



## Drumbeat: April 25, 2012

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### [Saudi Arabia Builds Up Crude Inventories: Goldman](#)

Saudi Arabia appears to have been building crude oil inventories in lower domestic demand months in a scramble to offset the risks of “limited” effective spare production capacity, Goldman Sachs said on Wednesday.

In a note to clients, Goldman Sachs cited a crude oil inventory build of 35.4 million barrels in the period December-February, based on numbers from the Joint Organizations Data Initiative (JODI).

The reason the increased production was not pooled into exports, Goldman Sachs analysts argue, is grounded in an anticipation of “a substantial increase” in demand that cannot be covered by “simply raising production levels”.

The logic behind the build-up in stocks, which amount to 390,000 barrels per day (bpd) in that period, is not the possibility of shortages resulting from escalating tensions with Iran. Rather, it is primarily in preparation for the strains of peak domestic demand that the summer heat brings to the Kingdom.

### [Oil Trades Near One-Week High as U.S. Stockpiles Decline](#)

Oil traded near the highest level in a week in New York after the American Petroleum Institute said crude inventories fell in the U.S., the world’s biggest consumer of the commodity.

Futures were little changed after rising 0.4 percent yesterday. U.S. stockpiles decreased by 985,000 barrels last week, the industry-funded API said. An Energy Department report today is forecast to show a gain of 2.8 million barrels. Goldman Sachs Group Inc. said crude prices will rise as demand growth outpaces production capacity.

### [Prompt gas prices rise on undersupplied system](#)

(Reuters) - Prompt gas prices rose on Wednesday morning as the market was more than 20 million cubic metres (mcm) undersupplied and the immediate weather forecast showed a continuation of cool and rainy weather.

Gas for day-ahead delivery was up 0.65 pence a therm to 59.60 pence at 1010 GMT

and within-day gas was trading around 58.70 pence per therm.

### [A disruption for China, and the rise of small nations](#)

By the end of the decade, Israel will probably satisfy all its own natural gas requirements, and become a serious exporter of liquefied natural gas. Argentina might produce the world's third-largest volume of shale oil. Mozambique seems likely to become one of the largest LNG exporters in the world. And the United States may meet most of its own liquid-fuel needs.

Which is to say that the geopolitical fabric with which we have grown up seems to be unraveling in spots, and a new patchwork taking its place in Africa, the Middle East, North and South America, and beyond. Settled power and influence are giving way to a maelstrom of moving parts.

### [In a Change, Mexico Reins In Its Oil Monopoly](#)

The tiny National Hydrocarbons Commission, created by the Mexican Congress in 2008 to increase regulatory oversight of the company, is proving to be a surprisingly sharp thorn in Pemex's side.

The five-member panel of energy specialists, which has a staff of 61 and an annual budget of about \$7 million, has begun to confront the company's executives over where and how they drill for oil. With a raft of new regulations and its own blunt assessments of the practicality of Pemex's projects, the commission is pushing the company to explain its plans.

### [Iran plans to expand oil tanker fleet ahead of sanctions](#)

Iran's oil shipping operator NITC is expanding its oil tanker fleet with the first of 12 supertankers to be delivered from China in May, fortuitous timing for the Opec member as Western sanctions force Tehran to rely more on its ships to export oil.

### [Shell Paid Most Production Taxes In Nigeria, UK Last Year](#)

LONDON – Royal Dutch Shell PLC (RDSB.LN) paid \$22.6 billion in corporate taxes to governments worldwide last year, and collected some \$88.1 billion in excise duties and sales taxes from fuel and other products on behalf of the states where the company operates, the Anglo-Dutch major said Wednesday.

"We encourage and support government efforts to use energy revenues effectively. In resource-dependent countries, oil and natural gas revenues can be a major driver of development," said Chief Financial Officer Simon Henry.

### [Eni and Rosneft to team up in Russian Arctic](#)

(Reuters) - Italy's Eni and Rosneft are expected to agree on Wednesday to search for oil and gas in the Russian Arctic, in Russia's second major offshore deal in two weeks after U.S. ExxonMobil joined forces with the state oil firm.

Under the pact, to be signed in the presence of prime minister and president-elect, Vladimir Putin, Eni will also work with Rosneft to develop acreage in the Black Sea that U.S. Chevron Corp had abandoned.

### [Encana operating profit rises on hedging gains](#)

(Reuters) - Canada's largest natural gas producer Encana Corp's first-quarter operating profit rose, as it realized higher prices for natural gas, helped by its hedging program.

Encana, which is seeking partnership deals for many of its properties as a way to cope with weak gas prices, said results were helped by its commodity price hedging program, which contributed \$358 million or 49 cents per share in after-tax gains.

### [Nabucco Faces 'Terminal Blow' as Hungary Woos Russia Link](#)

The Nabucco natural-gas pipeline project to ship Caspian fuel to Europe may have been dealt a "terminal blow" as Hungary seeks to attract a rival link planned by OAO Gazprom, Russia's gas export monopoly.

### [2 More Forties Crude Cargoes Deferred Amid Buzzard Woes -Trade](#)

LONDON – Two more cargoes from the May loading program of North Sea Forties crude have been deferred amid a production halt at the Nexen Inc. (NXY)-operated Buzzard oil field, North Sea traders said Wednesday.

### [Video: Reducing Oil Dependency](#)

Robert Rapier, author of *Power Plays: Energy Options in the Age of Peak Oil*, talks with Alan Colmes about alternative energy.

### [What Happened to Peak Oil?](#)

A new high may ease anxiety over oil supplies for the moment, but it's sure to be a temporary respite. All the challenges that have weighed on the outlook for raising production over the past decade are still with us. Discoveries of big, easily recoverable

supplies are dwindling. Yes, U.S. consumption of oil has reportedly fallen 10% since 2005, but world demand keeps rising, mostly because of increasing growth from China, India, and other emerging markets that are rapidly industrializing and using ever larger quantities of fossil fuels.

Yet the peak oil theorists, if not wrong in the long term, seem to have been premature in warning that the summit for production was upon us. In 2009, for instance, one forecast for global oil production via The Oil Drum warned that output was set to fall by more than two million barrels a year. A decade ago, geologist Ken Deffeyes' widely read book Hubbert's Peak: The Impending World Oil Shortage opened by stating that "global oil production will probably reach a peak sometime during this decade." The 2009 edition of the book makes the same forecast.

### [Global Crude Oil Prices: Why Volatility Is Likely To Endure](#)

Crude oil, albeit in decreasing proportions, will likely remain significant in the global energy utilization mix for the next few years. The impact of the commodity's price on the global economy is therefore palpable. The issue of peak oil is resurgent and there are current concerns - even if somewhat mitigated - about an oil price shock.

### [Home Run for Peak Oil](#)

Today, more than the recent past, the peak oil denial industry is making heroic efforts at sidelining peak oil by describing it as controversial. Calling it controversial is an effective way of discrediting the concept, and ignoring its troubling implications for the global economy and human society.

Making sure that there is no full public discourse on why oil prices rise anytime there is the slightest tremor of economic recovery, in lockstep with equities, dragging up all other commodities with oil, peak oil denial is based on a single premise. This basic premise is contrary to fundamental laws of physics - that finite geological resources, of oil, will somehow last forever.

### [Peak oil spells bad news for input costs](#)

PEAK oil may force farmers to change the way they farm and where they export, according to Sydney University Agriculture and Environment senior lecturer Dr Lindsay Campbell.

Mr Campbell believes farmers will face an increase in the price of chemicals, nitrogen, phosphate and freight costs, caused by increasing energy costs stemming from peak oil.

"It will change the way farmers operate," Dr Campbell said.

### [How did dinosaurs get miles under the earth?](#)

The Bakken formation in North Dakota, Montana and Canada now is estimated to hold up to 4.3 billion barrels of recoverable oil, only it's available primarily when the price of oil is above a bargain rate – as the oil is located miles deep and drilling costs are substantial.

So a new book about oil, “The Great Oil Conspiracy: How the U.S. Government Hid the Nazi Discovery of Abiotic Oil from the American People” by New York Times bestselling author Dr. Jerome Corsi, asks how did the dinosaurs that died and became part of those “fossil fuels” get to be tens of thousands of feet under the surface?

### [City Council bans sale of city water because of 'fracking' concerns](#)

Saline, MI - A moratorium has been placed on wholesale water sales in the city of Saline.

The move came April 16 during a City Council meeting after members talked about a possible threat to the groundwater supply from "fracking." The moratorium is in effect until city attorney Allan Grossman can research the legality of an outright ban on sale of city water to companies that have projects outside the city limits.

### [Thousands of tons spilled at oil field in Russia](#)

MOSCOW (AP) — Up to 2,000 tons of oil have spilled from a major field in northern Russia after workers struggled to contain the leak for two days, officials said.

The accident happened at the Trebs oil field in the Nenets Autonomous District on Friday following work on an exploratory well. The oil had been gushing for nearly two days before the workers finally capped the well Sunday morning, Emergency Ministry officials said.

### [Engineer first to face criminal charges in 2010 BP spill](#)

The first criminal charges in the 2010 BP gulf spill were filed on Tuesday against a former BP engineer accused of intentionally deleting hundreds of text messages about the size of the spill.

It's clear from the court document unsealed with the case that the Justice Department's criminal investigation of the massive BP blowout includes this aspect: Did BP or its employees intentionally understate the amount of oil flowing from the well?

### [El Nino May Cool U.S. This Summer, Cutting Electric Need](#)

The possibility of an El Nino, a warming of the mid-Pacific Ocean, has forecasters

predicting lower temperatures across the U.S. this summer, which may mean less electricity will be needed to run air conditioners.

May will probably be warmer than normal, and then “we are expecting a much different type of pattern” than last year, said Todd Crawford, chief meteorologist at Weather Services International in Andover, Massachusetts.

### [EDF Wins Reprieve as Hollande Cools on Greens Nuclear Pact](#)

Electricite de France SA, Europe’s largest power producer, may get a boost from frontrunner Francois Hollande’s backing off from a nuclear pact with the Greens, who flopped in the first round of the elections.

Socialist candidate Hollande has distanced himself from an accord with the Greens to shut 24 of France’s 58 nuclear reactors by 2025 in light of union support for the industry and the perceived threat to jobs.

### [The Future, Post Peak Oil](#)

Solar, wind, biofuels, nuclear and geothermal energy may have their limitations but they're not going away. In the age of peak oil, alternative energy has yet to hit its prime.

### [PG&E customers can pay more to be greener](#)

Pacific Gas and Electric Co. wants to give its customers a way to support more renewable power - for a price.

California's largest utility on Tuesday proposed offering its 5 million customers a "Green Option" that would help fund wind farms, solar plants and other forms of renewable energy generation throughout the western United States.

### [Solar Silicon Falling 9% Widens Slump That Hit Solyndra](#)

Polysilicon, the raw material used to make most solar panels, is forecast to fall another 9 percent from its lowest in a decade as a supply glut narrows margins throughout the industry.

### [Upgrades to Grand Central Terminal to cut Energy Consumption 30%](#)

The largest energy efficiency project that the Metropolitan Transportation Authority has ever undertaken with the New York Power Authority is underway in Grand Central Terminal and it will reduce annual carbon emissions by 10,000 tons.



### [Should we return to the gold standard?](#)

An alternative to the gold standard might be to use a commodity in greater supply, such as oil or silver, as a basis for currency. The next task would be to get other countries to agree to the new monetary basis. "Perhaps you could link all currencies to some basket of commodities," McAvity says. "But who would trust anyone to mind the basket?"

### [More universities charging more tuition for harder majors](#)

A growing number of public universities are charging higher tuition for math, science and business programs, which they argue cost more to teach — and can earn grads higher-paying jobs.

### [Insight: U.S. barnyards help China super-size food production](#)

In a country where pork is a culinary staple, the demand for a protein-rich diet is growing faster than Chinese farmers can keep up. While Americans cut back on meat consumption to the lowest levels seen in two decades, the Chinese now eat nearly 10 percent more meat than they did five years ago.

China's solution: to super-size its supply by snapping up millions of live animals raised by U.S. farmers as breeding stock - capitalizing on decades of cutting edge agricultural research in America.

### [Green Carts put fresh produce where the people are](#)

NEW YORK — On the busy commercial strip along Knickerbocker Avenue in Brooklyn's Bushwick neighborhood are all the shops one might expect to find in a poor area branded a "food desert": two 99-cent stores, a check-cashing center and plenty of pizza and fried chicken joints. But thanks to Alfonso Victor and Elena Ferreira, there's also an oasis of fresh fruits and vegetables. Just about every weekday for the past three years, even in the depths of winter, the couple has set up a produce cart here, piled high with pineapples, tangerines, lettuce, tomatoes and specialty items for the area's Latino community, such as plantains, yucca, hot peppers and cilantro.

Victor, from Mexico, and Ferreira, from the Dominican Republic, are two of more than 500 vendors who participate in New York's Green Cart program, which puts fruit and vegetable carts on the streets in low-income areas with high rates of obesity and diet-related diseases. Though green carts are only one of several city strategies designed to encourage consumption of more-healthy food, there is early evidence it is working: In New York's high-poverty neighborhoods, the percentage of adults who said they ate no fruits or vegetables during the previous day is slowly dropping, from 19 percent in 2004 to 15 percent in 2010.

## [Images from space track relentless spread of humanity](#)

The past century has been defined by an epic migration of people from rural areas to the city. In 2008, for the first time in history, more of the Earth's population was living in cities than in the countryside. The U.N. now predicts that nearly 70% of the global population will be city dwellers by 2050.

Looking back through the decades, these snapshots from space -- created exclusively for CNN by NASA's Landsat department in collaboration with the U.S. Geological Survey -- reveal the impact of this vast population shift on cities around the world.

## [Fees and Anger Rise in California Water War](#)

SAN DIEGO — There are accusations of conspiracies, illegal secret meetings and double-dealing. Embarrassing documents and e-mails have been posted on an official Web site emblazoned with the words “Fact vs. Fiction.” Animosity has grown so deep that the players have resorted to exchanging lengthy, caustic letters, packed with charges of lying and distortion.

And it is all about water.

## [‘Taking the Waste Out of Wastewater’](#)

Fourteen states suffering under drought. Water use in Southwest heads for day of reckoning. Water-pollution laws violated more than 500,000 times in five years. Ruptures in aging water systems cause pollutants to seep into water supplies.

The above reporting from The Times speaks to a growing reality: the United States faces a water crisis. In making the feature documentary “Last Call at the Oasis,” I found the flow of evidence bracing in its breadth and acceleration, but the underlying dynamics are not new: we use more water than the system can naturally replenish, and we abuse the supply we have. During, say, periods of drought, we might fitfully curtail our consumption habits, but when it comes to long-term management strategies requiring long-term sacrifices, we balk. Isn't clean and abundant water a basic right? We just need to find more water!

## [The Water Fight That Inspired ‘Chinatown’](#)

Six decades before San Diego squared off in court with its neighbors — including the Los Angeles Department of Water and Power — over the cost and reliability of its water deliveries, an even more ferocious battle was under way. The farmers of the Owens Valley were actually dynamiting the aqueducts taking their water to Los Angeles, prompting the city to send in guards with machine guns to guard its infrastructure.



### [Putting communities at the heart of Iranian desertification projects](#)

One professor at the Allameh Tabatabai University, Esmail Kahrom, has called on the government in Iran to improve water management, which he believes has increased desertification across the country.

He said last year Iran had jumped to the top position for soil erosion, from second place in 2010, which he has blamed on the drying up of ponds and lakes, the retreat of groundwater supplies and deforestation and vegetation elimination.

### [Mexico puts climate change action into law](#)

Europe is doing it, Brazil is doing it, and now Mexico is doing it too. The country has passed a package of laws committing it to act on climate change. It is only the second developing nation to set greenhouse gas emissions cuts in the letter of the law.

### [With environmental spotlight on Greenland, more tourists want closer look](#)

(CNN) -- There's a good chance you've seen more of Greenland in magazines or on TV recently.

With its ice cap and glaciers melting at a rapid rate, the island is at the center of climate change conversation. The stories are troubling, but it's not all bad news for the folks in Greenland.

You see, the increased attention has helped Greenland. Its tourism business is, by Greenland standards, booming.

### [Is this village in Alaska home to first climate change migrants in US?](#)

The villagers of Newtok in Alaska could have gained the undesirable title of America's first climate change refugees.

The community in the west of the state has undergone drastic changes as melting permafrost has literally shifted the ground beneath them and the loss of sea ice has removed a vital storm barrier.

### ['Gaia' scientist James Lovelock: I was 'alarmist' about climate change](#)

James Lovelock, the maverick scientist who became a guru to the environmental movement with his "Gaia" theory of the Earth as a single organism, has admitted to being "alarmist" about climate change and says other environmental commentators, such as Al Gore, were too.

Lovelock, 92, is writing a new book in which he will say climate change is still happening, but not as quickly as he once feared.



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