



Drumbeat: August 29, 2012

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[G-7 Countries Call for Increased Oil Output to Meet Demand](#)

The Group of Seven nations called on oil-producing countries to increase output and is monitoring the threats to their economies posed by high oil prices, according to a joint statement issued today by the U.S. Treasury Department.

“We remain vigilant of the risks to the global economy,” the G-7 said. “In this context and mindful of the substantial risks posed by elevated oil prices, we are monitoring the situation in oil markets closely.”

The G-7 said it’s prepared to call upon the International Energy Agency, a 28-member group of oil consuming countries, “to take appropriate action to ensure that the market is fully and timely supplied.” The IEA’s countries made available 60 million barrels of crude and oil products in June 2011 after Libyan output was disrupted by an armed uprising against Muammar Qaddafi.

[Oil falls below \\$112 as Isaac misses oil platforms](#)

LONDON (Reuters) - Brent crude oil slipped below \$112 per barrel on Wednesday as Hurricane Isaac, which hit land in Louisiana, left U.S. Gulf Coast oil production facilities without significant damage.

U.S. energy companies have shut most facilities in the Gulf of Mexico, cutting the region's oil output by more than 90 percent. Most shutdowns were precautionary.

An unexpected rise in U.S. crude inventories and data showing weakening U.S. consumer confidence added to bearishness, although lingering tensions in the Middle East supported prices.

[Isaac leads to 5-cent gas price spike](#)

NEW YORK (CNNMoney) -- Gas prices shot up by nearly 5 cents a gallon nationwide Wednesday -- with one-day surges of as much as 14 cents in some states -- after Hurricane Isaac cut output from refineries along the Gulf Coast.

But experts say the price spike is likely to be short lived, especially since the winds associated with the Category 1 storm are not believed to have caused lasting damage to

the refineries in the region.

[Strategic Oil Reserve Is for Emergencies, Not Elections](#)

There are few things a U.S. president hates more than gasoline at \$4 a gallon, especially with an election little more than two months away.

This might explain why President Barack Obama's administration is toying with the idea of releasing oil from the Strategic Petroleum Reserve, an underground reservoir that can store 727 million barrels of crude oil in salt caverns in Texas and Louisiana. Gasoline prices have risen to about \$3.75, up 40 cents in the past two months, near the electoral trouble zone.

[Isaac's Winds Test Energy Grid Upgrades After Katrina](#)

Hurricane Isaac is providing the biggest test of power grid fortifications made in the wake of Hurricane Katrina to prevent storms from crippling pipelines, refineries and other critical U.S. energy facilities.

[Joy Global struggles with slowing demand, low coal output](#)

(Reuters) - U.S. mining equipment maker Joy Global Inc cut its outlook for 2012 for the second time this year as slowing growth in China and Europe and low natural gas prices in the United States continued to hamper coal demand.

A milder winter in the United States reduced demand for electricity, and low natural gas prices prompted power producers to move away from coal. Higher hydro-power generation in China has also reduced coal demand.

[Union takes legal action over rig access](#)

The Australian Workers Union (AWU) is taking legal action to get access to a drilling rig off Victoria's south-west coast, where two men were killed.

The 60-year-old from Scotland and the 32-year-old from the Northern Territory died after being hit by a piece of machinery on the Stena Clyde rig, 50 kilometres off Port Campbell, on Monday.

[Japan says time to address China relations](#)

Japan's foreign minister Tuesday said it was time to address relations with China which

have soured over a territorial dispute as an incident targeting the Japanese ambassador added to tensions.

Monday's incident in which the national flag was ripped off a car carrying the Japanese ambassador in Beijing came amid widespread anti-Japan demonstrations over a disputed East China Sea island chain known in China as Diaoyu and in Japan as Senkaku.

[How Iran could get carte blanche in the Middle East – without a nuclear weapon](#)

A cyber attack earlier this month highlighted the vulnerability of the Saudi oil industry, on which so much of the world depends. A recent simulation showed that a full-scale terror attack at Abqaiq, where Saudi Arabia processes six million barrels of oil a day, would hugely bolster Iran and bring economic ruin to parts of the world.

[Is Venezuela about to open up to foreign oil investment?](#)

CARACAS, Venezuela — Bosses at Chevron Corp may share in the three-day mourning declared by Venezuelan President Hugo Chavez over the country's recent oil blast at Amuay, which killed at least 48 people. The blast early Saturday morning was one of the world's worst refinery explosions in 25 years, and the flames were only extinguished Tuesday.

Many critics of Venezuela's self-styled socialist government have blamed Chavez for a failure to maintain the complex.

[Venezuela's Refinery Explosion: Has Chávez Made Petroleum Too Political?](#)

The Aug. 25 disaster at Paraguaná, the worst refinery accident in Venezuela's history, killed 48 people – and, before a presidential election, revives charges that Hugo Chávez has weakened his oil industry by turning it into a political tool.

[Nigeria's Power Minister Barth Nnaji resigns](#)

Nigeria's Power Minister Barth Nnaji has resigned amid reports that he is linked to a company bidding for a lucrative electricity contract.

[Russia 'to cut gas exports'](#)

Russia's Economy Ministry is reportedly cutting its gas export forecast for this year due to sluggish demand from recession-mired Europe.

The forecast is said to be reduced to 193 billion cubic metres (bcm) from an earlier 212 bcm.

[Russia sees shale gas as eventual risk to Gazprom's revenue](#)

MOSCOW--Russia's economy ministry sees "serious" risks posed by shale gas to the revenue of Gazprom beginning in 2014, as higher supply from the nontraditional hydrocarbons may hurt prices and demand for Russia's pipeline gas.

[France to Keep Shale Ban Until Fracking Alternative Emerges](#)

France isn't prepared to tap its shale energy resources until "clean technologies" are invented to replace hydraulic fracturing, Industry Minister Arnaud Montebourg said.

The technique known as fracking causes "irreversible pollution" in some cases, the minister was cited as saying in an interview published today in Les Echos newspaper. It will probably be replaced by a different method, he said.

[New York Can Allow Fracking After It Gets the Rules Right](#)

New York Governor Andrew Cuomo is expected to soon lift the state's moratorium on natural-gas drilling, in place since 2010, at least for some counties.

That would be welcome news. Extracting gas from the Marcellus shale using horizontal drilling and hydraulic fracturing can create jobs, lower energy prices and lessen the U.S.'s reliance on (dirtier) coal and oil to generate electricity and heat.

[Destroying Precious Land for Gas](#)

Natural gas has been sold as clean energy. But when the gas comes from fracturing bedrock with about five million gallons of toxic water per well, the word "clean" takes on a disturbingly Orwellian tone. Don't be fooled. Fracking for shale gas is in truth dirty energy. It inevitably leaks toxic chemicals into the air and water. Industry studies show that 5 percent of wells can leak immediately, and 60 percent over 30 years. There is no such thing as pipes and concrete that won't eventually break down. It releases a cocktail of chemicals from a menu of more than 600 toxic substances, climate-changing methane, radium and, of course, uranium.

New York is lucky enough to have some of the best drinking water in the world. The well water on my family's farm comes from the same watersheds that supply all the reservoirs in New York State. That means if our tap water gets dirty, so does New York City's.

[ONS 2012: Statoil after 60% increase in offshore oil recovery](#)

STAVANGER, Norway – Statoil is looking to increase average oil recovery from its fields offshore Norway to 60%, according to senior figures speaking at ONS today.

Last year the company managed to raise the bar by 1% to 50%, equivalent to an extra 327 MMbbl of oil. For many of the fields, the original target in the plan for development and operation had been 30% recovery, said Oystein Michelsen, executive VP for Development and Production Norway. Eking out a further 10% will take time, he conceded.

[Statoil upgrades arctic activities triples arctic research budget](#)

STOCKHOLM--Statoil, the Norwegian oil and gas producer, said tuesday it is stepping up its arctic activities and will drill nine wells during a non stop 2013 barents sea exploration campaign while tripling its arctic technology research budget of the 94 exploration wells drilled in the Norwegian barents sea so far, Statoil has been involved in 89. Nine more statoil operated wells are on their way next year, Statoil said in a statement.

[Norway's oil minister intends to drill to the North Pole](#)

A number of oil companies at ONS have discussed the possibility of drilling further and further into Arctic waters. Environmentalists, however, are concerned about the consequences of a possible oil spill.

Ola Borten Moe disagrees this is a problem.

“It seems some think that you have to choose between drilling in the Arctic and the environment. The first well was drilled in this area more than 100 years ago. It is not a new phenomenon. We have an oil company that has a lot of experience and they have a partnership that stretches up to the High North,” he said.

[San Onofre Prepares To Remove Fuel From Reactor](#)

SAN CLEMENTE, Calif. -- The operator of the San Onofre nuclear power plant is preparing to pull the radioactive fuel from one of its two shuttered reactors, another sign the Southern California plant won't be operating at full capacity anytime soon, if ever.

[U.S. Sets Higher Fuel Efficiency Standards](#)

DETROIT — The Obama administration issued on Tuesday the final version of new rules that require automakers to nearly double the average fuel economy of new cars and trucks by 2025.

The standards — which mandate an average fuel economy of 54.5 miles per gallon for the 2025 model year — will increase the pressure on auto manufacturers to step up

development of electrified vehicles as well as sharply improve the mileage of their mass-market models through techniques like more efficient engines and lighter car bodies.

[Obama Fuel-Economy Rule Gives Sweeteners to Honda, Tesla](#)

Honda Motor Co., which last year complained that a proposed fuel-economy rule was unfair to non- U.S. automakers, got a boost when the final version added extra credits for sellers of natural gas-powered vehicles.

[GM: Chevy Volt output break due to Impala retooling](#)

General Motors is shutting down, for a month, the plant that makes its well-known Chevrolet Volt extended-range electric car. But GM says its is for retooling to produce the coming new Impala, and not, as the report indicated, to cut back this year's Volt production.

[Sun-charged cars tap into home systems](#)

LIHU'E — The popularity of cars utilizing sources other than gasoline has skyrocketed, said Pat Iwasaki of Kaua'i Toyota during the Kaua'i County Farm Bureau Fair.

Costs of maintaining either a hybrid or an electric vehicle are lower than fueling the car with gasoline and the prices of these cars are rapidly closing the gap between gas powered cars and the hybrids or electric cars.

[Designers Set Sail, Turning to Wind to Help Power Cargo Ships](#)

The new vessels, mainly still on drawing boards and in prototype, look nothing like the graceful schooners and galleons of centuries past. Last spring, for example, the University of Tokyo unveiled a model of its UT Wind Challenger at the Sea Japan trade show. It has nine masts, each 164 feet tall, with five rigid sails made of aluminum and fiber-reinforced plastic; the sails are hollow, designed to telescope into one another in rough weather or at anchor.

[Coal Greens Love Buoyed by Shale Gas Hydraulic Fracking](#)

The world's most abundant fossil fuel could be tapped without moving mountains, delivered without trucks or trains and burned without greenhouse-gas emissions.

The technology to make this possible has been around for decades. Underground coal gasification was pioneered by Sir William Siemens in the 1860s to light London's streets. Vladimir Lenin hailed the method in a 1913 article in Pravda for its potential to rescue Russians from hazards of underground mines.

[Minister hints at resignation in Heathrow airport row](#)

LONDON (Reuters) - Britain's transport minister said on Tuesday she would probably resign if the government gave in to pressure to expand London's Heathrow airport.

Prime Minister Cameron's government has ruled out building a third runway at Heathrow before the next election, in part to appease the junior coalition partner, the Lib Dems, but the issue has returned to the agenda with the economy still stuck in recession.

[UK government urged to tap China's \\$680 billion low carbon market](#)

London (Platts) - The UK government has been urged by a cross-party committee to take a more focused strategy towards developing low carbon ties with China in order to tap its GBP430 billion (\$679.8 billion) low carbon market, but will first need to demonstrate greater low carbon leadership at home.

[Gulf emissions in spotlight on eve of climate talks](#)

The average Arabian Gulf citizen uses three times as much energy as his or her German counterpart, says a report to be published today by the environmental advocacy group Carboun.

Consumption in the region is projected to climb even as energy guzzlers such as the United States and China keep their per-capita appetite in check.

[Arctic melt will impact climate before policy](#)

LONDON (Reuters) - Dwindling Arctic summer sea ice is unlikely to spur new policies to curb fossil fuels without more evidence of environmental impact, given stalled U.N. climate talks and political attitudes to mineral resources.

[4 ways to prevent natural disasters from becoming human tragedies](#)

The National Oceanic and Atmospheric Administration (NOAA) recently reported that the past 12 months have been the warmest the United States has ever experienced. Another NOAA report confirmed what has become increasingly obvious: Climate change is the likely culprit. This summer's extreme heat has sparked wildfires in states like Colorado. And the American heartland is parched, suffering the worst drought in 50 years; the loss of crops is predicted to drive food prices up nationally this fall. At the same time, in other parts of the world, climate change is engendering famine and destroying livelihoods. In just the past year, floods devastated Thailand and famine

struck East Africa; The current food crisis has put some 18 million people in Africa's Sahel region at risk of starvation. And extreme weather will likely worsen in the next few years, according to recent reports from the Intergovernmental Panel on Climate Change. But the catastrophic impact of climate change – especially on the developing world – is not inevitable. Here are four cutting-edge tools to anticipate and minimize the damage from natural disasters.

[Education a Key to Hurricane Evacuations, City Finds](#)

"You can't force people to go," said Joseph F. Bruno, commissioner of the emergency agency. "People have to make that decision."

His agency is still working on a report about the city's response to the storm, but some city officials who oversaw evacuations said many residents refused to believe that a hurricane could hit the city.

"When you start to talk about storms in New York City, people look at you like you have three heads," said Margarita Lopez, a member of the board of the New York City Housing Authority. "People kept telling us nothing will happen here."

[Fiji: Sea level woes](#)

"It is very important that villagers know about climate change and its effects on the environment like rising sea level which has become quite visible in some villages," he said.

"We are aware of villages being affected by climate change and it is a concern for all – it's equally important for villagers to understand the effects of climate change. There is one village I know in which relocation has started, so we are working with villagers through provincial offices to take heed of signs of climate change."

[Carbon efficiency failing to fight warming: study](#)

A surge in carbon emissions from power demand in the developing world is overwhelming progress by nations including China and the United States in improving efficiency, new research shows.

Seeking to cut costs, numerous nations in recent years have scaled back or revamped the dirtiest plants that use coal, which among major forms of energy is the highest emitter of carbon blamed for the planet's rising temperatures.

But a database set up by the Center for Global Development, a Washington think tank, found that the greater efficiency was far offset by emissions from electricity, which grew by 13.6 percent globally from 2004 to 2009.

[The Mystery at the Heart of This Year's Record-Setting Arctic Ice Melt](#)

There are two odd things about this sad record of global change.

First, it's only late August, several weeks before the traditional time when the sea ice melting stopped. That could mean that the melt is stopping earlier and could begin to recover earlier. Or we may have several weeks to go of melting, in which case, this year's low could not just break but shatter 2007's record.

Second, if the melt continues for days or weeks more, the melt will end up catastrophically lower than anyone anticipated.



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