



## Drumbeat: October 3, 2012

Posted by [Leanan](#) on October 3, 2012 - 9:40am

### [Egypt oil subsidy reform still under review - minister](#)

CAIRO (Reuters) - Egypt is holding off on reform of its costly state energy subsidy regime until it completes more studies and holds a "social dialogue" on the issue, the country's oil minister told Reuters.

Reducing state expenditure by targeting subsidies more toward the needy is seen as vital for Egypt to secure a \$4.8 billion loan from the International Monetary Fund to plug an unmanageable budget deficit.

In an interview, Petroleum Minister Osama Kamal said Egypt would have a major economic problem until the subsidies bill, which represent about a quarter of state spending, is cut.

### [Oil Falls to Four-Day Low as U.S. Supply Increases, China Slows](#)

Oil fell to its lowest in four days after U.S. crude stockpiles climbed for a fourth week and a measure of China's economy declined, signaling fuel demand may be faltering in the world's biggest users of the commodity.

Futures fell as much as 0.9 percent in New York after the industry-funded American Petroleum Institute said yesterday inventories rose 462,000 barrels last week in the longest run of gains since May. An Energy Department report today may show supplies increased 1.5 million barrels, according to a Bloomberg News survey. China's purchasing managers' index for non-manufacturing industries expanded at the weakest pace since at least March 2011, data from the National Bureau of Statistics and China Federation of Logistics and Purchasing showed.

### [UK: Fuel sales down by half a billion litres](#)

Nearly half a billion fewer litres of petrol and diesel were sold between April and June than during the same period last year, according to new figures from the Department of Energy and Climate Change.

The fall came after sales rose at the start of the year when the threat of a tanker drivers' strike triggered panic buying.

### [UK gas crash unlikely, says Statoil](#)

Britain's need for Norwegian gas will be halved or completely eradicated should the country succeed with its climate policy, writes Internet publication Energy and Climate, citing a UK National Grid report.

"We cannot speculate about such a scenario," Morten Eek, information officer in Statoil, says to Aftenbladet.

### [Oil: The 75 Dollar Floor Price](#)

Oil analysts, pundits and commentators are getting a hold on the rising threat of what is called "severe correction" hitting oil markets. The 2008-2009 sequence where Nymex prices crashed from a peak around \$147 a barrel to about \$40 are relatively fresh in the mind. The rebound was also dramatic, pushing prices through 2010 back over the 100-dollar mark into low triple digits by Q1 2011.

The present outlook certainly includes the potential for gung-ho traders working another downside then upside miracle, but fundamentals dictate otherwise. The basics of world oil have changed, even in the 4 years since 2008: neither further price growth beyond \$125 a barrel for West Texas Intermediate (WTI), nor a crash below about \$60 to \$75 a barrel for WTI are realistically possible - although traders do not need (or want) to know that!

However, prices far below \$100 a barrel for the two major reference grades, WTI and Brent, are the new rational "market equilibrium" outlook, meaning several things.

### [Greece looks out to sea for gas wealth salvation](#)

LONDON/MILAN (Reuters) - Offshore natural gas could dramatically change Greece's fortunes, should early estimates of \$600 billion worth of reserves be confirmed, according to a study presented to Prime Minister Antonis Samaras in June and seen by Reuters.

The study, collating existing scientific data, says that geological similarities indicate that reserves offshore Crete may match the prolific Levantine Basin where recent Israeli and Cypriot discoveries are clustered.

It points to strategically significant reserves in Greek waters south of Crete in the range of 3.5 trillion cubic meters (Tcm), enough to cover over six years of EU gas demand, and the equivalent of about 1.5 billion barrels of oil.

### [Lithuania hits Russia's Gazprom with \\$1.9 billion arbitration claim for alleged price-gouging](#)

VILNIUS, Lithuania — Lithuania's government said Wednesday it planned to file a €1.45 billion (\$1.9 billion) claim against Russia's Gazprom, alleging that the world's largest natural gas company has hiked prices unfairly.

Government ministers said the size of the claim covers what the country has overpaid for natural gas since 2004, when Gazprom obtained a major stake in Lietuvos Dujos, the country's largest gas importer, and changed the formula for determining the gas price.

### [Chevron sells BPCL 10,000 bpd Nigerian oil for a year-sources](#)

NEW DELHI (Reuters) - Indian state-run Bharat Petroleum Corp has signed a deal with Chevron to buy 10,000 barrels per day (bpd) Nigerian crude in the year ending March 31, 2013, two sources familiar with the deal said on Wednesday.

Chevron will supply light sweet barrels to BPCL at the official selling price, the sources said.

### [Presidential debate could shed light on energy issues](#)

Wednesday's presidential debate offers one of the final chances to pin down the candidates on the energy issues that have loomed so large in this campaign — from gasoline prices and green jobs to the Keystone XL pipeline and Solyndra.

### [Danish shipper asks Vitol if tanker used for Iran oil](#)

(Reuters) - Danish oil and shipping group A.P. Moller Maersk says it will talk to Vitol to determine whether one of its tankers was used by the trading house to ship Iranian fuel oil.

### [Iran tightens measures to stem currency fall](#)

TEHRAN, Iran (AP) — Police threatened merchants who closed their shops in Tehran's main bazaar and launched crackdowns on sidewalk money changers on Wednesday as part of a push to halt the plunge of Iran's currency, which has shed more than a third its value in less than a week.

The measures underscore the serious concern by officials facing one of the most potentially destabilizing scenarios, which has been partly blamed on the fallout from Western sanctions over Tehran's nuclear program.

### [Iran police clash with protesters over currency crisis](#)

Riot police in Iran have clashed with protesters in the capital over sharp falls in the currency, the rial.

Tear gas was used to disperse the demonstrators, some of whom were setting fire to tyres and rubbish bins. There were many arrests, reports say.

Eyewitnesses told the BBC that scores of people gathered outside the central bank, calling for the governor to stand down, chanting anti-government slogans.

### [At least 31 killed in suicide bombings in Syria](#)

DAMASCUS, Syria (AP) -- Three suicide bombers detonated their explosives-packed cars near an officers' club in Syria's northern city of Aleppo on Wednesday, killing at least 31 people and causing massive destruction that trapped scores under the rubble, Syrian state media and activists said.

The blasts went off at a main square in a government-controlled district of the city, while a fourth explosion detonated a few hundred yards away near the Chamber of Commerce, they said.

### [China and Japan face off: Tiny islands, big dispute](#)

The China and Japan face off over five islands has sunk relations to a 40-year low - the worst since diplomatic relations began. But the sabre rattling is just for show, say analysts.

### [What's Bringing US Jobs Back From Overseas?](#)

"Going overseas is not the panacea that it was thought of just a decade or so ago," Schoenherr said, adding he was surprised by the study's results. "Companies have realized the challenges and thus are moving back to the United States."

The research revealed that rising labor costs in emerging countries, high oil prices and increasing transportation costs and global risks, such as political instability, are the motivating factors in bringing manufacturing operations back home.

### [Drilling for oil in the Arctic: the risks are too great for companies to take on](#)

If oil companies persist with plans to drill in the Arctic they will cross a line beyond which they cannot claim to operate responsibly.

### [Oil giants eye Arctic prize despite dangers](#)

DRILLING for oil and gas has always been a risky business; overcoming technical, political and environmental challenges is part of the job.

But last week the chief executive of the French oil giant Total, Christophe de Margerie, declared that when it came to the Arctic Ocean, the risk of a spill was simply too high.

### [5 dead in fire at Indonesia oil pipeline, output unaffected](#)

"Our Tempino-Plaju pipeline caught fire at 1006 .... It did not catch fire because the pipe exploded but our pipe was being tapped illegally. Oil was being stolen by the community. Someone was smoking there and it caught fire," Pertamina EP public relations manager Agus Amperianto told Reuters.

Losses from looting have increased since mid-2012 and amounted to 29,000 barrels in September alone, Pertamina said, adding that nearly 250,000 barrels have been stolen since May.

### [Judge dismisses claims by BP fuel dealers that Gulf oil spill hurt brand name](#)

NEW ORLEANS — A federal judge on Tuesday dismissed claims by BP fuel stations and convenience stores that the 2010 oil spill in the Gulf of Mexico diminished the value of the oil giant's brand and cost them business.

U.S. District Judge Carl Barbier's ruling says the dealers' claims against BP PLC aren't viable under the Oil Pollution Act of 1990, general maritime law or state law.

### [Japan joins 'shale revolution'](#)

Big energy consumer, Japan has uncovered its first domestic shale gas deposits. Bad news for Russia, the second largest exporter of oil to Japan. But experts say industrial production of 'artificial oil' from gas is many years off.

### [Unusual Dallas Earthquakes Linked to Fracking, Expert Says](#)

Three unusual earthquakes that shook a suburb west of Dallas over the weekend appear to be connected to the past disposal of wastewater from local hydraulic fracturing operations, a geophysicist who has studied earthquakes in the region says.

### [Penn State Faculty Snub of Fracking Study Ends Research](#)

A natural-gas driller's group has canceled a Pennsylvania State University study of hydraulic fracturing after some faculty members balked at the project that had drawn

criticism for being slanted toward industry.

The Marcellus Shale Coalition, which paid more than \$146,000 for three previous studies, ended this year's report after work had started, said Kathryn Klaber, coalition president.

### [Cabot's Methodology Links Tainted Water Wells to Gas Fracking](#)

Methane in two Pennsylvania water wells has a chemical fingerprint that links it to natural gas produced by hydraulic fracturing, evidence that such drilling can pollute drinking water.

The data, collected by the U.S. Environmental Protection Agency, are significant because the composition of the gas --its isotopic signature -- falls into a range Cabot Oil & Gas Corp. (COG) had identified as that of the Marcellus Shale, which it tapped through hydraulic fracturing, or fracking.

### [September auto sales a tale of haves, have-nots](#)

The average age of vehicles on the road is about 11 years, according to data from Polk, which tracks vehicle registrations. That's old enough to be running up big repair bills and making new cars and their warranties, extended-service intervals and safety features very appealing.

Also, data from Polk, J.D. Power and Associates and TrueCar.com all show younger buyers returning to the market at a faster clip than expected. They are the foundation of automakers' sales and earnings growth as they get older and more well-off and move up through pricier models.

### [Teen Drunk Driving Falls on High Gas Prices, Less Alcohol](#)

Drunk driving among U.S. teens fell 54 percent in the past two decades, a trend helped by laws to curb underage alcohol consumption and higher gas prices keeping high school students off the road, according to the Centers for Disease Control and Prevention.

### [Nuclear Firms Seek Eased Export Rules as U.S. Demand Wanes](#)

The U.S. nuclear-power industry is seeking to ease export restrictions so it can sell equipment and technology to nations including China and Russia as domestic demand wanes for reactors.

Regulations unchanged since the end of the Cold War impede U.S. companies in gaining export licenses, putting suppliers at a global disadvantage, according to a report released today by the Nuclear Energy Institute, a Washington-based group whose members

include Exelon Corp. and Southern Co.

### [Navy aims to turn seawater into jet fuel](#)

The U.S. Navy may need to look no further than the water around its ships to produce jet fuel, according to a program underway at its research laboratory.

The technology would free the Navy from the logistical and economic challenges of refueling ships underway.

In 2011, for example, nearly 600 million gallons of fuel were transferred to Navy vessels at sea from oil tankers. The challenges of doing this are risky in stormy weather, more so while engaged in battle.

Add in volatile fossil fuel prices that are projected to trend higher in the future, and producing your own while underway begins to make sense, according to the Navy.

### ['Superweeds' linked to rising herbicide use in GM crops](#)

PULLMAN, Wash. -- A study published this week by Washington State University research professor Charles Benbrook finds that the use of herbicides in the production of three genetically modified herbicide-tolerant crops -- cotton, soybeans and corn -- has actually increased. This counterintuitive finding is based on an exhaustive analysis of publicly available data from the U.S. Department of Agriculture's National Agriculture Statistics Service. Benbrook's analysis is the first peer-reviewed, published estimate of the impacts of genetically engineered (GE) herbicide-resistant (HT) crops on pesticide use.

### [Obesity and under-nutrition prevalent in long-term refugees living in camps](#)

A quarter of households in refugee camps in Algeria are currently suffering from the double burden of excess weight and under-nutrition. According to a study published in the journal *PLOS Medicine*, obesity is an emerging threat to this community, with one in two women of childbearing age being overweight, whilst nutritional deficiencies such as iron-deficiency anaemia and stunted growth remain a persistent problem.

### [Fewer babies signals more than effects of recession](#)

"Most demographers were expecting a mini-baby boom right now," says demographer Sam Sturgeon of Taylorsville, Utah, president of Demographic Intelligence, a consulting company in Charlottesville, Va. "We anticipated that because the number of women of prime childbearing age has gone up. We were looking at what would have been the grandchildren of the baby boomers."

The boom "never materialized," says Sturgeon. He adds fertility rates usually rise

within a year or two of a recession's end.

### [Out on the Prairie, Moon, Music and Lectures, Too](#)

Hundreds of people, some from as far away as Tokyo, came to the Prairie Festival in Salina, Kan., to sleep under the stars and hear lectures on subjects like sustainable agriculture.

### [Output not stockpiles key to cap food cost-EU aid chief](#)

MILAN (Reuters) - Building strategic agricultural stocks to curb market volatility, as proposed by France, would not be the most effective way to tame food prices, EU Development Commissioner Andris Piebalgs said on Monday. He said what was needed instead was an increase in food production in the world's poorest countries, which remain vulnerable to the threat of a new food crisis despite the recent easing in grain prices from record highs hit this summer. Last month, French President Francois Hollande launched a global campaign to win support for creating strategic stockpiles of food commodities after a year of drought renewed fears of a new crisis in agricultural supplies.

### [Put Climate Change in the Budget Now, Save Lives and Money Later](#)

A new scientific report concludes that climate change is already costing the world \$1.2 trillion a year and is eating up 1.6 per cent of global GDP, and rising. It's also killing at least 400,000 people every year, mainly in developing countries. That's not counting the 4.5-million people a year who die from air pollution caused by burning fossil fuels.

### [U.N. climate chief urges greater ambition in Doha](#)

WASHINGTON (Reuters Point Carbon) - The U.N. climate chief said Monday that countries have not backed off what they had agreed in climate talks in Durban last year but said current actions and pledges are not enough to avert a dangerous rise in global temperatures.

### [Rich nations owe more to combating global climate change - Brazil](#)

NEW YORK (Reuters) - Major emerging economies' obligations to cut emissions under a climate change agreement should not be the same as those of rich countries, Brazil's chief negotiator said, signaling a retreat to an old position that has hamstrung years of U.N. negotiations.

### [Drop in Emissions Not a Trend Set in Stone, Study Says](#)



The downward trend comes largely as a result of the recession, increased use of natural gas and solar and wind power, and advancements in energy-saving technologies. But the study suggests that the downward trend won't continue.

### [S.F. port plan shifted to allow for rising sea](#)

When the conceptual design was approved in 2003, the idea was to slope the triangular plaza down toward the water. Then the \$25 million project was put on hold for lack of funds until 2009 - and when preparations resumed, the Port of San Francisco took into account scientific forecasts showing that water levels in the bay could rise 16 inches, or more, by 2050.

### [New satellite data reveals sea-level rise](#)

(CNN) -- Sea-levels are rising unevenly around the world, with Pacific countries in particular suffering significant increases over the past two decades, according to accurate new satellite data.

On average, global sea-levels have been rising at about three millimeters (mm) a year, however, this masks large differences between regions of the world.

While some regions have seen sea-level rises of 12 mm a year, others have actually seen decreases of about 12 mm a year.

### ['Irreversible' warming to raise sea levels](#)

LONDON (UPI) -- European researchers are saying irreversible warming triggered by greenhouse gases will cause sea levels to rise for thousands of years to come.

Writing in the journal *Environmental Research Letters*, published by the Institute of Physics in London, scientists said as a result of greenhouse gas emissions up to now the world is committed to a sea-level rise of 3.6 feet by the year 3000.



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