



## Drumbeat: April 1, 2012

Posted by [Leanan](#) on April 1, 2012 - 9:52am

### [Taking a calculated risk on high oil](#)

Oil futures in Europe traded at \$120-plus last month, and Riyadh can expect a hefty windfall in the coming year, especially if geopolitical tensions in the region and abroad continue to keep oil prices up, neighbouring Iraq continues to underperform as a producer, and the world's economic powerhouse, China, continues to buy more and more oil, says a London-based energy analyst.

Yet while 2012 is shaping up to be another good year for the Saudi balance sheet, concerns are growing in Riyadh that certain aspects of government policy are unsustainable in the long-run, especially if oil prices fall – as they may well do. “Generally,” says the analyst, “oil prices as high as we have seen in 2011 and 2012 have triggered recessions. In fact, the only time we have seen these kinds of numbers was just before the 2008 crisis, so there is real potential there for a collapse in prices. “Traders are focused on the upside to prices – geopolitical risk, in Iran and again now in Libya; Chinese demand, the US economy growing if unevenly – rather than the downside: the Eurozone and the effect high oil prices often have on the global economy. Take away the upside risks, and we could see another collapse in prices.”

Riyadh's domestic response to the Arab uprisings of 2011 was to dramatically boost its spending on bonuses, wages, and housing projects. Overall, the Gulf's largest economy spent more than SR800 billion (\$215 billion) over the year, 40 percent more than it had budgeted. On paper, spending was trimmed for 2012. Riyadh has planned for SR690 billion of spending this year – still more than the original budget for 2011 – while cash has been carried over from 2011 for future projects.

### [Italian government alarmed at high consumer power prices](#)

(Reuters) - Italian Prime Minister Mario Monti's government has reacted with concern at rising electricity and gas prices that are set to hit hard-pressed consumers already reeling from tough austerity measures and a sharp rise in the cost of living.

Industry Minister Corrado Passera warned at the weekend that the government would have to reconsider subsidies given to the renewable energy sector following steep price increases announced by Italy's gas and electricity authority.

### [US welcomes Turkey cutting Iran oil imports](#)

(ISTANBUL) - The United States Sunday welcomed Turkey's decision to reduce its purchases of oil from neighbouring Iran by 20 percent.

"I was encouraged to hear Turkey's announcement that it will significantly reduce crude oil imports from Iran," US Secretary of State Hillary Clinton told a press conference in Istanbul where she attended a "Friends of Syria" conference.

### [Iraqi Kurdistan halts oil exports over pay dispute](#)

(Reuters) - Iraq's autonomous Kurdistan region halted its oil exports on Sunday, accusing the central government in Baghdad of failing to make payments to companies working there in the latest clash in their long-running dispute over oil rights.

The friction between Iraq's government and Kurdish region, autonomous since 1991 with its own government and armed forces, centers on control of oilfields and revenues in the north, and has already trimmed payments to producers like Norway's DNO.

### [The man who would beat Hugo Chavez](#)

(Reuters) - Tired and hungry after hours of working crowds under a blistering Caribbean sun, Venezuelan opposition leader Henrique Capriles needs a rest and some food back in his campaign bus.

Yet the sports-loving folk of Baralt, a hard up and dusty district in Venezuela's western oil belt, seldom see VIPs and urge him to join a local basketball game.

### [Total to get go-ahead to kill leaking North Sea gas well](#)

(Reuters) - The UK authorities will grant French oil company Total permission in the next few days to proceed with plans to staunch the leaking well on its North Sea Elgin gas field, industry sources said on Sunday, a day after a dangerous flare blazing above the Elgin production platform went out of its own accord.

### [Refrain from excessive intervention in TEPCO](#)

Tokyo Electric Power Co. has requested a capital injection of 1 trillion yen in public funds from a state-backed entity.

The embattled power utility also has sought about 850 billion yen in additional financial assistance from the Nuclear Damage Liability Facilitation Fund, to be used for ballooning compensation payments.

This is because TEPCO is in danger of recording a negative net worth due to its massive financial burdens related to the crisis at the Fukushima No. 1 nuclear power plant.

Among these burdens are compensation payouts, scrapping the plant's reactors and increasing fuel costs for thermal power generation to make up for sharp declines in nuclear power generation.

### [Waking Up to the End of the World as We Know It](#)

It occurred to me that a post-fossil fuel sustainability demonstration project might be a good idea. And why not create one out here, on the sleepy East Coast of Canada? In an odd bit of circumstance I ended up in a meeting with Frank McKenna, former provincial premier, former Canadian ambassador to the U.S., VP of TD Bank, etc., and chatted about the idea.

I showed him a graph that tied just about every modern growth pattern (from industry to information) to the exponential use of fossil fuel over the past 150 years. I pointed to the top of the curve, Peak Oil, and the rapid decline, which would become critical in my view by 2040 when the world's population would still be rising dramatically. I said, "We have about 30 years left."

He brushed the graph aside and looked at me flatly. He told me that he was sitting on the board of a major oil company and that the crisis isn't 30 years out. It's considerably less than that.

### [Oil Rises on U.S. Economic Data, Decision on Sanctions](#)

Oil climbed, capping a second quarterly gain, after reports showed U.S. consumer sentiment and spending rose and President Barack Obama cleared the way for new sanctions targeting Iran.

Futures increased 24 cents as an index of consumer sentiment rose in March and U.S. purchases gained the most since July. Crude reached its intraday peak when Obama determined that world oil supplies were sufficient to proceed with sanctions on banks in countries that import Iranian oil.

### [Gasoline Heads for Best Quarter Since 2009 as Supplies Decline](#)

Gasoline had its biggest quarterly gain in a year on speculation that refinery closures and seasonal repairs will trim supply of summer-grade fuel in the eastern U.S. at a time when demand typically rises.

### [Iraq March Crude Exports Rise to Highest in Post-Hussein Era](#)

Iraq's crude oil exports and revenue rose in March to their highest levels in the nine years since the U.S.-led invasion that toppled former President Saddam Hussein, the head of the State Oil Marketing Organization said.

Exports of crude averaged 2.32 million barrels a day, generating monthly sales of \$8.4 billion, Falah al-Amri said today in a telephone interview in Baghdad.

### [Argentina on new campaign to win Falklands, 30 years after war](#)

BUENOS AIRES — Thirty years after Argentina's failed invasion of the Falkland Islands, President Cristina Fernandez is ratcheting up pressure by trying to isolate the archipelago's English-speaking inhabitants while heaping scorn on a British government that has refused to relinquish control.

Argentina's efforts, calculated to force Prime Minister David Cameron's government into sovereignty negotiations, come at a poignant moment for Argentina: the anniversary of the land-and-sea assault launched against the islands on April 2, 1982, by a waning dictatorship. Though lasting just 74 days, the war had all the hallmarks of a fierce conventional conflict, complete with sunken warships, the firing of Exocet missiles, artillery bombardments, amphibious landings, aerial dogfights and more than 900 deaths.

### [Argentina threatens to sue banks helping Falklands oil explorers as trade war with Britain escalates](#)

A group of British and American banks have been threatened with legal action by the Argentine government for advising and writing research reports about companies involved in the Falkland Islands' £1.6bn oil industry.

### [Argentine Government Decides to Take Over YPF, Pagina 12 Says](#)

Argentina's government has decided to take over YPF SA and is debating whether to expropriate the oil company or buy a stake and control its management, Pagina 12 reported, citing officials it didn't identify.

### [Indonesian Parliament Approves Conditional Fuel-Price Rise](#)

Indonesia's parliament gave the government conditional authority to raise fuel prices, after President Susilo Bambang Yudhoyono's Democrat Party dropped its push for an April 1 increase.

Lawmakers voted 356 to 82 in favor of a proposal by the Democrats to allow an increase if the Indonesia Crude Price, or ICP, exceeds the budget assumption of \$105 a barrel by 15 percent over a six-month period, Speaker of the House Marzuki Alie said after the 1 1/2-hour session ended at about 1:30 a.m. Two opposition parties walked out on the proceedings.

### [Italians Get Sticker Shock at the Pump](#)

Austerity measures introduced by Prime Minister Mario Monti's government have pushed Italian gas prices to the highest in Europe, an average of 1.82 euros per liter, or \$9.17 per gallon, with taxes accounting for about 54 percent of the total, Bloomberg Businessweek reports in its April 2 issue.

It's a profound shock for this country of car lovers, home of supercar makers Ferrari SpA and Lamborghini SpA, where the rate of vehicle ownership is among the highest in the world, and one that's producing even more economic pain, as Italians curtail travel and shun new-car purchases.

### [Four in five blame Government for the 'needless fuel panic'](#)

The British public today vents its fury against the Government for stoking the fuel crisis, with 81 per cent of voters accusing David Cameron and ministers of creating an "unnecessary panic" over petrol shortages.

With Mr Cameron struggling to get back on to the front foot after the worst week of his premiership, 72 per cent of people believe the Government is "out of touch with ordinary voters", a devastating poll for *The Independent on Sunday* shows.

### [Russia's Pacific Sakhalin island braces for blizzard](#)

(Reuters) - Russia's Emergencies Ministry said on Saturday it expected blizzards and high winds to batter the northern parts of Sakhalin and the Kuril Islands on Sunday, an area that is home to international oil and gas projects.

### [Bulgaria Gets Russian Gas Discount in Tradeoff for South Stream](#)

Russia has pledged an 11-percent gas discount for Bulgaria in exchange for faster progress on the construction of the Bulgarian leg of the South Stream gas pipeline, Bulgarian Economy and Energy Minister Delyan Dobrev said.

### [Exxon Retains Disputed Field With Alaska Condensate Deal](#)

Exxon Mobil Corp., ConocoPhillips and BP Plc (BP/) agreed to pump light crude oil from a dormant Alaskan field and offer natural gas to Asian utilities in exchange for the right to retain leases the state sought to reclaim.

### [Post-Gaddafi Libya confronts its diversity](#)

TRIPOLI, LIBYA — At the entrance to Tripoli's main landfill, Mustafa al-Sepany stands in combat fatigues, wearing an expression that says no trash trucks will get past him. For four months, none has, leaving the country's capital city wallowing in uncollected garbage.

Sepany is one of thousands of still-armed rebel fighters who ousted Libyan despot Moammar Gaddafi in last year's bloody uprising. Now he is one of the residents near the landfill who are exercising their newfound freedoms by declaring they don't want Tripoli's trash. Anywhere but here, they say. And in post-revolution Libya, not-in-my-backyard fights come with automatic weapons.

### [How do you save a refinery? It can be done, just look at Delaware](#)

Refining faced, and continues to face, various challenges, from a national energy policy desiring to replace gasoline with renewable fuels to declining demand to the East Coast's limited access to less expensive crude.

But, for a myriad of reasons, the purchase and restart of the Delaware City refinery became a tangible example of unyielding determination, perseverance and just enough luck to make a damn-near miracle a reality.

### [Volcker rule could raise energy prices, study says](#)

(Reuters) - The proposed Volcker rule crackdown on trading and investing by banks could cause gasoline, electricity and natural gas prices to rise, according to a new report.

The report, released on Wednesday by business information provider IHS Inc, seeks to gauge the rule's impact on energy companies and markets, including oil refineries, natural gas producers and electricity providers.

### [Obama - Big Oil Truths and Elisions](#)

<http://www.opednews.com/articles/Obama--Big-Oil-Truths-and-by-Rowan-Wolf-120331-470.html>

### [Clinton Says Assad Is Ignoring UN's Plan to End Syria Violence](#)

The United Nations effort to broker an end to violence in Syria is faltering as President Bashar al- Assad ignores his commitment to adhere to the agreement, Secretary of State Hillary Clinton said today.

### [Syrians Fighting Assad Must Be Backed If UN Fails, Erdogan Says](#)



The international community must support the Syrian opposition's fight against President Bashar al-Assad if the United Nations doesn't take action to end the violence, Turkish Prime Minister Recep Tayyip Erdogan said.

### [Obama moves to choke Iran oil exports](#)

WASHINGTON — President Barack Obama gave the go-ahead for robust sanctions against Iran's energy sector Friday, judging there is enough oil on world markets to ensure the move will not hammer US consumers.

With just hours to go before a deadline to decide, Obama determined the United States could punish banks and other financial institutions for buying oil from Iran, without causing a global oil shock.

### [Clinton Says Will Soon Be Clear If Iran Serious About Talks](#)

Secretary of State Hillary Clinton said it will soon be clear whether Iran is serious about talks on its nuclear program, and warned that the window to engage "will not remain open forever."

### [Iran Breaks UN Resolutions on Nuclear Program, Russia Says](#)

Iran is breaching United Nations resolutions and increasing the size of its nuclear program amid an "alarming" escalation in global rhetoric toward its atomic plans, Russia's Deputy Foreign Minister Sergei Ryabkov said.

"The scale of the Iranian nuclear program is expanding," Ryabkov said yesterday in an interview in New Delhi. This "is in direct violation of UN resolutions."

### [SKorea to work with US to reduce Iran oil imports](#)

SEOUL, South Korea (AP) -- South Korean officials said Saturday that they will continue working with the U.S. to reduce oil imports from Iran after President Barack Obama greenlighted potential sanctions against countries that continue to buy Iranian oil.

### [China rejects Obama's Iran oil import sanctions](#)

China rejected President Barack Obama's decision to move forward with plans for sanctions on countries buying oil from Iran, saying Saturday that Washington had no right to unilaterally punish other nations.

## [Obama Risks Higher Oil Prices From The Iran Embargo](#)

The White House needs the cooperation of western European nations, China, India and Japan to enforce an embargo on Iranian oil and prevent Iran from obtaining a nuclear bomb that threatens peace in the Middle East. This could be tough as nations like France, Spain, Italy, Belgium, Germany and Portugal import over 700,000 barrels of oil daily from Iran.

## [Are oil sanctions the best way to curb a nuclear Iran?](#)

The Obama administration imposed tighter oil sanctions on Iran on Friday in hopes that the threat to its economy would force the country to abandon its suspected nuclear weapons program. That's in addition to the European Union's sanctions, which begin July 1. But is an economic threat persuasive enough? It all depends on who you ask.

## [Iran sanctions don't require drawing on strategic petroleum reserve](#)

The president should think twice before dipping into the backup, currently 700 million barrels, that Congress created in 1975 to protect against a "severe energy supply interruption." Though the average U.S. price of regular unleaded gasoline is almost \$4 per gallon and is likely to rise along with Middle East tensions, that does not yet equate with the Persian Gulf War or Hurricane Katrina, to name two past emergencies in which presidents used the reserve.

## [High Methane in Pennsylvania Water Deemed Safe by EPA](#)

Tests by the Environmental Protection Agency of water in Dimock, Pennsylvania, found elevated levels of methane consistent with leakage from gas drilling nearby, according to scientists who reviewed the data.

Results from the first 11 wells tested by the EPA found one with a methane level of 52 parts per million, which could be explosive, and a total of six with more than the 7 milligrams per liter at which drillers are required to notify the state. The findings raise questions about the EPA's March 15 statement to Dimock residents that their water didn't pose a health risk, said Ronald Bishop, a chemist at the State University of New York's College at Oneonta.

## [Report: Shell drilling plan fails to account for risk factors](#)

WASHINGTON--Days after the Obama administration approved Royal Dutch Shell's oil spill response plan for drilling in the Arctic Ocean off the Alaska coast, an independent federal report said that Shell's plan fails to take into account the risks unique to oil production in harsh, icy offshore conditions.



### [Brazil spots new oil leak as safety worries rise](#)

(Reuters) - Brazilian authorities identified a small oil leak off the shores of Rio de Janeiro on Saturday, the latest in a series of spills that has raised safety concerns over the development of some of the world's largest petroleum reserves.

The latest oil leak comes days after a Brazilian prosecutor said he is widening a probe into offshore oil operations in the wake of a 3,000-barrel spill in an offshore field run by Chevron in November.

### [Conoco pays Chinese fishermen for oil spill-report](#)

(Reuters) - U.S. energy giant ConocoPhillips and CNOOC Ltd have agreed to jointly pay 305 million yuan (\$48 million) in compensation to Chinese fishermen and restore the maritime environment in the Bohai Bay area after a major oil spill there last year, state media reported on Sunday.

### [Oil & Gas Industry, Clean Up Your Act -- and Make Money](#)

U.S. oil and gas industry, clean up your act. You'll increase your annual profits by \$2 billion if you do.

So says the Natural Resources Defense Council in a new report released this week. The NRDC says companies in the oil and gas sector could add billions of dollars to their bottom line if they did more to capture leaking emissions for sale instead, like methane, created when natural gas and oil is produced.

### [Japan Nuclear Plant May Be Worse Off Than Thought](#)

TOKYO — The damage to one of three stricken reactors at the Fukushima Daiichi plant could be worse than previously thought, a recent internal investigation has shown, raising new concerns over the plant's stability and complicating the post-disaster cleanup.

### [RWE, E.ON scrap \\$24 bln British nuclear plan](#)

LONDON/DUESSELDORF (Reuters) - German utilities E.ON and RWE have pulled out of a 15 billion pound (\$23.78 billion) plan to build new nuclear power stations in Britain, throwing into doubt the UK government's push for a new fleet of nuclear plants by 2025.

The companies said Germany's sudden decision to phase out nuclear power, the high running costs of their Horizon joint venture and the long lead times required for nuclear plants resulted in the decision to sell the venture.

### [Earthquake zone on EU border to host Belarus nuclear plant](#)

"The decision to build the station was entirely political ... It makes no sense to build it here. It's a fault line and the closest water source is 10 kilometres away," a Belarusian geologist - who does not want to reveal his name and who lost his job last year because a close relative spoke out against President Alexander Lukashenko - told this website.

### [Korea shows nuclear's friendly face](#)

Fostering public acceptance is vital for South Korea, which plans to build seven more nuclear power plants to add to its fleet of 23. Atomic power, which accounts for about a third of the country's electricity generation, has helped to meet demand that has grown tenfold from 5.46 million kilowatts in 1989 to 58.99 kilowatts in 2006 thanks to South Korea's economic and industrial transformation from a developing nation to a donor country.

### [Uranium Mines Dot Navajo Land, Neglected and Still Perilous](#)

CAMERON, Ariz. — In the summer of 2010, a Navajo cattle rancher named Larry Gordy stumbled upon an abandoned uranium mine in the middle of his grazing land and figured he had better call in the feds. Engineers from the Environmental Protection Agency arrived a few months later, Geiger counters in hand, and found radioactivity levels that buried the needles on their equipment.

### [Japan experts warn of future risk of giant tsunami](#)

TOKYO (AP) — Much of Japan's Pacific coast could be inundated by a tsunami more than 112 feet high if a powerful earthquake hits offshore, according to revised estimates by a government panel.

### [Vestas Wind Turbine Catches Fire in Germany, No Injuries](#)

Vestas Wind Systems A/S (VWS), the world's largest wind-turbine maker, said a V112 3.0-megawatt turbine caught fire today at the Gross Eilstorf wind farm in Lower Saxony, Germany. No injuries were reported.

The cause of the 3 p.m. blaze, which is burning out under "controlled conditions," hasn't been determined, the Aarhus, Denmark-based company said in a statement. The turbine, a new model for Vestas, was disconnected from the grid and three nearby V112 turbines were shut for safety reasons, it said.

### [Great Lakes States Agree to Streamline Freshwater Wind Projects](#)

The White House and five of the eight states that border the Great Lakes today agreed to streamline the approval process for offshore wind farms in the region.

Illinois, Michigan, Minnesota, New York and Pennsylvania, will coordinate reviews of proposed projects, Nancy Sutley, who chairs the White House Council on Environmental Quality, said today on a conference call.

### [World landmarks dimmed for Earth Hour to highlight climate change](#)

LONDON — Hundreds of world landmarks from Berlin's Brandenburg Gate to the Great Wall of China went dark Saturday, part of a global effort to highlight climate change.

Earth Hour, held on the last Saturday of March every year, began as a Sydney-only event in 2007. The city's iconic Harbor Bridge and Opera House were dimmed again this year.

### [The EPA's \(very small\) step on carbon emissions](#)

ON TUESDAY, the Environmental Protection Agency announced its first limits on carbon dioxide emissions from new power plants. By requiring that facilities produce less than 1,000 pounds of carbon dioxide per megawatt-hour, the rule essentially bans construction of traditional coal-fired power plants. That's good: Burning coal releases lots of carbon dioxide and a range of nasty pollutants that encourage heart attacks and respiratory illness.

### [Michael Mann 'Disappointed' In Obama's Global Warming Record](#)

I thought there was some irony to Obama going to Oklahoma, the state that maybe has been most devastated thus far by the emerging effects of climate change, to present a vision of our energy future that really did seem to ignore climate change. I was disappointed by that frankly.

### [Climate change: the Arctic is too precious to be left unprotected](#)

Opening up the Arctic to development will undoubtedly bring benefits but the changes that are now being proposed also pose risks. Few treaties govern this region and it remains hopelessly exposed to ecological damage.



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