



Drumbeat: September 7, 2012

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[Insiders suspected in Saudi cyber attack](#)

(Reuters) - One or more insiders with high-level access are suspected of assisting the hackers who damaged some 30,000 computers at Saudi Arabia's national oil company last month, sources familiar with the company's investigation say.

The attack using a computer virus known as Shamoon against Saudi Aramco - the world's biggest oil company - is one of the most destructive cyber strikes conducted against a single business.

Shamoon spread through the company's network and wiped computers' hard drives clean. Saudi Aramco says damage was limited to office computers and did not affect systems software that might hurt technical operations.

The hackers' apparent access to a mole, willing to take personal risk to help, is an extraordinary development in a country where open dissent is banned.

[Crude Trades Near One-Week High as Slower Hiring Curbs Optimism](#)

Oil traded near the highest close this week as speculation that jobs growth in the U.S. is slowing countered optimism that a European Central Bank plan will address the region's debt crisis.

Crude was little changed after rising as much as 0.6 percent. Payrolls in the U.S., the world's biggest consumer of crude, probably rose at a reduced pace in August, economists said before a Labor Department report today. ECB President Mario Draghi announced plans yesterday to reduce interest rates for struggling nations in the euro area.

[Europe facing further diesel price hikes](#)

Europe may face soaring diesel prices this autumn after a string of refinery accidents ahead of routine closures have tightened fuel supplies worldwide, sounding alarm bells in Western governments. The United States is pressing for a release of oil stocks from Western nations, supervised by the International Energy Agency. The reluctant IEA has stressed that the problem is not with crude supply, but with the flow of products from refineries, as wholesale fuel prices in Asian markets have already hit four-year highs..

[Shale Boom Cuts Gulf Oil Premium to 24-Year Low](#)

The U.S. shale boom has driven the cost of Gulf Coast light, sweet oil to its lowest level versus Brent crude in almost a quarter century as the nation's dependence on foreign supplies wanes.

Light Louisiana Sweet, the benchmark grade for the Gulf Coast known as LLS, has traded on the spot market at an average of 15 cents a barrel more than Brent this year, the smallest premium since at least 1988, data compiled by Bloomberg show. The spread's highest annual average was \$4.02 in 2008.

[UK gas prices fall as output rises, exports drop](#)

LONDON (Reuters) - British prompt gas prices fell on Friday morning as supplies from the UK Continental Shelf rebounded and exports towards Belgium were reduced.

Gas for weekend delivery fell 0.40 pence to 60.10 pence a therm, while month-ahead gas shed nearly half a penny to 59.75 pence.

Prices softened despite evidence of mild gas shortages at the British hub, undersupplied by 3 million cubic metres/day (mcm/day), according to National Grid data.

[Hurricane Leslie Edges Northward as Bermuda Issues Watch](#)

North Atlantic Refining Ltd. has a 115,000 barrel-a-day refinery in Come-By-Chance, Newfoundland, 90 miles west of the provincial capital of St. John's.

The Miami-based NHC is also tracking a remnant of Hurricane Isaac that re-entered the Gulf of Mexico and has a 30 percent chance of becoming a tropical system within two days.

[US can maintain oil growth – Credit Suisse](#)

(Argus) — The US can maintain oil production growth at around 600,000 b/d because of shale development, the Gulf of Mexico and, potentially, the Arctic, but requires a near-term oil price of \$95/bl for Brent, according to Switzerland-based bank Credit Suisse.

The required price could drop to \$80/bl over time. US growth is seen accounting for 80pc of the global net gain in production capacity but, under the bank's model, that still leaves global spare capacity at just 2-3pc in 2015.

[The future of oil](#)

Higher supply costs mostly reflect a lack of new, low cost sources of production. Deep-sea oil, oil sands and shale oil are all far more expensive to extract than conventional onshore or shallow offshore. This supply issues have been exacerbated by increased demand from fast growing emerging economies.

With stagnating Western economies and falling real incomes, however, an argument could be made that falling developed market demand may help offset the demand picture. Riley is not convinced:

"You might well think that demand has a ceiling in the developed world, but that ignores the low base that many of these emerging countries are coming from. Vehicle penetration in China, for example, is currently below where it was in the US in 1920 so there is still plenty of room for growth."

[Saudi Arabia May Become Oil Importer by 2030](#)

This may concentrate a few minds in The Kingdom. The country is already planning an 80GW nuclear blitz though they are woefully short of nuclear power experts.

It has big hopes from solar projects based on successes of solar farms in California. Both nuclear and solar would allow it export more of its oil output.

A great deal could change. New desalination filters should reduce energy use drastically, for instance. Saudi fuel subsidy policies may change.

[Iraq's Kurd oil row too big to last - Genel's Hayward](#)

ARBIL, Iraq (Reuters) - Iraq and its Kurdish region both have too much at stake not to settle their dispute over oil, although they may take a year or so to do it, the head of the largest producer there said.

"The scale of the opportunity for Kurdistan and for Iraq is so large that there will be a resolution," Genel Chief Executive Tony Hayward, former boss of BP, said in an interview.

[Japan in final stages of talks to buy disputed islands, prime minister says](#)

Tokyo (CNN) -- The Japanese government is in the final stages of negotiations to bring a hotly disputed set of small islands in the East China Sea under public ownership, Prime Minister Yoshihiko Noda said Friday, stressing his country's claims of sovereignty.

The islands are at the heart of a bitter diplomatic argument between Japan and China that has resulted in occasionally violent acts of public protest. The uninhabited islands,

known in Japan as Senkaku and in China as Diaoyu, are privately owned by a Japanese family.

[Govt may hike fuel prices next week](#)

NEW DELHI: The government may hike petrol, diesel, cooking gas and kerosene prices simultaneously as early as next week, with oil minister S Jaipal Reddy today saying "difficult and painful" decisions need to be taken.

"There are no immediate proposals to raise prices of various oil products including petrol," Mr Reddy told reporters. Though he did not specify when the hike may take place, indications are it could be done after the Cabinet meets next week.

[Oil firms fall on bourses on delay in fuel price hike](#)

Shares of Indian Oil, Bharat Petroleum and Hindustan Petroleum reversed their gains on Friday, dropping by up to 3.3 per cent after Petroleum Minister S Jaipal Reddy said there are no immediate proposals to raise fuel prices, including petrol.

[Indonesia not able to 'wipe out' fuel subsidies, says Pertamina head](#)

Indonesia won't be able to fully do away with fuel subsidies as its economy grows and its middle class adopts higher material aspirations, state-owned Pertamina's President Director Karen Agustiawan said Friday at the Asia-Pacific Economic Cooperation CEO Summit in Vladivostok.

"Yes, the middle class ... are starting to buy cars, they are trying to buy refrigerators and air-conditioners, but they are not at the level where they can buy energy at [market prices]," she said. "So what we are trying to do ... is to reduce the amount of subsidy used in the household."

[China's Roads-to-Subways Construction Spurs Stocks Rally](#)

China approved plans to build 2,018 kilometers (1,254 miles) of roads, spurring the biggest stock- market rally in almost eight months on signs the government is stepping up stimulus efforts to revive economic growth.

[Brazil to Reduce Power Costs, Pressure Banks to Foster Growth](#)

Brazil will cut energy costs for companies and consumers while pressuring banks to lower lending rates to accelerate growth in the world's sixth-largest economy, President Dilma Rousseff said.

Electricity rates will fall by an average of 16.2 percent for households and as much as 28 percent for producers starting next year, Rousseff said yesterday in a nationally-televised speech to commemorate Brazil's Independence Day. The move marks a change for the 64-year-old president's administration, which had previously focused on bolstering consumer demand to aid growth.

[Record interest in Norway's mature oil fields](#)

OSLO (Reuters) - Norwegian authorities have received applications from a record number of oil companies keen to take part in this year's oil production licensing round for Norway's mature offshore areas, including two oil majors that did not apply last year.

[China-Russia JV Tianjin refinery gets right to export oil products](#)

China has granted the future Tianjin refinery, a joint project of Russia's Rosneft and China National Petroleum Corporation, the right to export its oil products, Russia's President Vladimir Putin said at a conference Friday.

[Sinopec, Nabors to Replace YPF Frankenstein Rigs, Official Says](#)

YPF SA , Argentina's biggest energy company, signed contracts with oil services providers including Nabors Industries Ltd. and China Petroleum & Chemical Corp. to rent 14 drilling rigs for its shale exploration program, a YPF official briefed on the matter said.

The contracts, awarded through private auctions, will increase the number of rigs used by the Buenos Aires-based company by 47 percent from the first half of 2012, the YPF official said.

[U.S. congressman confirms high-level U.S.-Israel spat over Iran](#)

(Reuters) - Israeli Prime Minister Benjamin Netanyahu blew up at the U.S. ambassador last month because he was "at wits' end" over what he sees as the Obama administration's lack of clarity on Iran's nuclear program, a U.S. congressman who was at the meeting said.

[Shell mulls bid in Iraq oil auction](#)

Royal Dutch Shell is weighing making a bid in an Iraqi auction of exploration rights that Baghdad has promised to make more lucrative for foreign investors.

In Iraq's last tender, not a single western oil major made a bid, and only three of 12 contracts were ultimately awarded, mostly to smaller independent companies. Last

week the Iraqi oil ministry said it was revamping the economic terms for its fifth auction since 2003.

[Russia's Rosneft to reorganize to reflect growing gas, offshore focus](#)

Russia's largest crude oil producer Rosneft plans to change its organizational structure to reflect its growing interest in gas production and offshore operations, the company's CEO Igor Sechin said Friday.

"We are increasingly more engaged in gas [operations]...offshore [activities] have also emerged, this requires optimization of the organizational structure," Sechin told reporters on the sidelines of the Asia-Pacific Economic Cooperation CEO Summit in Russia's Vladivostok.

[Fliers pinched as airfares take off; blame fuel, mergers, profits](#)

Fares were up this year, from facilities such as Memphis International Airport to Atlanta's Hartsfield-Jackson to Boston's Logan. Don't expect them to drop any time soon.

The volatile price of jet fuel, multiple airline mergers that have winnowed competition and a determination by carriers to not offer more seats than there are passengers to fill them have let airlines boost prices and their bottom lines.

[Tests show oil found on Louisiana shore came from BP spill](#)

(CNN) -- Preliminary lab results show two oil samples taken on the Louisiana coast are from BP's 2010 Gulf spill, state officials said Thursday.

[Brazil federal police accuse Petrobras of environmental crimes](#)

RIO DE JANEIRO--Brazilian state-run energy giant Petrobras could face criminal and civil actions after federal police alleged the company isn't properly treating wastewater from refining and oil production before releasing it into local waterways and the Atlantic Ocean, a police official said.

The investigation has been completed and forwarded to the federal prosecutor's office, Fabio Scliar, who heads the federal police's environmental crimes unit in Rio de Janeiro, told Dow Jones Newswires in a phone interview.

[Is Fracking Good for the Environment?](#)

Is increased production of natural gas from shale deposits good for the environment? At first glance: yes: natural gas releases less CO₂ into the atmosphere than coal, so replacing coal-fired electrical plants with gas-fired plants is a win for global warming. And since fracking makes natural gas cheaper, it helps stimulate a switch from coal to gas.

But wait: it turns out you also have to account for leakage. The problem is that natural gas is methane, a powerful greenhouse gas in its own right, and when you extract natural gas from shale formations, some of it inevitably leaks out.

[For Farms in the West, Oil Wells Are Thirsty Rivals](#)

GREELEY, Colo. — A new race for water is rippling through the drought-scorched heartland, pitting farmers against oil and gas interests, driven by new drilling techniques that use powerful streams of water, sand and chemicals to crack the ground and release stores of oil and gas.

A single such well can require five million gallons of water, and energy companies are flocking to water auctions, farm ponds, irrigation ditches and municipal fire hydrants to get what they need.

That thirst is helping to drive an explosion of oil production here, but it is also complicating the long and emotional struggle over who drinks and who does not in the arid and fast-growing West. Farmers and environmental activists say they are worried that deep-pocketed energy companies will have purchase on increasingly scarce water supplies as they drill deep new wells that use the technique of hydraulic fracturing.

[Jeff Ruin: Why I Am Canadian for the Great Bear](#)

Considering that Canada exports over 2 million barrels a day to the US market, getting shortchanged \$20 per barrel is no trifling matter. It works out to some \$1.2-billion a month or roughly \$15-billion a year. That's a much bigger subsidy than the one Alberta producers were forced to give Ontario and Quebec energy consumers in the 1980s when they had to accept made-in-Canada oil prices under the still reviled National Energy Plan. Today Alberta producers have to accept even more punitive terms for their oil from made-in-USA prices.

Who exactly is getting that missing \$20 per barrel? US motorists certainly don't get any break at the pumps. They're paying the same price for their gasoline whether it is made from Canadian bitumen or any other feedstock. But the refinery making that gasoline is sure making a lot more money when it uses bitumen from Alberta than when it has to pay world oil prices for its crude.

[Texas raises speed limit to 85 mph on busy highway](#)

Texas will soon open a stretch of highway with the highest speed limit in the country,

giving eager drivers a chance to rip through a trip between two of the state's largest metropolitan areas.

The Texas Transportation Commission has approved a speed limit of 85 miles per hour for a 41-mile toll road several miles east of the increasingly crowded Interstate 35 corridor between Austin and San Antonio.

[Renewable Energy Is Obama Goal for Next Term, Aide Says](#)

President Barack Obama's effort to develop renewable power sources and persuade Congress to adopt a long-term energy policy will be priorities should he win a second term, his top climate and energy aide said.

Clean-energy programs and efficiency initiatives will be a focus for the president if he's re-elected in November, Heather Zichal, Obama's deputy assistant for energy and climate change, told reporters today in Washington.

[Opponents of Malaysia Rare Earth Plant Promise to Protest](#)

KUALA LUMPUR, Malaysia — Opponents of a rare earth refinery in Malaysia refused to back down Thursday after the authorities gave the Australian company behind the project the approval to proceed.

One group, Himpunan Hijau, has vowed to blockade the port in the Malaysian town of Kuantan, near the plant, if the company, Lynas, tries to import the raw earth materials from Australia.

[France committed to closing its oldest nuclear reactor by 2017](#)

The French Energy Minister says the government is committed to closing the country's oldest nuclear reactor by 2017. Two people were burnt in an accident there earlier this week.

[Japan Axing Nuclear for Renewables Means Missing Carbon Goal](#)

Phasing out nuclear power in Japan will cost the country the equivalent of \$622 billion to build a power grid around renewable energy and means it will fail to meet a target to reduce greenhouse-gas emissions.

That's an estimate from the government as it mulls going ahead with a recommendation made yesterday by its own advisory body to eliminate use of atomic power, an option favored in public opinion polls, in its first post-Fukushima energy policy.

[Japan's Fukushima operator to release more video on disaster](#)

(Reuters) - Tokyo Electric Power Co, the operator of the wrecked Fukushima nuclear plant, has bowed to pressure from the media and government and decided to release more video footage of staff trying to contain the March 2011 crisis.

[China Price War Draining Jobs in Germany's Solar Valley](#)

When Thomas Behling returned to his home state of Saxony-Anhalt in 2006, he was drawn by a job in the solar industry and the chance to participate in Germany's renewable energy boom. He was fired in July.

Behling's employer, Sovello GmbH, produced its last solar panel on Aug. 26, sending 1,000 workers home after attempts to find an investor to save the seven-year-old company failed. Next door, Q-Cells SE, once the world's largest solar-cell maker, is being acquired by Hanwha Group of South Korea as soaring debt brought it to the brink of bankruptcy. At least 12 German solar companies filed for protection from creditors in the past year.

[North Dakota boom towns balance beauty and business](#)

Now part of the national park created in his memory, the weathered remnants of Roosevelt's "Walden Pond of the West" retain their sense of remoteness in the least populated region of one of the USA's least-visited states.

But on a ridge beyond the quivering cottonwoods and grasshoppers flitting through knee-high prairie grass, an oil well pierces the horizon. It's a symbol of the "carbon rush" that has earned North Dakota the country's lowest unemployment rate and ranked it second to Texas in oil production — and is rapidly transforming what the late CBS newsman and native son Eric Sevareid called the "rectangular blank spot in the nation's mind."

[Diversity spreads to all corners of the U.S.](#)

The impact is striking in rural areas where white populations are shrinking as young people leave and the elderly who stay die. When Hispanics and Asians move in, minority kids are born and alter the dynamics. Many rural schools have added English-as-a-second-language classes and social service agencies have hired translators.

"There are literally hundreds of American counties that would be losing population if it were not for minority growth," Johnson says. "This diversity is bringing them young people they had been losing for a long time and new opportunities."

[With Their Food Scarce From Drought, More Animals Try Dining in Town](#)

At least two candy stores have been burglarized this summer by ravenous, drought-starved bears. They are being struck by cars as they roam dark highways, far from their normal foraging grounds. Growing numbers are invading campsites and kitchens in search of food. One even tried to storm a hotel bar in Telluride, Colo.

In addition to destroying crops, this summer's record-breaking drought has also killed off the wild acorns, berries and grasses that sustain animals like mule deer, elk and bears. Without that food, the great outdoors is pushing its way inside, looking for calories wherever they can be found.

[Shell CO2 capture bets on emissions targets](#)

(Reuters) - Royal Dutch Shell's investment in a carbon capture plant at its tar sands facility in Alberta shows the company recognises the threat of climate policies targeting unconventional oil.

The project will help shield Shell against future penalties on tar sands, as planned by California and the European Union, while its commercial success will also depend on demand for the CCS technology which it develops.

[EU's greenhouse gas emissions down 2.5% in 2011](#)

The European Union's (EU) greenhouse gas emissions fell by 2.5% in 2011 despite higher coal consumption, according to new estimates from the European Environment Agency (EEA).

[The Baffling Nexus of Climate Change and Health](#)

In 2004, a rare tropical fungus caused a string of respiratory failures and neural disorders along the Pacific Northwest coast, baffling the health community. That same year, Alaskan cruise ship passengers dining on local oysters fell sick with a gastric virus typically found in warm water estuaries. Now Texas, after an unusually wet spring and dry summer, is battling what may become the country's worst recorded outbreak of West Nile virus.

[African farmers must do more to beat climate change -study](#)

OSLO (Reuters) - African farmers are finding new ways to cope with droughts, erosion and other ravages of climate change but need to develop even more techniques to thrive in an increasingly uncertain environment, scientists said on Friday. Smallholders have started to plant more drought-resistant and faster-growing crops to keep the harvests coming in, according to a survey of 700 households in Kenya, Ethiopia, Uganda and

Tanzania.



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