



## Drumbeat: March 12, 2012

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### [Gas Price Disparity Seems Here to Stay](#)

Global energy markets determine the national trend for oil and gasoline prices, and those markets have been rattled by tensions with Iran. Yet energy markets are also resiliently local, as the patchwork quilt of gasoline prices illustrates. A flood of relatively cheap oil and gasoline is washing through parts of the American heartland, but it's barely reaching consumers in the rest of the nation.

"Energy is all about infrastructure and logistics," said Edward L. Morse, global head of commodities research at Citigroup and a former deputy assistant secretary of state for international energy policy. "While energy markets are global," he said, "if oil is just sitting in the ground — or if you can't move it from Point A to Point B — it's not going to do you a whole lot of good."

In the United States, a combination of infrastructure constraints and legal impediments makes it very likely that regional price disparities will widen in coming weeks. This is probable even if the government decides to tap the Strategic Petroleum Reserve to bring down overall prices, interviews with industry experts suggest.

### [Oil Drops From One-Week High on Economic Growth Concern](#)

Oil fell from the highest price in more than a week after exports grew more slowly than forecast in China, the world's second-largest crude consumer, signaling an economic slowdown.

### [Gas prices up another 12 cents in past two weeks](#)

Gas prices rose by an average 12.31 cents a gallon nationwide over the past two weeks, reflecting higher crude oil prices, but the rate of increase is slowing, according to a survey.

### [Facing pressure on gas prices, Obama touts cuts in oil imports](#)

The Obama administration will release a report Monday that shows the United States cut foreign oil imports by 1 million barrels a day in 2011, a 10 percent reduction that the White House said illustrates progress toward achieving greater energy independence.

The 19-page status report lays out steps that six federal agencies have taken to meet President Obama's call for a "secure, affordable energy future" during a speech at Georgetown University in March 2011.

### [API ratchets up pressure on Obama](#)

WASHINGTON (UPI) -- The United States can shield itself against upheavals in the Middle East by tapping into domestic oil and natural gas reserves, a trade group said.

Oil prices are hovering near 9-month highs in part because of unrest in the Middle East. Crude oil prices spiked when Iran announced it was stopping oil deliveries to some European countries and shipping services are wary of delivering Iranian crude because of European sanctions.

### [Fine balance sought at oil summit in Gulf](#)

Oil producers and consumers meet tomorrow in Kuwait to discuss growing threats to supply, rising prices and an uncertain outlook for the global economy.

### [Alan Gaines on Oil Prices and the Oil & Gas Industry](#)

Saudi royalty no doubt views that \$90 level is a floor, and would likely, as they have in the recent past, act as swing producer to protect that price. And then, there is the question as to the validity and timing of global "peak oil" production. With continued advances in technology regarding oil shale and deepwater technology, the eventual peak oil date moves ever further into the future. My own personal opinion that we may well see peak oil take hold within five or ten years.

### [Oil demand shift: Asia takes over](#)

America, Europe: Get in the back seat. Someone else wants to drive.

The realization that oil prices aren't about them anymore has been slow to dawn on Americans after a century of being the world's swing consumers. But the fact is that the world's developing economies have been outbidding the developed OECD countries for oil since 2005. Some time this year, non-OECD oil demand will overtake OECD demand, and they will stay in the driver's seat for the remainder of oil's reign as the lifeblood of the global economy.

### [SOCAR declares oil production cut in February](#)

Azerbaijan's oil production begins falling again.

The State Oil Company of Azerbaijan reports that this February oil production by SOCAR reached 660,942 tons against 706,638 tons in January 2012 and 8.4 million tons for 2011 as a whole.

### [Kuwait targets 4 million barrels oil daily by 2020](#)

DUBAI, United Arab Emirates (AP) -- Kuwait's oil minister says the country aims to boost its crude production capacity to 4 million barrels a day by 2020, up from 3 million barrels now.

Oil Minister Hani Hussein made the comments Monday at the start of an energy forum in the Gulf nation, according to a report by state news agency KUNA.

### [Protestors block entrance to Exxon's Cepu oilfield](#)

(Reuters) - Protestors have blocked the main entrance to ExxonMobil's Cepu oilfield in a dispute against an engineering contractor, though the U.S. major said its production of 20,000 barrels per day of oil has not been affected so far.

### [Chesapeake CEO Seeks Cash Infusion From Asian Gas Markets](#)

Chesapeake Energy Corp. (CHK) Chief Executive Officer Aubrey McClendon is cultivating investors from Seoul to New Delhi eager to own natural gas that's 85 percent cheaper than Middle East supplies because of a glut in the U.S.

### [Analysis: Chevron's Amazon-sized gamble on Latin America](#)

RIO DE JANEIRO (Reuters) - George Buck, a slim, towering American who runs Chevron's operations in Brazil, is often flanked by lawyers these days.

Since November, when the No. 2 U.S. oil company spilled at least 2,400 barrels of oil offshore Brazil, the local attorneys have helped Buck navigate the legal system, sometimes doubling as Portuguese translators and cultural consultants.

### [Lukoil unveils investment plans for Iraq](#)

MOSCOW (UPI) -- Russian oil company Lukoil said it plans to invest billions of dollars in an oil field in southern Iraq after taking control of Statoil's minority stake.

Lukoil aims to invest around \$2 billion in the West Qurna-2 oil field in Iraq this year, Bloomberg News reports. A company spokesman told Bloomberg that \$200 million was

invested there in 2011.

### [Iraq Kurdish Oil Exports Sliding To 75,000 B/D On Payment Delay - Officials](#)

KUWAIT CITY – Iraq's crude oil exports from the northern Kurdistan region have dropped to 75,000 barrels a day from the 175,000 barrels a day originally agreed between the central government in Baghdad and the Kurdistan Regional Government, or KRG, on payment issues, Iraqi and Kurdish officials said Monday.

### [Obama's Iran dilemma](#)

As we saw last week with the electoral success of the Islamic leader Ali Khamenei, the future of the Islamic regime does not depend on oil prices. But the future of Obama clearly depends on the economy. Normally, under such circumstances, Saudi Arabia and its ability to lower oil prices thanks to its excess production capacity would be very helpful. But experts think that Saudi Arabia is already producing at a very high level and has therefore little spare capacity to replace Iranian crude oil in the market. Obama can always relax and loosen financial sanctions on Iran on the grounds that he wants to help the American economy. But this would give ammunition to his Republican rivals and Israel that he is mishandling the national security situation by appearing weak in the face of Iran. In short, there is no easy way out from the Iran paradox for the Obama administration. Sanctions will continue to hurt the American economy as much as they hurt Iran.

### [Pakistan ignores US threats and courts Iran](#)

ISLAMABAD: As the US and Pakistan struggle to patch up frayed ties, plans for a Pakistani-Iranian natural gas pipeline further threaten the fragile partnership.

Pakistan desperately needs new energy sources and has made it clear it plans to forge ahead with the pipeline to bring in natural gas from Iran, despite warnings from the US that Islamabad could be hit with economic sanctions.

### [Killings of civilians threaten Afghanistan mission](#)

Allegations that an American servicemember went on a shooting spree that left at least 16 Afghan civilians dead have plunged relations between the two countries to a new low and threaten to test U.S. strategy to end the conflict.

### [Activists: Civilians 'massacred' in central Syria](#)

BEIRUT (AP) – Syrian activists said Monday that pro-government gunmen have killed at least 16 people — including children — in a rebel stronghold recaptured by the

government in the embattled central city of Homs.

### [Norway to cut oil money spending in 2013](#)

JEVNAKER, Norway, March 11 (Reuters) - Norway is likely to slash the ratio of oil revenue it uses in the 2013 budget, its finance minister said on Sunday, as prospects for the Norwegian economy outshine Europe's and the country's currency reaches multi-year highs against the euro.

Oil-rich Norway, largely sheltered from the global economic crisis, has a spending rule that recommends limiting oil-revenue spending in most years to 4 percent of the value of its \$604-billion sovereign wealth fund.

### [China's Zero-Growth Economy](#)

Once you strip out commodity purchases, consumer consumption appears as if it has flatlined in the last two months, something evident from the tumble in the Consumer Price Index. February's inflation came in at a stunningly low 3.2%, down from January's 4.5%.

### [Enbridge faces writedown of New Brunswick investment](#)

(Reuters) - Enbridge Inc said it is facing a potential writedown of a significant portion of the value of its C\$460 million investment in Enbridge Gas New Brunswick, the New Brunswick gas distribution utility.

### [BP's Influence Peddling In Congress Bears Fruit Two Years After Gulf Spill](#)

As millions of barrels of oil began pouring into the Gulf of Mexico in April 2010, Democratic lawmakers began asking the question: what was the proper amount of money that the company responsible for the spill should have to pay?

This wasn't some sort of philosophical exercise. Oil companies pay money into the Oil Spill Liability Trust Fund to help cover the costs of major disasters. But under the Oil Pollution Act of 1990, a company responsible for a spill is liable for only \$75 million in economic damages, provided it didn't exhibit "gross negligence." The federal government picks up the next \$1 billion.

### [Mass transit use rises as gas prices soar](#)

NEW YORK (CNNMoney) -- Ridership on the nation's trains and buses hit one of the highest levels in decades, with officials crediting high gas prices, a stronger economy and new technology that makes riding public transit easier.

In 2011, Americans took 10.4 billion trips on mass transit -- which includes buses, trains, street cars and ferries, according to the American Public Transportation Association.

### [Asian super grid targets Mongolian solar and wind power](#)

Desert solar energy could be powering homes in Russia, Japan, and China under plans by Desertec and backed by the Japanese Renewable Energy Foundation (JREF).

### [Naomi Klein: Serious about climate? Throw out the free-market playbook](#)

I don't think climate change necessitates a social revolution. This idea is coming from the right-wing think tanks and not scientific organizations. They're ideological organizations. Their core reason for being is to defend what they call free-market ideology. They feel that any government intervention leads us to serfdom and brings about a socialist world, so that's what they have to fight off: a socialist world. Increase the power of the private sector and decrease the public sphere is their ideology.

You can set up carbon markets, consumer markets, and just pretend, but if you want to get serious about climate change, really serious, in line with the science, and you want to meet targets like 80 percent emissions cuts by midcentury in the developed world, then you need to be intervening strongly in the economy, and you can't do it all with carbon markets and offsetting. You have to really seriously regulate corporations and invest in the public sector. And we need to build public transport systems and light rail and affordable housing along transit lines to lower emissions. The market is not going to step up to this challenge. We must do more: rebuild levees and bridges and the public sphere, because we saw in Katrina what happens when weak infrastructure clashes with heavy weather — it's catastrophe. These climate deniers aren't crazy — their worldview is under threat. If you take climate change seriously, you do have to throw out the free-market playbook.

### [Asia needs \\$40B a year for 'climate proofing'—ADB](#)

BANGKOK—The Asia-Pacific region needs to spend about \$40 billion a year to “climate proof” its economies against the impact of global warming, Asian Development Bank vice president Bindu Lohani said Monday.

### [If Cutting Carbon Emissions Isn't Working, What's Next?](#)

What if it is too late to save the climate by cutting greenhouse gas emissions? What if the amount of carbon dioxide already added to the atmosphere by human activity is so great that it is going to produce big temperature changes no matter what, with big shifts in rainfall and in ocean chemistry?

Options remain, according to a new book, “Suck It Up,” by Marc Gunther, a journalist, blogger and speaker who specializes in energy and climate issues.



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