



Drumbeat: September 28, 2012

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[Cheap coal, EU rules threaten British energy crunch](#)

(Reuters) - Britain could face an energy supply crunch this decade as cheap coal encourages plant operators to race through generation hours before new EU environmental rules come into force, then shutter generating capacity ahead of schedule next year.

High gas prices and lack of clarity on incentives for investment in renewable energy are meanwhile seen hampering plans to replace about a fifth of the country's electricity generation with cleaner alternatives over the next 10 years.

Nine UK-based coal and oil fired plants with a combined generating capacity of 11.5 GW are due to close by 2015 or when they have completed 20,000 hours of operation for coal-fired power stations or 10,000 hours for oil-powered facilities - part of European Union efforts to cut harmful emissions.

But the owners of four plants, with a combined generation capacity of 6.1 gigawatts (GW) have already said they will close their plants by March 2013 as schemes to slash greenhouse gas emissions in the EU begin to bite.

[Crude Oil Poised for Quarterly Gain Before U.S. Spending Report](#)

Oil headed for the biggest quarterly gain this year before a report forecast to show personal spending rose in the U.S., signaling an economic recovery that may boost fuel demand.

Futures were little changed after increasing 2.1 percent yesterday, the most in eight weeks. U.S. household purchases probably climbed 0.5 percent last month, up from 0.4 percent in July, according to a Bloomberg survey before Commerce Department data today. Oil surged yesterday as Spain pledged to cut its deficit to ease Europe's debt crisis. Prices erased a 0.9 percent gain today as the dollar rebounded against the euro.

[Consumer Spending in U.S. Stagnates](#)

A slack job market and rising food and gasoline prices are squeezing households just as concern mounts that lawmakers might not be able to avoid the fiscal cliff of tax increases and government spending cuts slated to take effect next year. At the same time, rising

stock prices and an improving housing market are lifting consumer confidence, which may help underpin demand.

[Japan Aug Iran crude imports slump yr/yr](#)

TOKYO (Reuters) - Japan's crude oil imports from Iran in August fell 66.8 percent from a year earlier to 497,961 kilolitres (101,035 barrels per day), the trade ministry said on Friday, following a one-month hiatus in July, after European Union sanctions affecting insurance reduced the flow.

Japanese buyers stopped lifting Iranian crude in early June, so vessels sailing the final part of their journey to Japan would be covered by insurance in early July.

['Forget Peak Oil - Oil Will Crash to \\$50,' Asserts Self-made Multi-millionaire Investor Who Sees the U.S. Being a Net Oil Exporter by 2020](#)

MILTON KEYNES, England -- /PRNewswire/ -- It's not often you read predictions of falling oil prices but self-made multi-millionaire trader and investor Vince Stanzione is betting on lower oil prices in the next 5 years and a boom in U.S. oil & gas production that will give the American economy a well-needed boost that could see the country not only being totally energy independent but an actual net exporter by 2020 - too good to be true?

Before dismissing the call as crackpot, Stanzione is well-known for his contra financial calls such as the one he made in September 2011 that the Dow Jones would bounce back and hit a new high in 2013, which currently looks on track and stands 27% higher than it did at the time.

[4 "Imminent" Crises We've Forgotten About](#)

The fear was nearly universal. "Wake Up, America. We're Driving Toward Disaster," wrote *The Washington Post*. Salon, among countless others, warned of "peak oil -- that moment when supply stops growing and begins to decline, while demand continues to chug along." Alexey Miller, CEO of Gazprom, the world's biggest energy company, warned oil would hit \$250 a barrel in "the foreseeable future."

Four years later, world oil output is at an all-time high, and oil prices are down 40%. U.S. oil production is the highest it's been in 14 years, rising consistently for the first time in decades. Adjusted for average hourly wage growth, gas prices today are nearly identical to where they were six years ago. In 2008, the International Energy Information Agency predicted world oil demand would be 96 million barrels per day in 2012. Now, the U.S. Energy Information Administration puts that number closer to 89 million barrels per day. Global oil supply was 3 million barrels per day higher last quarter than it was in 2008.

[The Peak Oil Crisis: Oil & the Arctic Meltdown](#)

Even with relatively ice free waters, the big problem may turn out to be the availability of drilling rigs and ships that are robust enough to withstand encounters with Arctic ice. The upshot of all this is that there are so many factors inhibiting the widespread drilling for oil in the deep arctic, it is doubtful that much of this will take place in the next five to ten years. During this time frame, the odds are high that global oil production will begin to start down due to depletion of the best fields, and it seems unlikely that Arctic resources can be brought into production quickly enough to offset most of this decline.

[Environmental risk of drilling in Arctic too high, CEO of oil giant Total says](#)

LONDON -- Energy companies should not drill for crude oil in Arctic waters because the environmental risks are too high, Total SA Chief Executive Officer Christophe de Margerie told the Financial Times on Wednesday.

The newspaper, which operated behind a pay wall, described de Margerie's comments as the first time a major oil company has publicly criticized offshore exploration in the Arctic.

[Chinese icebreaker sails to Atlantic Ocean and back via Arctic route, marking first for China](#)

BEIJING — A Chinese icebreaker docked Thursday at Shanghai after becoming the first vessel from China to cross the Arctic Ocean, a landmark trip that is part of Beijing's efforts to expand its presence in the Arctic.

With melting icecaps accelerating the opening of new shipping routes and the exploration of oil, gas and mineral deposits in the Arctic, China has been eager to gain a foothold in the region.

[BP's Texas Refinery Sale Shows Volatile Industry's Decay](#)

BP Plc may get less than half the \$2.85 billion it planned for selling its Texas City refinery, the third-largest in the U.S., as values for U.S. plants haven't kept pace with soaring profits.

The average price of U.S. refineries sold since 2009 indicates the plant should sell for \$1 billion, data compiled by Bloomberg Industries show, a valuation that would be among the lowest in two decades. At a time when investors are enjoying the highest stock returns since 2007, BP would reap less than half of the \$4.4 billion total value it estimated it would get when it put its Texas and Carson, California, plants up for sale last year, according to data compiled by Bloomberg.

[Proposed Nigeria oil bill taxes are fair -minister](#)

(Reuters) - Taxes on deep offshore oil projects proposed by Nigeria are "competitive and considerate", its oil minister said, rejecting complaints by foreign oil majors that the levies are too high.

Shell Nigeria managing director Mutiu Sunmonu warned this week that tax terms in a landmark Nigerian oil bill are so uncompetitive they risk rendering offshore oil and gas projects unviable, and could badly stifle investment.

[Bumi Resources Questions Motives of London Probe: Southeast Asia](#)

PT Bumi Resources said a probe by Bumi Plc, the London-listed shareholder founded by Nathaniel Rothschild, and subsequent "leaks" about the matter are an attempt to damage the Indonesian coal producer.

[Petrobras Gets Approval to Acquire Anadarko Stake in Brazil](#)

Petroleo Brasileiro SA, the world's biggest oil producer in deep water, received approval to acquire Anadarko Petroleum Corp.'s 30 percent stake in an offshore block, the country's oil regulator said.

Anadarko, based in The Woodlands, Texas, "relinquished" its stake in the ES-M-661 block more than six months ago and is focusing on its assets in the Campos Basin, John Christiansen, a spokesman for Anadarko, said in a telephone interview today. Brazil's oil regulator, known as ANP, didn't provide terms of the transaction in a statement today on its website.

[South Sudan Sees Increased Investment After Splitting Oil Block](#)

South Sudan expects to attract more foreign investment into the newly independent country through its break up of an oil concession the size of Rwanda, the government's spokesman said.

Block B, which covers most of South Sudan's eastern Jonglei state, was split into three blocks after Total SA's ownership was invalidated because it was signed with Sudan before the south gained independence, Barnaba Marial Benjamin said in an interview on Sept. 26 in the capital, Juba. Total, based in Paris, previously held 32.5 percent of the block and will be allowed to choose one of the new concessions, he said.

[Shell did not sign Kurdish deal, Baghdad says](#)

Baghdad has denied reports Royal Dutch Shell will become the latest oil major to set up shop in the autonomous Kurdish north.

"We don't have any discussions with the Kurdish regional government [KRG] about working in the region," a statement released by the office of Iraq's deputy prime minister for energy quotes Hans Nijkamp, a shell vice president, as saying.

[Ecopetrol Says Rebel Attacks Falling Before Peace Talks](#)

Ecopetrol SA (ECOPETL), Colombia's largest oil company, said attacks on its installations have declined ahead of the first talks in a decade between the government and rebels scheduled for next month.

"This month we had only three attacks, which is nothing compared to the historical numbers," Chief Financial Officer Adriana Echeverri said today in an interview in London. "They are dropping."

[Iran might not sell oil to some countries, come winter](#)

The Iranian parliament (Majlis) plans to discuss a bill, which may vote for stopping exports of crude oil in winter to countries which have imposed sanctions against the Islamic Republic's oil sector, ISNA reported.

If the bill is approved, Iran will not sell oil during winter to the mentioned countries, Head of Parliament's Energy Commission Masud Mir Kazemi said.

[Netanyahu's Iran 'Red Line' Deadline May Buy U.S. Time](#)

Israeli Prime Minister Benjamin Netanyahu used a drawing of a cartoonish, short-fused bomb to challenge the international community at the United Nations to shut down what he says is Iran's sophisticated effort to attain nuclear weapons.

Now the world, in particular the U.S., will have to decide what steps may need to be taken to defuse the potentially explosive stand-off between Israel and Iran. Netanyahu focused on Iran's production of enriched uranium, potential atomic bomb fuel if removed from international safeguards and further processed.

['Innocence of Muslims' Filmmaker Nakoula Ordered Held](#)

Nakoula, 55, has a criminal history that includes bank fraud by using false identities and a drug conviction. He was questioned this month by U.S. authorities investigating whether he violated terms of his parole.

Under the terms of his release, Nakoula was prohibited from representing himself with anything other than his true legal name, and is barred from using the Internet without permission from his probation officer.

[U.S. call for "cool heads" in China-Japan island dispute goes unheeded](#)

(Reuters) - U.S. Secretary of State Hillary Clinton urged China and Japan on Thursday to let "cool heads" prevail in a festering dispute over a cluster of East China Sea islands, but hours later Chinese and Japanese diplomats traded barbs at the United Nations.

[Kazakh ambassador to U.S. reappointed as foreign minister](#)

ALMATY (Reuters) - Kazakhstan President Nursultan Nazarbayev has appointed his long-serving ambassador to the United States as foreign minister to help the oil-rich country to forge stronger economic ties with the West.

['War on coal'? Why Obama might not be industry's worst enemy.](#)

Environmental regulations by the Obama administration come at a cost to coal plants and mines, but the rise of cheap natural gas appears to be a greater threat.

[Shale Takeovers Looming as Texas Discounted in Australia](#)

Buyers seeking a piece of North America's shale boom can find it in Australia.

Australian companies exploring for oil and natural gas that's trapped in shale rock in the U.S. and Canada are valued at a median of 11 times their reserves, a 23 percent discount to their counterparts that are listed on stock exchanges in North America, according to data compiled by Bloomberg. The valuation gap -- driven by Australian investors who are more than 8,000 miles (12,800 kilometers) from the companies' wells in Texas and Oklahoma -- may lure acquirers, said RBS Morgans Ltd.

[Support Slips for More Rules as Gas-Frackers Campaign](#)

Public support has cooled for stricter environmental regulation of hydraulic fracturing for natural gas, a drilling method that has lowered U.S. energy prices while raising concerns over its impact on drinking water.

Fifty-six percent of Americans said there needs to be more regulation of the technique, also called fracking, according to a Bloomberg National Poll conducted Sept. 21-24, down from 65 percent in March. The share of respondents calling for less regulation of fracking rose to 29 percent, from 18 percent in March.

[Diesel in Water Near Fracking Confirms EPA Tests Wyoming Disputes](#)

“At a quick glance, these results appear consistent with the earlier EPA study,” Rob Jackson, an environmental scientist at Duke University, said in an e-mail. “The stray gas concentrations are very high, not only for methane but especially for ethane and propane. That combination suggests a fossil-fuel source for the gases.”

[Transocean Given Month to Halt Brazil Operations After Spill](#)

Transocean Ltd., the world’s largest offshore drilling company, was ordered by a Brazilian court to cease within 30 days operations in the country, where it supplies eight rigs to Petroleo Brasileiro SA, Latin America’s largest oil producer by market value.

Transocean “is vigorously pursuing the overturn or suspension of the preliminary injunction, including through an appeal to the Superior Court of Justice,” Transocean said in a statement distributed by Marketwire. “Absent relief from the courts, Transocean will be required to comply.”

[Buyers, automakers raise doubts about electric cars](#)

Having largely exhausted a pool of electric-car devotees as buyers, automakers are facing headwinds in trying to make plug-in cars a mass-market product.

Nissan joined General Motors last week in offering deeper lease discounts on its premier electric car. The latest deal on the all-electric Leaf brings the lease payment closer to the level of a comparable non-electric car, not counting the gas savings, an analysis for USA TODAY by Edmunds.com finds.

While cheap leases are a boon to consumers, they're also a sign that motorists aren't embracing electric cars with enough vigor to be willing to pay the steep price premiums they carry.

[Uranium Plant Using Laser Technology Wins U.S. Approval](#)

RALEIGH, N.C. (AP) — A nuclear power partnership of General Electric and Hitachi has received federal approval to build the first plant to enrich uranium for use in commercial reactors using a classified laser technology.

[Entergy Sues Feds Over Nuclear Waste](#)

Entergy Nuclear Palisades sued the United States yesterday for failing to accept nuclear waste from two plants Entergy owns in Michigan, according to published reports.

[Seaborne power generation idea floated in the Middle East](#)

A power-generating system designed for remote offshore operations that could cut costs and reduce carbon dioxide emissions by 40 per cent is being offered for installation in the Arabian Gulf.

Developed for the oil and gas industry by the Norwegian classification society Det Norske Veritas (DNV), the "Offshore Power system for a new era", or OPerA, as it has been dubbed, is essentially a high-voltage power grid supplied by a floating power station.

['Miracle' crop could invade like kudzu](#)

RALEIGH, N.C. — It's billed as a champion energy crop that yields three times as much ethanol per acre as corn, a fast-growing field grass that's ideal for making clean auto fuel without displacing scarce crop land. The N.C. Biofuels Center has been pushing for more than a year to grow the arundo plant on a mass scale, touting it as a new cash crop and the prime energy source for a proposed \$170 million biofuel refinery in eastern North Carolina.

But the bamboolike grass has a dark side. Some scientists have called arundo "the plant from hell" and rank it among the world's 100 worst invasive plants.

[Q. and A.: Farming for an Uncertain Future](#)

One of the topics I'm thinking about is "getting over the hump." Imagine the lines of population growth, resource depletion and accumulation of carbon in the atmosphere going up, up and up. And as they are going up, up and up, our whole scientific effort is dependent on fossil fuels for our pickup trucks, for our tractors, for our greenhouses, for the tremendous power we have with these computers. It's all dependent upon the scaffolding within civilization of lots of highly dense carbon.

So the question is, will these new species and varieties be dependent on the extractive economy? And I am saying, no. That as we get over that hump and somewhere on the down slope in the use of resources, there will come a time in which the creatureliness of these plants, these perennial grain crops, are available for the same kind of selection that farmers have had for millennia, and agronomists for hundreds of years.

The new species and varieties are only half of the equation. The other half is to bring two or more species together with a diverse ecosystem as the conceptual tool. Essentially, all of nature's ecosystems are perennial mixtures, so that's our standard.

[California farmers examine climate change issues](#)

New science and research has San Joaquin Valley farmers taking a harder look at the effect that climate change may have on their industry.

If researcher's predictions hold true, the Valley's multi-billion dollar agriculture industry

will be hit with longer stretches of hot temperatures, fewer colder days and shrinking water supplies.

[USA TODAY analysis: Nation's water costs rushing higher](#)

While most Americans worry about gas and heating oil prices, water rates have surged in the past dozen years, according to a USA TODAY study of 100 municipalities. Prices at least doubled in more than a quarter of the locations and even tripled in a few.

Consumers could easily overlook the steady drip, drip, drip of water rate hikes, yet the cost of this necessity of life has outpaced the percentage increases of some of these other utilities, carving a larger slice of household budgets in the process.

[California: Desalination Clears Hurdle](#)

The San Diego County Water Authority announced a tentative agreement Thursday to buy all of the output of what will be the Western Hemisphere's largest seawater desalination plant, clearing a major hurdle for construction.

[Resort's Snow Won't Be Pure This Year; It'll Be Sewage](#)

This coming ski season, the resort, Arizona Snowbowl, will become the first ski resort in the world to use 100 percent sewage effluent to make artificial snow.

"It's a disaster, culturally and environmentally," said Taylor McKinnon of the Center for Biological Diversity, one of the plaintiffs. He worries about the impact on the delicate alpine tundra and to human health should skiers fall into the treated sewer-water snow and ingest it.

The United States Forest Service, which owns the land where the resort is, says the treated water meets the highest standards — just below drinking water — and is already used to irrigate golf courses, soccer fields and parks, according to Corbin Newman, a regional forester.

[New Clues About Ancient Water Cycles Shed Light On U.S. Deserts](#)

ScienceDaily — The deserts of Utah and Nevada have not always been dry. Between 14,000 and 20,000 years ago, when large ice caps covered Canada during the last glacial cooling, valleys throughout the desert southwest filled with water to become large lakes, scientists have long surmised. At their maximum size, the desert lakes covered about a quarter of both Nevada and Utah. Now a team led by a Texas A&M University researcher has found a new water cycle connection between the U.S. southwest and the tropics, and understanding the processes that have brought precipitation to the western U.S. will help scientists better understand how the water cycle might be perturbed in

the future.

[Island nations fret over climate change](#)

UNITED NATIONS (UPI) -- The existence of island nations like Micronesia depends on an international response to the growing challenges of climate change, President Emanuel Mori said.

Rising sea levels, which may be due to declining polar ice levels, are threatening low-lying countries like Micronesia. Mori told the U.N. General Assembly that world leaders needed to take the growing threat seriously.

"Our very existence depends on it," he said. "Without international cooperation and assistance, we are helpless against the adverse impacts of climate change."

[High Arctic warming surpasses Viking era, study shows](#)

OSLO (Reuters) - Temperatures high in the Norwegian Arctic are above those in a natural warm period in Viking times, underscoring a thaw opening the region to everything from oil exploration to shipping, scientists said on Thursday.

Last week, sea ice on the Arctic Ocean set a record low since satellite observations began in the 1970s. In recent years, mussels have been found off the Norwegian archipelago of Svalbard for the first time since the Viking era 1,000 years ago.

The study showed that summertime temperatures on Svalbard were higher now than at any time in the past 1,800 years, including in the Medieval Warm Period from 950 to 1200, scientists wrote in the journal *Geology*.



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