



Drumbeat: August 31, 2012

Posted by [Leanan](#) on August 31, 2012 - 6:11am

[Germany, Italy stay opposed to IEA oil release](#)

ROME/BERLIN (Reuters) - Germany and Italy remain opposed to a release of consumer country emergency oil stocks, arguing world markets are amply supplied despite lower Iranian crude output, senior government sources in Rome and Berlin said. German and Italian opposition creates further uncertainty about the timing of a possible drawdown of stocks after G7 finance ministers issued a surprise statement on Tuesday saying they were ready to call on the International Energy Agency (IEA) to take action.

"There has been a round of telephone calls in the past few days. Since there's no unanimous agreement, there won't be any release," an Italian official said.

[Oil Heads for Second Monthly Gain Before Fed Chairman's Speech](#)

Oil headed for a second monthly increase, its biggest since October, as investors awaited a speech by Federal Reserve Chairman Ben S. Bernanke.

Futures advanced as much as 1.4 percent. Chairman Ben S. Bernanke is scheduled to speak today at a symposium where in 2010 he foreshadowed economic stimulus measures by the bank. Prices fell yesterday to the lowest close in two weeks as producers worked to restore Gulf of Mexico output and refiners prepared to resume operations after Hurricane Isaac passed. Companies halted 95 percent of U.S. oil production in the Gulf and 73 percent of natural-gas output, the Bureau of Safety and Environmental Enforcement said yesterday.

[Isaac pushes gas prices still higher for holiday weekend](#)

Gas prices jumped again Thursday in the wake of Hurricane Isaac, leaving drivers facing the prospect of costly fillups as they take to the highway for a final summer spin over Labor Day weekend.

Prices climbed two cents a gallon to \$3.82 nationally to a record for this time of year and are likely to edge higher still in coming days, the American Automobile Association said. The gains came on top of a five-cent surge Wednesday when Isaac pounded the oil-rich Gulf Coast region. The price has risen steadily from the summer low of \$3.33 on July 2.

[Italians Squeezed by \\$9.50-a-Gallon Gas Face Costly Drive Home](#)

Unleaded fuel has climbed to more than 2 euros (\$2.50) a liter, about \$9.50 a gallon, in some areas of Italy, including parts of the Tuscany region. That's made this year's end-of-summer "rientro," when Italians return to the cities after their August vacations, more costly than usual.

Motorists are being hit by the fallout from the European debt crisis as the government of Prime Minister Mario Monti raises gasoline taxes to rein in the world's fourth-biggest public debt. High fuel prices are weighing on consumer spending, deepening the country's fourth recession since 2001 and sapping earnings at carmaker Fiat SpA (F) and highway operator Atlantia SpA.

[U.S. Gasoline a Bargain as Drivers Pay 63% Less Than Norway](#)

For all the complaints about U.S. gasoline prices, Americans spent 63 percent less at the pump in July than Norwegians did on a gallon of the fuel.

The U.S. ranked 49th of 60 countries, according to data compiled by Bloomberg, with premium gasoline at \$3.75 a gallon on July 23, compared with \$10.12 in top-ranked Norway. The U.S. price was behind Japan, China and India, a country where people made 2.9 percent of what Americans earn.

[Mobile Bay lateral of Transco gas line shut after Isaac-Williams](#)

The Mobile Bay lateral of Williams Cos Inc's Transco natural gas pipeline has been shut due to storm Isaac, the company said in a filing on Friday.

[Lukoil sees profits slashed](#)

Russia's second-biggest producer Lukoil saw its net income more than halved in the second quarter to just over \$1 billion as it was hit by higher taxes and foreign exchange losses due to the weaker rouble.

[Kuwait closes in on Athabasca deal](#)

Kuwait's state-owned petroleum company has signed a preliminary deal to invest as much as \$4-billion in a joint venture with Athabasca Oil Sands Corp. to develop some of its oil sands properties in northern Alberta.

[BP to invest £100m in North Sea interests](#)

Oil giant BP is upping its stake in the North Sea by buying Total's share of a platform and two fields.

The £100m deal increases BP's interest in the Eastern Trough Area Project (ETAP).

[Pemex Finally Strikes Oil in Deep Waters](#)

President Felipe Calderón of Mexico announced Wednesday that the national oil company, Pemex, had struck oil in deep water, its first success after years of exploration in the deeper reaches along the bottom of the Gulf of Mexico.

The find, deep below the gulf's floor and more than 8,200 feet below the surface of the water, could add as much as 400 million barrels in potential reserves to Mexico's overall reserves, Mr. Calderón said at a ceremony at Los Pinos, his official residence.

[Norway: Skills shortage could leave offshore industry all at sea](#)

Concerns have emerged that a shortage of skilled professionals could prevent Norway from taking advantage of large oil reserves recently discovered in the North Sea.

A poll of delegates at the Offshore Northern Seas (ONS) conference found that 68% of participants felt skills shortages would result in the country struggling to realise the potential of Norway's recent Aldous and Avalsnes oilfield discoveries.

[Norway's Oil Industry Faces Cost Jump as Finds Lure Explorers](#)

Total SA , Royal Dutch Shell Plc, Dong Energy A/S and other explorers face rising costs in Norway as the biggest crude finds in almost 40 years rekindle interest in exploring off the Nordic country's shores.

The discoveries are driving demand, pushing up prices for equipment and services and potentially jacking up commitments for licenses, Soeren Gath Hansen, chief for exploration and production at Dong, a Danish oil explorer, said in an Aug. 29 interview in Stavanger, Norway.

[BP Official: China's Shale Gas Development Has Long Way To Go - Xinhua](#)

It will be a long time before China could commercialize its shale gas development in a large way, said David Eyton, group head of research and technology at U.K. oil giant BP PLC in Beijing Friday, state-run news agency Xinhua reports.

China's shale gas reserves' geological structure is totally different than that of the U.S. and China needs to build more infrastructure facility to transport the shale gas once

explored. Also it needs more policy support including a pricing mechanism for shale gas, Mr. Eyton was quoted by Xinhua as saying.

[At Gazprom, Views Conflict on Viability of Barents Sea Gas Project](#)

MOSCOW — Gazprom, the Russian energy company, has long presented the Shtokman field in the Barents Sea as the jewel in the crown of its natural gas reserves, a find that might hold enough gas to meet global demand for a year.

But Gazprom, a state-controlled company, has struggled for years to develop the field. This week, executives at Gazprom presented conflicting views of whether the project was even viable.

[S. Africa cuts all Iran crude imports in July](#)

JOHANNESBURG (Reuters) - South Africa imported no crude oil from Iran in July, customs data showed on Friday, a sign Pretoria is avoiding Iranian shipments until it can be certain to avoid European sanctions.

In May, imports from Iran stood at 285,524 tonnes, but since June, Africa's biggest economy has replaced shipments from Iran with crude from other suppliers, especially Saudi Arabia.

South Africa used to import a quarter of its crude from Iran but has come under Western pressure to cut the shipments as part of sanctions designed to halt Tehran's suspected pursuit of nuclear weapons.

[Japan imports no Iran crude in July, for 1st time since 1981](#)

Japan's imports of Iranian crude oil fell to zero in July for the first time since 1981, trade ministry data showed on Friday, as Iran's No.3 oil buyer reined in its appetite to keep from falling afoul of European Union sanctions targeting insurance, Reuters reported.

The data had been anticipated as Japanese buyers stopped lifting Iranian crude from early in June until late in July so that vessels on the final leg of the journey to Japan would not be left uninsured in early July, after an EU ban on insurance of Iranian cargoes took effect.

[Petrodollar really a loonie bubble](#)

Despite rising oil exports, Canada has a trade deficit that indicates the dollar has overshot.

[Chesapeake Squeezes Landowners on Costs Amid Cash Crunch](#)

Donna Thornton made sure to include a no-cost provision in her contract with Chesapeake Energy Corp. that let the driller harvest natural gas beneath 2.5 acres of her property in Louisiana.

Thinking she had excluded production and marketing expenses and would therefore secure higher royalty payments, the Texas accountant said she was shocked when she confirmed in July that the second-biggest U.S. gas producer was passing costs on to her. For Thornton and thousands more owners of mineral rights in the U.S., “no-costs” in drilling leases has taken on new meaning.

As gas prices were heading toward a 10-year low in April, Chesapeake began reinterpreting in its favor thousands of contracts with landowners from Pennsylvania to Texas that own the 1 trillion cubic feet of gas the company produced last year, according to interviews and documents reviewed by Bloomberg. Chesapeake, arguing that other contract language allows for cost deductions, is fighting more than a dozen lawsuits.

[Abramovich Wins Berzovsky's U.K. Lawsuit Over Sibneft](#)

Roman Abramovich won a lawsuit seeking about \$6.8 billion over claims he intimidated Boris Berezovsky into selling shares in two Russian oil and metal companies for far less than they were worth.

[Shell Wins U.S. Permit to Prepare for Arctic Drilling](#)

Royal Dutch Shell Plc said it will be difficult to complete an exploratory well in the Chukchi Sea off Alaska this year even after the company received a permit to begin limited preparatory work.

[Look At How Much Shell Is Paying To Militants, Gangs And 'Kill And Go' Police In Nigeria](#)

Shell Oil Company allegedly paid hundreds of millions of dollars to the oppressive Nigerian government for "security" at the height of conflicts in the region, according to a report from watchdog group Platform based on leaked internal data.

Payments included \$127 million to armed militants and criminal gangs between 2007 and 2009, according to the report. Tens of millions of dollars more went to police known in Nigeria as "kill and go" suggesting they can kill civilians and walk away with impunity.

[The Peak Oil Crisis: Summer's End](#)

As Labor Day nears, a quiet summer seems poised to turn into an autumn to remember. Our concern here, as it has been for many years now, is the price and availability of oil

products vital to our civilization. One of the many ways to think about peak oil is the point in time when our gasoline and other petroleum-fueled endeavors, such as air travel, become too expensive for casual use. As the use of petroleum products slows (US consumption is down by 4.4 percent from last year), our economy activity gradually drops to a slower pace. This year, the price of crude dropped about \$35 a barrel between April and June as tensions in the Middle East seemed to be easing. Since July, however, it has climbed \$25 higher despite gloomy economic prospects for much of the industrialized world.

More important however, is that the price of gasoline in the US is now up to the highest level ever for this time of year. Despite lower gasoline consumption, we seem to be setting a new record for the amount of money going into our gas tanks and not available for other uses.

[Doug Casey on Peak Oil](#)

Peak Oil is a major reason why, in spite of a rapidly cooling global economy, oil prices are still near historic highs, at over \$95 a barrel. In part, this is due to so-called "quantitative easing" – i.e., money-printing – but it's also clearly evidence of the essential correctness of Hubbert's theory, which accurately predicted the peaking of light, sweet crude-oil production in the US circa 1970. It was not only technically daring, but occupationally and politically dangerous in the '50s for Hubbert to forecast that the US, and then world production, would go into decline. And he was right.

[T. Boone Pickens Blasts Romney Energy Plan](#)

In a riveting interview on "CBS This Morning" billionaire oil investor T. Boone Pickens slammed presidential candidate Mitt Romney's energy plan, saying it focuses entirely on new oil drilling with no mention of natural gas.

"The United States has more natural gas than any other country in the world... but there was no mention of [it]," Pickens said.

[Qatar vows to meet Japan's energy needs](#)

Qatar will continue to help Japan meet its rising energy needs, particularly in the wake of the Fukushima nuclear disaster, said HE the Chairman of Administrative Control and Transparency Authority, Abdullah bin Hamad al-Attiyah.

[Japan Strives to Go Nuclear-Free](#)

TOKYO — As Japan moves to cut back on nuclear power after last year's disaster in Fukushima, it is running into a harsh economic reality: the cost of immediately abandoning its nuclear reactors may be too high for some big utilities to shoulder.

[Abu Dhabi "must be ready" to store spent fuel, says Hans Blix](#)

Abu Dhabi may have to develop storage capacity for spent fuel from the nuclear power plants that will become operational from 2017, says the former head of the UN's nuclear watchdog.

[Drilling programs in doubt after deaths](#)

Offshore drilling programs for Origin Energy and Oil Search have been thrown into doubt following the death of two workers yesterday on an offshore drilling rig, the Stena Clyde, which is operated by Stena Offshore of Scotland.

[Higher mileage standards will pay off for consumers, environment](#)

The Obama administration scored a victory for public health this week with the announcement of new fuel economy standards. The rules would double gas mileage for cars and light trucks by 2025, saving motorists thousands at the pump, and curb by up to half the release of global-warming greenhouse gases. This is another contrast in the election campaign between President Barack Obama's rounded energy policy and the drill-and-deregulate stance of Republican nominee Mitt Romney.

[Obama's fuel standards don't add up](#)

WASHINGTON (MarketWatch) — It's fitting that the Obama administration chose the opening day of the Republican convention in Tampa to roll out the final version of its new Corporate Average Fuel Economy Standards (CAFE), which would raise automobile fuel standards from 29.7 miles per gallon now, to 35.5 in 2016 to 54.5 in 2025.

Raising the CAFE standard and the related goal of reducing tailpipe emissions is an issue about regulation and the role of government that divides Republicans from Democrats.

[An American Electric Hybrid Powertrain Maker Goes To China](#)

ALTe Powertrain Technologies, an American electric hybrid powertrain startup, announced Friday it's setting up a \$200 million joint venture in China to tackle the world's largest auto market.

[Transition Network conference 2012 preview: No:7 – Chris Vernon on 'Is Peak Oil Dead?'](#)

The media has been awash with stories recently about the demise of peak oil, including the now widely critiqued announcement by George Monbiot that "we were wrong on peak oil". But were we? Chris Vernon is one of the editors of the very popular Oil Drum

website, as well as being active in Transition (and making an appearance on BBC Radio 4's 'In Business' recently). We asked him to tell us more about his workshop at the 2012 Transition Network conference, and why he looks forward to Transition Network conferences.

[Living happily with less](#)

Granted, this is about voluntary downscaling, which by its very definition suggests that those making such choices have the luxury to do so. Zipcar's car-sharing customers, said Griffith, are better-educated and earn more on average than their similarly aged peers counterparts.

"It's not that they can't afford (owning a car); they've learned to do the math," he said. "They've learned you can have a simpler life and one that's more sustainable by living with less."

[OSU agricultural expert favors ethanol waiver to avert global crisis](#)

With the United States facing its worst drought in more than 50 years, the work of Ohio State University professor Rattan Lal is gaining extra attention.

While some are calling for a waiver of ethanol production requirements this year to lower corn prices for farmers and consumers, Lal is calling on the waiver for a different reason — to help avert a global food crisis.

[Africa: Food Security - a Perfect Storm](#)

Food prices are rapidly heading toward new record territory, with far more at play than a simple drought in the US Midwest. There are serious implications, especially for nations with high rates of inequality and poverty. We will almost certainly face a potentially catastrophic, global scale famine in the next couple of decades.

The main reason there are now over seven billion people on earth is largely due to the emergence of two separate technologies. Firstly, cheap fossil fuels have enabled us to grow food on industrial scales. We presently require around 10 calories of fossil fuel energy to produce one calorie of food. A century ago each calorie of energy expended produced two calories of food. Secondly, advances in health care, primarily antibiotics and vaccines, have increased human life-spans.

It is an increasing challenge to feed this exponentially increasing population. We produce sufficiently for everyone on earth to have enough food, yet despite this cornucopia a significant proportion of people cannot afford to eat properly. Why?

[Cooking Isn't Fun](#)

So the big question is, if cooking from whole ingredients is so easy and cost-effective and healthy, why don't Americans do it more — particularly the low-income ones who are affected the most by obesity? This is a much trickier question than it seems because it implicitly evokes two pernicious myths about Americans' cooking habits that I uncovered in the course of my reporting.

The first myth here is that the poor do not cook. We tend to think that low-income Americans are flooding McDonald's, while more affluent citizens dutifully eat better meals prepared at home. In reality, it is the middle class that patronizes the Golden Arches and its competitors. (That's because fast food may be cheap, but it's still more expensive than cooking at home.) Indeed, beneficiaries of the Agriculture Department's food-stamp program (officially known as Supplemental Nutrition Assistance Program, or SNAP) typically spend far more time than other Americans preparing their meals.

[A Banker Bets on Organic Farming](#)

Grantham, widely known in the investment community as a supercontrarian, came to my attention last month when I stumbled across an article he wrote in his firm's quarterly newsletter entitled "Welcome to Dystopia! Entering a Long-Term and Politically Dangerous Food Crisis." Next to this unexpected headline was a photo of (forgive the stereotype) an expectedly conventional-looking investment banker. Below it, however, were two quotes: one from Bob Marley ("Them belly full but we hungry . . .") and one from Kenneth Boulding: "Anyone who believes exponential growth can go on forever in a finite world is either a madman or an economist." My attention was caught.

[Farm Exports Seen Rising as Drought Pushes Up U.S. Crop Prices](#)

U.S. farm exports will rise 5.1 percent to a record in the next fiscal year as overseas buyers pay more for tight supplies of crops damaged by the worst drought in 50 years, the government forecast.

The value of shipments will increase to \$143.5 billion in the year starting Oct. 1 from a revised \$136.5 billion in the current year, the U.S. Department of Agriculture said yesterday in a quarterly report. Export revenue from corn, the biggest U.S. crop, will rise 3.4 percent to \$12.1 billion while volume declines as the drought pushes grain prices to records.

[Kentuckians Take Distilleries to Court Over Black Gunk](#)

LOUISVILLE, Ky. — The sooty-looking black gunk has been here for as long as anyone can remember, creeping on the outside of homes, spreading over porch furniture, blanketing car roofs, mysterious and ever-present.

It was pollution, residents speculated, or maybe something to do with the industrial riverfront. But it turns out the most likely culprit is Kentucky's signature product, its liquid pride: whiskey, as in bourbon whiskey, distilled and bottled across the city and

nearby countryside.

["Sunshade" to fight climate change costed at \\$5 bln a year](#)

OSLO/SINGAPORE (Reuters) - Planes or airships could carry sun-dimming materials high into the atmosphere for an affordable price tag of below \$5 billion a year as a way to slow climate change, a study indicated on Friday.

Guns, rockets or a pipeline into the stratosphere would be more expensive but generally far cheaper than policies to cut world greenhouse gas emissions, estimated to cost between \$200 billion and \$2 trillion a year by 2030.

[What Will It Take?](#)

One of the panelists, William K. Reilly, who served as Environmental Protection Agency administrator under the first President Bush, said Katrina wasn't big enough to provoke a real debate on climate change. He speculated that it would take a weather event, or a series of weather events, of epic proportions to galvanize the public and policy makers to take action.

What has happened since then? The thunderstorm and tornado swarms of early 2011, including the monstrous Joplin, Mo., disaster. Hurricane Irene, which inundated much of the Northeast. The worst heat wave in Russia in 1,000 years. Record-shattering heat and drought in much of the United States this year. The lowest level of Arctic sea ice ever measured. The melting of virtually the entire ice sheet of Greenland, something not seen in 30 years of satellite measurements.

[Nations warn of broken promises at U.N. climate talks](#)

BANGKOK (Reuters Point Carbon) - Almost 50 of the world's poorest nations said pledges made by rich countries to provide funds to help them adapt to a warmer planet risk being overlooked as U.N. negotiations over a global climate pact to start in 2020 got underway in Bangkok on Wednesday.

The group of mostly African nations said that ill-fated talks launched in 2007 to find a successor to the Kyoto Protocol must not end without richer nations pledging financial aid to help them cope with rising sea levels cause by climate change.

[Storms, drought overshadow UN climate talks](#)

World climate change negotiators faced warnings Thursday that a string of extreme weather events around the globe show urgent action on emission cuts is needed as they opened new talks in Bangkok.

The week-long meeting in the Thai capital, which was devastated by major floods last year, aims to prepare the ground for a meeting of ministers under the UN Framework Convention on Climate Change (UNFCCC) in Doha starting in November.

[East Coast National Parks at Risk From Sea Level's Rise](#)

There are nearly 300 miles of Atlantic shoreline protected as part of the National Park system. This includes Cape Cod, Fire Island, Assateague Island, Cape Hatteras, Cape Lookout, Cumberland Island and Canaveral. The beaches attract 11 million visitors each year, putting nearly half a billion dollars into local economies.

But a new report from the Natural Resource Defense Council and the Rocky Mountain Climate Organization outlines how these places Americans have pledged to preserve are changing as the planet warms.

[Arctic summer sea ice might thaw by 2015 - or linger for decades](#)

OSLO/LONDON (Reuters) - Ice on the Arctic Ocean could vanish in summertime as early as 2015 or linger for many decades after a thaw to a record low this month that is widely blamed on climate change, according to scientists.

Huge variations in climate experts' predictions complicate long-term plans by everyone from indigenous peoples who depend on ice for hunting to shipping firms hoping for new trans-Arctic shipping routes and oil firms seeking new areas for drilling.



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