

# The Oil Drum

DISCUSSIONS ABOUT ENERGY AND OUR FUTURE



## Drumbeat: April 7, 2012

Posted by [Leanan](#) on April 7, 2012 - 10:44am

### [Petroleum institute's numbers on oil policy a matter of dispute](#)

"Congressman, if I can, I don't want to take your time," American Petroleum Institute President Jack Gerard said in testimony March 7 at a House Energy and Commerce Committee hearing, "but there's a — an experience we have in July of 2008 that . . . we ought to go back and look closely at."

That July, Gerard said, the price of oil fell abruptly after President George W. Bush announced he would allow drilling in parts of the Outer Continental Shelf that for decades had been off-limits. As Gerard told it, "the price of crude oil over three days dropped \$15 a barrel and continued to move down." The lesson, he said, was that "markets are driven on a global basis by expectation. If the market heard the president of the United States say 'I'm serious about producing my vast energy resources,' you will see an impact in the market."

The tale was an indictment of President Obama. But there's one hitch, say oil experts. It doesn't hold together.

### [Jack Gerard, the force majeure behind Big Oil](#)

Ask oil lobbyists, oil executives, and former employees and board members of the American Petroleum Institute how they describe API President Jack N. Gerard, and one thing they don't say is soft. One calls him a "hard-nosed guy." Another says he is "a political animal" who "loves a fight." Yet another dubs him "Voldemort."

And those are people who consider themselves supporters of the oil industry.

### [What makes East Coast and West Coast gasoline more expensive?](#)

The Energy Department's weekly fuel price survey shows \$3.941 as the national average for a gallon of regular gasoline. But the number has been driven recently by the East and West coasts, which have the highest prices in the 48 contiguous states.

A gallon of regular gasoline on the West Coast is averaging \$4.231 a gallon. On the East Coast, the average is \$3.911 a gallon.

## [Road Rage: The Truth About Gasoline Prices](#)

Americans are outraged over the steady rise in gasoline prices, and as president, Barack Obama has to take responsibility for what happens on his watch. A recent Reuters/Ipsos online poll indicated that 68 percent of Americans disapprove of how Obama is handling rising gas prices.

While the backlash is inevitable, it raises a key question: How much control does the President really have over oil and gasoline prices? How people perceive the answer to that question could well decide the results of the next election.

## [Oil stocks in dire Strait](#)

For those who think tensions at the petrol pump are bad, the problems at the Strait of Hormuz is rather more combustible.

It is the narrow shipping lane between Iran and the United Arab Emirates that carries a third of the world's seaborne oil trade.

## [GOP faults Obama for 'energy crisis'](#)

Republicans sought to keep the pressure on President Obama over high gas prices Saturday with a radio speech claiming his "lack of leadership" is creating an "energy crisis."

"Americans are paying the price for his failed policies," said Oklahoma Gov. Mary Fallin in the weekly GOP address. "Finding fewer jobs, higher gas prices, and less opportunity."

## [Oil price salvation won't be found in the Bakken](#)

When gasoline prices ratchet up and it costs a hundred bucks to fill your car, the political comedy starts. Who to blame?

In the United States, the right blames the left and vice versa. Fuel taxes are too high, the American motorist moans, even though taxes in the United States are among the lowest in the world. Newt Gingrich is so outraged about high prices that he vows to slap a \$2.50 (U.S.) a gallon price ceiling on gas if he is installed in the White House. At the same time, he supports tighter sanctions on Iran, one of OPEC's biggest oil exporters, and is calling for regime change in Tehran.

Call us contrarians, but bombing Iran to get lower oil prices seems a slightly flawed strategy.

## The petroleum age is just beginning

Peak Oil is the theory that the production history of petroleum follows a symmetrical bell-shaped curve. Once the curve peaks, decline is inevitable. The theory is commonly invoked to justify the development of alternative energy sources that are allegedly renewable and sustainable.

It's time to consign Peak Oil theory to the dust bin of history. The flaw of the theory is that it assumes the amount of a resource is a static number determined solely by geological factors. But the size of an exploitable resource also depends upon price and technology. These factors are difficult to predict.

## Peak eggs: Hubbert and the Easter Bunny

A curious facet of the Easter Egg hunt is that it looks a little like mineral prospecting. With minerals, just as for eggs, you need to search for hidden treasures and, once you have discovered the easy minerals (or eggs), finding the well hidden ones may take a lot of work. So much that some eggs usually remain undiscovered; just as some minerals will never be extracted.

## Talks in UK fuel trucker dispute to resume Tuesday

(Reuters) - British fuel delivery contractors will resume talks on Tuesday with the union representing tanker drivers, who have threatened to strike over pay and conditions, a dispute that has led to criticism of the government and panic petrol buying by motorists.

## Sudan tensions imperil China's investments

Rising tensions between Sudan and South Sudan are threatening China's investments in the region.

China is the biggest player in the oil industry on both sides of the border.

## Russia cuts 2012 growth forecast

Russia has cut its 2012 growth forecast, to 3.4 per cent from 3.7 per cent, a minister said Friday, as the oil dependent-economy will likely face headwinds later this year.

## Ukraine, Russia to Set Up Gas Refining JV

Ukraine and Russia will establish a joint venture to produce machines for associated gas refining into synthetic fuel in the Samara region on Volga, Sergei Ryzhuk, governor of

the Zhytomyr region in northern Ukraine, said on Saturday.

### [Gazprom may focus Shtokman gas project on LNG](#)

(Reuters) - Gazprom may drop plans to pipe gas from the huge Shtokman field in the Barents Sea, focusing instead on producing liquefied natural gas, the Russian firm's deputy head said on Saturday.

"'LNG-only' is being looked at as one of the possible decisions," Alexander Medvedev said, the first time the firm has raised that possibility.

### [Iran Halts Greek Oil Sales, May Cut Shell As Sanctions Bite](#)

LONDON – Iran stopped shipping oil to Greece and may halt supplies to Royal Dutch Shell PLC over unpaid bills, Iran media said Friday, as the impact of sanctions widens. The news suggests a decline in Iranian oil exports last month may accelerate as banking sanctions add to an upcoming European ban on Tehran oil. That could lead to upward pressure on oil prices, which have recently surged to a four-year high.

### [Petronas's South African Unit Suspends Oil Imports From Iran](#)

Petroliam Nasional Bhd. (PET)'s Engen unit, the biggest South African importer of Iranian crude, said it has suspended imports of oil from the Middle Eastern nation amid economic sanctions by the U.S. and the European Union.

### [Iran non-oil exports surge 29% despite sanctions](#)

TEHRAN: Iran's non-oil exports surged 29 percent to nearly \$44 billion in the year to mid-March despite tough Western sanctions to rein in Tehran's disputed nuclear drive, according to officials and data.

### [Exxon Plays Balancing Act As Kurd-Iraq Rift Widens](#)

Differences between the Kurdish Regional Government and the central government of Iraq over the vast oil wealth in the northern regions of the country continue to widen despite growing interest from oil majors to begin operations in the area.

### [Japan Storm Kills Four People, Disrupts Flights, Mobile Networks](#)

Oil refiner Idemitsu Kosan Co. resumed loadings and unloadings today at its Aichi and Tokuyama refineries, which were suspended yesterday because of the storm, Kei Uchikawa, a company spokesman, said by phone.

JX Nippon Oil & Energy Corp., Japan's largest refiner, stopped loadings at its Kashima refinery in eastern Japan today, while it resumed operations at its Mizushima, Oita and Marifu refineries in western Japan, said a company official, who declined to be identified, citing internal policy. Berthing operations at its Negishi plant near Tokyo are still suspended, the official said.

### [Shell to Shut Gulf Mars Platform in Second Quarter for Work](#)

Shell, based in the Hague, will perform maintenance on the site, located about 130 miles (209 kilometers) south of New Orleans, and conduct work related to a second platform, the Olympus, that the company is building in the Mars field, Emily Oberton, a Houston-based spokeswoman, said in an e-mail.

### [Licenses Representing 11% of Output](#)

YPF SA, Argentina's largest oil producer, may lose three more licenses for fields where it extracts 11 percent of its crude as provincial governments step up pressure on the company to boost investments.

### [Baker Hughes Undervalued Despite Warning On Profit Margins](#)

Oilfield services provider Baker Hughes warned that the changing dynamics in the North American market could impact its operating margins. According to a company release, the shift from gas drilling to liquids focused drilling and other operational challenges could push down the company's operating margins before tax to 13.2%–14.2% from 18.7% in Q4 last year. [1] Competitor Halliburton has also warned that profits may be hit this quarter because of the changing industry conditions.

### [Better spill plan eyed by Exxon, agencies](#)

BILLINGS — Exxon Mobil Corp. is working with government agencies on a plan to speed up the response to oil spills along Montana's upper Yellowstone River, after a major spill last year left local officials scrambling to deal with an ill-defined threat, state and federal officials said.

### [Slaughter rule lifted for cattle near N-plant](#)

The government has scrapped a rule requiring cattle farmers still living within 20 kilometers of Tokyo Electric Power Co.'s crippled Fukushima No. 1 nuclear power plant to slaughter their livestock.

The government will allow farmers to keep cattle within the 20-kilometer radius if they are kept isolated from other animals, the officials said.

However, farmers will not be allowed to sell, transport or breed the animals, the officials said.

### [Reliant to reveal firms with smart meter grants](#)

Reliant Energy will disclose the names of companies receiving federal grants to develop its smart meter products, after the Department of Energy said the electricity retailer wasn't complying with transparency rules.

### [Nuri Plans Smart Metering Bids in Scandinavia, Japan](#)

Nuri Telecom Co. (040160), South Korea's only exporter of so-called smart metering systems used in utility services, is preparing to bid for projects in Scandinavian countries in July or August to reverse a drop in sales.

### [Hawaii Can Show the Way to a Better Energy Future](#)

Canary in a coal mine or beacon for the world? Can Hawaii replace oil with geothermal power?

### [Brazil Reiterates Solar Policy to Allay Fears of Further Delay](#)

Brazil confirmed plans to grant incentives for solar plants and allow consumers to offset energy consumption with rooftop panels, dispelling concerns it will delay promoting the use of power produced from sunlight.

### [Geothermal Projects Less Vulnerable to Subsidy Cuts](#)

Geothermal energy projects are less vulnerable than wind farms to the pending loss of federal subsidies because they take longer to complete, according to the executive director of the Geothermal Energy Association.

About 100 megawatts of geothermal capacity will be added this year, and "steady growth" probably will continue because the industry is less volatile than wind, Karl Gawell, GEA executive director, said today in an interview.

### [Tracing the Money, and the Masterminds, of Illegal Logging](#)

Endangered forests and plants don't get quite as much public attention as endangered animals generally do. Last month the World Bank addressed that deficit by issuing a study, titled "Justice for Forests," that candidly laid out the problems posed by a "global

"epidemic" of illegal logging.

## [From an F to a Low A: The N.Y. City Council](#)

The average "green" score for council members in 2010-11 was 90, up from 45 five years earlier.

## [A Difficult Choice on Water](#)

Proposed legislation offers the Navajo and Hopi the service of having water piped into their homes but comes with the caveat that they hand over their rights to the waters of the Little Colorado River.

## [A Community's Hopes for Self-Sufficiency](#)

First Nations people have harvested seaweed, oysters and dandelions for centuries. They catalog these three species as sources of food and medicine. As I climb across an intrusive coastal granite outcrop off the Coast Trail on Vancouver Island's southernmost tip, across the water from the T'Sou-ke Nation reserve, my focus today is to learn more about local food systems, sustainability and the traditional ecological knowledge of the region.

## [The Arctic is getting more militarized](#)

Norwegian and Russian energy relations might be put at risk when it comes to the exploration and acquisition of untapped energy resources in the Arctic with both countries increasing their militarisation in the area, according to Stratfor an Austin, Texas-based global intelligence company providing geopolitical analysis and commentary.

## [Climate change vs. Easter bunnies](#)

Easter is still a great day for worship, candy in baskets, pagan equinox rituals and running around the yard finding eggs, but every year it gets quite a bit worse for bunnies.

And no, not because the kids like to pull their ears. The culprit is climate change, and the folks at Climate Nexus found that rising temperatures are having adverse effects on at least five species of rabbit in the U.S.

## [Which plants will survive droughts, climate change?](#)

Droughts are worsening around the world, posing a great challenge to plants in all ecosystems, said Lawren Sack, a UCLA professor of ecology and evolutionary biology and senior author of the research. Scientists have debated for more than a century how to predict which species are most vulnerable.

Sack and two members of his laboratory have made a fundamental discovery that resolves this debate and allows for the prediction of how diverse plant species and vegetation types worldwide will tolerate drought, which is critical given the threats posed by climate change, he said.

### [1981 Climate Change Predictions Were Eerily Accurate](#)

A paper published in the journal *Science* in August 1981 made several projections regarding future climate change and anthropogenic global warming based on manmade CO<sub>2</sub> emissions. As it turns out, the authors' projections have proven to be rather accurate — and their future is now our present.

### [Stopping Climate Change Is Much Cheaper Than You Think](#)

You've heard it before: politicians say they'd love to take action against climate change, but they're reeling from sticker shock. Today, a new report from the UK's leading climate change watchdog refutes this oft-cited argument that climate action will herald economic Armageddon.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).