



## Drumbeat: November 17, 2012

Posted by [Leanan](#) on November 17, 2012 - 10:19am

### [Data shows East Coast gas shortages were inevitable](#)

FORTUNE -- Hurricane Sandy may have been the perfect storm, but gasoline shortages on the East Coast were apparently a disaster waiting to happen, according to data from the U.S. Department of Energy's statistics branch, the Energy Information Administration.

To put it simply, the East Coast was – and is – sorely underprepared for any supply disruptions. A deep dive into the data released late this week show gasoline inventories on the East Coast hit a low not seen in the month of November for at least 10 years.

November is a popular month for hurricanes in the Northeast, so the seasonal comparison is noteworthy. The reason why Sandy's sting was so much greater than in past storms? Gasoline inventories on the East Coast have been below the average range since July. In the latest data for the week ended last Friday, total gas inventories for the region fell to just above 45,000 barrels, hitting their post-hurricane nadir.

### [Oil Rises as Middle East Tension May Disrupt Supplies](#)

Oil rose on concern that the clash between Israel and Hamas will escalate into a wider conflict that would endanger Middle East crude shipments.

Futures advanced 1.4 percent as Israel extended its bombing of Gaza while Palestinian missiles struck areas around Jerusalem and Tel Aviv. Egyptian Prime Minister Hisham Qandil visited Gaza today and called for an international effort to end the violence. Israel's army said it has deployed tanks near the Gaza border and called up reservists.

### [Ex-CIA chief Petraeus testifies Benghazi attack was al Qaeda-linked terrorism](#)

Washington (CNN) -- Former CIA Director David Petraeus testified on Capitol Hill Friday that the attack on the U.S. Consulate in Benghazi, Libya, in September was an act of terrorism committed by al Qaeda-linked militants.

### [Israel Extends Gaza Airstrikes After Rocket Barrage](#)

Israel extended air strikes on the Gaza Strip today, destroying Hamas leader Ismail Haniyeh's headquarters, and approved the call-up of additional reservists to end a barrage of rockets that have been aimed its cities.

### [Israel finds Arab Spring has complicated its move against Hamas](#)

As violence escalated between Israel and Gaza on Friday, with many anticipating a weekend order to invade, a realization was growing across Israel's political and military echelons that the Arab Spring had changed the equation in Israel's dealings with Hamas-run Gaza: Unlike four years ago, the Hamas Authority is no longer an isolated entity, estranged from its Arab neighbors.

Four years ago, Hosni Mubarak, then Egypt's president, quietly shut Egypt's border crossing with Gaza at Rafah. Morsi has thrown it open 24 hours a day so that any wounded Gazan could seek treatment in Egypt.

In the wake of Kandil's visit, Tunisia's foreign minister announced that he, too, will visit the besieged enclave. Oil-rich states in the Persian Gulf announced that they will provide support and backing to the people of Gaza. Palestinian Authority President Mahmoud Abbas, whose Fatah Party has long battled with Hamas, expressed support. The largest anti-Israel demonstration in Egypt in decades drew tens of thousands into the streets of Cairo on Friday.

### [Factbox: Sierra Leone, a rising African star?](#)

OIL FRONTIER: Aside from its rich iron ore, gold and diamond deposits, Sierra Leone is also in one of the most promising regions for offshore oil exploration. Anadarko Petroleum Corp said in February it struck oil, but is still studying whether the deposit is commercially viable. Oil exploration off West Africa has surged since Ghana found its giant Jubilee field in 2007.

### [China Likley to Raise Subsidy for CBM](#)

China plans to triple its current subsidy for coal bed methane gas production to 0.60 yuan per cubic metre to encourage the development of the sector, Reuters reported citing a news item in the Shanghai Securities News. The Ministry of Finance in 2008 gave coalbed methane companies a production subsidy of 0.20 yuan per cubic metres.

### [Shell's Chinese Shale Project Development to Start in 2014](#)

Royal Dutch Shell said its shale gas project in China will require billions of dollars in investment from 2014 before it can supply the domestic market.

### [Aust investments in doubt after Indonesian court ruling](#)

Indonesia is becoming increasingly hostile to foreign investors, putting Australians with interests in the country on notice following a series of high-profile ownership disputes that resulted in the dissolution of Indonesia's independent oil and gas regulator, according to *The Australian Financial Review*.

### [Raymond J. Learsy: The Appointment of Our Next Energy Secretary](#)

With the departure of Steven Chu as Energy Secretary the new Obama administration has a golden opportunity, given the vast gas and oil reservoirs under American soil, newly accessible by the exploitation of alternative and newly applied drilling technologies. It is an opportunity to reposition the Energy Department as a force for national energy independence, an economic force for national security, and as a monitor and sponsor of rational energy pricing thereby husbanding a mighty engine of economic growth.

### [New Technologies Drive Oil Boom in U.S.](#)

Oil production in the U.S. is increasing, often driven by new ways of getting the black stuff out of the ground. Start-up companies are trying out new techniques, while larger, established players are giving a second look to older methods that weren't profitable years ago.

The high price of fuel is one reason. The late 1990s saw a glut of oil, with the average (inflation-adjusted) price dropping to about \$17 per barrel. In 2012, the average has hit \$93, and could go higher.

### [Peak oil theory has a flaw and U.S. oil independence isn't set in stone](#)

"U.S. oil production has entered a renaissance, likely with other mature regions to follow," said Michael Peterson, managing director of energy research at MLV & Co.

But the "renaissance in unconventional oil production hasn't changed the theory of peak oil, just exposed its weakness," he said. "The global demise envisioned by peak oil theorists fails to account for improved recovery rates, which are driven by the combination of technological advances and higher prices."

### [A Contrarian on Shale Gas](#)

In other words, by focusing on shale gas resources, people assume that reserves are much higher than they actually are. Reserves have been substantially overstated, he said.

Berman's math: If you divide the "technically recoverable resource" of about 1,900 Tcf (trillion cubic feet) of gas, as identified by the Potential Gas Committee's (PGC's) report

by annual U.S. consumption, you come up with 90 years. However, the PGC's report also says the "probable recoverable resource" is only about 550 Tcf—approximately one fourth of the "technically recoverable resource."

### [Peak Oil? More like Peak Canada](#)

Canada, for a while, went mad. We believed we were above the laws of economics and politics and energy – a country that had magically resisted the First New Depression of 2008, and had an export so desirable that we could ignore ecological warnings and well-established international partnerships and blacken the good name Canada had earned the previous century. Our leaders bossed around the world, believing everyone wanted their controversial oil and would ignore its many serious problems if they simply branded it "ethical."

Ordinary Canadians embraced the hubris, spending far beyond their means, believing that our oil-boasted economy was permanent and invincible. In November of 2012, the peak of the Great Hubris, Canadians reported record levels of personal non-mortgage debt, piling on expensive cars and credit card bills – everyone believed theirs was a rich petro-state and it would last forever.

### [Well doesn't that just kill the Peak Oil idea then?](#)

But there's something else much more interesting here. This idea that we must not, indeed cannot, use all of the fossil fuels we already know about. Fossil fuels that are embedded into the stock market values of a number of companies. If we all believed that these fuels would never be used then they would be valued at nothing (or perhaps a small option value). They're obviously not so we don't so believe.

### [The Peak Oil Crisis: Alternative Futures](#)

A paper published recently by the IMF gives us some insight into how oil prices and availability might affect the global economy in the next decade. The paper, entitled Oil and the World Economy: Some Possible Futures, starts with the statistic that global oil production grew by 1.8 percent annually from 1981 to 2005, then stagnated with production remaining essentially flat thereafter. In the last seven years what is called global "growth" in "oil" production has come largely from substitutes for crude such as natural gas liquids, tar sands, and biofuels. While these substitutes do have important uses, they do not have the versatility of conventional oil and in the long run, falling supplies of normal crude can and probably are acting as a brake on economic growth.

### [Coast Guard continues search for 2 after Gulf rig fire](#)

NEW ORLEANS -- The eruption of a fire on an oil platform in the Gulf of Mexico - which left two workers missing and four others badly burned - is a vivid reminder of the dangers involved in offshore drilling and the risk it poses to the gulf's ecosystem and

shoreline.

The Coast Guard was searching early Saturday for two workers missing after the fire broke out Friday, sending an ominous black plume of smoke into the air reminiscent of the 2010 Deepwater Horizon explosion that transformed the oil industry and life along the Gulf Coast.

### [BP settlement a boon to conservation group](#)

The National Fish and Wildlife Foundation has operated on a modest budget in relative obscurity for nearly three decades. Then it won the lottery.

### [Oil giant Chevron's \\$19 billion assets in Argentina frozen over rain forest damage charges](#)

NEW DELHI: A court in Buenos Aires has frozen up to \$19 billion worth of assets owned by Chevron, one of the world's largest oil companies, following its refusal to pay that amount as penalty for damaging Ecuador's rain forests.

### [Commuter: MTA hikes may require big lifestyle changes](#)

For the sixth time (by my count) in 10 years, the Metropolitan Transportation Authority is seeking to hike its fares. This round will take effect next March with a proposed increase of 9.71 percent that brings the tab for a monthly ticket between Poughkeepsie and Manhattan to \$486 and a not-so-grand total of \$5,832 a year.

### [Google to use wind energy for Oklahoma data center](#)

Google is going green at a data center in Oklahoma.

The search giant announced today that it has signed a deal with the Grand River Dam Authority to transition the energy supply for its Oklahoma data center to wind energy. According to Google, the supply will be powered by 48 megawatts of wind energy from the Canadian Hills Wind Project in Oklahoma. The Project is slated to come online later this year.

### [A North Dakota Man Reinvents the Tractor: Autonomous Tractor Corporation's "Spirit"](#)

Is this the future of tractors? "Spirit" is a diesel-electric tractor modeled after a diesel locomotive engine.

### [The Rise and Fall of Stalin's Atlantis](#)

This area of Azerbaijan has been famed for its rich oil resources since ancient times. The "liquid fire" with which Constantinople drove the Arab besiegers from its walls in the seventh century consisted largely of oil that bubbled to the surface unaided along the coasts of the Black Sea and the Caspian. The Persians called the area the "Land of Fire," where priests lit their temples with oil from these natural sources.

The petrochemical industry didn't take off here until 1870 after Russia conquered the territory. In the years that followed, industrialists like Ludvig Nobel and the Rothschild brothers transformed the capital Baku into an oriental version of the French Mediterranean jewel of Nice. In 1941, Azerbaijan, then part of the Soviet Union, was already supplying 175 million barrels of crude oil a year -- 75 percent of the country's entire oil production. That's why German forces fought so hard to try to seize the city and the surrounding Absheron Peninsula. They failed.

### [Energy Efficiency Directive](#)

This Directive establishes a common framework of measures for the promotion of energy efficiency within the Union in order to ensure the achievement of the Union's 2020 20 % headline target on energy efficiency and to pave the way for further energy efficiency improvements beyond that date. It lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy, and provides for the establishment of indicative national energy efficiency targets for 2020.

### [Australian scientists find excess greenhouse gas near fracking](#)

Environmental researchers have detected excess greenhouse gas levels near the site of Australia's biggest coal seam gas field, prompting calls for halting expansion of hydraulic fracturing until scientists can determine whether it might be contributing to climate change.

The reported findings of methane, carbon dioxide and other compounds at more than three times normal background levels have stirred new controversy in eastern Australia over the pros and cons of boosting natural gas output by "fracking," a process that blasts sand, water and chemicals into deep underground wells.

### [McKibben: Take action against fossil fuels](#)

It's time to squarely face the facts — Hurricane Sandy is just the latest example of the terrible toll being wrought on communities around the U.S. by extreme weather supercharged by climate change.

This summer we experienced record ice melt in the Arctic. By summer's end, with more than half the ice gone, it was fair to say we'd broken one of the largest physical features on the planet. The drought and heat that wracked the Midwest drove up global grain prices 40 percent, bringing hunger to hundreds of millions. And, as we survey the

damage from Hurricane Sandy, it's already clear that the human and financial costs are stark.

### [Kazakhstan launches the start of emission trading system from 2013](#)

The Ministry of Environmental Protection of RK has developed the National Allocation Plan aimed at reducing greenhouse gas emissions. The Plan is a mechanism that regulates internal trading of greenhouse gas emission allowances.

### [Obama on Climate Policy: Not Just Now, Thanks](#)

Environmental advocates have expressed frustration with the lack of discussion of climate change in the presidential race this year, a reticence that persisted even after the devastation of Hurricane Sandy. On Wednesday, in his first post-election news conference, President Obama offered his most extensive remarks on climate change in months. They did not particularly thrill environmentalists.

### [Gov. Brown Makes Plea To Fight Climate Change At SF Conference](#)

SAN FRANCISCO (KCBS / AP) — Gov. Jerry Brown told a green building conference in San Francisco on Friday that if the world doesn't address climate change more aggressively, future generations may have to consider moving to other planets.

### [California's grand experiment in greenhouse gas regulation](#)

It probably wasn't happenstance that California's historic – good or bad, it's historic – experiment in greenhouse gas regulation was delayed until after an election in which voters would be deciding on new taxes.

Any debate over the consumers' costs of greenhouse gas reduction could have, at least theoretically, negatively influenced voters on tax increases – and there will be costs.

### [California Tackles Climate Change, But Will Others Follow?](#)

California has a knack for spurring broader U.S. environmental action. The state adopted the first automobile tailpipe emissions in the nation in 1966, four years before they were enacted by Congress. After the Arab oil embargo, California acted more quickly than the U.S. government to cut the waste of energy-hogging appliances, with efficiency standards signed into law by Governor Ronald Reagan in 1974. California's standards were the model for the deal President Barack Obama forged with carmakers to double fuel economy to 55 miles per gallon by 2025.

## [Norfolk houses will have to rise](#)

For years, Norfolk has struggled to find ways to mitigate flooding from even minor storms in low-lying neighborhoods like Larchmont, Pretty Lake, the Hague and Mason's Creek. Norfolk has made flood mitigation a legislative priority, and the city plans to ask the federal government for money for flood walls, pump stations and drainage system improvements.

Those big-ticket items, with price tags in the tens of millions of dollars, will help to keep neighborhoods drier. But the city cannot lift each endangered house out of water's way any more than it can hold back the ocean, the Chesapeake or the rivers.

## [If you're 27 or younger, you've never experienced a colder-than-average month](#)

If you were born in or after April 1985, if you are right now 27 years old or younger, you have never lived through a month that was colder than average. That's beyond astonishing.



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