

The Oil Drum

DISCUSSIONS ABOUT ENERGY AND OUR FUTURE



Drumbeat: November 7, 2012

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[After quiet revolt, power struggle looms for Syria's Kurds](#)

DERIK, Syria (Reuters) - In the northeast corner of Syria a power struggle is developing over the promise of oil riches in the remote Kurdish region, threatening to drag Kurdish rivals, Arab rebels and Turkey into a messy new front in an already complex civil war.

Quietly and with little of the bloodshed seen elsewhere in Syria's 19-month popular revolt against President Bashar al-Assad, the Kurdish minority is grabbing the chance to secure self-rule and the rights denied them for decades.

With Syrian forces and Arab rebels entangled in fighting to their west, a Syrian Kurdish party tied to Turkish Kurd separatists has exploited a vacuum to start Kurdish schools, cultural centres, police stations and armed militias.

[Oil slips as focus returns to growth worry](#)

LONDON (Reuters) - Oil retreated on Wednesday, cutting some of the sharp gains seen this week, as investors turned their focus to problems facing the U.S. economy after President Barack Obama's re-election.

Oil rose sharply on Monday and Tuesday as investors started to anticipate a clear U.S. election result that would end the uncertainty that had contributed to weakness in previous weeks.

Worries about the European economy and whether negotiations in the United States to avert a looming fiscal cliff, which would lead to nearly \$600 billion in spending cuts, have now returned to the foreground.

[As Northerners line up for gas, prices are dropping](#)

In the wake of Superstorm Sandy, there are long lines at the pumps in the Northeast, but gas prices are actually down an average 21 cents a gallon nationwide over the past two weeks. Sometimes it is tough to square images of the extended queues of people waiting for gas with prices on the sign at your local gas station.

Will gas prices rise for the rest of America because of Sandy?

[Gas shortages lead to gray market even as lines shrink](#)

Shorter but persistent lines at gas stations in the Northeast and sporadic closures have led to a gray market for fuel on Craigslist, with prices for delivery of a five-gallon container ranging from \$30-\$100 Tuesday.

[Gas still hard to come by; N.Y. probes gouging](#)

A week after Superstorm Sandy swept ashore, drivers and others seeking fuel continued to face lines and frustration in New York and New Jersey as authorities worked to restore the complex supply network of pipelines, refineries and distribution points.

New York State Attorney General Eric Schneiderman launched an investigation into possible price gouging on gas, generators and other items, saying he has received more than 400 complaints. Some consumers complained of being charged \$10 for a box of matches and \$7 for a loaf of bread. A similar investigation was launched last week in New Jersey.

[Police: Freeport Firefighter Charged With Arson After Setting Cars On Fire While Trying To Siphon Fuel](#)

Nassau County police said the 23-year-old Freeport firefighter was using an electric vacuum to illegally siphon gas from a Village of Freeport Fire Department vehicle to his personal car when electricity set the gas on fire.

The flames quickly spread to both vehicles. Two Freeport firefighters suffered minor injuries while trying to put out the blaze, but both cars were totally lost, police said.

[Students protest bus fare hike in Kerala](#)

Thiruvananthapuram (IANS) An hour after the Kerala government Wednesday decided to hike bus fares, angry students belonging to the Left parties and the Akhil Bharatiya Vidyarthi Parishad (ABVP) took to the streets here and went on a rampage.

...The state government had told private bus owners soon after the latest hike in petroleum products that they would consider hiking bus fares.

[Nigeria oil output recovers as floods recede - regulator](#)

ABUJA (Reuters) - Nigeria's worst floods in 50 years are no longer affecting oil output, an industry regulator said on Wednesday, although foreign oil majors have not yet said their production is back to normal.

West African oil traders told Reuters this week there is ample supply of Nigerian crude in the market and loading programmes show December exports are due to be the highest in six months.

[Sinopec Said to Buy Nigeria Oil Blocks From French Total](#)

China Petroleum & Chemical Corp., seeking to reverse a decline in oil reserves, is close to buying stakes in Nigerian onshore oil blocks from Total SA, for about \$2.4 billion, according to two people familiar with the matter.

[Exxon tells Iraq wants to quit huge oil project](#)

BAGHDAD (Reuters) - Exxon Mobil has officially informed Iraq's government it wants to pull out of a \$50 billion oil project, telling Baghdad in a letter it has started talks with other oil companies to sell its stake, senior Iraqi officials said.

Exxon's decision to quit the West Qurna-1 oilfield will exacerbate tensions between Baghdad and the autonomous Iraqi Kurdistan region, where Exxon has signed oil deals seen as more lucrative but dismissed by the central government as illegal.

[Iraq expels Turkish firm from oil exploration deal](#)

BAGHDAD: Iraq expelled Turkish national energy firm TPAO on Wednesday from a consortium that won an exploration contract in south Iraq, in the latest sign of worsening ties between Baghdad and Ankara.

[Dana Gas Restructures \\$1 Billion Bond to Avert Asset Seizure](#)

(Bloomberg) -- Dana Gas PJSC, which missed payments on nearly \$1 billion of Islamic bonds last week, reached a restructuring deal with sukukholders including BlackRock Inc. (BLK), averting a potential seizure of its Egyptian energy assets.

The United Arab Emirates-based fuel producer has an in-principle agreement with creditors and will convert the Islamic bonds into an ordinary and a convertible sukuk with "revised economic terms," the Sharjah-based company said today in a statement to the Abu Dhabi stock market. Holders of the Islamic bond or sukuk will also receive a partial cash payment.

[Time for strategy shift on oil and gas finance](#)

It is one of the great ironies of the global energy markets that the Middle East, while being the world's largest producer of oil and gas, has so far failed to cash in on the

financial side of the business.

The oil that is pumped ashore from the Arabian Gulf and pours from wells across the region is priced by western financial institutions, and deliveries are largely financed by those same US and European banks.

[Libya sees oil output rising to 1.7 mil b/d by end Q1 2013: NOC](#)

Vienna (Platts) - Libya is currently producing 1.6 million b/d of crude oil and hopes to raise output to 1.7 million b/d by the end of the first quarter of 2013, slightly later than scheduled because of technical issues, National Oil Company chairman Nuri Berruein said Wednesday.

[Obama victory spells trouble for Israel's Netanyahu](#)

JERUSALEM (Reuters) - Israeli Prime Minister Benjamin Netanyahu faces an even more awkward time with Washington and re-energized critics at home who accused him on Wednesday of backing the loser in the U.S. presidential election.

With Iran topping his conservative agenda, Netanyahu will have to contend with a strengthened second-term Democratic president after four years of frosty dealings with Barack Obama and a rift over how to curb Tehran's nuclear program.

[Syrian rebels fire at, miss Assad's palace](#)

AMMAN (Reuters) - Syrian rebels fired mortars at President Bashar al-Assad's palace in Damascus on Wednesday but missed, in an attack underlining the growing boldness of forces fighting to end his family's 42 years in power.

[Explosion hits Syrian oil pipeline near Homs](#)

AMMAN (Reuters) - An explosion hit the main oil pipeline feeding a refinery on the western edge of the Syrian city of Homs on Tuesday during fighting between rebels and army forces in the area, opposition activists said.

Video footage, which could not be independently verified, showed thick smoke rising from the pipeline which links eastern oil fields with the Homs refinery, one of two in the country.

[Workers Evacuating Rig in Norwegian Sea](#)

Workers are being evacuated from the Floatel Superior rig in the southern Norwegian

Sea following a serious stability incident amid bad weather, Norway's Petroleum Safety Authority reported Wednesday.

The PSA was notified about the incident at 4.15am Norwegian time with a report that an anchor had punctured one of the rig's ballast tanks. This led to the rig developing a list of three-to-four degrees.

[The Quest: Energy, Security, and the Remaking of the Modern World by Daniel Yergin – review](#)

Yergin's doorstep of a book (more than 800 pages) charts in impressive if at times excessive detail "the quest for the energy on which we so completely rely". This is clearly a timely and even important book, describing the origins of our modern energy world and how our cars and computers will be powered in the future.

[How Big Oil Spent Part Of Its \\$90 Billion In Profits So Far In 2012](#)

What makes this figure all the more staggering is that these companies actually produced *less* oil in 2012 compared to 2011. The big five oil companies' total oil production in the third quarter was 5 percent—or 400,000 barrels per day—lower than in the third quarter of 2011.

And despite such impressive profits, U.S. taxpayers are still subsidizing these companies. In 2012 the Congressional Joint Committee on Taxation estimated that these big five oil companies would receive \$2.4 billion in special tax breaks. The three U.S. oil companies among this cohort—Chevron, ConocoPhillips, and ExxonMobil—also pay a relatively low effective federal tax rate. Reuters reports that in 2011 these three companies paid 19 percent, 18 percent, and 13 percent effective federal tax rate, respectively. These oil companies' tax rates, Reuters concluded, are "a far cry from the 35 percent top corporate tax rate."

[Sandy's Blackouts Pressure Utilities to Bury Power Lines](#)

Super storm Sandy's record blackouts and prolonged recovery laid bare the U.S. electrical grid's vulnerability to wind and flood, renewing calls for utilities to invest billions to toughen their defenses against extreme weather that may become more common.

European countries such as Germany, the Netherlands and the U.K. routinely bury cables that connect homes to power networks, protecting them from wind and ice. U.S. utilities have balked at moving more infrastructure below ground, saying consumers would object to spending as much as \$2.1 million a mile, according to one industry estimate, to bury wires for a system that's not fail-safe.

[Preparing the power grid for the next Sandy](#)

NEW YORK (CNNMoney) -- Hurricane Sandy left over eight million people along the East Coast without power. More than a week later, nearly two million are still in the dark.

With a warming planet, it's likely there will be more Sandy-strength storms in the years to come.

[CN Rail, CP Rail Surging With Crude Oil Moving by Trains](#)

Canadian National Railway Co. and Canadian Pacific Railway Ltd. (CP), the country's No. 1 and 2 carriers, are rushing to build terminals to load oil beyond the reach of pipelines in some of North America's remotest regions.

Canadian National is in talks to build more oil terminals after an agreement last month to construct a facility serving Manitoba and Saskatchewan, Chief Executive Officer Claude Mongeau said in an interview. "Rapid-deployment terminals" as little as a tenth of that size also are in the works, he said.

[Russia backs its claims for Arctic Shelf with evidence](#)

A Russian expedition has finished investigations which were meant to prove that the Arctic Shelf in the Arctic Ocean is a continuation of the Eurasian continent, and, thus, should belong to Russia.

[Steel Authority Said to Close Odisha Mine, Cutting Output](#)

Steel Authority of India Ltd., the country's second-biggest maker of the alloy, will stop work at an iron ore mine in the eastern state of Odisha to make way for an elephant corridor, two people familiar with the matter said.

The environment ministry won't renew the state-owned company's permit after a two-year extension expires on Nov. 10, the people said yesterday, asking not to be identified as they aren't authorized to speak to the media. Odisha, where a government panel is currently reviewing illegal mining and environmental damages, plans to set up a passage way for the pachyderms near Steel Authority's mine, the people said.

[High Nuclear Power Outages In 2012 \(Driven By Global Warming–Fueled Sandy, Flooding, & Repair\)](#)

Outages at U.S. nuclear power plants so far in 2012 are generally higher than in recent years because of extended forced outages at four nuclear power plants. U.S. nuclear reactor operators typically schedule refueling and maintenance outages during the spring and fall to help ensure that reactors are available to meet higher electric demand levels in the summer and winter. The increase in outages at the end of October came as

some nuclear power reactors along the East Coast shut down because of safety concerns from Hurricane Sandy.

S'Korea Widens Nuclear Lapses Probe; KEPCO Chief Resigns

South Korean regulators expanded a probe over fake safety certificates on Wednesday to cover all the country's 23 nuclear reactors, in a move that could dent rock-solid public support for the industry and threaten billions of dollars worth of exports.

Two reactors remained shut, raising the prospect of winter power shortages, as the government looks into how thousands of parts for the reactors were supplied using forged safety documents, reports Reuters.

Low power price threatens Norway's green targets

OSLO (Reuters) - Norway's ambitious plans to boost wind power output to cut greenhouse gas emissions and diversify supplies are at risk because of low power prices and an underfunded subsidy scheme, industry sources say.

Norway, the second largest gas supplier to Europe after Russia, aims to cut its greenhouse emissions by 30 percent below 1990 levels by 2020, power more offshore oil platforms from its onshore grid, and diversifying its power supply.

Geothermal Designs Arise as a Stormproof Resource

Advocates for geothermal energy say that the path of destruction cut by Hurricane Sandy, which unearthed fuel tanks, ravaged cooling towers and battered air-conditioners, has already persuaded some building owners to switch to geothermal systems that use underground pipes to harness the earth's energy for heating and cooling buildings.

China files solar WTO complaint

BELJING (UPI) -- China has filed a complaint with the World Trade Organization against photovoltaic solar subsidies in the European Union.

The action on Monday represents the latest wrinkle in the trade row over solar products between the two economies as well as the United States.

Laos Breaks Ground for Controversial Mekong Dam

BANGKOK — Laos inaugurated the construction of a controversial dam on the Mekong

River on Wednesday, despite comments from the country's prime minister that the project had been delayed.

Mandated Corn Ethanol's Ripple Effect on Global Commodity Prices and Food Security

Mandating the use of biofuels changes the whole agricultural commodity structure. Mandates mean that the quantity of key agricultural commodities demanded is no longer responsive to price, a term referred to as inelastic demand. Such demand leads to larger price swings during supply shocks like the one we've just experienced with the drought that occurred this summer here in the U.S.

'Superbug' found in US wastewater treatment plants

Hospitals aren't the only places where people can pick up a nasty "superbug." A University of Maryland-led team of researchers has found methicillin-resistant *Staphylococcus aureus*, or MRSA, at sewage treatment plants in the mid-Atlantic and the Midwest.

Costs of Shoring Up Coastal Communities

"We know from geological surveys — and New Jersey is a prime example — that offshore sand, high-quality sand, is a highly finite resource," said S. Jeffress Williams, a coastal scientist with the United States Geological Survey and the University of Hawaii.

Underwater ridges of sand lie offshore, but engineers must go farther and farther (and spend more and more) to find them, Mr. Williams said, adding that eventually "it is not going to be there."

And while it is theoretically possible to replenish a beach with material mined inland, that approach would create other problems, said Robert Young, a coastal geologist who directs the program for the study of developed shorelines at Western Carolina University. "Trucks full of sand weigh a lot," he added. "There is a tremendous toll on highway infrastructure." And excavating inland sand "would create holes that would be miles in diameter."

Musings: Shale Gas Being Attacked On Safety And Emissions

The American shale revolution, which has turned conventional U.S. energy strategy on its head, has recently come under attack on two fronts and from two studies. On one hand, the entire technological foundation of hydraulic fracturing of oil and gas bearing shale formations has been attacked by a study prepared by the federal government's General Accounting Office (GAO). The other study, prepared by the Tyndall Manchester Center for Climate Change Research in the UK, challenges the view that just because the United States has increased its use of natural gas in place of coal in generating electricity, global carbon emissions have not been reduced. In fact, these emissions may be greater.

What does Obama's victory mean for action on global warming?

A second term frees the President to end his climate change silence and perhaps spur on a global deal, but he still needs to win Republican support on Capitol Hill.

California's first auction of greenhouse-gas credits nears

Some industrial businesses are still fighting the cap-and-trade program, which requires big polluters to either reduce their emissions or buy credits to cover the difference.

Spring Arctic snow pack melting fast, study warns

The spring snow pack in the Arctic is disappearing at a much faster rate than anticipated even by climate change models, says a new study by Environment Canada researchers.

That has implications for wildlife, vegetation and ground temperatures, say the scientists, who looked at four decades of snow data for the Canadian Arctic and beyond.

Climate blindness risked as satellites lose their eyes

OUR eyes around Earth are seeing less. US environmental satellites that helped forecasters predict superstorm Sandy are failing. By 2020, the fleet could have just a quarter of the sensors it has today.

China, less impact by CO₂ may explain slowing in warming

Most climate scientists acknowledge an "apparent slowdown" since 2000, after fast warming in the 1990s, but say the long-term trend is up. So far, 2012 is the eighth warmest year in records back to the mid-19th century, according to U.S. data.

"The simplest explanation is that China's sulphate emissions did not go down as they suggested they would," said Myles Allen, a professor of geosystem science at Oxford University, who also pointed to rising pollution in many emerging nations. Coal-fired power plants emit sulphate pollution that dims sunlight and so offsets warming. Allen said a decade was too short to measure long-term trends for climate change.

Cooling gases must fall to curb global warming

BRUSSELS (Reuters) - F-gases, used in refrigeration and linked with high levels of global warming, need to be cut substantially by 2030, Europe's climate boss said on

Tuesday.

She added that she would be pushing for a global plan on cutting fluorinated gases at U.N. climate change talks in Doha beginning later this month.

[Hurricane Sandy may turn the tide on climate change](#)

BACK in 1779, the Spanish artist Francisco de Goya painted a scene that obviously was already common at the time in that retrograde country of his: An old man — or it can be an old lady — is beating a child on the bottom in front of numerous other children in a classroom. Some of the children are crying, for they just suffered the teacher's barbarous pedagogical methods. Goya titled his masterpiece "La letra con sangre entra" — freely translated, "spare the rod, spoil the child." Since then, the saying is used to express either the notion that discipline is sine qua none of school and education, or that people won't learn by a rational approach to events, but have first to suffer the harsh consequences of their folly, to finally grasp whatever evil happened to them, and avoid it in the future, by modifying their own conduct.

It seems the US society is finally learning to accept the reality of climate change – but it had to be Goya's way. The "Frankenstorm" Sandy was apparently necessary for US society's mainstream to come to terms with the dire reality of global warming and climate change.

[Why Climate Disasters Might Not Boost Public Engagement on Climate Change](#)

Climate change awareness is complex and strongly mediated by socially constructed attitudes. I suggest that there are some countervailing conditions – especially in the early stages of climate impacts. It is important to recognize that many of the social and cultural obstacles to belief are not removed by major impacts and may, indeed, be reinforced.

[Bill McKibben's Math: Climate Change Hits Home \(in a 22-City Tour\)](#)

It shouldn't take a hurricane to blow open the debate about climate change. But Sandy might help 350.org prove what's at stake in a nationwide campaign to divest university endowments from the fossil fuel industry.

[A Change in the Weather on Wall Street](#)

A few weeks ago I was talking to a friend who works at an environmental organization. We were discussing the absence of any talk about climate change in the presidential campaign, and joked that the United States would decide to get serious only when Wall Street found itself under water.

That turned out to be a very bad joke. There were moments last week when I grumbled

that I was paying for it: like everyone else on the Lower East Side of Manhattan, my family and I spent four days with no electricity or water. But others were burying their dead. For us, Sandy was an inconvenience. For many people, it was a catastrophe.

The Fourth Horseman of the Apocalypse

The first horseman was named al-Qaeda in Manhattan, and it came as a message on September 11, 2001: that our meddling in the Middle East had sown rage and funded madness. We had meddled because of imperial ambition and because of oil, the black gold that fueled most of our machines and our largest corporations and too many of our politicians. The second horseman came not quite four years later. It was named Katrina, and this one too delivered a warning.

A Scientist Who Foresaw New York Storm Surge Reflects from His Flooded Home

Klaus Jacob, a Columbia University earth scientist who pretty precisely projected the flooding a big hurricane surge could cause in New York City long before Hurricane Sandy hit, reflects in this video on the impacts on the region — including on his own storm-flooded home in Piermont, N.Y., a tiny town along the Hudson River a few miles north of the George Washington Bridge. (The video was shot by the university.)

My initial reaction was centered on the ironies in such a situation, but listen to the section where he describes how, when he invested in raising his home in 2003, he was hemmed in by local zoning, which limits houses in his neighborhood to a total height of 22 feet. He did what he could, raising appliances like the dishwasher well off the floor. So the damage is far less than it might have been.

Deciding Where Future Disasters Will Strike

WE all have an intuitive sense of how water works: block it, and it flows elsewhere. When a storm surge hits a flood barrier, for instance, the water does not simply dissipate. It does the hydrological equivalent of a bounce, and it lands somewhere else.

The Dutch, after years of beating back the oceans, have a way of deciding what is worth saving with a dike or sea wall, and what is not. They simply run the numbers, and if something is worth less in terms of pure euros and cents, it is more acceptable to let it be flooded. This seems entirely reasonable. But as New York begins considering coastal defenses, it should also consider the uncomfortable truth that Wall Street is worth vastly more, in dollar terms, than certain low-lying neighborhoods of Brooklyn, Staten Island and Queens — and that to save Manhattan, planners may decide to flood some other part of the city.

Monsoon may fail more often due to climate change: study

OSLO (Reuters) - The Indian monsoon is likely to fail more often in the next 200 years threatening food supplies, unless governments agree how to limit climate change, a study showed on Tuesday.

The monsoon rains could collapse about every fifth year between 2150 and 2200 with continued global warming, blamed mainly on human burning of fossil fuels, and related shifts in tropical air flows, it said.



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