



## Drumbeat: March 28, 2012

Posted by [Leanan](#) on March 28, 2012 - 9:34am

### [France poised to release strategic oil reserves, on US request](#)

PARIS — France's government says it is considering releasing oil from its strategic reserves as part of a U.S.-led effort to increase supply to bring down high prices.

Industry Minister Eric Besson said "the United States asked, and France welcomed this hypothesis."

### [Crude Declines for First Day in Four on Rising Stockpiles](#)

Oil declined for the first time in four days amid signs of increasing supply in the U.S. and speculation that western countries may tap emergency reserves.

New York futures slipped as much as 1.2 percent before a government report that may show inventories rose to a six-month high last week. Prices also declined after French Industry Minister Eric Besson said the U.S. proposed releasing oil from strategic reserves to curb rising prices.

### [Why Saudi and American bluffing won't lower oil prices \(Hint: It doesn't work when people know you're bluffing\)](#)

It seems that while all three countries have the stated wish to bring down oil prices, they appear to lack the power or at least the desire to do so. So, they are left with bluffing. It's true that oil markets move on rumors and sentiment, but not as far nor for as long as people believe. The joint U.S.-Great Britain announcement caused oil prices to fall sharply the same day before recovering nearly the entire loss by the close. The Saudi announcement that it might increase production caused a sharper one-day fall which was largely recouped the following day.

### [Gas tops \\$3.90 a gallon](#)

NEW YORK (CNMMoney) -- The price of an average gallon of regular gas surpassed the \$3.90 mark Wednesday, moving to within a dime of the \$4 threshold.

The average price rose 1.3 cents to \$3.911 in the latest daily survey conducted for the

motorist group AAA. The price has risen for 19 consecutive days.

### [Gas Prices Have Taken Air Out of US Recovery: Welch](#)

What looked to be a fairly robust economic recovery has turned lackluster thanks to rising gas prices and uncertainty over demand, according to author and former General Electric CEO Jack Welch.

### [India Oil Secretary: Sought INR400 Billion Additional Fuel Subsidy For This Fiscal Year](#)

NEW DELHI – India's oil ministry has sought an additional INR400 billion in cash subsidies for this financial year through March to compensate fuel retailers for losses incurred on selling diesel and cooking fuels at state-set discounted prices, oil secretary G.C. Chaturvedi told reporters Wednesday.

The ministry has separately asked for an additional INR50 billion in cash subsidies to compensate retailers for losses on gasoline sales.

### [Gazprom to launch Sakhalin-3 gas field this year](#)

(Reuters) - Russia's top gas producer Gazprom said on Wednesday it is aiming to launch gas output at a field at Sakhalin-3 project later this year.

Gazprom said it will start producing gas at the Kirinskoye field, which is a part of the Sakhalin-3 offshore project on Russia's Pacific island of the same name.

### [Statoil Considers Closing Mongstad Oil Refinery - Report](#)

OSLO – Norwegian oil giant Statoil ASA (STO) is considering closing its Mongstad oil refinery on the west coast of Norway due to overcapacity in the market, higher crude oil costs, and lower margins, according to the Norwegian weekly Teknisk Ukeblad.

### [Transocean Biggest Winner From 28% Jump in Oil Rig Rates](#)

Transocean Ltd. (RIG), the deep-water rig owner that's trailed competitors in the stock market since its equipment burned and sank in the 2010 Gulf of Mexico oil spill, is set to benefit the most this year from a surge in demand.

Rental rates for ultra-deep-water rigs, the world's most complex and expensive drilling vessels, should climb 28 percent to a record \$714,000 a day by the third quarter from about \$560,000 currently, according to estimates by Ole Slorer, an analyst at Morgan Stanley who dubs the move a "super spike."

### [Domestic drilling advocates warn of increased global demand for oil, dwindling supply](#)

All over the world, more people are buying cars and using gas as growth in the global economy increases the demand for fuel. Likewise, oil supplies are projected to get tighter and tighter.

"China was at 5 million barrels a day in 2005. Today, they are at 10 (million). By 2015, they are going to be at 15-million-barrels-a-day demand," said John Hofmeister, former president of Shell Oil and founder of Citizens for Affordable Energy. "That's 10 million new barrels over 10 years. India is going from 4 to 7 (million) in the next three to four years."

### [Tedious peak oil claims from the EU Energy Policy Blog](#)

Not all peak oil analysis comes across as sloppy, misleading, and a bit tedious, but this one does: "Peak Oil Driving The Global Gas Shift." Of course sloppy analysis abounds on the internet, and the best approach is usually to ignore it, but this example appears on the somewhat respectable site of the EU Energy Policy Blog.

### [Benefiting From \\$200 Oil](#)

Today we are concerned about peak oil because global demand in oil and gas is increasing 3% a year, while production is decreasing 3% a year. There have been tensions with Iran trying to shut down the Strait of Hormuz, which will affect 35% of seaborne traded oil. The Obama administration itself is already concerned about oil prices and is now focusing on increasing the drilling rate of oil domestically.

The fact is that U.S. imports of oil have skyrocketed. 30 years ago the United States imported 28% of its oil, while in 2010, oil imports had risen to 49%. Most of those imports are coming from Canada, the country with the third largest oil reserves in the world after Venezuela and Saudi Arabia.

### [Kjell Aleklett: The New York Times Exaggerates The Significance of Shale Oil](#)

The article reminds us that since Nixon's time every president has had the same goal of giving the USA "independence from foreign energy sources". One can interpret the article as saying that the USA is now on the way to reaching this goal but let us compare some of the statements in the article to what the USA's Energy Information Agency (EIA) says.

### [ESF Professor to Speak on Energy Issues in U.K.](#)

ESF Professor Charles Hall will travel to the United Kingdom next week to discuss energy and economic issues with British business, education and government leaders, including members of Parliament.

Hall, a systems ecologist with an interest in biophysical economics and the relationship between energy and society, is scheduled to begin his visit Monday, March 26, in a meeting with representatives of Atkins, one of the largest engineering and design consultancies in the world. He is expected to discuss both the economic implications of a declining energy return on investment (EROI) and biophysical economics, which combines knowledge of economy and thermodynamics to analyze the economic process.

### [BP Gains Access to Liquids-Rich Ohio Shale With 84,000 Acres](#)

BP Plc (BP/), Europe's second-largest oil producer, entered into the Utica shale formation in Ohio with a deal to lease 84,000 acres of land for an undisclosed price.

### [Gas Leak on Offshore Platform Forces Evacuation in North Sea](#)

LONDON — A major gas leak on an offshore platform in the North Sea forced crews to evacuate it and other equipment in the area on Tuesday because of the risk of explosion, and ships and aircraft were ordered to stay miles away. Total, the French energy company that operates the platform, said it might take as long as six months to stop the release of gas.

### ["May be months" to stop North Sea gas cloud - Total](#)

(Reuters) - A cloud of explosive natural gas boiling up from the North Sea out of a leak at Total's evacuated Elgin platform forced another shutdown off the Scottish coast on Tuesday as the French firm warned it could take six months to halt the flow.

Dubbed "the well from hell" by an environmentalist who said the unusually high pressure of the undersea reservoirs made it especially hard to shut off, the loss of oil and gas output from Elgin - as well as the prospect of a big repair bill - helped drive Total's share price down six percent on the Paris bourse.

### [Total dismisses blast risk at North Sea gas leak](#)

(Reuters) - French oil major Total dismissed fears on Wednesday of a blast at its Elgin North Sea platform, even though explosive natural gas is bubbling up less than 100 metres from a flare left burning when workers had to evacuate the site.

### [Total's North Sea gas leak 'no Deepwater Horizon'](#)

Total's North Sea gas leak, which is now into its fourth day, is not expected to be as serious as BP's Deepwater Horizon accident in the Gulf Mexico, says credit rating agency Fitch.

### [Brazil oil workers file lawsuit against Chevron](#)

(Reuters) - Brazil's largest oil workers federation filed a civil lawsuit against oil company Chevron and drilling firm Transocean in a federal court in Rio de Janeiro, according to documents filed with the court on Tuesday.

The lawsuit seeks the cancellation of Chevron's concession to drill and produce oil in the offshore Frade field where it spilled at least 2,400 barrels of crude last November.

### [Beirut: Gasoline distribution halted after Bassil fails to sign weekly update](#)

Bassil's move, the second in two weeks, raised fears of a return to last year's controversy when the energy minister refused for several weeks to sign an update until the government helped citizens deal with surging gasoline prices.

### [Kazakh prosecutor says Almaty bomb plot foiled](#)

ASTANA (Reuters) - Kazakhstan's prosecutor-general said on Wednesday that security services had foiled a plot organised by an associate of fugitive billionaire Mukhtar Ablyazov to bomb the commercial capital of the oil-producing Central Asian state.

### [India, China to maintain ties with Iran despite US, EU sanctions](#)

New Delhi: India and China on Wednesday indicated that they will continue to maintain normal relations with Iran, while citing high crude oil prices and energy security concerns.

### [India Said to Plan Using Foreign Currency for Iran Oil Deals](#)

India may continue paying for Iranian (OPCRIRAN) oil in foreign currencies until European Union sanctions take effect in July, when buyers will start using rupees, according to two people with knowledge of the matter.

### [Analysis: Libya's oil contracts to be unsure for months more](#)

LONDON (Reuters) - Uncertainty about oil and gas companies' contracts with Libya, soon to be scrutinized and potentially revised, will persist until new leaders take power after June elections, delaying the industry's return to normal in the post-Gaddafi era.

### [Greece, Israel, Cyprus to step up natural gas production, but exports could take a decade](#)

VOULIAGMENI, Greece — Energy Ministers from Greece, Israel and Cyprus promised Wednesday to increase cooperation to exploit natural gas deposits in the Mediterranean, but warned that large-scale exports could take a decade.

Greece, whose economy has been ravaged by a financial crisis, hopes to eventually start its own gas production and act as a transit point for supplies from Israel and Cyprus. It has no plans, however, to abandon more advanced gas projects it is involved with in Azerbaijan and Russia.

### [Israel willing to sell gas to Arab neighbours](#)

ATHENS (Reuters) - Israel is willing to sell some of its new natural gas bonanza to Arab neighbours, in the hope this will improve relations in the troubled region, the country's energy minister said on Wednesday.

Gas production is set to soar in Israel following the discovery of some of the world's largest offshore reserves.

### [Cyprus to seek partnerships for possible LNG plant](#)

(Reuters) - Cyprus would seek financing from other countries and companies to help it build energy infrastructure such as a key plant to liquefy natural gas, the country's energy minister said on Wednesday.

Cyprus reported its first natural gas discovery in December, when U.S. based Noble Energy said it had discovered an estimated 5 to 8 trillion cubic feet in a block south of the island.

### [Final Sunrise LNG decision unlikely before late 2014](#)

(Reuters) - Australia's Woodside Petroleum (WPL.AX) will not make a final investment decision on its stalled Sunrise LNG project until sometime from the latter half of 2014 to 2015 due to a parliamentary election in East Timor this year, a minority stakeholder in the project said.

Woodside and East Timor are at odds over how to develop substantial offshore gas reserves in the region, with Woodside wanting to use a floating LNG plant, while East Timor wants the plant built on shore to create more jobs.



### [Oil firm TNK-BP plans power plant for own needs](#)

MOSCOW (Reuters) - Russia's third-largest oil producer TNK-BP said it has prepared a plan to increase power generation to cover the bulk of what it needs, partly to limit the single largest cost on its books as state electricity tariffs rise.

The government has increased electricity tariffs by around 127 percent from 2007 to 2011 - more than any other tariff, including transportation - to raise funds to modernise its creaking power grid and draw more revenues to the state budget.

### [Job growth expected from cheap natural gas](#)

The nation's fast-growing supply of cheap natural gas is setting off a manufacturing revival that's expected to create hundreds of thousands of jobs as companies build or expand plants to take advantage of the low prices.

### [LNG-Soaked Japan Burns Oil as Nuclear Reactors Sit Idle](#)

Japan is consuming the most oil in four years as it runs out of capacity to use liquefied natural gas as a stopgap for idled nuclear-power plants.

### [\\$1.2 Million Fine for Indian Point Fire](#)

The owner of the Indian Point nuclear plant has agreed to pay a \$1.2 million penalty for a transformer explosion at its Unit 2 reactor that spilled oil into the Hudson River in November 2010. The New York State Department of Environmental Conservation said that "longstanding structural conditions" led to the failure of a containment system that should have prevented the oil from flowing into the river.

### [New-Build Nuclear Power: A High-Risk Gamble](#)

By the time any new nuclear power plant could be built in the UK, the market for its electricity will be disappearing. The rapidly falling cost of renewables, with the likely completion of the European internal market for electricity means that consumers, large and small, will be empowered to generate much of their own electricity or to buy it from anywhere in Europe.

Nuclear power is expensive and costs are rising. Meanwhile, the cost of most renewables is falling.

### [End of coal power plants? EPA proposes new rules](#)

The Obama administration on Tuesday proposed the first-ever standards to cut carbon

dioxide emissions from new power plants -- a move welcomed by environmentalists but criticized by some utilities as well as Republicans, who are expected to use it as election campaign fodder.

### [China Beats U.S. With Power From Coal Processing Trapping Carbon](#)

China can't quit coal. But with efforts from entrepreneurs, mining enterprises and electricity giants, it's ready to tackle its addiction, says Zhou Fengqi, senior adviser to the Energy Research Institute of the government's National Development and Reform Commission.

"Now that people have meat and fish to eat every day, the environment has also become a big concern," Zhou says. "China is not like a developed country. We can't simply stop using coal. If we want to use it, we have to clean it up."

### [Thanks to Fracking, Cheap Natural Gas Makes Inroads as U.S. Vehicle Fuel](#)

Natural gas, whose price is at record lows thanks to a shale-drilling boom, is gaining traction as an alternative energy in the United States, with automakers jumping on the bandwagon.

The use of natural gas instead of oil-based gasoline to drive the country's cars and trucks "is definitely starting to take off," said Mark Hanson, an analyst at investment-research firm Morningstar.

### [No drive for natural gas cars](#)

As the price of gasoline rises to \$4 a gallon and natural gas prices continue falling, the public seems largely uninterested in compressed natural gas cars, also known as CNG vehicles. The vehicles have been touted as a way to reduce greenhouse gas emissions, because natural gas burns cleaner than gasoline, and reduces America's dependence on imported oil by replacing it with American-produced natural gas.

### [Tiny cars often aren't the most fuel-efficient](#)

NEW YORK (CNMoney) -- When most people look at really tiny cars they figure they must get really good fuel economy.

And when compared to trucks or family sedans, they do.

But subcompact and mini-cars -- the likes of the Fiat 500 and Chevrolet Sonic -- usually don't get much, if any, better fuel economy than roomier compact cars.



### [EU push for ocean energy set to fall short](#)

LONDON/MADRID (Reuters) - Europe's wave and tidal power technology is likely to disappoint EU expectations for 2020 and take over a decade to contribute to energy supply in a significant way, even though it is chalking up rapid growth and drawing in big industrial investors.

### [SEI: Scarcity of metals could hamper low-carbon development](#)

The world's transition to a low-carbon economy could be seriously hampered by a scarcity of key metals, a new report from the Stockholm Environment Institute (SEI) has warned.

The study, produced in partnership with the business leaders' initiative 3C (Combat Climate Change), analysed known resources and locations of five metals – indium, tellurium, neodymium, lithium and cobalt.

### [Going green won't kill jobs during hard times](#)

Claims that environmental regulations will worsen unemployment are false. When the economy is struggling, the opposite is true.

### [How SolarCity Makes Energy Efficiency Easy](#)

SolarCity's business model is simple: it wants to make the act of buying and installing solar power as easy as any other home upgrade, while allowing homeowners to pay it off gradually rather than all at once. Very quietly, though, SolarCity has been doing the same thing with energy efficiency—providing home energy audits, and then working with homeowners to upgrade their heaters, air-conditioners and other energy sucking devices.

### [Noise Pollution Is Changing Forests](#)

The scientists set up motion-activated cameras at various sites in the Rattlesnake Canyon Wildlife Area, in northwestern New Mexico. Some sites were quiet; others were near natural gas wells, equipped with noisy compressors.

Dr. Francis's team found that in noisy areas, many mice seek out pinyon seeds while scrub jays avoid them altogether.

### [Portland's urban agriculture movement is more than just gardening](#)

For most, the definition of permaculture is to maximize yield out of soil, according to

O'Leary. "But I'm also interested in the broader sense of permaculture; of how do we organize society that's a bit less energy intensive."

### [Fracking could foil carbon capture plans](#)

Talk about the law of unintended consequences. Cracking open solid rock in a bid to squeeze out natural gas could spoil future efforts to store the carbon dioxide we release from burning fossil fuels.

### [Farming needs 'climate-smart' revolution, says report](#)

Major changes are needed in agriculture and food consumption around the world if future generations are to be adequately fed, a major report warns.

Farming must intensify sustainably, cut waste and reduce greenhouse gas emissions from farms, it says.



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