



Drumbeat: December 5, 2012

Posted by [Leanan](#) on December 5, 2012 - 9:59am

[UK oil output seen rising in next few years - study](#)

LONDON (Reuters) - Britain's North Sea oil output, long in decline, is likely to increase in the next few years, according to research published on Wednesday, reflecting the impact of rising investment, high prices and tax breaks.

Oil output will reach 1.4 million barrels per day (bpd) in 2017 based on an oil price of \$90 a barrel, the University of Aberdeen study predicted. Last year, production fell more than 17 percent to average 1.04 million bpd.

"Oil production should revive from recent levels for a period of several years, particularly with the higher-price scenario, where the increase could be substantial," the study by Alexander Kemp and Linda Stephen concluded.

[Fracking in the U.K.: Britain Looks to Boost Shale Gas](#)

Could a European shale-gas revolution start in Britain? While efforts to drill gas from shale deposits have stalled on the Continent, the British government could soon give the go-ahead to drilling and provide tax breaks to encourage it.

Chancellor of the Exchequer George Osborne, scheduled to unveil a new government energy plan on Dec. 5, has said he wants to ensure that "Britain is not left behind" the U.S., where a shale-gas boom has dramatically lowered prices and ended the country's dependence on imported gas.

[Oil futures rise ahead of EIA report](#)

LONDON (MarketWatch) — Oil futures inched higher on Wednesday, ahead of a closely watched supply report later in the day, while a firmer greenback added pressure on dollar-denominated commodities and capped gains.

...On Wednesday, oil prices found support in data from the American Petroleum Institute released late the prior day, showing crude-oil supplies fell 2.2 million barrels—more than expected—for the week ended Nov. 30.

The API data came ahead of the more closely watched U.S. Energy Information Administration report due later Wednesday. Analysts polled by Platts expect a 1.25

million-barrel decline in crude-oil supplies. They also forecast a rise of 2 million barrels in gasoline inventories and a climb of 800,000 barrels in distillate supplies.

[Through the looking glass: curious tale of rising oil prices](#)

If 2011 was a remarkable year for oil exporters, 2012 was a Wonderland. Last year, for the first time, the oil price averaged more than US\$100 per barrel of Brent crude. This year, the price has been even higher - \$111.90. As Lewis Carroll's Alice would have observed, it was curiouser and curiouser that such high prices persisted despite a weak global economy and rising stocks.

Reflecting on the high oil prices from 2003 until now reveals three key drivers. Developing Asian countries, above all China, were undergoing economic booms and fast-rising demand. Non-Opec production was weak. And therefore Opec, enjoying tight markets, was able to maintain discipline - making sharp production cuts to revive prices after the 2008 economic crash.

Over the past decade, Saudi Arabia, the UAE and Kuwait made only measured increases in production while potential rivals - Iran, Iraq, Venezuela, Libya and Nigeria - struggled.

[Iran says extracts data from U.S. spy drone](#)

DUBAI (Reuters) - Iran has obtained data from a U.S. intelligence drone that shows it was spying on the country's military sites and oil terminals, Iranian media reported its armed forces as saying on Wednesday.

Iran announced on Tuesday that it had captured a ScanEagle drone belonging to the United States, but Washington said there was no evidence to support the assertion.

[Dollar-Less Iranians Discover Virtual Currency](#)

Under sanctions imposed by the U.S. and its allies, dollars are hard to come by in Iran. The rial fell from 20,160 against the greenback on the street market in August to 36,500 rials to the dollar in October. It's settled, for now, around 27,000. The central bank's fixed official rate is 12,260. Yet there's one currency in Iran that has kept its value and can be used to purchase goods from abroad: bitcoins, the online-only currency.

[Egypt's Mursi leaves palace as police battle protesters](#)

(Reuters) - Egyptian police battled thousands of protesters outside President Mohamed Mursi's palace in Cairo on Tuesday, prompting the Islamist leader to leave the building, presidency sources said.

Officers fired teargas at up to 10,000 demonstrators angered by Mursi's drive to hold a referendum on a new constitution on December 15. Some broke through police lines around his palace and protested next to the perimeter wall.

[Rebel Assault Shows Assad's Infrastructure as New Target](#)

The grainy footage showed gunmen crouched amid the sparse vegetation of a Syrian hillside overlooking a key hydroelectric dam on the Euphrates River.

“Get down, get down, your position is not good,” a rebel commander can be heard saying on an unverified YouTube video posted by fighters of the Tawheed Brigade opposing President Bashar al-Assad. “Spread out in twos and threes,” the voice says. The sound of gunfire is heard. The next film purports to show the control room of the 630-megawatt Tishrin Dam following the assault, while a third displays captured military hardware including assault rifles and rocket-propelled grenades.

[Dana Gas receives welcome boost with \\$50m Iraq payment](#)

The finances of Dana Gas were given a shot in the arm this week as the company received payments worth nearly US\$50 million (Dh183.6m) for gas produced in the Kurdistan region of Iraq.

The payout comes as political developments in Iraq and Egypt cast doubt over future payments, after outstanding receipts worth hundreds of millions prevented Dana from repaying a maturing bond in October.

[BP wraps up \\$12bn Indonesia gas deal](#)

The Indonesian subsidiary of the British oil giant BP yesterday said a US\$12.1 billion (Dh44.44bn) deal to expand its liquid natural gas operations in the country had been given final approval.

[Gazprom touts environmental record](#)

MOSCOW (UPI) -- Russian energy company Gazprom said it was able to cut greenhouse gas emissions by 3.8 million tons in 2011 through voluntary efforts.

The Russian energy company, a world leader in natural gas extraction, said its energy savings and efficiency program for a three-year period ending in 2013 could lead to savings of around 6.4 tons of fuel equivalent.

[Plains All American to buy crude oil rail terminals for \\$500 mln](#)

(Reuters) - Plains All American Pipeline LP said it will buy four operating crude oil rail terminals and other assets from U.S. Development Group for about \$500 million as North American oil output growth continues to outpace infrastructure development.

The company said it will buy three crude oil rail loading terminals in the Eagle Ford, Bakken and Niobrara shale fields, with a loading capacity of about 85,000 barrels per day. The other assets include a rail unloading terminal at St. James, Louisiana and another terminal being developed in California.

[Best-Performing Fund Manager Sees U.S. Pipeline Growth](#)

McCarthy's Midstream/Energy Fund Inc. made 32 percent in the last 12 months, the best return of 259 energy funds with more than \$100 million worldwide, data compiled by Bloomberg show. His top investments are general partners such as Williams Cos. and Kinder Morgan Inc., according to Sept. 30 data. The industry has room to increase profit in 2013, as the drilling boom in U.S. shale fields creates a need for more pipelines, processing plants and compressor stations, McCarthy said.

"We think the development of the unconventional fields is a multi-year, if not a multi-decade, process," McCarthy, 53, formerly a banker at UBS Securities LLC, said in an interview.

[Record Asia Oil Takeovers Match U.S. Pace for First Time](#)

Woodside Petroleum Ltd.'s purchase of a stake in Israel's largest natural gas deposit takes Asia-Pacific oil and gas acquisitions to a record \$99 billion this year, tying the U.S. for the first time.

[ATP Equity Holder Ask for Probe of Oil Reserves' Value](#)

ATP Oil & Gas Corp.'s equity holders asked a judge to appoint an examiner to investigate the value of the bankrupt Gulf of Mexico oil producer's petroleum reserves.

An examiner is needed to determine whether the reserves have fallen so far in value that ATP should be sold in a "fire-sale liquidation," a committee of equity security holders said yesterday in court papers filed in U.S. Bankruptcy Court in Houston. A report by ATP's bankruptcy lenders claims the reserves are worth much less than previously estimated, the committee said.

[Repsol Sues Chevron Over Argentine Shale Development](#)

Repsol SA, the Madrid-based oil and gas company, accused Chevron Corp. in a lawsuit in

federal court in Manhattan of improperly obtaining rights to develop Argentine shale and natural gas resources.

In a complaint filed yesterday, Repsol accuses Chevron of getting those rights from Buenos Aires-based YPF SA in negotiations with officers appointed by Argentina's government, which expropriated the company, not "legitimate managers" appointed by Repsol as its majority shareholder.

[On Tap at Belfer Center: Oil and Water: Study Shows Oil Production Capacity Much Greater Than Expected](#)

Oil production capacity is surging in the United States and several other countries at such a fast pace that global oil output capacity is likely to grow by nearly 20 percent by 2020—possibly prompting a plunge or even a collapse in oil prices.

This was the conclusion reached by Belfer Center researcher Leonardo Maugeri following his field-by-field analysis of the world's major oil formations and exploration projects.

[Shell's Failed Arctic Oil Spill Equipment: 'Breached Like A Whale' And 'Crushed Like A Beer Can'](#)

After struggling to get the last of their drilling equipment out of the Beaufort Sea as winter sea ice encroached, it appeared the long list of criticisms and setbacks that marked Shell's first Arctic Ocean drilling season had come to an end.

That respite was very brief.

[Paris Faces Darkness as City Set for Illumination Ban](#)

Paris's legendary label as the "City of Light" may soon lose some of its luster.

The French minister for energy and environment unveiled last week a proposal for lights in and outside shops, offices, and public buildings -- including the flagship Louis Vuitton store and the Lido cabaret house on Paris's Avenue des Champs Elysees -- to be turned off between 1 a.m. and 7 a.m. starting in July. The plan, to be applied across French cities, towns and villages, is aimed at saving energy and money and showing "sobriety," Minister Delphine Batho said.

[Diamonds Dug in Gusty Arctic Too Remote for Diesel Fuel](#)

The four windmills dug into northern Canada's tundra that power Rio Tinto Group's \$5.2 billion Diavik diamond mine are the world's first designed to work in gusts as cold as 40 degrees below zero.

The mining company has sunk \$30 million into wind energy because roads are frozen and closed to diesel fuel deliveries for 10 months a year. Near the opposite pole, in Argentina, Barrick Gold Corp. is testing the highest wind turbine at 4,100 meters (13,450 feet), an altitude almost halfway up Mt. Everest. The machine was designed for low air density and provides 20 percent of a Barrick gold mine's power on windy days.

[Smart Water Measures May Save Utilities \\$12.5 Billion](#)

More efficient use of water may save utilities \$12.5 billion a year, funds that may be used for infrastructure improvements and to offset some of the scarcity issues that affect at least a third of the world's population, according to a report.

[When a Green Revolution Runs out of Water](#)

CIUDAD OBREGÓN, Mexico—The Green Revolution sprang forth from this valley of wheat farms in Sonora State, producing the food required to feed a rapidly expanding population. But the water that has nourished crops here for decades and sustained the Yaqui people for centuries is threatened.

The federal and Sonora State governments are building an aqueduct to take water from the Yaqui River to supply the mushrooming manufacturing hub of Hermosillo, 175 miles south of the Arizona border at Nogales. There, burgeoning automotive and aerospace industries and a booming population have put demands on water destined for agricultural purposes.

[Wasted Stimulus Work Leaves River Rocks Blocking Barges](#)

In 2009, the U.S. Army Corps of Engineers, seeking a method less expensive and damaging to wildlife than dynamiting to clear rocks from the Mississippi River, committed \$5.7 million to an experimental grinding process.

The project, financed by President Barack Obama's economic stimulus program, was futile and called off after two efforts, one in 2011 and another earlier this year, totaling about four weeks.

[Tracking a Parliament of Tiny Owls](#)

Mr. Weidensaul says he hopes the saw-whets pass on a lesson of their own to the many volunteers, some of whom are as young as 11, that dedicate their time to the Ned Smith Center. "When you put an owl on the head or shoulder of a fourth grader, it creates a spark of interest in conservation and ornithology in someone who may not have had it before," he said. "A number of kids have grown up in our project over the past 15 years, and some are now off doing amazing things in the field of science."

The work may also help inform development decisions. Several hundred wind turbines already operate on the saw-whet's migratory routes, and more may rise in years to come. Mr. Weidensaul often receives calls from turbine consultants asking how many owls are passing through, where they are going and at what altitude. Much of this information is still lacking, however. No one yet knows where the saw-whets wind up on their southern journey, for example, though birds have turned up as far south as Atlanta and Birmingham.

[Asian Cities' Air Quality Getting Worse, Experts Warn](#)

HONG KONG — Air pollution has worsened markedly in Asian cities in recent years and presents a growing threat to human health, according to experts at a conference that began on Wednesday.

[Resisted for Blocking the View, Dunes Prove They Blunt Storms](#)

LONG BEACH, N.Y. — Surfers railed against the project because they said it would interfere with the curl of the waves. Local businesses reliant on beach tourism hated it, too. Who would flock to the historic Boardwalk, they asked, if sand dunes were engineered to rise up and obscure the ocean view?

And many residents did not care for the aesthetics of the \$98 million plan — declaring that they preferred the beach wide and flat, with the soft, light-colored native sand that they had grown up with.

So, six years ago, after the Army Corps of Engineers proposed to erect dunes and elevate beaches along more than six miles of coast to protect this barrier island, the Long Beach City Council voted 5 to 0 against paying its \$7 million initial share and taking part.

Many of Long Beach's 33,000 residents would come to regret it.

[Sand Dunes Alone Will Not Save the Day](#)

“If I was king, we would restore dunes, but we wouldn't rebuild destroyed homes close to the beach, and we'd move some buildings back anyhow,” said Orrin H. Pilkey, the James B. Duke Professor Emeritus of Earth and Ocean Sciences at Duke University. “We would also put in regulations prohibiting intensification and development.”

Much of the dune debate leaves out those factors, Dr. Pilkey said. It's a problem, he said, given that a severe storm will breach or remove even a large dune system. Whether a system holds up during the storm depends upon its size, the amount of vegetation anchoring the dunes and the storm's ferocity.

[Still Building at the Edges of the City, Even as Tides Rise](#)

On the last Sunday in October, with the storm on its way, railroad workers in yellow slickers unrolled a 90-foot-long rubber bladder at the gaping mouth of a tunnel on the West Side of Manhattan. They began filling it with water, 32,000 gallons. Once engorged, the bladder stood five feet high. It was a formidable plug intended to defend Pennsylvania Station against Hudson River waters surging from the west into the train yards, and from there into the station.

The plan, as a news release from the Long Island Rail Road said, was "to fight water with water."

It looked like a good, prudent idea. Then the storm came.

[Orthodox Leader Deepens Progressive Stance on Environment](#)

Ecumenical Patriarch Bartholomew I of Constantinople has preached that caring for the environment is a religious imperative, a stance he has taken far enough to be considered revolutionary by some theologians.

[U.S. Could Cut Power Plant Pollution 26%, NRDC Says](#)

President Barack Obama could cut greenhouse-gas emissions from U.S. power plants 26 percent by 2020, the Natural Resources Defense Council said in a plan that puts pressure on the administration to issue new rules.

[Extreme weather is new normal, U.N.'s Ban tells climate talks](#)

DOHA (Reuters) - Extreme weather is the new normal and poses a threat to the human race, U.N. Secretary-General Ban Ki-moon said on Tuesday as he sought to revive deadlocked global climate change talks.

[AP Interview: UN chief blames rich for warming](#)

DOHA, Qatar (AP) -- Rich countries are to blame for climate change and should take the lead in forging a global climate pact by 2015, a deadline that "must be met," the head of the United Nations said Wednesday.

On the sidelines of international climate talks in Qatar, U.N. Secretary-General Ban Ki-moon said it was "only fair and reasonable that the developed world should bear most of the responsibility" in fighting the gradual warming of the planet.

[US more likely to ratify new climate deal, says envoy](#)

DOHA — US deputy envoy on climate change Jonathan Pershing said on Wednesday morning the US was more likely to ratify the new legally binding global agreement on climate change that the world is negotiating than its predecessor, which it signed but never ratified.

The US is the world's second-largest emitter of greenhouse gases, linked to climate change, accounting for 18.27% of total global emissions.

[Climate Disasters Cost Arab Nations \\$12 Billion, World Bank Says](#)

Disasters related to global warming have cost Arab nations \$12 billion in the past 30 years and will accelerate as climbing temperatures make many cities in the region unlivable, the World Bank said in a report.

Without curbs on fossil-fuel emissions, the region can expect average temperatures to rise 6 degrees Celsius by the end of the century, triple the target agreed on at United Nations climate talks and higher than the World Bank's 4-degree estimate for the world.

[Rising sea level puts island nations like Nauru at risk](#)

(CNN) -- Kieren Keke remembers growing up on the Pacific island of Nauru, the world's smallest independent republic.

"The weather patterns were predictable," he says. "There was a wet season and a dry season, an annual cycle. When there was drought, it was limited."

"Now it's different," he tells CNN. "There's no predictability -- periods of drought can last seven or eight years, and when we get storms they are more intense. The coastline is being eroded. Now the sea is right up to people's doorsteps."

[To Stop Climate Change, Students Aim at College Portfolios](#)

SWARTHMORE, Pa. — A group of Swarthmore College students is asking the school administration to take a seemingly simple step to combat pollution and climate change: sell off the endowment's holdings in large fossil fuel companies. For months, they have been getting a simple answer: no.

As they consider how to ratchet up their campaign, the students suddenly find themselves at the vanguard of a national movement.

In recent weeks, college students on dozens of campuses have demanded that university endowment funds rid themselves of coal, oil and gas stocks. The students see it as a tactic that could force climate change, barely discussed in the presidential campaign, back onto the national political agenda.

[Fossil-Fuel Subsidies of Rich Nations Five Times Climate Aid](#)

Rich countries spend five times more on fossil-fuel subsidies than on aid to help developing nations cut their emissions and protect against the effects of climate change, the Oil Change International campaign group said.

In 2011, 22 industrialized nations paid \$58.7 billion in subsidies to the oil, coal and gas industries and to consumers of the fuels, compared with climate-aid flows of \$11.2 billion, according to calculations by the Washington-based group.

The data underline the steps developed nations may be able to take to cut their emissions as ministers from 190 nations meet in Doha to discuss measures to curb global warming. Eliminating the subsidies would reduce incentives to pollute and help rich nations meet their pledge to provide \$100 billion a year in climate aid by 2020, said Stephen Kretzmann, the founder of Oil Change International.



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