



Drumbeat: March 5, 2012

Posted by [Leanan](#) on March 5, 2012 - 9:26am

[Deepwater drilling picks up again as BP disaster fades](#)

HOUSTON — Nearly two years after an explosion on an oil platform killed 11 workers and sent millions of gallons of oil gushing into the Gulf of Mexico, deepwater drilling has regained momentum in the gulf and is spreading around the world.

The announcement of an agreement late Friday by BP and lawyers representing individuals and businesses hurt by the disaster represented something of a turning of the page, though BP and its drilling partners continue to face legal challenges.

After a yearlong drilling moratorium, BP and other oil companies are intensifying their exploration and production in the gulf, which will soon surpass the levels attained before the accident. Drilling in the area is about to be expanded in Mexican and Cuban waters, beyond most American controls, even though any accident would almost inevitably affect the United States shoreline. Oil companies are also moving into new areas off the coast of East Africa and the eastern Mediterranean.

[Crude Oil Declines in New York After China Lowers Economic Growth Target](#)

Oil traded near a three-day low in New York amid concern of slowing consumption in China after the country lowered its growth goal.

Futures were little changed after falling 2.8 percent last week, the first weekly decline in a month. China, the world's second-largest oil user, will aim for economic growth of 7.5 percent this year, the lowest goal since 2004, Premier Wen Jiabao said today. Israeli Prime Minister Benjamin Netanyahu and U.S. President Barack Obama will meet today to discuss confronting Iran's nuclear program, even as Obama asked Israel to help tone down "too much loose talk of war."

[Saudi Aramco Raises Oil Premium for April Sales to Asia, U.S.; Cuts Europe](#)

Saudi Arabian Oil Co., the world's largest crude exporter, said Arab Light crude sold to Asia will be priced at a premium of \$2.80 a barrel to the regional benchmark for April loading compared with \$1.55 for March.

Saudi Aramco, as the state-run company is known, raised the premiums for other light grades sold to Asia, as well as its Arab Medium crude, and narrowed the discount for

Arab Heavy, the company said in an e-mailed statement today.

[Gas prices hit \\$3.77 a gallon](#)

NEW YORK (CNNMoney) -- The nationwide average for gasoline prices continued its march toward the \$4 mark Monday, hovering at \$3.77 a gallon, according to the motorist group AAA.

The average price of regular unleaded gasoline climbed three-tenths of a cent in the latest 24-hour period, marking the 27th straight increase, AAA said.

[Oil price to fall, says Goldman economist O'Neill](#)

The price of oil will fall in the next few months as fears over Iran fade, says Jim O'Neill, the Goldman Sachs economist who a decade ago invented the term "Bric" economies - for Brazil, Russia, India and China.

[UK gas prices retreat as Asia lures Europe's LNG](#)

London (Reuters) - British prompt gas prices fell on Monday as output from liquefied natural gas (LNG) terminals jumped and revised weather forecasts sapped demand, countering the impact of less frequent seaborne gas imports as Asia snatched more of Europe's share.

"With a resurgent Asia, it looks as if the UK, which is facing poor growth prospects, will either have to pay up or see increasingly more LNG diverted to Japan, for example," a trader with a major UK utility said.

[Less U.S. Foreign Oil Reliance yet Higher Gas Prices](#)

In 2005 and 2006, the U.S. imported 60 percent of its oil from foreign oil suppliers. In 2011, the U.S. imported 45 percent of its oil from foreign suppliers, according to the White House Twitter feed. That's a 15 percent reduction in U.S. reliance on foreign oil over the last six years, but gas prices have only increased.

According to the same chart, U.S. reliance on foreign oil decreased 3 percent from 2006 to 2008. As we all know, The Great Recession started in 2008, and from 2008 to 2009 U.S. foreign oil dependence dropped 5 percent. The remaining 7 percent decline happened on President Barack Obama's watch.

[Oil price to hit new all time-highs, average USD 123 per barrel expected until March 2013](#)

Brent crude rose to a new all-time high of USD 111 per barrel on average in 2011. Even when adjusted for inflation, this was higher than in 2008 and even higher than during the second oil shock of 1979/1980.

[The Chicago Mafia and the Price You Are Paying For Gasoline](#)

Overlooked, by and large, is the fact that Chicago is to commodity trading what Wall Street is to financial markets. The world's most significant trading exchange, the Chicago Mercantile Exchange Group (C.M.E. Group) is headquartered there, does its business there, establishes its policies there, and projects its power to influence institutions, the press and government from there as the world's leading and most diverse derivatives marketplace. It proudly brags that it is to the CME Group (www.cmegroup.com) and in turn Chicago, "is where the world comes to manage risk". It is an intrinsic part of Chicago's economy and culture. One could almost say as the C.M.E Group goes, so goes Chicago.

Well and good, while all the while we have in Washington a President whose very political formation was in sinews of Chicago politics, from his first elected office to his ascent to the White House. And the ties to Chicago continue to be strong if not even stronger than before.

[Here's What's Driving the Current Global Gas Shift](#)

In its February 15 report 'Resurging North American Oil Production', Citigroup's analysts claimed that the shale gas boom was set to morph into a shale oil boom. The report said: "The concept of peak oil is being buried in North Dakota, which is now leading the US to be the fastest growing oil producer in the world. The belief that global oil production has peaked, or is on the cusp of doing so, has underpinned much of crude oil's decade-long rally (setting aside the 2008 sell-off)".

Only 14 days later however the US Energy Department, which in January cut its estimates for likely recoverable shale gas from the USA's giant Marcellus Basin by 66%, and nationwide shale numbers by 42% from previous EIA estimates, released its report on world oil market trends. This contained an array of peak oil-friendly facts and figures.

[Forecasting a collapse](#)

For a prophet of doom, Michael Ruppert looked remarkably cheery last week surveying the vegetable plots and chicken coop in his large sloping backyard in the Graton hills.

Nearly a year after moving to Sonoma County, the Southern California transplant says he's so delighted by his new environs he has to pinch himself.

But even in the sunny glow of a warm February afternoon, Ruppert's mind is never far from the catastrophe he sees looming.

[\\$5 Gas, Iranian Poker, and the Peak of 'Peak Oil' Denial](#)

Here in northern California gasoline is now retailing for \$4.20 a gallon. Prices haven't been this high since mid-2008. Forecasts for \$5 per gallon gas in the U.S. this summer are now commonplace. What's driving prices up?

Most analysts focus mostly on two factors: worries about Iran and increased demand from a perceived global economic recovery. However, as we will see, there are also often-overlooked systemic factors in the oil industry that almost guarantee us less-affordable oil.

[Crude facts on why gas prices are spiking](#)

Gas prices are likely to continue to soar before they level off or dip back down, according to one local analyst.

Rises in crude oil prices have yet to make their way all the way through the gasoline markets, said Dave Overstreet, public affairs director for AAA Washington in Bellevue.

[Gas prices fueling anger of area folks](#)

VANDALIA — With gas prices inching their way up toward the \$4-a-gallon mark, the Olean Times Herald visited a gas station in Vandalia to find out how area residents are coping with the high prices at the pump.

[Gas prices: If you can't beat 'em, join 'em](#)

From oil stocks, to ETFs to futures, here are five investment options that might take some of the sting out of the \$4 and \$5 a gallon you're paying for gas these days.

[Saudi Aramco Says Exporting Crude Oil Normally Amid Sandstorm in Gulf](#)

Saudi Arabian Oil Co. is shipping crude normally today from terminals in the Persian Gulf, the world's largest oil exporter said, even as sandstorms stop other kinds of cargo from leaving the nation's main eastern port.

[Rebels go on 'offensive' as attacks by Syrian regime spread](#)

(CNN) -- After pummeling the western city of Rastan over the weekend, government troops turned their lethal attention to cities across the country Monday, opposition activists said.

At least seven people were killed, including three in Daraa, one in Aleppo, two in Idlib, and one in Hama, said the Syrian Network for Human Rights, an opposition activist group.

[Obama Stresses Resolve on Iran Ahead of Netanyahu Meeting](#)

President Barack Obama and Israeli Prime Minister Benjamin Netanyahu, heading into their meeting today at the White House, are emphasizing agreement over how to confront Iran's nuclear program, even as Obama asked Israel to help dial back "too much loose talk of war."

[Japan near deal with U.S. on Iran oil, wary of China on defense](#)

(Reuters) - Japan and the United States are close to an agreement on cuts in Japanese imports of Iranian oil that will allow Tokyo to avoid U.S. sanctions, and may conclude a deal this month, Japanese Foreign Minister Koichiro Gamba told Reuters on Monday.

But Gamba said the two sides might not make public the size of the cuts because of the possible impact on markets.

[India's top Iranian oil buyer plans to cut imports](#)

NEW DELHI - India's largest Iranian oil buyer plans almost to halve daily imports, industry sources said on Monday, becoming the latest Asian refiner to cut supplies from Iran as Western sanctions make trade with OPEC's second-largest producer difficult.

India, China and Japan buy almost half of Iran's estimated 2.6 million barrels per day of oil exports, but a raft of U.S. and European sanctions aimed at choking off funding for Iran's nuclear programme are squeezing its oil supply lines.

[Abu Dhabi and South Korea form oil partnership in the emirate](#)

Abu Dhabi National Oil Company has signed a contract with South Korea to exploit three virgin oilfields in Abu Dhabi and explore across a huge swath of the emirate.

Korea National Oil Corporation (KNOC) and GS Energy, a Seoul-based company, will hold 40 per cent interest in the contract, which could start pumping its first crude within two years.

[Centrica cleared to use more of own UK gas storage](#)

(Reuters) - Britain's largest gas supplier, Centrica, received the go-ahead from the competition watchdog on Monday to start using more capacity at its huge subsea Rough gas storage facility in the North Sea.

The utility can with immediate effect use up to 25 percent of its own capacity at Britain's largest gas storage facility, up from 15 percent previously allowed.

[Singapore says LNG imports can replace piped gas supply](#)

SINGAPORE (Reuters) - Singapore's new liquefied natural gas (LNG) terminal will be able to handle sufficient imports of the fuel to cover all of the country's power needs, even if piped gas supply contracts with Malaysia and Indonesia are not renewed, a top energy regulator said on Monday.

Singapore depends on natural gas for around 80 percent of its power generation needs, with the bulk sourced from Indonesia and Malaysia under long-term contracts.

[Iraq oil output over 3 mln bpd; first time in decades](#)

BAGHDAD (Reuters) - Iraq's oil production has risen above 3 million barrels per day for the first time in more than three decades, it announced on Monday, and said it will sharply increase exports with a major new floating oil terminal beginning operations in three days.

"While I am talking to you today, the Iraqi oil production has exceeded 3 million barrels per day," Deputy Prime Minister Hussein al-Shahristani told a conference in Baghdad.

[Iraq studying Kirkuk offers from BP, Schlumberger](#)

BAGHDAD: Iraq's oil minister said on Monday he was studying offers from international oil companies, including BP and Schlumberger NV, to develop Kirkuk oilfield in northern Iraq.

[Shell Nigeria Case Puts Court in Foreign Territory](#)

Should corporations be held liable for acts of torture committed under their auspices? If that had been the only issue considered by the Supreme Court last week in *Kiobel v. Royal Dutch Petroleum*, the logical answer would surely have to be yes.

[Shell oil rig set for landmark Alaska journey](#)

Reporting from Seattle— Amid the tangle of towering steel, heavy cranes and overcast

skies of Seattle's busy commercial shipyards, Shell Oil's massive Kulluk drilling rig is preparing to push off for the Arctic Ocean.

When it does, America's balance between energy needs and environmental fears will enter a new era. Barring unexpected court or regulatory action, by July the Kulluk will begin drilling exploratory oil wells in the frigid waters off Alaska's northern coast.

[Legal Strategy Taken by Shell Is Rarely Successful](#)

WASHINGTON — The oil giant Shell filed suit in federal court in Alaska last week against a dozen environmental groups, employing a rare — and rarely successful — legal gambit in an effort to pre-empt anticipated legal challenges to its plans to begin exploration in the Arctic Ocean this summer.

[BP Case Shifts to Fines That May Top \\$17B](#)

BP Plc (BP\) may face as much as \$17.6 billion in civil pollution fines and possibly billions of dollars more in criminal penalties as its settlement with businesses and individuals harmed by the 2010 Gulf of Mexico oil spill shifts the focus to government claims.

[BP Rises Most in Month After Gulf of Mexico Spill Settlement](#)

BP Plc (BP/) rose the most in a month after Europe's second-biggest oil company reached a \$7.8 billion settlement with businesses and individuals over the 2010 Deepwater Horizon oil rig disaster.

[Hard lessons from oil industry accidents](#)

The energy company BP has agreed to pay US\$7.8 billion (Dh28.64bn) to the largest group of plaintiffs over the 2010 Deepwater Horizon disaster, which killed 11 men and released millions barrels of oil into the Gulf of Mexico. Such accidents are a reminder in the energy industry that safety requires a delicate balancing act, experts say.

During a visit to Abu Dhabi, Lord Cullen, who led the inquiry into the 1988 Piper Alpha tragedy - when a North Sea rig exploded and killed 167 of 229 people onboard - recalled some lessons learnt from that North Sea disaster.

[Surprises rolling down Keystone Pipeline](#)

Surprise number one from the Keystone Pipeline is that the Keystone Pipeline XL isn't just a pipeline, but a whole system of pipelines that would transport synthetic crude oil and diluted bitumen from the Athabasca Oil Sands in central Alberta, Canada to several locations in the U.S. Surprise number two is that this is not just a proposed system of

pipelines, but, according to TransCanada, Phases 1 and 2 are already operational, opening in 2010 and 2011, respectively. Surprise three is that even after being rejected by President Obama, TransCanada hasn't given up on the U.S. market for Canadian crude oil.

[Polish Report: Shale Gas Extraction Not Harmful](#)

A scientific study in Poland has found that shale gas extraction at one site produced some toxic refuse but that the waste was reused and didn't harm the environment.

The report was presented Friday by the Polish Geological Institute, which carried out its study last year when a company, Canadian Lane Energy, began test drilling near Lebien, in northern Poland.

[Japanese Prime Minister Says Government Shares Blame for Nuclear Disaster](#)

TOKYO — Prime Minister Yoshihiko Noda of Japan acknowledged on Saturday that the government shared the blame for the disaster at the Fukushima Daiichi nuclear power plant, saying that officials had been blinded by a false belief in the country's technological infallibility, even as he vowed to push for the idled reactors to be restarted.

Mr. Noda spoke ahead of the one-year anniversary of Japan's devastating earthquake and tsunami of March 11, which killed nearly 20,000 people in northeastern Japan, set off multiple meltdowns at the Fukushima plant and brought about a crisis of public confidence in the country's nuclear program.

[Shareholders to sue Tepco executives for \\$67 billion](#)

TOKYO (Reuters) - Shareholders of Tokyo Electric Power Co Inc, operator of the crippled Fukushima nuclear plant in northeast Japan, are suing the utility's executives for a record 5.5 trillion yen (\$67.4 billion) in compensation, lawyers said.

[Surviving Without Indian Point: Is It Doable?](#)

A future without the Indian Point nuclear power plant in Buchanan, N.Y., may be fine or dire, depending on your point of view.

Columbia University Law School's Center for Climate Change Law gathered a few experts on Thursday night to discuss the pros and cons just as the plant is seeking renewal of its federal license amid strong opposition from New York's governor, Andrew M. Cuomo, and environmental groups.

[GM adds natural-gas option to big heavy-duty pickups](#)

At long last, a Detroit automaker is finally waking up to the potential of natural gas -- a fuel that's clean, cheap and domestically produced. General Motors is announcing today that it will make 2013 Chevrolet Silverado and GMC Sierra 2500 HD extended cab pickup trucks that can run on both natural gas and gasoline.

Best of all, owners can easily switch between the two. The trucks use a Vortec 6-liter V-8 engine that seamlessly transitions between compressed natural gas and gasoline fuel systems.

[Winds of fortune sweep West Texas](#)

BP and other energy companies are funneling millions into building and operating wind farms in West Texas, helping to transform oil country into one of the nation's leading hubs for green energy production.

Skylines dominated by nodding pump jacks are increasingly spotted with spinning turbines. Economies tied to the ebb and flow of commodity prices are finding stability in supplying the power grid.

[With Reef Ecosystems, It May Be All or Nothing](#)

The most strictly enforced no-take areas in the Mediterranean have the highest fish biomass, researchers found. But they noted no significant differences between areas that allow only limited fishing and those that permit unfettered access.

[Striking Oil, Artistically, in Midtown](#)

The two 25-foot simulated oil pump jacks bobbing up and down at the southeast corner of 46th Street and Eighth Avenue are actually a new sculptural work by the New York-based artist Josephine Meckseper. An initiative by the nonprofit Art Production Fund, "Manhattan Oil Project" officially opens today and will remain on view through May 6.

By introducing pump jacks, a familiar symbol of American oil-producing towns, into a context more typically defined by eye-popping electronic billboards and dazzling lights, "I wanted to show the consequences, or the flip side, of what we actually have to do to provide all of that energy," Ms. Meckseper, 47, said in an interview last week.

[Researchers challenge study on hydrofracking's gas footprint](#)

(PhysOrg.com) -- A Cornell study's contention that hydraulic fracturing would be worse for climate change than burning coal is being challenged by another study, also by Cornell researchers.

[Study finds climate-change link to region's recent wild weather](#)

A new report by an environmental advocacy group shows our region has been particularly vulnerable to extreme weather events — driven by what it believes is climate change.

The report, compiled by Environment New York Research and Policy Center, shows our nook of the Northeast has had a high number of federal disaster declarations since 2006.

[Do You Know Where Green Electricity Will Come From?](#)

As a geologist, I can helpfully add that the rock record of 600 million years tells me that excess carbon dioxide has happened 5 times before - induced by volcanoes, or by continental configurations. Each time the results are strikingly similar - ocean death, extinction, and the top species vanish. That's us.

In the toolkit of remedies, we need something that's quick, will work with the equipment we have, and that can take the black out of convenient electricity. That something may well be a family of technologies going under the heading of carbon capture and storage (CCS).

[China Says It Will Meet Five-Year Carbon Goal After 2011 Misses](#)

China, the biggest carbon emitter, said it will meet its five-year projection for saving energy and curbing greenhouse gases through 2015 even after missing its 2011 target following a drought that reduced hydropower.

[Developer may sue to trigger rethink on sea level rises](#)

Lake Macquarie Council recently updated its recommendations for about 10,000 people living up to three metres above the average sea level. All their properties could be exposed to inundation and increased flood risks by the end of the century, according to guidelines developed by the CSIRO.

But a property developer, Jeff McCloy, said he was contemplating leading a class action suit against the council, which he said was "falling for this unjustified, worldwide idiocy about sea level rises".

[Africa: Climate Change Exacerbates Scarcity in Already Food Insecure Regions](#)

A recent report by The Consultative Group on International Agricultural Research (CGIAR), offers new insight into the threat that climate change poses to the livelihood of millions of farmers worldwide. The report, Mapping Hotspots of Climate Change and

Food Insecurity in the Global Tropics, maps areas at risk of crossing "climate thresholds - temperatures too hot for maize or beans," by 2050.

These threshold models were compared against food insecure countries, defined as places where over 40 percent of children under the age of five experienced stunted growth as a result of malnutrition. When these two factors overlap, the model "reveals places around the world where the arrival of stressful growing conditions could be especially disastrous," says Polly Ericksen, a senior scientist at the CGIAR's International Livestock Research Institute (ILRI).



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