



## Drumbeat: June 18, 2012

Posted by [Leanan](#) on June 18, 2012 - 9:05am

### [Greed and ingenuity in US turns drillers into gas-price killers](#)

The US, which once combed the world, and even embarked on wars to secure energy supplies, is now expected to be self-sufficient in gas by 2020. Some think it might even declare independence on oil by 2030.

"It was driven by little guys drilling holes," says Roger Diwan, a partner at PFC Energy consultants. "It shows the power of greed and ingenuity." Gas prices in the US have since collapsed under the weight of the new supply, spawning an explosion of power-hungry industries across the Midwest.

The price trigger for all this innovation may have disappeared, but the leap in technology is here to stay.

Now these drillers are applying the same techniques to oil, unlocking billions of previously inaccessible barrels worth of crude.

### [Crude Futures Decline in New York on Record Spanish Bond](#)

Oil was little changed near the highest level in a week as concern that Europe's debt crisis will reduce demand for fuels outweighed optimism spurred by elections in Greece.

Futures fluctuated in New York after the Spanish 10-year bond yield rose to a euro-era record of 7.13 percent. Greece's New Democracy and Pasok parties won enough seats to form a majority in the 300-member parliament, according to an official projection. The death of Crown Prince Nayef bin Abdulaziz Al Saud in Saudi Arabia, the world's largest crude exporter, raised the issue of succession for the second time in less than a year.

### [UK prompt gas rises on Norway import dip](#)

LONDON (Reuters) - British prompt gas prices rose on Monday following a drop in imports from Norway, but demand remained well below seasonal norms due to ongoing maintenance on the main pipeline for exporting gas to continental Europe.

### [Opec looks at options in oil and gas revolution](#)

Vienna // On the surface, Opec's conference last week at Hofburg Palace seemed an exercise in luxury, with lavish flower arrangements funded by Ecuador and a delicately tuned three-course lunch sponsored by Saudi Aramco.

There was ample reason to celebrate: last year, Opec countries raked in US\$1 trillion (Dh3.67tn), their highest ever take from oil.

But listen to the ministers and a less optimistic mood emerges.

### [Baroque charm masks concern for the Opec](#)

In the long term, Opec crude has to compete with oil and gas North American companies are unlocking from shale formations, and nations from Poland to China are gearing up to do the same.

Major oil companies are stretching other drilling frontiers in the Russian Arctic and fields buried under kilometres of ocean and salt layers off Brazil's coast.

"Technology is pushing back the peak of oil," Ryan Lance, the chief executive of ConocoPhillips told ministers.

### [Wintershall's Libya oil output at 70,000 b/d; builds pipeline](#)

Germany's Wintershall is currently producing just over 70,000 b/d of oil in Libya, or around 70% of its output level from before the civil war in the North African country, a senior company official said Monday.

Speaking at a conference in London, Wintershall vice president Klaus Langemann said the company's output was being restricted by infrastructure constraints and that production would rise once a new oil export pipeline in Libya was completed.

### [Iraq Eyeing 9 Million B/D Oil Output by 2020 - PM Advisor](#)

Iraq's untapped southern Halfaya oil field is expected to start pumping oil for the first time this summer, the top energy advisor to Iraq's prime minister said Monday, adding that the government's realistic output target for national production is 9 million barrels a day by the end of 2020.

### [Kyrgyz Parliament committee cancels decision on Russian-Kyrgyz oil products supplies](#)

Azerbaijan, Baku / Trend / The Parliamentary Committee for International Affairs decided to cancel its decision as of February 27, 2012 to approve ratification of the agreement between Kyrgyzstan and Russia on cooperation in the sphere of oil and oil products supply, CA-NEWS reported.

Deputy Chairman of Committee Nurlan Torobekov (Ar Namys) said that according to the agreement, Russia receives exclusive rights for oil and oil products supply to Kyrgyzstan, as it will be implemented by Russian Gazprom and its subsidiaries.

### [Russia, Japan to ink memorandum for LNG projects in Vladivostok](#)

Moscow (Platts)- Russia's energy ministry and Japan's ministry of economy, trade and industry next week are to sign a memorandum for possible LNG projects in Vladivostok in Russia's Far East, Viktor Timoshilov, head of Gazprom's Eastern program, said Monday.

### [Bangladesh must upgrade its gas pipelines -Chevron](#)

DHAKA (Reuters) - Chevron Corp, which produces half the natural gas in Bangladesh, wants to step up operations but the government must upgrade the national pipeline network so it can deliver more, the head of the U.S. company's operations in the country said.

Geoff Strong also said Dhaka also had to improve the fiscal incentives for new exploration if it is to attract the many billions of dollars in investment needed to address its increasingly grave energy shortages and meet growing demand.

### [CNPC starts operating oilfield in Iraq](#)

BEIJING - China National Petroleum Corp, China's top oil producer, said Monday operations have begun at the first phase of its Halfaya oil field project in Iraq, with an initial annual capacity of 5 million tonnes.

The company said the Halfaya oil field project is its largest overseas investment unit for which it also acts as the operator. It said the completion of the first phase of the project marked a milestone in its cooperative business in the Middle East.

### [BP begins drilling in Jordan's Risha gas field](#)

AMMAN (Reuters) - BP last week began drilling the first well in its concession in the Risha natural gas field in eastern Jordan, near the border with Iraq, the British oil major said on Monday.

The drilling follows two years of preparation and a "very successful 5,000 square km seismic acquisition programme in 2011", BP said.

## [EU Says Ban on Insuring Iranian Oil Will Proceed as Planned](#)

Europe's sanctions on insurance for Iranian oil shipments won't be lifted or suspended as Asian importers look to governments to cover cargoes.

Insuring ships carrying crude from the Persian Gulf country will be banned when the European Union's embargo takes effect July 1, Michael Mann, foreign-policy spokesman for the 27-nation bloc, said today in Moscow. The rules apply to 95 percent of the world's tankers because they're covered by the 13 members of the London-based International Group of P&I Clubs.

## [Oil sanctions on Iran loom despite talks](#)

NEW YORK (CNMoney) -- The latest round of talks over Iran's nuclear program are set to begin Monday in Moscow, but analysts are not expecting a breakthrough that would avoid sanctions in coming weeks.

The sanctions, from the United States and European Union, would apply to any country that buys Iranian oil, and could cut off nearly half of Iran's oil exports, removing a million barrels a day from global oil markets.

## [Rupee for Iran oil exempt from local taxes: FinMin](#)

New Delhi (PTI) In order to facilitate purchase of crude oil from Iran, the Finance Ministry has issued a notification exempting payments made in Indian rupee for such imports from any local tax.

## [U.S. and China Headed for Fight Over Iran Oil? Not So Fast.](#)

The fact that China's crude imports from Iran are now on the rise (Sinopec finally signed a new contract with NIOC in late March) may make it a bit more difficult for the Obama administration to grant China an exemption, especially because it is an election year. That said, I suspect China will get one by the June 28 deadline.

## [Iranian nukes? No worries](#)

The past several months have witnessed a heated debate over the best way for America and Israel to respond to Iran's nuclear activities. Although the U.S., the European Union and Iran have recently returned to the negotiating table, a palpable sense of crisis still looms.

It should not. In fact, a nuclear-armed Iran would probably be the best possible result of the standoff and the one most likely to restore stability to the Middle East.

### [Suicide bomber kills Yemen's army chief in south](#)

SANAA, Yemen (AP) – Security officials say a suicide bomber has killed the army general leading the fight against al-Qaeda militants in southern Yemen.

### [Egyptian military holds on to power despite presidential vote](#)

Cairo (CNN) -- An Islamist backed by the Muslim Brotherhood declared victory as Egypt's first democratically elected president even as the country's military rulers issued a decree that virtually stripped the position of power.

The move by the Supreme Council of the Armed Forces -- the military rulers in control since the ouster of Hosni Mubarak -- came Sunday at the conclusion of a two-day presidential runoff, adding to the political turmoil that raised questions about the stability of the fragile democracy.

### [Peak oil: has it arrived?](#)

We don't see a peak for the year 2000, nor we see it for 2005. If the peak had been in 2000 or 2005, we should be already seeing a significant production decline. What we see, instead, is a plateau that has been lasting for the past five years or so, interrupting the growth trend that had been the rule from 1983. So, no peak so far, but clearly "something" has been happening with oil production starting with the first decade of the 21st century, considering also the remarkable increase in oil prices of that period. But what's happening, exactly? Where is the peak? Should we expect it soon, or is it delayed for a long time?

### [Russian oil firms warned of large flaring fines](#)

Russia's new resources minister has warned the country's oil companies they are facing fines of hundreds of millions of dollars for polluting the atmosphere with excess amounts of flared gas.

Russia, the world's top energy producer, set a target for oil companies not to flare off more than 5% of the associated petroleum gas (APG) they produce as a byproduct of crude extraction by 2011, in a target later pushed back twice to 2014.

### [Hint of flexibility in EU safety regulation](#)

LONDON -- The European Commission may consider modifying its stance on regulating offshore safety, according to British association Oil & Gas UK.

### [Feds flagged Enbridge project for inadequate oil spill response plan: document](#)

OTTAWA — Federal officials flagged safety concerns about Enbridge's proposed Northern Gateway pipeline project nearly two years ago, while warning that the Alberta-based proponent had an "insufficient" oil spill response plan along sensitive areas on its route from Alberta to the British Columbia coast, internal records reveal.

### [Japan divided over nuclear restart](#)

TOKYO -- Japan ordered a pair of reactors back online over the weekend for the first time since last year's nuclear accident, but the chaos and confusion surrounding the decision highlight how unready the country may be to restart its atomic-energy engine.

### [Solar Boom Heads to Japan Creating \\$9.6 Billion Market: Energy](#)

Japan is poised to overtake Germany and Italy to become the world's second-biggest market for solar power as incentives starting July 1 drive sales for equipment makers from Yingli Green Energy Holdings Co. to Kyocera Corp.

### [Indian Wind Developments Threatened by Weakening Rupee, CLP Says](#)

India's weakening rupee threatens to make wind projects unviable because it's pushing up the cost of imported components, according to CLP Holdings Ltd., the largest developer of wind farms in the South Asian nation.

"If the rupee isn't reined in, there'll be a lot of difficulty putting together viable projects," Mahesh Makhija, director of renewables at CLP's Indian unit, said in an interview in Mumbai.

### [Use of outside living areas growing in priority, complexity](#)

Messervy says homeowners want not only an "outside away room" to relax and entertain but also — in a new push toward "homesteading" — a spot to raise vegetables and livestock.

"People are keeping chickens even in Boston and Cambridge (Mass.), where many of our projects are," and others are keeping bees on flat roofs, Messervy says. "The definition of curb appeal has changed."

"Our editors predict an even bigger boom in home food gardens," *Better Homes and Gardens* says in its overview of 2012 garden trends. Many homeowners have limited space, so it expects more will grow food on rooftops and vertical lattices, or plant small-space fruit trees such as the Urban Columnar Apple series that's less than 2 feet wide.



## [In Its First Life, an Oil Platform; in Its Next, a Reef?](#)

AUSTIN, Tex. — The dormant oil platform known as High Island 389-A rises out of the Gulf of Mexico about 100 miles southeast of Galveston. Below the surface, corals, sea fans and sponges cover its maze of pipes. Schools of jack and snapper, solitary grouper and barracuda circle in its shadows. Dive boats periodically stop at the enormous structure, where dolphins, sea turtles and sharks are often spotted.

Now, 30 years after it was built and months after it was abandoned, it is set to be demolished under Interior Department rules governing nonproducing ocean structures. And when it goes, the lush ecosystem that has grown around it will also vanish. There are now about 650 such oil and gas industry relics, known as idle iron, that may meet this fate.

## [Your Guide to a Tour of Decay](#)

He will expound on the archaic waste-disposal operations that once flourished on the creek, conjuring scenes of putrescent horse carcasses floating in on barges from Manhattan and docks piled with manure three stories high. The narrative will extend to Cord Meyer's bone blackers and Conrad Wissel's night soil wharf — the gothic names of these forgotten businesses rattled off in a distinct Brooklyn accent.

At some point, he will start in on the horrors of the M. Kalbfleisch Chemical Works, eventually making his way to the sins of Standard Oil.

## [Energy Etch A Sketch](#)

As governor of Massachusetts, Mitt Romney endorsed an aggressive program to reduce the state's greenhouse gas emissions, pushed to close old coal-fired power plants and embraced wind and solar power. Then came his bids for the Republican presidential nomination, first in 2008 and now in 2012. On climate change as on other issues, he has transformed himself, bit by reactionary bit.

Today he is a proclaimed skeptic on global warming, a champion of oil and other fossil fuels, a critic of federal efforts to develop cleaner energy sources and a sworn enemy of the Environmental Protection Agency.

## [China says developed nations must lead in Rio](#)

China said Monday wealthy countries should take the lead in tackling climate change, repeating its long-held stance ahead of a global UN summit on poverty and the environment in Rio de Janeiro.

## [Turkmenistan approves National Climate Change Strategy](#)

President of Turkmenistan Gurbanguly Berdimuhammadov has approved the National Strategy on Climate Change, local media outlets reported on Monday.

The document 'aims to strengthen the legal framework of government policy on the protection of the environment, determining main activities to prevent and reduce the impact of climate change, as well as ensuring fulfilment of international legal documents related to climate change in which Turkmenistan is involved'.

## [Carbon shown to rise as trees replace tundra](#)

In a surprise finding, researchers have shown that as trees start to grow closer to the North Pole, replacing once-barren tundra, they release more greenhouse gases than they absorb.

The study has global implications for measuring the speed of global warming because it had previously been thought that when forests colonise the frozen Arctic, they might act to slow climate change by soaking up extra carbon dioxide from the air.

## [Et Tu, Virginia? Again with the Sea Level Rise](#)

The problem is, where the Virginia legislators chose language out of fear, the Virginian-Pilot unwittingly piled on. Suggesting that “sea level rise” and “climate change” are perceived as “liberal code words” is perfectly reasonable; unreasonable people do perceive them as such. Bill sponsor Chris Stolle called “sea level rise” “a left-wing term,” after all. But they’re not liberal code words: they’re scientific terms. The Virginian-Pilot should have noted this. More, the Virginian-Pilot called the “recurrent flooding” term the legislators used a “more politically neutral phrase,” which is wrong twice.

## [Built on sinking ground, Norfolk tries to hold back tide amid sea-level rise](#)

The National Oceanic and Atmospheric Administration warns that Hampton Roads, anchored by Norfolk, is at the greatest risk from sea-level rise for a metro area its size, save for New Orleans.

City officials had sensed as much in recent years, after frequent massive flooding from soaking rains, storm surge and high tides, often affecting its most lucrative property tax base: high-value waterfront homes sitting in flood zones that ring the city.

Norfolk’s mayor said recently that the city might one day retreat from areas that constantly take on water and city officials are considering a plan to buy and condemn about 20 homes in Spartan Village, a flood-prone neighborhood near Norfolk State University. But the city is fighting back with a long-term strategy to protect property and roads that lead to the world’s largest naval base, shipyards and hospitals.





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