



Drumbeat: August 17, 2012

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[Mexico's big oil problem](#)

NEW YORK (CNNMoney) -- Mexico, one of the largest suppliers of oil to the United States, has a big problem: Its production of crude is falling fast.

In 2008, the country's production peaked at 3.2 million barrels a day, according to the U.S. Energy Information Administration. Last year, it didn't even produce 3 million a day.

The reason: aging oil fields and years of underinvestment.

Industry experts say Mexico could revive production if it allowed more investment from international oil companies. But under current policy, EIA says Mexico will have to start importing oil by 2020.

[U.S. Reliance on Saudi Oil Heads Back Up](#)

HOUSTON — The United States is increasing its dependence on oil from Saudi Arabia, raising its imports from the kingdom by more than 20 percent this year, even as fears of military conflict in the tinderbox Persian Gulf region grow.

The increase in Saudi oil exports to the United States began slowly last summer and has picked up pace this year. Until then, the United States had decreased its dependence on foreign oil and from the Gulf in particular.

[France, U.S. conferring on oil, all options eyed: source](#)

PARIS (Reuters) - France and the United States are in contact on recent oil price rises and are studying all options, an official at the offices of President Francois Hollande said on Friday when asked about a possible release of strategic oil reserves.

"We are consulting our American partners on all issues, including containment of oil prices. All options are being studied," the official, speaking on condition of anonymity, told Reuters.

[Oil price falls as Britain says it is ready to call for release of reserves](#)

The UK is prepared to ask the International Energy Agency (IEA) to take action to deal with high oil prices, but no decision has been made to release stocks, a energy ministry spokesman has said.

[Oil Trims Third Weekly Gain on Speculation Rally Was Excessive](#)

Oil fell for the first time in four days, paring a third weekly advance in New York, on speculation that its rise to a three-month high was not sustainable.

Futures dropped as much as 0.7 percent after yesterday's 1.4 percent increase to more than \$95 a barrel. Crude's 14-day relative strength index rose to 66.6 yesterday, its highest since March and near the 70 level considered to signify a market is overbought. Oil may slide next week on concern that slower economic growth in the U.S. will reduce demand, a Bloomberg survey showed. The world's biggest crude consumer is considering a plan to release emergency stockpiles, Reuters reported.

[Exports of coal and fuels on track to set record](#)

U.S. exports of coal and fuels such as gasoline and diesel continue to soar. Both categories are on track to set new annual records, according to government data.

Coal shipments are rising because U.S. demand for coal is falling as electric utilities burn more natural gas, which has plummeted in price, instead of coal. At the same time, demand for coal is rising in developing countries such as China and India as those countries work to bring electricity to millions who don't have it.

[Weekly LNG imports into N Asia rise 7% on surge in Qatari supply to China](#)

Singapore (Platts) - North Asian countries -- China, Japan, Taiwan and South Korea -- imported 125.10 Bcf gas equivalent of LNG, or 2.57 million mt of LNG, for the week ended August 15, a 7.3% gain from the previous week, according to port and satellite data compiled by Bentek Energy, a unit of Platts.

[Hedge funds bet on oil spike as Israel attack fears grow](#)

NEW YORK (Reuters) - Hedge funds are quietly laying new bets on a potential spike in oil prices tied to the possibility of an Israeli attack on Iran, skewing the options market to a bullish bias for the first time in six months.

[Beyond basics, is there a such thing as informed energy debate? The API joins in](#)

Still, even laying out different cases -- reference, low EUR, high EUR and high TRR -- trend lines are apparent for oil and gas in the coming decades.

The oversimplified answer: there will be more production. But, look at the ranges. Take the total US production of crude oil and natural gas liquids. For 2010, it was 7.5 million b/d, and for 2020, it could be 9.6 million b/d (reference), 8.8 million b/d (low EUR), 10.3 million b/d (high EUR) or 11.6 million (high TRR).

[Batista Failing in \\$1 Billion Earnings Pledge](#)

Billionaire Eike Batista's energy and mining companies lost almost as much money in the second quarter as in all of 2011, reducing the chances that Brazil's richest man will deliver the profits he promised for this year.

[Oil giant Saudi Aramco hit with virus](#)

The world's largest crude oil exporter has become the latest victim of a cyber attack, allegedly as a warning to officials in the country.

Saudi Aramco said in a statement on its Facebook page that it has shut down outside access to its computer network in a pre-emptive measure following a virus attack.

[Israel sees monthlong war after Iran strike](#)

JERUSALEM (AP) — An Israeli attack on Iran's nuclear program could trigger a bloody monthlong war on multiple fronts, killing hundreds of Israelis or more, the Israeli Cabinet's civil defense chief warned in an interview published Wednesday.

It was the most explicit assessment yet of how the government sees events unfolding in the aftermath of an Israeli attack.

[Japan to deport Chinese held over island landing](#)

Hong Kong (CNN) -- Japan will deport 14 detained Chinese nationals who were arrested over a disputed island chain in the East China Sea, Japan's Chief Cabinet Secretary Osamu Fujimura said on Friday in a resolution aimed at ending a diplomatic incident between the two nations.

[UN Ends Syria Mission; Gulf Citizens Told to Flee Lebanon](#)

The United Nations Security Council won't renew its unarmed observer mission in Syria, conceding it was unable to stem the violence as concerns grew that the country's

conflict was spilling across borders.

[CNN inside Syria: Caught in middle, people of Aleppo frantic for peace](#)

Some residents of Aleppo, Syria, are full of questions: Why are we being shelled? Who are the rebels who've come to town? How will we eat? The answers seem to be only bloodshed.

[Problems persist for oil-containment project at Bellingham](#)

BELLINGHAM — Minor oil spills have plagued construction of an oil-spill-containment barge Shell Oil is waiting for to drill exploratory wells in the Arctic Ocean off Alaska.

[Americans Rate Computer Industry Best, Oil and Gas Worst](#)

PRINCETON, NJ -- Americans continue to give the computer industry the most positive ratings out of 25 business and industry sectors tested, with the restaurant industry in second place. The oil and gas industry and the federal government have the least positive images, as they did last year.

[Japan: Butterfly Mutations Found Near Damaged Nuclear Plant](#)

Radiation that leaked from the Fukushima nuclear plant after last year's earthquake and tsunami caused mutations in some butterflies, including dented eyes and stunted wings, though humans seem relatively unaffected, researchers say. The mutations are the first evidence that the radiation has caused genetic changes in living organisms.

[Renewables Rout Ends as Asian Bidders Seek Q-Cells, A123: Energy](#)

The slump in renewable energy shares is ending as bidders from China and South Korea signaled interest in German solar manufacturer Q-Cells SE (QCE) and A123 Systems Inc. (AONE), a U.S. maker of batteries for electric cars.

[Debt-Laden Chinese Solar Firms Need Infusion of Funds](#)

As solar panel prices continue to tumble, Chinese solar companies are struggling with heavy debt loads, fueling expectations that many will be forced to seek new infusions of funds through takeovers or mergers.

[GE 'Skypump' charges electric cars with wind power](#)

Almost a year after they officially announced it, GE and vertical axis wind turbine company Urban Green Energy have announced the installation of the Sanya Skypump, a wind-powered charging station capable of recharging an electric car on wind energy.

[Tapping Into the Land, and Dividing Its People](#)

BLACKFEET INDIAN RESERVATION, Mont. — The mountains along the eastern edge of Glacier National Park rise from the prairie like dinosaur teeth, their silvery ridges and teardrop fields of snow forming the doorway to one of America's most pristine places.

Yes, there is beauty here on the Blackfeet reservation, but there is also oil, locked away in the tight shale thousands of feet underground. And tribal leaders have decided to tap their land's buried wealth. The move has divided the tribe while igniting a debate over the promise and perils of hydraulic fracturing, or fracking, in a place where grizzlies roam into backyards and many residents see the land as something living and sacred.

[In Drought, a Debate Over Quota for Ethanol](#)

WASHINGTON — Three big intertwined but rival agribusinesses — corn farmers, meat and poultry producers, and biofuel refineries — are in a political fight to protect their interests as a drought ravages corn producers and industrial consumers alike.

At issue is whether to suspend a five-year-old federal mandate requiring more ethanol in gasoline each year, a policy that has diverted almost half of the domestic corn supply from animal feedlots to ethanol refineries, driven up corn prices and plantings and created a desperate competition for corn as drought grips the nation's farm belt.

[Forecast: US drought lingering but leveling off](#)

ST. LOUIS (AP) — The worst drought in the U.S. in decades may be leveling off or even be easing ever so slightly in some lucky locales, federal weather forecasters announced Thursday in a report of little comfort for farmers and ranchers who already have begun tallying this year's losses.

[Food-Price Surge Not Expected From Drought](#)

The United States is in the midst of its worst drought in half a century, with significant impacts on food production, but economists say that global consumers rather than U.S. shoppers are likely to shoulder the biggest burden of the resulting rise in commodity prices.

[Climate Change Poses Risks to Food Supplies beyond US Drought](#)

Downpours and heat waves caused by climate change could disrupt food supplies from the fields to the supermarkets, raising the risk of more price spikes such as this year's leap triggered by drought in the United States.

Food security experts working on a chapter in a U.N. overview of global warming due in 2014 said governments should take more account of how extremes of heat, droughts or floods could affect food supplies from seeds to consumers' plates.

[Cheap natural gas linked to cleaner air](#)

In a surprising turnaround, the amount of carbon dioxide being released into the atmosphere in the U.S. has fallen dramatically to its lowest level in 20 years, and government officials say the biggest reason is that cheap and plentiful natural gas has led many power plant operators to switch from dirtier-burning coal.

[Metro Manila sinking at a fast pace](#)

Manila: The land level of Metro Manila where there are 10 million residents, has been sinking while its sea level has been rising, at a fast pace, an expert said, adding that reclamations and over-extraction of water have exacerbated the situation in the capital, an expert said.

The sea level surrounding Metro Manila is rising by almost one centimetre per year because of global warming, Dr Fernando Siringan of the UP Marine Science Institute said during a Senate hearing, the data of which was reported by GMA News.

[Greenland melting breaks record 4 weeks before season's end](#)

Melting over the Greenland ice sheet shattered the seasonal record on August 8 – a full four weeks before the close of the melting season, reports Marco Tedesco, assistant professor of Earth and atmospheric sciences at The City College of New York.

The melting season in Greenland usually lasts from June – when the first puddles of meltwater appear – to early-September, when temperatures cool. This year, cumulative melting in the first week in August had already exceeded the record of 2010, taken over a full season, according to Professor Tedesco's ongoing analysis.

"With more yet to come in August, this year's overall melting will fall way above the old records. That's a goliath year – the greatest melt since satellite recording began in 1979," said Professor Tedesco.



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