



## Drumbeat: April 4, 2012

Posted by [Leanan](#) on April 4, 2012 - 9:08am

### [The End of the Saudi Oil Reserve Margin](#)

President Obama's sanctions plan on Iran follows an old Mideast policy playbook. Western moves against an oil-exporting country take place with the cooperation of Saudi Arabia. U.S. strategy requires the Saudis to ramp up production and replace Iranian exports in hope of avoiding a damaging spike in prices.

It's a familiar scenario: At one time or another, the Saudis have been called upon to replace exports from Iran, Iraq, Kuwait and, most recently, Libya. The idea is to have your cake and eat it—to meet U.S. foreign policy goals without disrupting oil markets and antagonizing the American motorist.

But the old playbook may have to be torn up. This time Saudi Arabia is struggling to assume its usual role as the oil market's swing supplier. This can be seen in current market tightness and in U.S. gasoline prices, which are edging toward \$4, a dangerous prospect at election time.

### [Oil Falls a Second Day on Supply as Fed May Halt Stimulus](#)

Oil dropped for a second day amid rising crude stockpiles and speculation the Federal Reserve may refrain from more monetary stimulus to boost the U.S. economy.

Futures slipped as much as 1.1 percent in New York, extending yesterday's drop. An American Petroleum Institute inventory report after the market closed showed an increase in crude supplies three times larger than analysts expect a separate report from the Energy Department to show later today. Federal Reserve minutes from a March policy meeting showed it plans to hold off from increasing monetary accommodation unless economic expansion falters.

"I don't think we really have a problem with supply right now," said Sintje Boie, an analyst at HSH Nordbank in Hamburg who predicts Brent crude will stay at about \$120 a barrel until the middle of the year. "We'll only see oil prices between \$130 and \$150 if there's an escalation in the conflict with Iran. But I think we'll get some kind of diplomatic solution."

### [Gas prices pause their rise, but it's just a pause](#)

NEW YORK — The surge in gasoline prices has stalled around \$3.92 per gallon, but experts caution that more increases are coming.

Many refineries still haven't undergone a seasonal maintenance period that will force them to produce less gas. That will tighten supplies in some parts of the country, especially in the Great Lakes region, and push prices higher.

"In about two weeks we're going to see more refineries go into maintenance, and prices are going to creep up," said Patrick DeHaan, a retail price expert with GasBuddy.com. DeHaan expects the national average to rise to between \$3.95 and \$4.35 per gallon by the end of April.

### [Gasoline prices spike before Easter weekend](#)

Canadians woke up to spiking gasoline costs this morning, with prices reaching 140.1 cents a litre in Toronto and 147.9 in Montreal.

That's about eight per cent higher than a year ago, even though crude oil prices are lower.

### [Gulf in Oil Prices May Set Up Market for a Fall](#)

The price of front-month oil Brent crude futures has ballooned to more than \$30 above the cost of contracts for delivery in 2018, which some say calls into question the claims of those who believe that oil output has peaked.

The disparity between the two dates suggests that current high prices may be just temporary, rather than a long-term phenomenon, some analysts said.

### [UK gas curve at four-week low on weak oil](#)

LONDON (Reuters) - British benchmark front-season gas opened Wednesday's session at a four-week low on weaker oil prices and may extend losses as it is approaching a key technical support level, traders said.

### [Stop finger-pointing on gas prices](#)

(CNN) -- For most Americans, energy policy right now is all about gasoline prices. And given the political claims and counterclaims on this issue being tossed about, it's no wonder that the public is both skeptical and confused. Republicans charge that the president is responsible for higher prices at the pump, and a certain GOP presidential hopeful has even been so bold as to promise a return to \$2.50 a gallon gasoline.

How can the average American, already feeling the impact of higher prices, filter

through the nonsense and noise?

### [Solutions for High Gas Prices](#)

It is common knowledge that there is no quick fix for high gas prices.

Reducing our reliance on oil is going to be a long-term effort and we're probably in for higher prices no matter what we do because we're facing a number of macro trends – including tight global supplies (peak oil), ongoing tensions with Iran, etc., and perhaps also some amount of speculation in oil prices.

But is it really true that we can't do anything to bring down gas prices in the short-term? Maybe not. There are in fact a number of policies that could have a rapid impact on demand and possibly even bring down gas prices dramatically.

### [The Oil Rich States in the USA](#)

Though it is not always the cause, the States with the most Crude Oil reserves generally have strong economies.

6 of the 10 states with the most reserves have among the lowest unemployment rates in the Country; 7 had the smallest increases in the unemployment rate from Y's 2004 to 2010; and 8 of the states had the largest increases in median household income from Y 2005 to 2010.

### [Oil costs and piracy take toll on shipping](#)

Rising oil prices and piracy are among the biggest threats to the global shipping industry, says the UAE Minister of Economy.

"The oil price fluctuation ... in the short term is not positive and will impact the maritime trade," Sultan Al Mansouri told a delegation at the World Ports and Trade Summit in Abu Dhabi yesterday.

### [Somalia: EU antipiracy force to 'seize initiative'](#)

NAIROBI, Kenya (AP) – The European Union's anti-piracy military force will become more proactive in the fight against pirates, the departing force commander said Tuesday, in an effort to seize the initiative in an evolving battle that is moving closer to land.

The EU Naval Force announced last month that it will expand its mission to include Somalia's coast and waterways inside the country for the first time. Rear Adm. Jorge

Manso, whose tenure as force commander ends Saturday, said the EU force's mission is evolving.

### [The cost of blunting peak oil](#)

The notion of “peak oil” says that the world’s rate of oil production will hit a permanent decline, if it hasn’t already. It’s one compelling reason why we’re supposed to pursue alternative fuel sources, especially for transportation, where oil rules.

But as the latest Time Magazine notes (subscription may be necessary, although you get a few free trial issues), we’re so addicted to the stuff that we are paying a huge premium both financially and environmentally to extract it from harder to reach places often using unconventional drilling techniques.

### [There’s no place like home... that’s just as well given the cost of petrol](#)

What we saw last week was a taste of Peak Petrol. Ok, we didn’t run out, but people behaved as if we were about to.

### [Will High Gas Prices Bring On Another Summer of the ‘Staycation’?](#)

Record-high gas prices have already hit certain parts of the country. The national average is creeping closer and closer to \$4 per gallon, with steady increases expected for the months ahead. Soaring fuel costs and consolidation in the airline industry have brought about a surge in flight prices, while hotel prices have spiked recently as well. All of these factors make the argument that if money is tight in your household, it’s wise to vacation this summer close to home, or perhaps without even leaving home.

Remember the “staycation”? In 2009, when recession concerns reached their peak, the term came into widespread use, referring to the practice of staying home (or close to home) as a money-saving alternative to the traditional vacation involving a flight or long road trip.

### [Why Obama shouldn't tap U.S. oil reserves](#)

NEW YORK (CNNMoney) -- As U.S. sanctions on Iran tighten and gas prices reach record levels, it is becoming more likely that a release of oil from the U.S. Strategic Petroleum Reserve is in the works. Yet analysts aren't convinced tapping the SPR is a good idea.

### [The Philippines: How to Slay the Oil Price Monster](#)

How do we deal with Big Oil? First of all, get rid of the fear of retaliation. Secretary Almendras evoked this fear when he said last year, in response to demands on him to discipline the oil companies, "What can we do when the oil companies tell us they want to back out?" Let us not be naive: these companies cannot afford to leave the Philippines, since it will remain a profitable market even if their superprofits are trimmed by government action. A key rule in capitalist economics is, never, never leave a market you dominate.

### [Oil production still unstable in Libya](#)

Post-war Libya is likely to struggle to maintain oil production levels and boost pumping capacity, as funding constraints and security concerns could prevent the country's oil company and foreign oil firms from making necessary investments.

Constraints on investments in existing facilities and exploration activity, as well as security concerns, could hamper the work of the country's National Oil Corporation (NOC) and foreign operators.

### [US Unveils Plan to Cut Onshore Oil Drilling Permit Application Time](#)

WASHINGTON - The Obama administration announced a plan Tuesday to expedite permits for oil and natural gas drilling on public lands.

Under attack from Republicans who say the administration isn't doing enough to promote domestic energy production, the Interior Department said it was switching to an automated system for reviewing drill-permit applications.

The new system should cut the review time from 298 to 60 days, Bureau of Land Management Director Bob Abbey said Tuesday.

### [Insight: Lost in translation: U.S. refining model floors Petroplus](#)

CORRINGHAM, UK (Reuters) - Flush with success in building up his oil refining business in the United States, New Yorker Thomas O'Malley was confident he could repeat the trick in Europe at the helm of Petroplus.

Now the man nicknamed the "godfather of refining" has gone, Swiss-based Petroplus is in administration and only one of its five refineries has avoided at least temporary closure.

The future of all five remains in doubt, threatening thousands of jobs in central and northern Europe.

### [Chesapeake 'Optimistic' for Future Ohio Utica Shale Production](#)

Initial drilling results from Chesapeake Energy's Ohio Utica shale activity continues to fuel the company's optimism over the future production from the play, Keith Fuller, director of corporate development for Chesapeake, said in a statement.

The Ohio Department of Natural Resources (ODNR) on Monday reported that five Ohio Utica shale wells operated by Chesapeake subsidiary Chesapeake Appalachia produced 45,513 barrels of oil and 2.5 MMcf of gas in 2011.

### [Falkands anniversary sparks attack on British Embassy in Buenos Aires](#)

A Falklands protest in Argentina took a violent turn outside the British Embassy in Buenos Aires on April 2, the 30th anniversary of the war between the two nations.

Demonstrators, who had earlier been part of an organised march on the embassy by left-wing political groups, threw rocks and home made explosives at police.

### [Impact of Iran Sanctions Widens](#)

The Iran sanctions effort led by the United States appeared to be causing new fractures in the Iranian economy on Tuesday, with leading oil companies in South Africa and Greece suspending imports of Iran's crude oil, further signs of emergency self-reliance emerging in Iran, and an influential former Iranian president publicly challenging his country's anti-American stoicism.

### [Showa Shell to buy Iranian crude in April -sources](#)

(Reuters) - Showa Shell Sekiyu KK , Japan's largest buyer of Iranian crude, will import oil from the Islamic Republic in April even though differences over terms have held up an annual contract renewal, three sources said on Wednesday.

Japan, the world's third-largest oil consumer, is cutting imports as the United States and European Union tighten sanctions on Iran in response to its nuclear programme, making it difficult for refiners to find shippers, insurers to underwrite trade and banks to clear payments.

### [Tensions mount on Syria-Lebanon border](#)

WADI KHALED, Lebanon – Lush mountains melt into the valley separating Syria from Lebanon, a haven for smugglers and more recently an underground railroad for Syrians fleeing their country's army.

Thousands of Syrians are scratching out an existence on the other side of the 200-mile border with Lebanon after escaping a year-long military assault by the forces of Syrian President Bashar Assad.

### [Essar Oil Loses Bid to Overturn \\$1.2 Billion Tax Payment Order](#)

Essar Oil Ltd. (ESOIL) lost a bid to overturn an order that it pay 63 billion rupees (\$1.2 billion) in sales tax to the Gujarat state government, with India's top court today rejecting the request. The shares plunged.

### [Mexican plan for Gulf deepwater wells sparks new worries](#)

MEXICO CITY — Two years after the worst offshore oil spill in U.S. history, Mexico's state oil company is about to test its hand at drilling at extraordinary depths in the Gulf of Mexico.

### [Oil Company Says Gas Leak Costs \\$2.5 Million a Day](#)

LONDON — Total, the French oil company, said Monday that a natural gas leak off the coast of Scotland was costing it \$2.5 million a day and that it was too early to say when it could be stopped.

### [Chevron Sued for Another \\$11 Billion on Brazil Oil Spill](#)

Chevron Corp. and Transocean Ltd. are being sued for another 20 billion reais (\$11 billion) by a Brazilian federal prosecutor in a new lawsuit over a second oil spill at the Frade field off the nation's coast.

Chevron committed "a series of errors" that led to the March spill at the project, the federal prosecutor's office said in an e-mailed statement yesterday. Prosecutor Eduardo Santos de Oliveira is also seeking to halt operations at Frade and block Chevron from transferring profits from Brazil, according to the statement.

### [EDF Sticks to U.K. Nuclear Projects as RWE, EON Quit Vent](#)

Electricite de France SA, the world's biggest operator of atomic plants, remains committed to developing nuclear reactors in the U.K. even after Germany's two biggest utilities abandoned projects in the country.

### [Paying car loans comes first with many consumers](#)

"Consumers need their cars to either get to work or seek employment," says Ezra Becker, vice president of research and consulting at TransUnion, citing the "still stubbornly high" unemployment rate of 8.3%.



Becker also says that with a "really, really strong" used car market, consumers are more willing to protect the value of their car by staying current on payments. Whereas with the housing market still recovering and many homes worth less than what consumers owe on them, there's less motivation to make mortgage payments on a "negative asset."

### [Strong car sales signal automakers' comeback](#)

NEW YORK (CNNMoney) -- The Big Three U.S. automakers all reported strong March sales, as buyers flocked to dealerships in numbers not seen in years to buy everything from fuel-efficient small cars to large pickups.

Industrywide U.S. sales rose 12.7%, according to sales tracker Autodata, capping the best quarter for auto sales in the United States since the first quarter of 2008, before the combination of a gas price spike and the meltdown in financial markets later that year devastated sales and nearly led to the end of the U.S. auto industry.

### [The new normal in American cars](#)

Yes, the Detroit automakers are enjoying a rebound. But, since the last recession, the U.S. market has shifted dramatically.

### [Wheels of tomorrow: Fossil fuels](#)

Analysts predict that gasoline engines will still be the predominant powertrain sold in the U.S. a decade from now, capturing 68% of the market, down from 83% in 2011. But how fast their share actually shrinks will depend on a number of factors ranging from the price of oil to the pace of improvements in the cost and efficiency of alternative powertrains like natural gas, batteries, and fuel cells. In the meantime, ladies and gentlemen, start your engines.

### [Wheels of tomorrow: Why Boone Pickens loves gas](#)

FORTUNE -- In March, the U.S. Senate narrowly defeated a bill that would have provided billions of dollars in tax credits to boost deployment of natural-gas-powered vehicles. That won't stop billionaire energy magnate T. Boone Pickens, who championed the plan. He still believes natural gas is the best way to help America reduce its dependence on foreign oil.

### [Fisker unveils its new Atlantic plug-in car](#)

NEW YORK (CNNMoney) -- Fisker Automotive, best known as the manufacturer of the Fisker Karma, a high-end plug-in luxury car, unveiled its next model, the Atlantic, Tuesday night in advance of the New York Auto Show.



## [7 electric cars for the future](#)

These pure-electric cars are now available or will soon be in the U.S.

## [Questions raised over novel fund approach for high-speed rail](#)

SACRAMENTO - California's revised plan to build the nation's first high-speed rail system identifies an alternative source of funding if federal and private-sector contributions fail to materialize - fees generated from California's new cap-and-trade program for greenhouse gas emissions.

However, there are legal and logistical questions about whether those fees, which could range from \$660 million to \$3 billion in the first year of the cap-and-trade program, could be used to build a high-speed rail line.

## [The new American household: 3 generations, 1 roof](#)

NEW YORK (CNNMoney) -- As the economy continues to take a toll on consumers' finances, a growing number of people are discovering that becoming roommates with mom and dad, or a 20- or 30-something son or daughter, helps to ease some of the financial pain in tough times.

As of 2010, 4.4 million U.S. homes held three generations or more under one roof, a 15% increase from 3.8 million households two years earlier, according to the latest data available from the Census Bureau.

## [Permaculture: a new dominant narrative?](#)

Of course permaculture is the antithesis of the current dominant narrative with its focus on small scale solutions, distributed local decision making and conservation rather than consumption of resources. For this reason it will get scant attention from those who control the current dominant narrative. But that is okay, because for those who do question the dominant narrative it provides an avenue of hope as well as a practical alternative to the status quo in the twilight years of the perpetual economic growth narrative.

## [What's the Buzz? Inside the Advanced Biofuels Leadership Conference](#)

“Advanced biofuels are a key component of President Obama’s ‘all-of-the-above’ energy strategy to limit the impact that foreign oil has on our economy and take control of our energy future,” said Vilsack. “By bringing together farmers, scientists, and the private sector to produce fuel for the American military, we can help spur an industry producing

biofuels from non-food feedstocks all over the nation, strengthen our middle class, and help create an economy built to last.”

The Secretary told delegates at ABLC, “there are many reasons you must succeed,” noting job creation, consumer choice on fuels, US revival of manufacturing, energy security, opportunities for rural economic development and progress on emissions among the reasons that advanced biofuels were what he termed “the centerpiece” of a bio-based economy.

### [Senators show yellow card to DOD biofuels](#)

Since the beginning of this year the Department of Defense was going full speed with its "greening" efforts, particularly with biofuels. Then two US senators have shown the courage to question it.

### [Environmental Rules: Job Killers or Job Creators?](#)

The E.P.A. and the White House Office of Information and Regulatory Affairs, which reviews all proposed federal regulations, have never used job figures as part of the calculus of the costs and benefits of rule-making, largely because there is no accepted methodology for assessing them.

But on Tuesday, the Institute for Policy Integrity at New York University's School of Law said in a new report that despite the limitations of current methods of measuring job gains and losses, they should be considered when drawing up future environmental rules.

### [Obama's been quite good on environment](#)

Environmentalists had great expectations for Obama, which he has only partially met. In fairness, he has faced daunting obstacles: inheriting eight years of environmental neglect under President Bush and facing a Republican opposition determined to block him at every turn.

Perhaps the president's strongest, and least appreciated, conservation achievements have come in the area of land protection. Compiling the strongest land conservation record in two decades, the Obama administration has protected 26 million acres of public land (including four new national parks) and stopped uranium mining that threatened the Grand Canyon. He also took on environmentally devastating mountaintop-removal coal mining by toughening protections for water quality and canceling some especially egregious Bush era permits.

### [Trash Saved by Waste Management Worth Up to \\$40 Billion](#)

Waste Management Inc. (WM), the biggest trash hauler in the U.S., estimates the \$12.3 billion it gets for carting off rubbish to landfills may be worth more than \$40 billion a year in energy.

That's the value of fuel and chemicals the Houston-based company estimates could be extracted from the 112 million tons of trash it collected last year if the entire waste stream was diverted from landfills, said Carl Rush, senior vice president of Waste Management's Organic Growth unit.

### [Advanced power-grid research finds low-cost, low-carbon future in West](#)

The least expensive way for the Western U.S. to reduce greenhouse gas emissions enough to help prevent the worst consequences of global warming is to replace coal with renewable and other sources of energy that may include nuclear power, according to a new study by University of California, Berkeley, researchers.

The experts reached this conclusion using SWITCH, a highly detailed computer model of the electric power grid, to study generation, transmission and storage options for the states west of the Kansas/Colorado border. The model will be an important tool for utilities and government planners.

### [China's grain at risk from climate change](#)

China's agricultural security is at risk from climate change and the selling of arable lands.

"Food security remains the weakest link in China's national economic security," Han Jun, deputy director of the State Council's Development Research Center told China Daily.



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