



Drumbeat: June 15, 2012

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[Again a power in OPEC, Iraq could shift landscape](#)

BAGHDAD (AP) -- Iraq's rapidly expanding oil production is likely to complicate OPEC's efforts to influence world prices as the country re-emerges as a major player after 20 years on the sidelines due to sanctions and strife.

For now, Iraq is backing Iran's push for OPEC to set lower production limits and keep prices high, but Baghdad's own ambitious plans for expansion could cause an overall production growth that might drive down prices.

Analysts say Iraq's new clout is shifting the power balance in the 12-member Organization of the Petroleum Exporting Countries and could force it to overhaul its intricate production quota system to accommodate Baghdad's rapid expansion.

[Oil Gains a Second Day on Stimulus Speculation, OPEC Call](#)

Oil rose in New York, heading for a second week of gains, on speculation that the U.S. Federal Reserve may take more steps to stimulate the economy and on OPEC's call for members to cut production in excess of targets.

Futures climbed as much as 1.1 percent as a report showed yesterday that the cost of living in the U.S. fell by the most in more than three years. The Organization of Petroleum Exporting Countries needs to reduce output by 1.6 million barrels a day to comply with its targeted ceiling, Secretary-General Abdalla El-Badri said.

[OPEC Maintains Oil Quota as Price Decline Brings Compromise](#)

The Organization of Petroleum Exporting Countries kept its production ceiling unchanged, as concern that global growth is shrinking outweighed calls by some members for supply cuts to stem sliding prices.

The 12-member group agreed to leave the limit at 30 million barrels a day, Youcef Yousfi, Algeria's Minister of Energy and Mines, said today in Vienna at the end of the producer group's first meeting of the year. Venezuela, Angola and Ecuador were among nations that backed keeping the quota unchanged prior to the decision. Saudi Arabia, whose minister, Ali al-Naimi, had said this week he might favor a production increase, said he was "happy" with today's outcome.

[OPEC: A cartel of one](#)

Twelve nations belong to OPEC but only Saudi Arabia has mattered of late. At the latest meeting in Vienna, the kingdom again batted away Venezuela, Iran and others who wanted to cut output. The deepening divide in the Organization of the Petroleum Exporting Countries could face a more serious test if prices keep sliding.

[OPEC chief sees oil at \\$110 a barrel as fair](#)

VIENNA — Oil prices could rise about \$25 from their present levels to \$110 a barrel without threatening the world economy, OPEC Secretary General Abdullah Al-Badry said Friday.

Crude prices have dropped steeply in recent months with the U.S. benchmark selling Friday at just below \$85 a barrel. That's about 20 percent less than where they were in February, and Al-Badry said it's far below what consumers can afford.

"\$110 is not a threat to the world economic growth," Al-Badry told reporters a day after OPEC oil ministers agreed to keep the cartel's total output ceiling at 30 million barrels a day.

[OPEC Decision Puts Onus on Saudi Arabia Should Oil Fall](#)

OPEC's decision to keep its output quota unchanged yesterday throws the onus on the group's biggest producer, Saudi Arabia, to cut supply should crude prices extend their drop below \$100 a barrel.

The Organization of Petroleum Exporting Countries would need to reduce output by 1.6 million barrels a day to comply with its targeted ceiling of 30 million barrels a day, Secretary-General Abdalla El-Badri said yesterday. Increased production from Saudi Arabia has been blamed for plunging prices by members including Iran, whose own exports are set to drop as a European Union embargo starts July 1. OPEC hasn't specified which nations should cut supply, Kuwait's minister said today.

[Oil Rout Has China Hoarding Most Since Olympics](#)

China is hoarding crude at the fastest rate since the Beijing Olympics four years ago as the slump in international prices prompts it to import unprecedented volumes even as refining slows.

The world's second-biggest oil consumer built up a surplus of about 90 million barrels of crude in the first five months of the year, government data show. The excess, the most since the run-up to the 2008 games, is probably being kept at emergency and commercial storage centers, according to the International Energy Agency. London's

Brent oil slid the most in more than three years in May.

[Consumer prices fall 0.3% in May](#)

The consumer price index was led lower by a 4.3% drop in the price of energy, coupled with no change in food prices, the Bureau of Labor Statistics reported. Excluding food and energy, whose prices are more volatile than the rest of the economy, the so-called core inflation rate climbed 0.2%, the third straight increase of 0.2%. Economists had expected the overall CPI to drop 0.2%, according to Moody's Analytics.

[Stimulus-by-the-gallon: Lower gas prices](#)

NEW YORK (CNNMoney) -- Congress and the Federal Reserve aren't likely to provide any meaningful stimulus to the economy. But your corner gas station might.

The average gas price has come down about 40 cents, or 10%, since the peak near \$4 a gallon in early April. With U.S. drivers expected to use about 133 billion gallons of gasoline this year, the 40-cent price break works out to about \$53 billion in annual savings if it were to stay in place for a full year.

"Just as an increase in gas prices is essentially is a tax on consumers, a decrease in prices acts as a tax cut," said Brett Ryan, economist with Deutsche Bank.

[Airplanes, oil cut Canada April manufacturing sales](#)

OTTAWA (Reuters) - Canadian manufacturing sales showed a surprise decline in April, of 0.8 percent from March levels, but most of this could be explained by fluctuations in the volatile aerospace industry and by temporary oil refinery shutdowns.

Statistics Canada said on Friday that the fall was the third in four months, and came on the heels of a 1.9 percent rise in March. The median forecast in a Reuters survey of analysts was for a 0.3 percent rise; none forecasted a decline of more than 0.6 percent.

[High fuel prices inspire another summer of staycations](#)

The nation's long-running economic doldrums have helped one frugal trend to thrive: the staycation.

About 24 percent of American workers are considering a staycation this year to save money and another 11 percent will definitely take one, according to a quarterly survey conducted by Principal Financial Group.

That's about the same as last year.

[Illinois refinery shutdown, closings account for higher prices at Hoosier pumps](#)

Hoosiers filling up at the pump this week are feeling the squeeze on their wallets and Indiana Attorney General Greg Zoeller is working to ensure they aren't being illegally gouged.

According to AAA on Thursday, Indiana has the 7th highest gas prices in the nation at an average of \$3.78 per gallon. The Midwest region is experiencing the same increase, as Michigan has the 6th highest gas prices, Illinois has the 10th highest and Ohio has the 12th.

[Storms ahead for oil tanker rentals](#)

Conflicting predictions for the future performance of the oil tanker trade yesterday have underlined the volatility of the market.

DNB Markets, Norway's largest investment bank, delivered an upbeat report, raising its rate predictions for this year by 20 per cent.

[IEA chief: Energy efficiency directive is 'a must'](#)

Fatih Birol, the chief economist of the International Energy Agency, has warned EU countries about the "absurd" strategies they use to subsidise fossil fuels. In an exclusive interview with EurActiv, he urged EU leaders to make the Energy Efficiency Directive, currently in its final negotiation stage, "a must".

"Not to push the energy efficiency measures is another way of asking for higher emissions, higher energy import bills and higher energy insecurity," Birol said.

[Petrobras's Plan Increases Spending, Cuts Output Target](#)

Petroleo Brasileiro SA, Brazil's state-controlled crude producer, cut its long-term output target by 11 percent and said spending will rise to \$236.5 billion through 2016 as it increases investment at offshore oil fields.

Petrobras forecasts output of 5.7 million barrels a day by 2020, down from a previous goal of 6.4 million barrels, the Rio de Janeiro-based company said today in a statement. About \$141.8 billion of the projected spending will help finance exploration and production as Petrobras ramps up output at offshore fields.

[Petrobras Worst Big Oil Bet on Deepwater Disappointments](#)

Petroleo Brasileiro SA (PETR4) is the worst investment among the world's biggest oil companies this year as Brazil's state-controlled producer suffers delays and cost overruns developing the largest oil finds in more than a decade.

[Italy's Eni to Produce Shale Gas in Ukraine](#)

Italian energy giant Eni has entered a project to produce shale gas in the Lviv region of western Ukraine amid Kiev's attempts to find alternatives to Russian natural gas, the company said on Friday.

Eni has signed an agreement with Ukraine's state-owned Nadra Ukrayny and Cadogan Petroleum, an independent oil and gas producer with onshore gas assets in Ukraine, to buy a 50.01 percent stake in Westgasinvest, which holds rights to nine shale gas license areas in the Lviv Basin, totaling nearly 3,800 square kilometers.

[Canada Seeks Alternatives to Transport Oil Reserves](#)

LONDON, Ontario — As the United States continues to play political Ping-Pong with the fate of the Keystone XL pipeline, Canadian officials and companies are desperately seeking alternatives to get the country's nearly 200 billion barrels in oil reserves — almost equal to that of Saudi Arabia — to market from landlocked Alberta.

[ConocoPhillips resurrects shipments of LNG from Alaska to Japan](#)

(Reuters) - ConocoPhillips has resumed shipments of liquefied natural gas (LNG) from its Alaska plant, an aged facility that was previously targeted for closure, a company spokeswoman said Wednesday.

The company sent a shipment of LNG last month to Japan, spokeswoman Natalie Lowman said.

[North Dakota crude elbows Alaska oil out of Washington refinery](#)

They stole our women. They stole our workers, some of them anyway. Will North Dakota oil soon elbow Alaska crude out of nearby refineries, too?

Starting in September, light-and-sweet crude from North Dakota's Bakken deposit will be shipped to Washington state for refining by Tesoro, the Petroleum News reports. There, it will replace at least 30,000 barrels per day of the more-expensive and harder-to-clean Alaska North Slope crude.

[China and Abu Dhabi keen on oil exploration partnership](#)

VIENNA // Abu Dhabi and China are moving towards a closer partnership in oil exploration as plans take shape for a drilling campaign in the emirate as soon as next year, officials said.

[Firepower bristles in South China Sea as rivalries harden](#)

As part of the strategic pivot unveiled in January, the United States will deploy 60 per cent of its warships in the Asia-Pacific, up from 50 percent now. They will include six aircraft carriers and a majority of the U.S. navy's cruisers, destroyers, littoral combat ships and submarines.

"Make no mistake, in a steady, deliberate and sustainable way, the United States military is rebalancing and bringing an enhanced capability development to this vital region," Panetta told the Shangri-La Dialogue, an annual security conference in Singapore attended by civilian and military leaders from Asia-Pacific and Western nations.

[Activists call for protests on eve of Egypt's presidential runoff](#)

Cairo (CNN) -- Egypt's interim military rulers plan to announce a 100-person assembly Friday to write a new constitution, a day after a top court declared parliament invalid and triggered renewed chaos over the country's leadership.

[Russia says not sent new helicopters to Syria](#)

MOSCOW (Reuters) - Russia said on Friday it had not made any new deliveries of military helicopters to Syria but had sent repaired aircraft to the violence-torn country "many years ago".

In its most direct response yet to U.S. Secretary of State Hillary Clinton's comments that Washington had information attack helicopters were on the way from Russia to Syria, the Foreign Ministry said Moscow's arms cooperation with Damascus was limited to "defensive" technology.

[Japan to pass bill to insure Iran oil imports](#)

TOKYO (Reuters) - Japan's lower house is set to pass a bill on Friday to provide government guarantees on insurance for Iranian crude cargoes, making it the first of Iran's big Asian buyers to find a way to keep the oil flowing in the face of tough new EU sanctions.

A European Union ban on member countries importing Iranian oil takes effect on July 1 and includes a ban on EU insurance firms from covering Iran's exports. That is a headache for Japan, South Korea, China and India, who together buy two thirds of Iran's oil exports and rely on EU companies to insure them.

[South Africa eyes new oil sources](#)

South Africa is looking at alternative sources of crude as tough US sanctions slapped on countries importing oil from Iran are days away from taking effect, a senior government official said on Friday.

“We intend to look especially in Africa, mainly Angola and Nigeria, but of course we are going to continue to import from Saudi Arabia,” which produces a crude type close to that of Iran, said Nelisiwe Magubane, the director general for energy.

[CNPC interested in Norway's oil sector - paper](#)

(Reuters) - Top Chinese oil and gas producer China National Petroleum Corp is interested in investing in Norway's oil sector, even as political relations between the two countries remain icy, Norwegian daily DN reported on Friday.

[Ford Pledges to Cut Energy Used in Automaking 25% by 2016](#)

Ford Motor Co., claiming a one-fifth cut in energy used to make cars since 2006, pledged to reduce consumption in its factories an additional 25 percent by 2016.

The second-largest U.S. automaker used 2,778 kilowatt hours to produce each vehicle in its global factories last year, down 22 percent from 3,576 kwh in 2006, it said in its annual sustainability report today. While Ford is using more energy- efficient tools and production methods, part of the gain is from increased use of factory capacity as sales rebounded, said John Viera, the automaker's global director of sustainability.

[Cuomo Proposal Would Restrict Gas Drilling to a Struggling Area](#)

ALBANY — Gov. Andrew M. Cuomo's administration is pursuing a plan to limit the controversial drilling method known as hydraulic fracturing to portions of several struggling New York counties along the border with Pennsylvania, and to permit it only in communities that express support for the technology.

[Ex-BP Engineer Faces February Trial in Spill Criminal Case](#)

A former BP Plc engineer charged with destroying evidence sought for a U.S probe of the 2010 Gulf of Mexico oil spill will face a Feb. 25 trial, a judge said.

Kurt Mix, who worked on internal BP efforts to estimate the amount of oil leaking from the well, was charged with two counts of obstruction of justice for allegedly deleting text

message strings from his mobile phone. Mix has pleaded not guilty.

[On the Trail of Oil-Munching Organisms](#)

Two years ago today, BP's Macondo well was in the midst of its 87-day spree of spewing oil into the Gulf of Mexico. Tar balls and oil slicks were showing up on beaches from Texas to Florida.

A significant amount of the 4.9 million barrels of oil spilled still lies on the ocean floor, lingers in salt marshes or is mixed into beach sand, scientists say. Yet some other oil has been degraded by oil-digesting organisms — and a new paper in the journal PLoS suggests that fungi are among them.

[Energy Department Steps in to Help Uranium Enrichment Company](#)

WASHINGTON — The Energy Department announced Wednesday that it was stepping in to shore up an ailing company it created in the 1990s to privatize uranium enrichment, calling the rescue vital to maintaining nuclear weapons and national security.

[Troubles at San Onofre Nuclear Plant Awaken Activists](#)

Ongoing troubles at Southern California's San Onofre nuclear power plant have galvanized area residents, city officials and environmental groups—putting an emphatic end to a complacency that was unusual for a densely populated region with a nuclear plant in its midst.

[Hot oil: Grease creates a lucrative new crime](#)

Back in the day, when John Spagnolo was in the restaurant business, he remembers having to pay to get rid of used cooking oil.

"Then they began taking it away for free," says Spagnolo, a sales manager with Greenlight Biofuels, a locally-based company founded in 2007 that collects and processes waste oil in Virginia and Maryland to produce biodiesel fuel. "Now we pay restaurants for their used cooking oil."

Indeed, with gas prices so high, the demand for biodiesel has been rising. According to the National Biodiesel Board, one billion gallons of the stuff is now being produced every year. As they say, it's a hot commodity. And as a result, crooks are stealing the stuff. At peak times, it sells on the street for as much as \$4 a gallon.

[Five Stars for Robert Rapier's "Power Plays"](#)

"Power Plays" is structured as an overview of the complex set of energy sources and applications in use today, including their intimate connection to domestic and geopolitics. (The book includes a sobering, non-partisan analysis of the efforts of eight US presidents to promote energy independence.) It is also based on an explicit point of view about the need to reduce our dependence on fossil fuels and to attempt to mitigate human influence on climate change, while being exceptionally realistic about our available options and likely success. Robert has definite ideas on energy policies that would be useful, particularly in guiding our long transition away from oil. I don't agree with all of them, but they're well-reasoned and well-articulated.

[Seneca's cliff goes iPad](#)

My post on the "Seneca cliff" has inspired Hannes Rollin to create an App for the iPad that can be used for running the model for different input parameters.

[Abandoned homes plague cities: It takes money to level them](#)

Some local governments hardest hit by population losses are struggling with what has been left behind: large numbers of abandoned housing units.

Census figures released Thursday underscore the problem: In places racked by foreclosure, job loss and a weak economy, housing units haven't fallen as fast as population.

[Pressured, E.P.A. Proposes Soot Limit](#)

The Environmental Protection Agency has proposed new national air quality standards that would significantly reduce levels of fine-particle soot.

[Seattle seafood processor caught smuggling ozone-wrecking gases](#)

A Seattle seafood firm caught smuggling 85 tons of ozone-depleting refrigerant into the country will likely pay \$700,000 in fines and have to retrofit five fishing vessels.

Announcing a settlement Thursday, Environmental Protection Agency attorneys contended American Seafoods Co. vessels were leaking ozone-depleting gases for years while the company failed to act or looked the other way.

Instead, the Seattle-based firm illegally imported 169,000 pounds of refrigerant for use aboard its Alaska fleet.

[Challenge to New York's Carbon Trading Fails](#)

A New York State Supreme Court justice has dismissed a lawsuit that sought to end New York's participation in the multistate carbon trading system known as the Regional Greenhouse Gas Initiative, or RGGI.

Members of Americans for Prosperity, a group founded and largely financed by oil industry interests, filed the suit last year in state Supreme Court in Albany against Gov. Andrew M. Cuomo and two state agencies, arguing that the program imposed what amounted to an illegal tax on electric ratepayers.

[Oil Companies That Caused Climate Change Now Fear Its Financial Impacts](#)

IBM's Carbon Disclosure Project Report said that "ExxonMobil noted that the company's 'operations around the world include remote and offshore areas that present challenges from existing climate extremes and storms. These severe weather events may disrupt supplies or interrupt the operations of ExxonMobil facilities.'" So according to Exxon, climate change could disrupt their business model. It's easy to see through the rhetoric when giant fossil fuel companies financially react to the risk of disruption and damage from climate change.

[Apocalyptic Map Shows San Francisco After 200 Feet of Sea Level Rise](#)

This is pretty funny, or bleak, or both. It's two artists' rendering of what San Francisco will look like after 200 feet of sea level rise, after the massive polar ice caps melt and accelerated warming expands the acidifying oceans. SF hotspots like the Mission and the Haight become little more than aquatic features on a shrinking archipelago.

[Arctic Sea Ice Dips Below Ominous Milestone](#)

This week the extent of Arctic sea ice dipped below the extent for 2007, according to the National Snow and Ice Data Center (NSIDC). As you may remember, the 2007 season holds the record for lowest Arctic sea-ice extent in recorded history.



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