



Drumbeat: July 23, 2012

Posted by [Leanan](#) on July 23, 2012 - 9:15am

[Russia's Gazprom skeptical of US-led shale gas boom](#)

(Platts) - Russian gas giant Gazprom believes the US shale gas boom is economically unsustainable -- and it's buttressing its claim with financial data collected by an American consulting firm located less than 20 miles from the White House.

Gazprom, the world's largest gas company, has been working with Pace Global Energy Services, a consulting firm in Fairfax, Virginia, to analyze how much money US gas companies are spending on hydraulic fracturing and horizontal drilling. Because the two technologies are facilitating the production of so much cheap gas from previously inaccessible shale formations in Pennsylvania and other states, some US companies now want to export their gas to more lucrative markets in Europe and Asia.

But Sergei Komlev of Gazprom Export, the Russian gas giant's exporting arm, says those would-be exports are not likely to materialize for economic and regulatory reasons -- at least not on the scale that American companies are hoping for.

[Drought Helps Fracking Foes Build Momentum for Recycling](#)

The worst U.S. drought in a half century is putting pressure on natural-gas drillers to conserve the millions of gallons of water used in hydraulic fracturing to free trapped gas and oil from underground rock.

From Texas to Colorado to Pennsylvania, farmers, activists and opponents of the technique, also known as fracking, are using the shortage of rain to push the industry to recycle water and reduce usage -- efforts that could prove costly to the industry.

One company, Devon Energy Corp., estimates that recycling is as much as 75 percent costlier than pumping wastewater into deep wells. That disposal method, common in the industry, has also drawn complaints because it is linked to earthquakes.

[Oil Plunges to Four-Day Low as European Debt Turmoil Intensifies](#)

Oil dropped to the lowest level in four days in New York, dropping below \$90 a barrel amid renewed concern that Europe is failing to resolve its debt crisis.

Futures tumbled as much as 3.7 percent as the euro dropped to an 11-year low against

the yen and the cost of insuring Spanish debt surged to a record. International creditors meet in Athens tomorrow as concern grows that Greece may not meet its bailout targets. Crude also fell after a Chinese central bank adviser said the nation's economy may cool further, putting at risk consumption in the world's second-biggest crude consumer.

"The continuing saga of the euro, and in particular the travails of Spain and fears that this will soon be played out in France and Italy, is driving today's sell-off," said Christopher Bellew, senior broker at Jefferies Bache Ltd. in London, who predicts further price losses may be limited.

[Asia Distillates-Gasoil margins climbs above \\$18](#)

SINGAPORE (Reuters) - Asian gasoil's crack spread climbed above \$18 a barrel on Monday, the first time since February, as demand continued to support prices, traders said. The crack climbed to \$18.41 a barrel, up 54 cents on the day.

[UK gas falls to 2-month low, warm weather caps demand](#)

LONDON (Reuters) - British prompt gas prices slipped to a two-month low on Monday as warm weather reduced buying from domestic gas suppliers, and filling storage facilities and lower exports added to low gas demand.

Gas for day-ahead delivery fell to the lowest since May 24 on Monday, shedding 1.00 pence day on day to 53.00 pence per therm on the back of a rise in temperatures that capped gas demand at around 30 percent below seasonal norms.

[Bulls Ascendant as Wagers Climb to Three-Month High: Commodities](#)

Speculators raised bullish wagers on commodities to a three-month high on mounting speculation that more economic stimulus will boost demand for everything from oil to metals and crop prices will keep rising as drought spreads.

Money managers raised their net-long positions across 18 U.S. futures and options by 7.5 percent to 1.13 million contracts in the week ended July 17, U.S. Commodity Futures Trading Commission data show. Wheat holdings reached a record, and corn bets climbed to the highest since March.

[With customs union, Gulf edges toward closer economic ties](#)

(Reuters) - In April this year, a queue of thousands of trucks built up at the Al Ghuwafat border crossing between the United Arab Emirates and Saudi Arabia. Weary drivers ate and slept in their cabs, some for as long as several days, because of a slow customs clearance process.

It took several weeks to reduce the logjam to normal levels. The incident underlined the difficulties faced by the six rich oil exporting countries of the Gulf Cooperation Council (GCC) as they edge toward closer economic integration.

[Abu Dhabi's Mubadala to drill for oil in Thailand](#)

DUBAI, United Arab Emirates (AP) — Abu Dhabi's state-backed Mubadala Petroleum says it and its partners plan to begin developing an oil field in the northern Gulf of Thailand.

Mubadala said Monday it hopes to begin production from the Manora field in early 2014, with peak production of 15,000 barrels a day within a few months of operation. The project is expected to cost \$246 million.

[Israel's Shemen gets okay for offshore oil drill](#)

(Reuters) - Shemen Oil and Gas Resources said on Monday it had received approval to drill for oil off Israel's southern Mediterranean coast from the Defence Ministry and military, paving the way for operations at its Yam-3 drill to begin.

Shemen plans to drill in relatively shallow water 16 km off the coast of Ashdod, a major port that is also home to a naval base and one of Israel's two oil refineries.

[Cnooc Buys Nexen for \\$15.1 Billion in China's Top Overseas Deal](#)

Cnooc Ltd. agreed to pay \$15.1 billion in cash to acquire Canada's Nexen Inc. in the biggest overseas acquisition by a Chinese company.

[Nexen deal a major coup for CNOOC: analysts](#)

The proposed acquisition of Canada's Nexen by China Offshore Oil Corporation for \$15.1 billion is an ambitious one that would be a significant success for the Chinese player, analysts have said.

[China Foreign Deals Must Obey Market Principles, Regulator Says](#)

Resources and energy made up 92 percent of China's overseas mergers and acquisitions in the first quarter, according to a separate report from Hong Kong-based A Capital, a private-equity fund. China Petrochemical Corp. accounted for the largest deal, with the \$4.8 billion purchase of a 30 percent stake in Galp Energia SGPS SA's Brazilian unit.

[Duke Merger Future Clouded by Rift With State Regulators](#)

Duke Energy Inc. faces a divided board, alienated regulators and demoralized employees as state officials investigate management upheaval following its \$17.8 billion takeover of Progress Energy Inc.

Distrust and disagreement between the two now-joined companies was stoked by an 18-month merger process, with tensions flaring between chief executive officers in the six months before the deal closed July 2, Duke directors and Progress's ousted CEO said at hearings before the North Carolina Utilities Commission last week.

[Reliance Set to Benefit From Rebound in Refining Margin](#)

Reliance Industries Ltd., operator of the world's biggest refining complex, is set to gain on a rebound in profit from turning crude into fuel from the lowest in more than a year as the U.S. and China seek to revive growth.

Profit from turning Dubai crude into fuel in Singapore, a regional benchmark, averages \$4.26 a barrel this month, compared with \$3.37 in the three months ended June 30, the lowest since December 2010, according to data compiled by Bloomberg. Turning Dubai crude into diesel in Singapore is the most profitable since January, according to PVM Oil Associates Ltd., a London-based crude and refined-products broker.

[Two more Syrian generals flee to Turkey, official says](#)

ISTANBUL (Reuters) - Two Syrian brigadier-generals fled to Turkey overnight, part of a group of about 10 people that included colonels and other military officers, a Turkish official told Reuters on Saturday.

[China's Iran Oil Imports Surpass 2011 Average Before Embargo](#)

China bought more crude from Iran in June than it did on average last year before sanctions against the Persian Gulf nation imposed by the European Union that went into force July 1.

Iranian oil shipments rose 17 percent from May to 2.6 million metric tons, or about 635,000 barrels a day, according to Bloomberg calculations from data e-mailed by the Beijing-based General Administration of Customs today. China bought 2.3 million tons of crude from Iran on average each month, or about 557,000 barrels each day, last year.

[Adnoc team targets cyber crime defence](#)

Arabian Gulf nations are stepping up efforts to defend energy infrastructure from

hackers as they make multibillion-dollar investments in the oil and nuclear sectors.

A team of 20 people from the Abu Dhabi National Oil Company and its subsidiaries are examining how to bolster cyber security as the emirate seeks to increase pumping capacity from 2.8 million barrels per day (bpd) to 3.5 million bpd by 2018.

[Gov't panel: Nuke plant operator still stumbling](#)

TOKYO (AP) — The operator of Japan's crippled nuclear power plant is still stumbling in its handling of the disaster 16 months later, by dragging its feet in investigations and trying to understate the true damage at the complex, investigators said Monday.

[A critic on IMF working paper: The Future of Oil: Geology versus Technology](#)

It is interesting to see how the IMF is spending the taxpayers' involuntary contributions.

The paper examines two hypotheses used to explain oil price movements:

1. The conventional "Peak Oil" supply-side view that exhaustion of resources leads to higher prices.
2. The economic/technological demand-side view that oil prices fluctuate with changes in aggregate demand, modified by technological advances which are themselves driven by higher oil prices.

The methodology was to build a mathematical model incorporating both those hypothesized mechanisms, and establish their relative importance by fitting parameters to recent data. The authors conclude (Fig. 11) that the "Peak Oil" mechanism is the more significant. Consequently, the real price of oil will continue to trend upwards, perhaps doubling within the next decade.

Should we take this prediction with a grain of salt? The answer is -- Absolutely!

[Is a class society sustainable?](#)

The end of human domination and exploitation is essential to a sustainable community. We cannot afford the luxury of the haves and have-nots (as if we ever could!), or the class warfare that results from such arrangements. A post petroleum society requires trusting, collaborative, peaceful relationships, ones built on an essential interpersonal integrity that is the hallmark of a just society. A sense of fairness must pervade the body politic. Despite our human differences, no one is one-down to another. A basic respect informs all of our interactions.

[The One Capitalism That Dare Not Speak Its Name](#)

In a special report on state capitalism last January, the Economist admitted that “the era of free-market triumphalism has come to a juddering halt.” Liberal capitalism in the U.K. and the U.S. isn’t just convulsed with internal crises caused by unregulated financiers. It now faced “a potent alternative”: state capitalism, which has on its side one of the world’s biggest economies -- China -- and some of its most powerful companies -- Russia’s Gazprom OAO, China Mobile Ltd., DP World Ltd., and Emirates Airline.

“Across much of the developing world,” Bloomberg Businessweek recently reported, “state capitalism -- in which the state either owns companies or plays a major role in supporting or directing them -- is replacing the free market.” From 2004 through 2009, the article points out, “120 state-owned companies made their debut on the Forbes list of the world’s largest corporations, while 250 private companies fell off it.”

[Can urban farming go corporate?](#)

Farms have sprouted in cities across the country over the past several years as activists and idealists pour their sweat into gritty soil. Now Paul Lightfoot wants to take urban agriculture beyond the dirt-under-your-nails labor of love. He wants to take it corporate.

In June, Lightfoot's company, BrightFarms, announced a deal with The Great Atlantic and Pacific Tea Co., or A&P, to provide New York City-grown vegetables to the local chain's supermarkets year-round. The goods will grow in what the company says will be the country's largest rooftop greenhouse farm, a high-tech hydroponic operation that will boost yields, allowing the company to face-off with organic vegetables trucked from California, cutting thousands of miles from the supply chain while aiming to provide a fresher product at a competitive price.

[Q.&A.: The Underside of ‘Green’ Transactions](#)

At Rio+20, the global conference on sustainable development that got under way Wednesday morning in Brazil, discussions abound on advancing environmental goals in a way that will benefit local and national economies. But development experts say there is a dark side to some ostensibly “green” market initiatives: the appropriation of resources for biofuels production, carbon offsets, ecotourism and so on can have devastating consequences for local people.

In effect, their ecosystems can be “asset-stripped,” forcing locals from their homes and worsening poverty, according to 17 case studies presented in a special issue of the Journal of Peasant Studies. Examples include the creation of what researchers describe as a Maya-themed vacationland for ecotourists in Guatemala and “land grabs” for biochar production in eastern and southern Africa.

[For Coast Guard Patrol North of Alaska, Much to Learn in a Remote New Place](#)

As oil-drilling operations, tourists and freight haulers flock to an area once forbiddingly

remote, the Coast Guard is arriving, too, for its biggest-ever patrol effort in the waters north of Alaska.

[Arctic faces pollution threats as oil and gas giants target its riches](#)

Environment campaigners say that drilling could have terrible effects on the waters and wildlife of the Arctic. "It took a vast effort to clean up the recent spill in the Gulf of Mexico," said John Sauven of Greenpeace. "There are no such resources to stop a spill in the Chukchi. The consequences could be devastating and very long lasting."

But Shell rejects this claim. It has an oil spill response capability that includes barges, helicopters, booms, and other equipment should anything happen, said an official. Drilling will be safe.

Exploiting the Arctic's vast oil reserves is just one cause of environmental unease, however. The far north is melting and far faster than predicted. Global temperatures have risen 0.7C since 1951. In Greenland, the average temperature has gone up by 1.5C. Its ice cap is losing an estimated 200-billion tonnes a year as a result. And further rises are now deemed inevitable, causing the region's ice to disappear long before the century's end.

[Who's 'Most to Blame' for Global Warming?](#)

The answer: United States has, with China a distant second.

And figured on a per person basis, the "most responsible" is the United Kingdom, with the United States a close second, Germany a close third, and China a distant seventh.

[The Endless Summer](#)

Here's what American exceptionalism means now: on a per-capita basis, we either lead or come close to leading the world in consumption of resources, production of pollutants and a profound unwillingness to do anything about it. We may look back upon this year as the one in which climate change began to wreak serious havoc, yet we hear almost no conversation about changing policy or behavior. President Obama has done nicely in raising fuel averages for automobiles, but he came into office promising much more, and Mitt Romney promises even less. (There was a time he supported cap and trade.)

[Why Being Green Does Not Mean Being Poor](#)

Our bills are not being driven up by the cost of renewables but, rather, by the rising cost of fossil fuels.

[Why we need a national carbon fee and dividend](#)

As we hear about fires, floods, heat waves, droughts, and freak storms across the country, the need for a coherent national policy to promote clean energy has become urgent.

[There's Still Hope for the Planet](#)

Behind the scenes, however, a somewhat different story is starting to emerge — one that offers reason for optimism to anyone worried about the planet. The world's largest economies may now be in the process of creating a climate-change response that does not depend on the politically painful process of raising the price of dirty energy. The response is not guaranteed to work, given the scale of the problem. But the early successes have been notable.

[Greenhouse Gas Emissions Continue to Climb in 2011](#)

In 2011, the burning of fossil fuels, as well as other activities such as cement and oil production, produced 3 percent more carbon dioxide in 2011, bringing this segment of emissions to an all-time 37.5 billion-ton (34 billion-metric tons) high that year, a European analysis reports.

[When Beijing Cleared the Air](#)

Even with significant uncertainties factored in, the amount is striking. An effort by one city (the world's 19th most populous metropolitan area, with 12.5 million people) led to emissions reductions that, if made permanent and multiplied by 360, would be enough to avoid the concentrations of greenhouse gases that could lead to dangerous levels of warming.

Imagine what could happen if bigger metropolitan areas like Tokyo (32.4 million people) Seoul (20.5 million) Mexico City (20.4 million) New York (19.7 million), Mumbai (19.2 million) and Jakarta (18.9 million) did likewise?

[Bacteria outbreak in Northern Europe due to ocean warming, study says](#)

LONDON — Manmade climate change is the main driver behind the unexpected emergence of a group of bacteria in northern Europe which can cause gastroenteritis, new research by a group of international experts shows.

The paper, published in the journal Nature Climate Change on Sunday, provided some of the first firm evidence that the warming patterns of the Baltic Sea have coincided with the emergence of *Vibrio* infections in northern Europe.

[Flood risk rampant across Asia's factory zones](#)

BANGKOK/HONG KONG (Reuters) - Global insurance companies are struggling to get a grip on their flood exposure in Asia nearly a year after one of the world's costliest disasters hit Thailand, with executives fearing an even worse event looms in the region.

Some firms learnt from the Thai floods, with new defences built to protect multi-billion dollar industrial estates in the country. Insurance premiums have also gone up, but factory construction in flood-prone areas remains rampant across Asia.

[Climate science: the gathering storm](#)

The signals are clear enough, and conditions that seem bad now may be regarded as relatively benign in decades to come.

[We're All Climate-Change Idiots](#)

Yes, there are political and economic barriers, as well as some strong ideological opposition, to going green. But researchers in the burgeoning field of climate psychology have identified another obstacle, one rooted in the very ways our brains work. The mental habits that help us navigate the local, practical demands of day-to-day life, they say, make it difficult to engage with the more abstract, global dangers posed by climate change.

Robert Gifford, a psychologist at the University of Victoria in British Columbia who studies the behavioral barriers to combating climate change, calls these habits of mind "dragons of inaction." We have trouble imagining a future drastically different from the present. We block out complex problems that lack simple solutions. We dislike delayed benefits and so are reluctant to sacrifice today for future gains. And we find it harder to confront problems that creep up on us than emergencies that hit quickly.



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