simulate future patterns of rain and snow.

### [Putin urges joint Arctic scientific council with Canada](#)

Russian leader Vladimir Putin challenged Canada to set up a joint scientific council with his country to investigate issues over Arctic sovereignty and help the United Nations draw new boundaries in the northern regions, where fast-melting ice is opening channels

for oil drilling, mining and shipping.

### [Arctic's old ice vanishing rapidly, NASA study finds](#)

(livescience.com) The oldest and thickest Arctic ice seems to be vanishing faster than the younger, thinner ice at the edges of the Arctic Ocean's floating ice cap, a new NASA study finds.

### [Kiribati eyeing land in Fiji as sea levels rise](#)

The central Pacific Islands of Kiribati are planning to buy land in Fiji in case rising sea levels make the country unliveable.

Kiribati president Anote Tong has confirmed to Fiji TV that a local land agent has identified 1500-2000 hectares of freehold land on the island of Vanua Levu.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).