



Drumbeat: November 26, 2012

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[Brent Poised to Oust WTI as Most-Traded Oil Futures](#)

For the first year since the futures were created, Brent crude is poised to overtake West Texas Intermediate oil as the world's most-traded commodity.

Daily trading in Brent jumped 14 percent to average 567,000 contracts in the year to Nov. 20 compared with all of 2011, while WTI fell 17 percent to 575,000, according to data from the ICE Futures Europe exchange in London and New York Mercantile Exchange compiled by Bloomberg. The number of Brent futures changing hands has exceeded those for WTI every month from April through October, the longest streak since at least 1995.

Brent, produced in the North Sea, is gaining favor among traders because of its role as the benchmark for energy prices from Saudi Arabia to Russia. Prices have climbed 34 percent in the past two years, reflecting everything from war in Libya to the embargo on Iran. WTI, the main grade in the U.S., has risen 9 percent as the nation, which prohibits crude exports, has struggled to clear a glut at Cushing, Oklahoma, the delivery point for Nymex futures.

[Crude Declines From Three-Day High as European Ministers Meet](#)

Oil declined from a three-session high in New York amid concern that Spain may postpone a request for a bailout while European finance chiefs meet today to discuss additional funds for Greece.

Futures dropped as much as 0.7 percent after gaining the most since October last week. Pro-independence parties in Spain's Catalonia won a regional vote, strengthening a drive for a referendum on secession in defiance of the nation's Prime Minister. European officials gather in Brussels today, less than a week after an all-night meeting failed to yield an agreement. Oil rose last week because of concern that fighting between Israel and Hamas and unrest in Egypt would spread and disrupt Middle Eastern crude supplies.

[Petrobras output falls vs year earlier for fifth straight month](#)

(Reuters) - Brazil's state-led oil company Petrobras said Monday that output of petroleum and natural gas fell for a fifth straight month in October compared with a

year earlier because of maintenance and declining productivity in the offshore Campos Basin.

[Aramco, Exxon to shut most of Yanbu refinery in March](#)

Saudi Aramco Mobil Refinery Company (SAMREF) will shut most of the units at its 400,000 barrel per day (bpd) Yanbu refinery in March to bring a new cleaner fuel project online, traders said on Monday.

The outage planned by the joint venture between state oil company Saudi Aramco and US energy giant ExxonMobil is expected to start on March 10 and last for 45-50 days, traders and an industry source said.

[Iran takes over GECF presidency](#)

Iran has been named the new chairing country of the Gas Exporting Countries Forum (GECF) and will host the GECF summit in 2013, the Mehr News Agency reported.

Leaders of the world's biggest gas suppliers ended their first summit in Doha, Qatar, on November 13 by reiterating the need for a fair gas price while Iran, whose president was absent, warned that Western taxation will derail the energy market, according to AFP.

[Iran: Plans to increase gas production](#)

Managing-Director of Pars Oil and Gas Company Mousa Soury announced that Iran will increase gas production in the giant South Pars gas field, adding that the country will surpass Qatar's gas production in the shared field.

[Come clear on gas pricing, BP writes to Petroleum Minister](#)

Stating that investments or import substitution worth \$100-150 billion were waiting to be unlocked, British Petroleum Plc, which partners with Mukesh Ambani owned Reliance Industries Limited (RIL) in India, has sought putting in place a clear policy on exploration and pricing of gas in order to effectively develop these resources and unlock this huge potential.

[Ukraine to build first LNG terminal](#)

"According to our estimates, the price of gas (imported through the LNG terminal) will be at least 20% lower than that of Russian gas," Kaskiv was reported as saying by Reuters.

Ukraine depends heavily on costly gas supplies from Russia and has failed to negotiate a lower price after years of talks with Moscow. It plans to import 18 billion to 20 billion cubic metres of Russian gas next year, down from 27 Bcm this year.

[Ukraine Warns Russia of Steep Gas Import Cuts in 2013](#)

KIEV, November 26 (RIA Novosti) – Ukraine plans to slash its gas imports from Russia to 18 billion cubic meters in 2013 from 27.5 billion cu m this year, Energy Minister Yuriy Boyko said on Monday.

“We have already informed our [Russian] colleagues of this volume [18 billion cu m],” Boyko told reporters.

The two sides have been locked in a conflict over gas prices since they signed a supply deal in 2009 that ties the price of gas to oil prices, which have risen steeply since 2009, boosting Ukraine's gas bill. Ukraine is seeking both to cut Russian gas imports and find alternative gas supply sources.

[Armenia, Russia will likely agree on gas price in 2012](#)

The negotiations on the price of the gas supplied by Russia to Armenia are expected to be completed before the end of this year, Armenian Prime Minister Tigran Sargsyan said.

“I think we should complete the negotiations before the end of this year. We have reached agreements on the main principles and we now have some technical details we need to work on,” he said in an interview with Interfax.

[Nigeria ready to sanction oil firms over \\$9.8 bil tax, royalty underpayments](#)

Lagos (Platts) - The Nigerian Extractive Industry Transparency Initiative, which audits the country's oil industry, said Monday it was now ready to invoke sanctions on oil and natural gas companies operating in the country in a bid to recover \$9.8 billion of debt owed in taxes and royalties either unpaid or underpaid over the last 10 years.

"NEITI can no longer sit down and watch and allow these recoverable funds to be in the hands of the companies at a time when the Federal Government is searching for funds to finance the deficits in the annual budgets," NEITI chairman Ledum Mitee said at a stakeholders' meeting.

[ConocoPhillips exiting stake in Caspian Sea with a \\$5 billion sale](#)

(Reuters) - ConocoPhillips plans to sell its 8.4 percent interest in Kazakhstan's giant

Kashagan oilfield to the international arm of India's Oil and Natural Gas Corp Ltd , and expects to generate \$5 billion from the sale.

Kashagan, the biggest world oilfield discovery since 1968, holds an estimated 30 billion barrels of oil-in-place, of which 8-12 billion are potentially recoverable.

[Egypt's Morsy to meet with top judicial body days after claiming new powers](#)

Cairo (CNN) -- President Mohamed Morsy will meet Monday with members of Egypt's highest judicial body, which has slammed his recent decree slashing judges' authority as an "unprecedented attack," state news reports.

[10 children killed as warplanes drop bombs in Syria, opposition group says](#)

(CNN) -- "May God bring you pain, Bashar."

The curse is from a woman as she stands over a young child, dressed in purple pants and a matching shirt. Cursing Syrian President Bashar al-Assad, she asks why the girl had to die -- one of 10 children killed by shelling Sunday on a playground in a Damascus suburb, according to opposition activists.

[Iraq again on the front lines of energy](#)

Nearly a decade ago, Iraq was in flames as the United States staged its second invasion of the country.

The war not only toppled Saddam Hussein, it also led to a gradual rebirth of the country's oil and gas sector, which was crippled by conflict and sanctions.

Now, after years of rebuilding its energy infrastructure, the Opec member is emerging at the heart of a changing global oil market.

[High stakes in game of political stalemate](#)

The allure of Kurdish crude continues to tempt western companies, who are under pressure to side with Baghdad in a prolonged political standoff over Kurdish oil rights.

[Libyan oil fever fades as 2013 talks begin](#)

GENEVA/LONDON (Reuters) - A year after oil firms jockeyed to secure the first deals in post-war Libya, political disorder and a large surplus of oil in Europe have sapped enthusiasm ahead of talks this week for 2013 contracts worth around \$50 billion.

More than a year has passed since the ousters of Muammar Gaddafi took control of the OPEC country, and while oil output has risen back to pre-war levels of 1.6 million barrels per day, unrest still disrupt shipments and work at refineries.

Protests and strikes cause expensive delays, while the continued presence of guns and rocket-propelled grenades in the capital is a concern for investors.

[EIB Set to Back 50 Million-Euro Loan for Liberian Hydropower](#)

The European Investment Bank is close to approving a 50 million-euro (\$64 million) loan for Liberia's Mount Coffee hydropower project and may provide 100 million euros for a similar power plant in East Africa.

The financing would be part of as much as 1 billion euros worth of loans the Luxembourg-based bank is considering in sub-Saharan Africa, Vice President Pim van Ballekom said in a Nov. 21 interview in the Ethiopian capital, Addis Ababa. The deal for the 64-megawatt Liberian project, which will cost 180 million euros, may be approved this year, he said.

[Valuable lessons for Abu Dhabi from this oil-rich province](#)

Its name begins with A and this energy-rich part of a larger federation has some of the world's largest oil reserves. It has enjoyed a remarkable boom over the past decade due to high oil prices.

But with success comes challenges: advancing alternative energy, finding new customers for its exports, managing the strains with other parts of the country that its wealth brings, and using its earnings to develop its people.

But this is not A for Abu Dhabi, but A for the Canadian province of Alberta.

[Rosneft may use TNK-BP cash, loans for takeover](#)

MOSCOW (Reuters) - Rosneft may dig deeper into its pockets and raise funds from TNK-BP to help finance its \$55 billion (34 billion pounds) takeover of the Anglo-Russian oil firm that will make it the world's largest listed oil firm by output.

Rosneft said in a Eurobond prospectus, dated November (Xetra: A0Z24E - news) 23 and obtained by Reuters on Monday, that it may use its and TNK-BP's existing cash - which totalled over \$15 billion (9 billion pounds) at September 30 - to fund the deal in combination with borrowings from banks.

[Pemex Discovers Oil in Region That Could Hold 1 Billion Barrels](#)

Petroleos Mexicanos, the world's fourth-largest oil producer, is expanding drilling after discovering a crude deposit in Tabasco state, estimating the area could hold as much as 1 billion barrels of reserves.

The light-crude deposit announced today in the on-shore Navegante I well may have as much as 500 million barrels, said a press official who asked not to be named because of company policy. The deposit has a depth of 6 kilometers (3.7 miles), the official said yesterday in a phone interview.

[China's role in Southeast Asia questioned](#)

BEIJING (AP) — China is finding the once friendly ground of Southeast Asia bumpy going, with anger against Chinese claims to disputed islands, once reliable ally Myanmar flirting with democracy and renewed American attention to the region.

[Europe's Shale Boom Lies in Sahara as Algeria Woos Exxon](#)

Europe's answer to the U.S. shale boom may lie beneath the Sahara desert.

While environmental regulation and disappointing drilling tests have held back the development of shale gas reserves in Europe, Algeria is using tax breaks to encourage exploration. Pipelines under the Mediterranean to Spain and Italy already link Africa's largest gas exporter into Europe's grid.

[Federal judge throws out 'force majeure' case in New York](#)

Just because you can't "frack" doesn't mean you can't drill. That's what U.S. District Court Judge David Hurd told Chesapeake Appalachia the other day. In a decision posted November 15, Hurd rejects force majeure as a reason to hold onto expired leases. Leases, he explain, terminate at the end of their primary terms. His reasoning:

"... The purpose of the leases is to explore, drill, produce, and otherwise operate for oil and gas and their constituents." And the fact that New York State is still reviewing regulations for high volume horizontal hydraulic fracturing (HVHF) does not stop oil and gas companies from exploring, drilling, producing and otherwise operating, says Hurd.

[With Ban on Drilling Practice, Town Lands in Thick of Dispute](#)

LONGMONT, Colo. — This old farming town near the base of the Rocky Mountains has long been considered a conservative next-door neighbor to the ultraliberal college town of Boulder, a place bisected by the railroad and where middle-class families found a living at the vegetable cannery, sugar mill and Butterball turkey plant.

But this month, Longmont became the first town in Colorado to outlaw hydraulic

fracturing, the oil-drilling practice commonly known as fracking. The ban has propelled Longmont to the fiercely contested forefront of the nation's antifracking movement, inspiring other cities to push for similar prohibitions.

But it has also set the city on a collision course with oil companies and the State of Colorado.

[Hopes of Home Fade Among Japan's Displaced](#)

AIZU-WAKAMATSU, Japan — As cold northerly winds sprinkle the first snow on the mountains surrounding this medieval city, those who fled here after last year's Fukushima nuclear disaster are losing hope that they will ever return to their old homes.

[Texas highway pileup: time to slow the 'super truckers' down?](#)

Crowded with motorists and tractor trailers, the I-10 phalanx was moving at near 70 miles per hour despite the pea soup fog that rolled in, authorities said. Texas and Utah are the only states that allow truckers to travel at 80 miles an hour, while most states only allow 65-mile-an-hour truck travel. California's truck speed limit is the lowest, at 55. Compounding speed with low visibility, the margin of error shrank to dangerous levels, truckers wrote.

[Car Companies Are Seeing the Light](#)

Automakers are experimenting with lightweight bodies and new engines to meet ambitious fuel efficiency standards.

[Transit plan promotes ways to reach remote areas](#)

FROSTPROOF -- If someone in southeast Polk County attends Polk State College or works for Legoland, they can ride for free.

And under plans being proposed by the Polk Transportation Planning Organization, residents in rural-based towns like Frostproof may be able to call ahead for a 15-passenger bus or a taxi to pick them up at public transportation rates.

[Smart meters coming despite cost concerns](#)

WITH little fanfare, the O'Farrell government is moving towards the introduction of the controversial "smart meters" in NSW.

On Tuesday, the Minister for Energy, Chris Hartcher, will release a discussion paper on

the introduction of smart meters, which let electricity companies intervene directly to cut household electricity use at peak times.

[Report: Saudi Arabia touts \\$109bn solar strategy](#)

With the latest UN climate change summit kicking off in the Qatari capital of Doha this week, attention will be focused on how the oil and gas-rich Gulf States are responding to climate change.

So it was perhaps unsurprising that Saudi Arabia chose last week to confirm it is on track to start work on its first major solar farm early next year, as part of ambitious plans that could see the world's largest oil exporter generate a third of its electricity from the sun within 20 years.

[SGB's jatropha vision: Jet fuel grown from seeds](#)

NEW YORK (CNMoney) -- Call it the jatropha bubble.

When word got out several years ago about the promise of a small subtropical tree called jatropha, it became a biofuel sensation. Advocates claimed the fruit tree was hearty, drought-resistant and could be grown on marginal land. Its oil seeds offered a promising biofuel that wouldn't compete with food crops.

[In the Book Bag, More Garden Tools](#)

In the East Village, children planted garlic bulbs and harvested Swiss chard before Thanksgiving. On the other side of town, in Greenwich Village, they learned about storm water runoff, solar energy and wind turbines. And in Queens, students and teachers cultivated flowers that attract butterflies and pollinators.

Across New York City, gardens and miniature farms — whether on rooftops or at ground level — are joining smart boards and digital darkrooms as must-have teaching tools. They are being used in subjects as varied as science, art, mathematics and social studies. In the past two years, the number of school-based gardens registered with the city jumped to 232, from 40, according to GreenThumb, a division of the parks department that provides schools with technical support.

[Universities struggle with falling invention royalties](#)

The declines, a challenge looming for many universities, comes as colleges face a "perfect storm" of destabilized state and federal funding, said Richard Bendis, CEO of Innovation America, a Philadelphia-based non-profit company that has helped universities commercialize research.

Money earned from technological breakthroughs is difficult to maintain, because university researchers often spend more than a decade developing a blockbuster technology that single-handedly generates millions of dollars, Bendis said.

[California Cove Blessed With Nature's Beauty Reels From Its Stench](#)

Until a few years ago, the smell was never a problem because the bluffs were open for people to walk on. But since the rocks were closed off, partly because of safety concerns, sea gulls and cormorants have taken over, their droppings have piled up and the smell has grown more acrid by the day.

In theory, a solution could be simple. Sherri Lightner, the local City Council member, said there were biodegradable and nontoxic cleaning agents that could be safely used to clean the bluffs occasionally without any ill effects to the environment.

However, because the waters in the cove are part of a coastal area specially protected by the state, multiple state regulatory agencies would have to issue permits before the agents could be used, a process that regulators have indicated would probably take at least two years.

[Swallowing Rain Forest, Cities Surge in Amazon](#)

PARAUPEBAS, Brazil — The Amazon has been viewed for ages as a vast quilt of rain forest interspersed by remote river outposts. But the surging population growth of cities in the jungle is turning that rural vision on its head and alarming scientists, as an array of new industrial projects transforms the Amazon into Brazil's fastest-growing region.

[Stand Still For the Apocalypse](#)

Humans must immediately implement a series of radical measures to halt carbon emissions or prepare for the collapse of entire ecosystems and the displacement, suffering and death of hundreds of millions of the globe's inhabitants, according to a report commissioned by the World Bank. The continued failure to respond aggressively to climate change, the report warns, will mean that the planet will inevitably warm by at least 4 degrees Celsius (7.2 degrees Fahrenheit) by the end of the century, ushering in an apocalypse.

[UN climate talks open in Qatar](#)

DOHA, Qatar (AP) — U.N. talks on a new climate pact resumed Monday in oil and gas-rich Qatar, where negotiators from nearly 200 countries will discuss fighting global warming and helping poor nations adapt to it.

The two-decade-old talks have not fulfilled their main purpose: reducing the greenhouse gas emissions that scientists say are warming the planet.

[Swiss urged to play pioneering climate role](#)

As the latest United Nations climate change conference gets underway in Qatar, the government's advisory body on the issue says Switzerland should adopt a more ambitious strategy rather than align itself with the European Union.

[UN talks seen falling short despite climate change fears](#)

DOHA (Reuters) - Despite mounting alarm about climate change, almost 200 nations meeting in Doha from Monday are likely to pay little more than lip service to the need to rein in rising greenhouse gas emissions.

[Has the Kyoto protocol made any difference to carbon emissions?](#)

To give a sense of how countries have performed against their targets, in the charts below we've plotted the gap between each nation's percentage target (data from here) and its actual percentage change between 1990 and 2010 (data from here). So for example if a nation had a -10% target but its emissions increased by 10% it scores -20, of if it had a 5% target but cut by 15% it scores 10.

[Doubts on \\$30 Billion Climate Aid Threaten UN Talks](#)

Doubts mounted about whether developed nations honored a pledge to deliver \$30 billion in aid for fighting and defend against climate change after two analysts estimated different amounts had been paid out.

[The private sector must lead the way on climate change](#)

The climate will not gain from this week's Doha meeting – and neither will business. Government must start embracing market-based approaches.

[5 Charts About Climate Change That Should Have You Very, Very Worried](#)

Two major organizations released climate change reports this month warning of doom and gloom if we stick to our current course and fail to take more aggressive measures. A World Bank report imagines a world 4 degrees warmer, the temperature predicted by century's end barring changes, and says it aims to shock people into action by sharing devastating scenarios of flood, famine, drought and cyclones. Meanwhile, a report from the US National Research Council, commissioned by the US Central Intelligence Agency (CIA) and other intelligence agencies, says the consequences of climate change--rising sea levels, severe flooding, droughts, fires, and insect infestations--pose threats greater

than those from terrorism ranging from massive food shortages to a rise in armed conflicts.

Here are some of the more alarming graphic images from the reports.

[Rising Seas, Vanishing Coastlines](#)

We hope that with enough time, most of our great coastal cities and regions will be able to prepare for a five-foot increase. Some will not. Barriers that might work in Manhattan would be futile in South Florida, where water would pass underneath them by pushing through porous bedrock.

According to Dr. Schaeffer's study, immediate and extreme pollution cuts — measures well beyond any discussion now under way — could limit sea level rise to five feet over 300 years. If we stay on our current path, the oceans could rise five feet by the first half of next century, then continue rising even faster. If instead we make moderate shifts in energy and industry — using the kinds of targets that nations have contemplated in international talks but have failed to pursue — sea level could still climb past 12 feet just after 2300. It is hard to imagine what measures might allow many of our great coastal cities to survive a 12-foot increase.

[Is This the End?](#)

Is the Modulo Sperimentale Elettromeccanico — the project's official name — some engineer's fantasy? It was scheduled for completion this year, but that has been put off until 2014. Even if, by some miracle, the gates materialize, they will be only a stay against the inevitable. Look at the unfortunate Easter Islanders, who left behind as evidence of their existence a mountainside of huge blank-faced busts, or the Polynesians of Pitcairn Island, who didn't leave behind much more than a few burial sites and a bunch of stone tools. Every civilization must go.

Yet each goes in its own way. In "Collapse," Jared Diamond showed how the disappearance of a civilization has multiple causes. A cascade of events with unforeseen consequences invariably brings it to a close. The Norse of Greenland cut down their trees (for firewood and other purposes) until there were no more trees, which made it a challenge to build houses or boats. There were other causes, too: violent clashes with the Inuit, bad weather, ice pileups in the fjords blocking trade routes. But deforestation was the prime factor. By the end, no tree fell in the forest, as there was none; and there would have been no one to hear it if it had.



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