



# Drumbeat: November 3, 2012

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### Sandy Bottles Up the East Coast Gasoline Market

With the terminals unable to accept more product, or load it onto trucks to deliver to area gas stations, the pipelines that connect to them have had to shut down. The Colonial Pipeline is the primary gasoline artery to the Northeast, carrying some 2.4 billion barrels a day of gasoline, diesel, and other fuels to the Northeast from the Gulf Coast. With nowhere to deposit that fuel, a huge chunk of the Colonial has been closed. Though Colonial's operations have slowly begun to resume, the resulting pipeline closure has caused a huge back-up in the system that is rippling all the way down to the Gulf Coast.

"Supplies on the Gulf Coast are starting to back up and look for other outlets," says Andy Lipow, president of Lipow Oil Associates, a consulting firm in Houston. Lipow estimates that at least half a dozen ships filled with oil or other refined products are floating outside New York Harbor, unable to deliver their cargo. With further refined products building up on the Gulf Coast, and fewer ships there to move them, the rates that ship owners are charging has nearly doubled in the last few days, according to Charles Martin of MJLF & Associates, a Connecticut-based ship broker.

"The ship owners definitely have the upper hand right now," says Martin. "I've never seen anything this extreme." Most of the product—particularly diesel fuel—that would get piped up to the Northeast is now being sent to Europe, Martin said.

#### New York fuel "panic" grows even as ports open, reserves tapped

(Reuters) - A third day of gasoline "panic buying" among storm-stricken New York area motorists prompted authorities on Friday to tap strategic oil reserves and waive shipping regulations even as limited deliveries resumed in the battered region.

#### Gasoline Tankers Wait Outside New York Harbor After Sandy

Tankers able to deliver almost 215,000 metric tons of gasoline are waiting outside New York Harbor to unload their cargoes after the worst Atlantic Coast storm in history shut terminals and halted refineries.

Six vessels within a 100-mile radius of the port of New York have been waiting since at least Oct. 28, according to IHS Inc. vessel-tracking data compiled by Bloomberg News today. The tankers, also able to carry cargoes including diesel, are probably being

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delayed because of the storm and would normally load or unload within two days, according to Truls Dahl, a shipbroker at Astrup Fearnley A/S in Oslo.

#### Christie Rations Gas Purchases to Cool New Jersey Tempers

Governor Chris Christie ordered rationing of gasoline sales in 12 New Jersey counties to ease the misery of motorists waiting in miles-long lines for gasoline after Hurricane Sandy devastated the region.

The last numeral of a passenger vehicle's license plate shows when it can get gas, according to a statement yesterday from Christie's office. Those with plates ending in odd numbers can be fueled on odd-numbered days, starting at noon today.

#### U.S. Waives Jones Act to Help Responding to Storm Sandy

The Obama administration said it waived the requirement that only U.S. flagged ships carry fuel between U.S. ports, an effort aimed at easing shortages in the Northeast caused by superstorm Sandy.

The waiver applies to refined products that are headed from domestic ports to the Northeast, Craig Fugate, administrator of the Federal Emergency Management Agency, told reporters today.

#### Government tries to get fuel to storm-hit Northeast

(Reuters) - The government on Friday sought to ease the fuel crunch paralyzing the storm-struck Northeast saying the military would buy motor fuel and truck it there and allow foreign tankers from the Gulf of Mexico to deliver oil products.

### Nomads in Queens Endure Life on the Line as They Forage for Gas

Josiah Rosa is a 21st-century nomad, following Twitter updates and text messages in search of one thing: gas.

Word of mouth brought the Long Island man to a line at Channi Singh's Gulf station on Union Turnpike and Utopia Parkway in the New York City borough of Queens. After two hours of waiting he got the bad news. The well was dry.

"People decided to fill up two, three, four tanks at a time," Rosa said, holding a garbage bag with gas cans. "We have no light. I have a generator. We have kids in the house. We're traveling all over Queens, Brooklyn." Oil fell to the lowest level in almost four months on speculation that the shutdown of refineries on the U.S. East Coast because of Hurricane Sandy will add to already ample supplies.

Futures dropped for a third week as Phillips 66 and Hess Corp.'s New Jersey refineries remain shut four days after the storm struck. Oil inventories exceeded 370 million barrels last week, the most for this time of year in at least 30 years. Prices extended losses as U.S. stocks erased gains and the dollar strengthened against the euro.

#### Powerless in New Jersey post-Sandy

For warm food, she has relied on the charcoal-fueled barbecue grill outside.

"As food was defrosting, I was taking it out and cooking it. Pot pies, toaster cakes -- anything we could do," she says.

Meanwhile, she uses her car battery to charge her cell phone.

"Sometimes at night, I'm out there charging the phone and have a flashlight and am reading a book," she says.

She's able to keep up with the news via radio --"the only connection to the outside world," she says -- with batteries that were a gift from neighbors.

#### Power returns to lower Manhattan, but many waiting

NEW YORK (Reuters) - The lower Manhattan skyline lit up early Saturday morning for the first time since superstorm Sandy slammed into the U.S. Northeast while thousands of storm victims in New Jersey and elsewhere remained in the dark and awaiting disaster relief.

The power restoration came as gasoline supplies headed to coastal zones devastated by the record storm surge and to motorists whose patience has been tested by gasoline rationing during the painstaking effort to rebuild.

#### Waiting for power? It could be a matter of poles

(Reuters) - When some Westchester County, New York, residents called utility Consolidated Edison on Friday to find out why it was taking so long to restore power, they were told that it wasn't for lack of manpower or equipment.

It was poles ... utility poles.

Despite the caravans of power trucks in neighborhoods across the New York City area, a

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shortage of the specially-treated wooden poles used to string overhead power transmission lines and hold up transformers may be slowing the recovery.

#### Full service on trains may still be a month away for North Jersey

The region lurched haltingly toward normalcy Friday, with officials saying that gas lines could soon diminish. But wide swaths of North Jersey were likely to remain without power for another week, and it could be a month or more before train service to New York City is fully restored.

NJ Transit's executive director, James Weinstein, said it will take four to five weeks to get the state's entire rail system up and running - and even then service might not be back to 100 percent.

#### <u>Gazprom gas sales setback</u>

MOSCOW: Russian gas export monopoly Gazprom reported sales declines in Europe and its home market, showing the importance of its strategy to expand into Asia.

#### <u>Chesapeake Energy may delay asset sales after posting \$2 billion loss</u>

Chesapeake Energy Corp., which wrote down \$2 billion in natural gas reserves Thursday, said Friday that some asset sales may be delayed as it seeks new buyers.

Shares of the Oklahoma City-based energy producer plunged nearly 8 percent, finishing the week at \$18.49.

#### Canada Extends Review of Cnooc Takeover Bid for Nexen

Canada has extended its review of Beijing-based Cnooc Ltd.'s \$15.1 billion takeover of Nexen Inc. for a second time, re-setting the deadline to Dec. 10.

### 'Shell Not About to Leave Nigeria' ... Donates to Flood Victims

Managing Director of Shell Petroleum Development Company, Mr. Mutiu Sumonu has said that contrary to information making the rounds that they are folding their operations in the Niger Delta and Nigeria, their business was still thriving and would continue.

#### Greens' big test in art of politics

"You should look at the supply curve which relates to peak oil," Coe advised the Deputy Assistant Speaker.

"That supply curve could also be likened to the vote curve of the Greens. We have peak Greens and they are cruising on downwards.

"I think next year, come October, we might see something which looks very similar to this notion of peak oil being reflected in the ACT Legislative Assembly election."

# Pennsylvania Report Left Out Data on Poisons in Water Near Gas Site

PHILADELPHIA — Pennsylvania officials reported incomplete test results that omitted data on some toxic metals that were found in drinking water taken from a private well near a natural gas drilling site, according to legal documents released this week.

The documents were part of a lawsuit claiming that natural gas extraction through a method known as hydraulic fracturing, or fracking, and storage of the resulting wastewater at a site in southwestern Pennsylvania has contaminated drinking water and sickened seven plaintiffs who live nearby.

# <u>A Hard Look at U.S. Reactor Hardware After Fukushima</u>

Over the objections of the nuclear industry, the staff of the Nuclear Regulatory Commission is planning to recommend the adoption of a new rule requiring American reactors similar to the ones at Fukushima Daiichi to install emergency vents with filters on them.

### Germany Discusses National Energy Plan

BERLIN — Chancellor Angela Merkel held talks on developing a nationwide strategy on renewable energy with the governors of Germany's 16 states on Friday, at a time when energy prices are rising and the opposition is critical of her government's efforts.

### Cambodia approves controversial dam plan

Energy-hungry Cambodia on Friday gave the green light to a multi-million dollar hydropower dam backed by companies from China and Vietnam that activists say will affect thousands of people.

#### Let it snow - U.S. farms need recharged soil moisture after drought

(Reuters) - Drought-struck areas of the U.S. Plains winter wheat belt need a deluge of rain and snow this winter to fully recharge parched farmland, an unlikely scenario that

means wheat, corn and soybean crops could face a rough new season.

While the worst drought in roughly half a century is slowly loosening its grip on the United States, meteorologists and agronomists warn that the threat has not passed.

# <u>A Plan to Reduce the Size of the Dead Zone</u>

Farmers apply nitrogen fertilizer which is highly soluble and leaches into the shallow water tables where it travels through tile systems into nearby waterways, eventually exiting through the Mississippi River and creating a huge hypoxic dead zone in the Gulf of Mexico. Iowa and Illinois contribute 35 percent of these nitrates, but Ohio, Indiana, Minnesota, Michigan, Wisconsin, and Missouri also contribute. Not only does this affect the Gulf, it affects the region's lakes and rivers.

# Fossil-fuel makeover: 'Clean' and 'green' is as polluting as ever

Coal and oil companies are pouring millions of dollars to style themselves as clean and 'green.' But just because they say it doesn't make it true.

# Lessons from Sandy: Building with Resilience in Mind

Is this the beginning of a tipping point? History shows that extreme events have the potential to focus people's attention and energy in ways previously thought impossible. In the eighteenth century, the Lisbon Earthquake forced a dramatic rethinking across of Europe of the government's role in hazard management. Portugal's prime minister launched one of the first scientific inquiries into earthquake mechanics. The government imposed stricter zoning laws and Europe's first seismic building codes.

Northeast governors whose states are receiving federal assistance after Hurricane Sandy have Herbert Hoover to thank. After the Great Mississippi River Flood of 1927, Hoover, then the Secretary of Commerce, helped establish the national role for disaster recovery in the United States. Less than a decade later, the federal government boosted hazard protection across the nation by taking charge of all flood control projects on all federal waterways.

# Superstorm Sandy packed more total energy than Hurricane Katrina at landfall

There is a metric that quantifies the energy of a storm based on how far out tropicalstorm force winds extend from the center, known as Integrated Kinetic Energy or IKE. In modern records, Sandy's IKE ranks second among all hurricanes at landfall, higher than devastating storms like Hurricane Katrina, Andrew and Hugo, and second only to Hurricane Isabel in 2003. The Obama administration's plan to share weather-satellite frequencies with commercial cellular carriers could severely degrade scientists' ability to forecast hurricanes and monitor weather and flooding, experts told Nextgov.

The Federal Communications Commission proposed reallocating spectrum used by weather satellites in the 1675-1710 MHz band for commercial use in its 2010 National Broadband plan, a shift widely opposed by weather organizations worldwide.

### Hurricane Sandy: A Glimpse at New York's Scary Future

A once-in-100-year hurricane would bring a 5.3-foot (1.61 meters) storm tide (a combination of the regular tide and the surge brought by the storm) to The Battery, while a 500-year hurricane would bring about a 10.2-foot (3.12 m) storm tide, estimates a team of researchers who looked into the future of hurricane-caused floods in the city.

By the end of the century, surge flooding at the 100-year level could occur at The Battery every three to 20 years, and a 500-year surge could happen every 25 to 240 years, the same team estimated in a study published in February in the journal Nature Climate Change.

### <u>Superstorm Sandy Merely a Taste of Things to Come</u>

A few years ago, Washington, D.C., was subjected to a freakish winter -- a series of nightmarish snowstorms that crippled a city ill-equipped to handle them. The back-to-back blizzards prompted derisive howls from the flat-earthers in Congress who insist that human-caused climate change is a hoax. The grandchildren of Sen. James Inhofe -- Oklahoma Republican and flat-earther-in-chief -- built an igloo from mounds of D.C.'s snow and proclaimed it Al Gore's new home.

Is Inhofe still denying that human activity has altered the climate after the ravages of Superstorm Sandy? Probably. He has invested too much in his ignorance to change his mind.

But the storm's horrifyingly destructive powers just might have gotten the attention of more thoughtful Americans, those who are inclined to respect scientific data and to pay attention to clear indications of a "new normal" in the weather. Extreme weather events that were once believed to be once-in-a-century catastrophes are cropping up with peculiar frequency. That's no hoax.

### Sandy, rising seas fuel future climate concerns

Haven't we been here before? A hurricane devastates a major coastal city, and a debate over climate change comes in like the tide.

Will the warnings about sea-level rise in the wake of Hurricane Sandy wash away like the concern seen after Hurricane Katrina devastated New Orleans in 2005? Or has the tide finally risen too high to ignore?

### Bloomberg's misguided endorsement of Obama

It makes no sense to invest in costly wind and solar energy now that America has discovered 200 years of inexpensive natural gas, which have low carbon emissions. Back in 2008, when Obama was elected, America was a natural-gas importer, and increasing natural-gas imports were forecast for the foreseeable future. All that has now changed, and America will soon export natural gas.

### Why you need a climate change portfolio

(Reuters) - Whether you believe in man-made global warming or not, it's undeniable that trillions of dollars will be spent on technologies to address the collateral damage of climate change.

Superstorm Sandy has just provided a tragic and devastating exclamation mark to the ongoing discussion of climate change and its link to extreme weather.

### <u>Revealed: the day Obama chose a strategy of silence on climate change</u>

Sandy has blown climate change back on the agenda – and many believe the White House was wrong when it decided in 2009 that climate change was not a winning political message.

### Hurricane Sandy blows climate change back onto the presidential campaign

Climate scientists caution against any direct connection between a hybrid storm like Sandy and Earth's warming trend. But that possibility has brought climate change back into the conversation.

### <u>Our Latest High-Water Mark</u>

The real danger here is not the surge itself, but the return to normal. We record a new high-water mark, but we call the crisis over because the waters have receded, our waterfronts are back, and we return to business convinced the worst is gone. In other words, we forget.

The Best Defense Against Extreme Weather: Live in a Rich Country

As cleanup and repair work begins in the aftermath of Hurricane Sandy, the link between climate change and extreme weather events is back in the spotlight. Sandy makes a mockery of Washington's inaction on climate change, but the different toll of the hurricane on New York and Haiti also highlights a central truth of disaster economics: The best strategy for resilience against violent acts of nature is to be rich.

#### Scientists tell coastal cities to armor up for next superstorm

If coastal scientists had their way, Eastern cities from Norfolk to New York would begin armoring up now against the next superstorm and tidal surges that will only get more devastating as ocean temperatures warm and sea levels rise.

#### West Coast at risk for hybrid storms, too

Scientific forecasts show that water levels in San Francisco Bay could rise 16 inches or more by 2050, inundating shoreline habitat and infrastructure.

"The Bay Area and California are very prone to flood damage," said Chris Field, director of the global ecology department at the Carnegie Institution for Science at Stanford University. "We do face a real risk of flooding during winter storms coupled with high sea level. If we get a big rainstorm combined with high sea level and high tide, we have a risk for a tremendous amount of damage."

#### Climate Change Poll Finds Most Americans Unwilling To Pay Higher Energy Costs

Most Americans, according to the survey, believe that climate change is occurring and that it causes serious problems, including more frequent and severe natural disasters. But only 21 percent said they would be willing to pay 50 percent more at the pump or for electricity bills to fight it. Fifty-four percent say they would be unwilling to do so. The rest were unsure.

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