



Drumbeat: March 16, 2012

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[Understanding the New Price of Oil](#)

In the spring of 2011, when Libyan oil production -- over 1 million barrels a day (mpd) -
- was suddenly taken offline, the world received its first real-time test of the global pricing system for oil since the crash lows of 2009.

Oil prices, already at the \$85 level for WTIC, bolted above \$100, and eventually hit a high near \$115 over the following two months.

More importantly, however, is that -- save for a brief eight week period in the autumn -
- oil prices have stubbornly remained over the \$85 pre-Libya level ever since. Even as the debt crisis in Europe has flared.

[Oil Rebounds From One-Week Low on Outlook for U.S. Demand](#)

Oil rose in New York, trimming this week's decline as investors bet that fuel demand will increase with an economic recovery in the U.S., the world's biggest crude consumer.

[No single country can ensure oil market stability: Al-Naimi](#)

KUWAIT: Minister of Petroleum and Mineral Resources Ali Al-Naimi said yesterday that no country or a group of countries can alone ensure the stability of the oil market.

[Severe Tropical Cyclone Lua to Hit Australia Coast Tomorrow](#)

The cyclone has already prompted Woodside Petroleum Ltd., Apache Corp. and Santos Ltd. to shut output at offshore fields that account for more than one-quarter of Australia's oil output. Port Hedland, the world's biggest iron ore port used by BHP Billiton Ltd. and Fortescue Metals Group Ltd., yesterday shut in anticipation of the storm.

[Consumer prices up by most in 10 months thanks to gasoline](#)

Rising pump prices helped drive up costs for consumers to their highest in 10 months in

February, government data showed on Friday. There was little evidence that underlying inflation was building, however.

[Petrol breaks €2 barrier in Paris](#)

LESS than a year after Total chief executive Christophe de Margerie predicted the €2 litre of petrol it has happened. A petrol station on Rue Saint-Antoine, near the Bastille, in Paris, is charging €2.020 for unleaded.

[The 10 states with the cheapest gas](#)

A record 50 percent of Americans strongly disapprove of President Barack Obama's handling of the economy, a recent Washington Post-ABC News survey shows. A whopping 65 percent are unhappy with his handling of gas prices. While national gas prices have increased 8 percent in the past month alone, the increase has not been uniform across all states, with some faring far better than others.

[BP Has Ability to Pay More For Spill With Oil Over \\$120](#)

Oil prices close to the highest since 2008 are increasing BP Plc (BP/)'s available cash as it negotiates a final bill with the Obama administration to pay for damages caused by the worst U.S. spill.

[Gas price is \\$4 or more for almost one-third of drivers](#)

Nearly one-third of the nation's drivers now fork out \$4 or more for a gallon of gasoline.

[Oil: Should President Obama Tap the Strategic Petroleum Reserve?](#)

Barack Obama likes to say that as President of the United States, he doesn't "bluff" when it comes to foreign policy. But when it comes to energy, it looks like Obama might be willing to try the occasional fake out.

[Peak oil is real and will stunt any economic recovery](#)

Oil company cheerleaders proclaiming huge supplies of oil are dead wrong. Peak oil is as real as rain, and it is here now. Not 2050. Not 2020. Now. Oil production has been flat since 2005. This is not by choice. The producers cannot increase production because new fields cannot keep pace with declining production from old fields. The plateau is the top of the global depletion curve. Furthermore, this end of energy growth only accounts for volume. Energy quality and net-energy are falling like stones as environmental devastation increases. Every producing oil field on earth is in decline, unless it is brand new, and peak discoveries are well behind us. Meanwhile, the aggregate decline rate

appears to be about 5 per cent per year. To maintain world production, we would need to bring a new Saudi Arabia – equivalent to three billion barrels annually - into full production every three years. There exists on earth not one single promising field that remotely approaches those requirements.

[The Peak Oil Crisis: Surging Gasoline](#)

With the EU's debt crisis and the Iranian confrontation relatively quiescent, attention has turned to the incessant increase in U.S. gasoline prices. The Capitol Hill gas station, where at least some members of Congress fill up, is currently selling regular for \$4.49 a gallon. If you prefer to do business at the Watergate Exxon it will set you back \$5.39 for regular. For a real taste of the future, then be sure to come in a full-sized SUV with a big V-8 and a 33 gallon gas tank - a fill-up will only be \$188 for premium.

Before we get to what is happening in America, however, it is worth reminding ourselves that gasoline prices in Europe are now above or approaching \$9 a gallon and are at an all-time high when expressed in Euros. This is due to the falling value of the Euro and the array of supply disruptions which have plagued European refiners and pulled down EU reserve stocks in the past year.

[Yergin: What's Behind Rising Gas Prices?](#)

With so many ships trawling the crowded waters of the Persian Gulf, there is always the risk of an 'accident' or 'collision' with unintended consequences.

[Offshore oil a 'game-changer' for Falkland Islands](#)

STANLEY, Falkland Islands (AP) — Falkland Islanders are so accustomed to making do with what they've got that many still heat their homes with peat stoves, grow their own vegetables, repair their Land Rovers themselves and raise chickens for their soft-boiled eggs.

But now they've struck oil offshore — potentially vast stores of it. Billions of dollars in taxes and royalties could soon flow their way, creating an entirely unfamiliar challenge: the prospect of sudden and tremendous wealth.

[Argentina 'to sue' Falklands oil explorers and investors](#)

Argentina has claimed it will take legal action against British companies involved in exploring for oil and gas off the Falkland Islands.

[Vietnam Says Cnooc's South China Sea Bids Violate Territory](#)

Cnooc Ltd. (883)'s moves to develop oil- and gas-rich northern areas of the South China Sea violates Vietnam's sovereignty, the Vietnamese Foreign Ministry said.

China's biggest offshore oil explorer opened bids to foreign companies last year for 19 blocks near the disputed Paracel Islands, according to its website. Vietnam singled out Block 65/24, which it said sits one nautical mile from one of the Paracels, in denouncing a range of Chinese actions that violate its territory.

[Navy to Double Counter-Mine Ships, Helicopters in Gulf](#)

The U.S. Navy will double the number of counter-mine ships in the Persian Gulf to eight, Admiral Jonathan Greenert, the chief of naval operations, said today.

The Navy will also send four more MH-53 mine-sweeping helicopters to the Gulf, Greenert told the Senate Armed Services Committee.

[Iran lashes out over sanctions](#)

KUWAIT CITY // Iran has accused the West of using oil as a weapon by imposing aggressive sanctions.

In a speech to energy ministers in Kuwait yesterday, Rostam Ghasemi, the oil minister of Iran, said: "Iran has never initiated using oil as a political tool.

[Sudan pitches lower oil fee to south](#)

Sudan has lowered the transit fee it demands for South Sudanese oil in a bid to resolve a stand-off that is preventing the export of 350,000 barrels per day (bpd).

A resumption of exports would provide some relief to a global oil market burdened by concerns over declining Iranian shipments and the potential for conflict in the Gulf.

[YPF to Sue Argentine Province After Losing Output](#)

YPF SA (YPFD), the Argentine oil producer that will lose 7 percent of its output after operating licenses were revoked, will sue the province of Chubut as a dispute with the government escalates over investments.

[Kurds Say Baghdad Miscounted Kurdistan's Oil Exports, Revenue Issues Continue](#)

AMMAN – The Kurdistan Regional Government, or KRG, in northern Iraq has accused the Iraqi central government of miscounting the volume of crude oil being exported

from the region and accused Baghdad of delaying payment for exported oil.

[Norway Oil Fund Rejected Greek Debt Swap, CEO Slyngstad Says](#) Norway's sovereign-wealth fund rejected the Greek debt swap because it disagreed with the different treatment given to the European Central Bank, according to chief executive officer Yngve Slyngstad.

[Sunoco's new CEO on a charm offensive](#)

The new chief executive of Sunoco Inc. is going on a charm offensive to counter some of the hard feelings the company has generated over its decision to exit the refining business.

[Colombia Eyes \\$500 Million in Energy Spending in Shale Gas](#)

Colombia, South America's third- largest producer of oil, expects this year's auction of so- called unconventional energy reserves to attract at least \$500 million in investment.

[China Plans Faster Land Approval, Tax-Free Imports for Shale](#)

China pledged to prioritize land approvals for shale-gas exploration, allow tax-free equipment imports and offer subsidies to companies including PetroChina Co. (857) tapping the largest reserves of the unconventional fuel.

[Fracking safely and responsibly](#)

Environmentalists and the energy industry appear to be edging towards a consensus that would permit a big expansion in hydraulic fracturing for oil and gas in exchange for stricter rules on engineering procedures such as well casing and cementing.

[New fracking rules would hamper production, API says](#)

A study by the American Petroleum Institute warns that proposed federal regulations for hydraulic fracturing would significantly deter oil and natural gas production in the United States.

[North Dakota Shale-Oil Boom Rushes Past Riverbank Dwellers](#)

North Dakota landowners say the state's claim to oil deposits beneath riverbanks and lake shores is robbing them of millions of dollars in rent and royalties from a drilling boom that has quadrupled crude production in the past five years.

The state is accused in a lawsuit by private landowners along the Missouri and Yellowstone rivers of “unlawful taking of mineral interests” by improperly applying a public-use doctrine dating back to the state’s emergence from territorial status in 1889.

[EPA Clears Water in Pennsylvania Fracking Town After Complaints](#)

The water in 11 wells near Dimock, Pennsylvania, is safe, the U.S. Environmental Protection Agency said, disappointing residents and health groups who say the federal government should intervene in a dispute with Cabot Oil & Gas Corp. (COG)

[Stalemate Hits \\$10 Billion Czech Nuclear Plan on Funding](#)

The Czech Republic’s \$10 billion plan to build two atomic reactors near the German border that could supply electricity to the Bavarian industrial heartland is unraveling over financial and pricing disputes.

[Chubu Electric to continue heavy LNG buys 2012/13](#)

(Reuters) - Chubu Electric Power Co said it expected to buy 13 million tonnes of liquefied natural gas (LNG) for the year to March 2013, about the same as the past year, while it does not yet know when its sole nuclear plant will restart.

[Plant Woes Fuel Blackout Fears](#)

Southern California could be hit with rolling blackouts this summer if reactors at the San Onofre nuclear plant remain shut down for repairs, officials warned this week.

The reactors, which normally supply enough electricity to light 1.4 million homes, have been out of service since Jan. 31 after a leak revealed premature aging of vital equipment.

[Cockenzie coal-fired power plant to close next year](#)

Scottish Power is to close its coal-fired power station at Cockenzie next year, BBC Scotland has learned.

The East Lothian plant, which has been powering Scottish homes and industry since 1967, does not meet modern environmental standards.

[A Drill to Replace Crucial Transformers \(Not the Hollywood Kind\)](#)

The electric grid, which keeps beer cold, houses warm, and city traffic from turning to chaos, depends on about 2,100 high-voltage transformers spread throughout the country.

But engineers in the electric business and officials with the Department of Homeland Security have long been concerned that transformers are vulnerable to disruptions from extreme weather like hurricanes, as well as terrorist and computer attacks and even electrical disturbances from geomagnetic, or so-called solar, storms. One such storm, in 1989, blacked out the entire province of Quebec, and this week, a transformer fire of unknown origin blacked out parts of Boston.

[India Plans to Scrap Duties on Solar Parts to Boost Industry](#)

India proposed to scrap duties on imports of solar-thermal equipment as it seeks to reduce project costs for Reliance Power Ltd. (RPWR) and other developers adding plants.

"Solar-thermal projects need encouragement," Finance Minister Pranab Mukherjee said today in his annual budget speech, proposing to spare such ventures from the so-called special countervailing duty.

[Best choices: Which new cars save the most gas?](#)

With gas prices climbing to the heavens, what are the smartest, most price- and gas-efficient choices for car buyers?

The good news is that unlike in past gas price run-ups, this time there are more choices for buyers, whether hybrids and electrics or conventional cars made more efficient.

[E-bikes could offer car alternative to urbanites](#)

The electric bike industry is booming. What was once seen as a bicycle for retirees is now cool and trendy. The newest riders are young, stylish and earn good money. They see their e-bike as a car alternative.

[1970: The Peak of Everything](#)

Forget "peak oil" for a moment. At least in terms of the United States, if not elsewhere, the decline of the good times began around 1970. From a broader perspective, that was the really big "peak." Around that period, "it was the best of times, it was the worst of times," as Dickens might say. It was Jimi Hendrix, "sex, drugs, and rock 'n' roll," Easy Street. In the year 1969 there was the first moon landing. The gap between the rich and the poor was not so bad, whereas since then both the wealth and the income (two different things) of the richest five percent of American families have shot up

enormously. Yet what some people regarded as bad news was that in 1968 the Tet offensive marked the turning point of the Vietnam War.

[Queensland's Bligh Vows to Implement Findings of Flood Inquiry](#)

Queensland Premier Anna Bligh vowed to implement the recommendations of a report into what worsened flooding in the Australian state if she's re-elected in a vote next week.

[Shell says was sued for causing climate change](#)

LONDON (Reuters) - Oil giant Royal Dutch Shell Plc said it was sued for causing climate change but that, like some other global warming cases taken against energy companies by environmentalists, the cases were dismissed.

The Anglo-Dutch group said in its annual report, published on Thursday, that, "together with other energy companies" it was subject to climate change litigation taken by parties it did not name.

[U.K. 'Wasted' 4 Years on Failed \\$1.6 Billion Carbon-Capture Plan](#)

The U.K. must learn from a failed 1 billion-pound (\$1.6 billion) carbon-capture funding program that "wasted" four years, as it prepares to open a second financing competition, the head of a panel of lawmakers said.

[Al Gore on Climate Change Risk](#)

The value of subprime mortgages was based on a false assumption. All of these carbon fuel reserves [are] based on a similarly absurd assumption that is being systematically reinforced by some—not all—of the holders of those assets, who are engaged in a systematic effort to convince markets and the public of a falsehood.

['Frozen planet' review: Beauty, and sad irony](#)

And yet, as beautiful, complex and magnificent as the frozen world may be, the underlying message of the Discovery Channel series is the sad irony of its title. Frozen though it may be, the frozen third of this planet is in peril. Much of the ice may melt every spring and return in the winter. But there is less and less of it. Because the area is so removed from civilization, it is easier to see the real effects of global warming, and harder to ignore them.

[Fertilisers behind increase in N₂O levels](#)

The increasing amount of nitrous oxide in the atmosphere over the last 65 years is due to nitrogen-based fertilisers, according to a new study.



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