



Drumbeat: December 10, 2012

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[Proposed Rules on Fracking Gain Cautious Praise](#)

Hydraulic fracturing, or fracking, the controversial process of shooting water, sand and chemicals underground to retrieve oil or natural gas trapped in shale rock, has made plenty of headlines in recent years. But the drilling process involves many other steps beyond breaking up rock — and several opportunities for things to go wrong.

Recognizing this, Texas' oil and gas regulatory agency, known as the Railroad Commission, is updating its rules to address the broad process of drilling, from the drilling itself to cementing and completing an oil or gas well. The latest version of the proposed rule changes is expected this week.

So far, the commission's work is winning qualified praise from environmentalists and some in the oil industry.

“This is the biggest overhaul of Texas well construction regulations since the 1970s,” said Scott Anderson, an Austin-based senior policy adviser for the Environmental Defense Fund.

[Permian Gushers Squeeze Texas Profit as Pipes Lag Output](#)

The glut of U.S. shale oil caused by too few pipelines has spread to West Texas, cutting prices and draining \$1.2 billion in potential profit from producers including Concho Resources Inc. and Occidental Petroleum Corp.

Surging output in the Permian basin in West Texas and New Mexico -- the largest onshore oil producing region in the U.S. - - has exceeded pipeline and refining capacity, reducing crude prices by an average of \$9.82 a barrel in the past month.

The market disparity echoes similar surpluses seen in North Dakota's Bakken Shale and Oklahoma's Midwestern pipeline hub as growing supplies from shale rock and Canada's oil sands created transportation bottlenecks. That's forcing producers to lower prices, and it may restrain investment in wells.

[Oil Advances as German Exports Increase; OPEC to Meet in Vienna](#)

Oil advanced from the lowest close in three weeks in New York after German exports

unexpectedly rose in October and China processed a record volume of crude last month. OPEC meets this week to discuss its output quota.

Futures climbed as much as 1 percent as exports gained 0.3 percent from September in Germany, the biggest oil consumer in the European Union. China's net crude imports increased to the highest in six months in November as the volume processed at the nation's refineries rose to a record, according to the General Administration of Customs. The Organization of Petroleum Exporting Countries will probably leave its production quota unchanged when it meets Dec. 12, a Bloomberg survey showed.

[U.S. gas prices 'crash'](#)

(CNN) -- Gas prices have plummeted 46 cents a gallon over the past two months, according to a survey released Sunday.

"This has been a true price crash," said Trilby Lundberg, publisher of the Lundberg Survey.

[Qatar LNG Spot Sales to Fall 40% by 2014, QNB Says](#)

Qatar, the world's biggest producer of liquefied natural gas, will reduce spot-market sales of the fuel by at least 40 percent by 2014, curbing supplies available for Europe, state-controlled Qatar National Bank (QNBK) said.

Spot volumes available for sale will drop to about 27 percent of total output this year from 28 percent, and to 16 percent by 2014 as long-term supply agreements go into effect and new ones are signed, the bank's QNB Group said in a report.

"These new contracts are mainly to Asia Pacific and South America, meaning that Europe's share of Qatar LNG exports is likely to fall," according to today's report.

[OPEC looks set to roll over current output ceiling in Vienna](#)

Vienna (Platts) - OPEC ministers gathering in Vienna have two tasks ahead of them on Wednesday: fix crude output policy for the year ahead and appoint a new secretary general to succeed the outgoing Abdalla el-Badri.

While the 12-member group appears headed for a fairly straightforward rollover of the current 30 million b/d production ceiling, an agreement on a new secretary general looks far less likely.

[Iran says OPEC producing a million bpd too much](#)

DUBAI: OPEC members collectively are producing about 1 million barrels a day of crude more than needed, swelling oil stocks at a time of weak demand, Iranian OPEC governor Mohammad Ali Khatibi said on Monday.

The 12-member group is expected to stick with its target of 30 million bpd when it meets in Vienna on Wednesday, as Middle East instability keeps oil prices well above \$100 despite weak demand forecasts and a build in inventories.

[Iran oil minister to attend OPEC meeting](#)

Iranian Oil Minister Rostam Qasemi will leave Tehran for Vienna on Tuesday to attend the 162nd ordinary meeting of the Organization of Petroleum Exporting Countries, which will be held in Vienna on Wednesday.

[US envoy concerned over gas link](#)

Karachi: The American envoy to Islamabad Monday expressed his concerns over a proposed gas pipeline project between Iran and Pakistan that aimed at reaching the energy market in South Asia.

United States ambassador Richard Olson talking to the Pakistani media here said that the US had its concerns over the proposed pipeline, but his country was willing to offer its assistance to fulfil the Pakistani energy demands.

[Hanoi pours oil on disputed waters](#)

HANOI: Vietnamese police broke up anti-China protests in two cities on Sunday and detained 20 people in the first such demonstrations since tensions between the neighbours flared over rival claims to the oil and gas-rich South China Sea.

Any sign of popular anger in tightly controlled Vietnam causes unease among the leadership, but anti-Chinese sentiment is especially sensitive. The country has long-standing ideological and economic ties with its giant neighbour, but many of those criticising China are also the ones calling for political, religious and social freedoms at home.

[Iraqi Kurdish leader visits disputed northern areas amid tension with Baghdad](#)

BAGHDAD — A senior Kurdish military commander says the president of Iraq's self-ruled Kurdish region has visited Kurdish troops in disputed areas near the oil-rich city of Kirkuk.

Brig. Gen. Shirko Rauof says Massoud Barzani met soldiers in two areas near Kirkuk on Monday and urged them to be on high alert but avoid any escalation with nearby forces

belonging to the central government. Control over the surrounding area is disputed by Iraqi Arabs, Turkomen and Kurds.

[Syrian Rebel Fighting Closes Damascus-Jordan Highway](#)

Syrian rebels seized a military base in the north of the country while heavy fighting with government forces closed a highway connecting Damascus with Jordan.

Rebels and Arab fighters from Jabhat al-Nusra, designated a terrorist group by the U.S., overcame three brigades and a command center of the 111th regiment west of Aleppo yesterday, the U.K.-based Syrian Observatory for Human Rights said on its Facebook page.

[Syrian Rebels Clash With Forces Near Assad's Office](#)

Syrian rebels and forces loyal to President Bashar al-Assad clashed in Damascus, with some exchanges less than a mile from the presidential office amid an intensification of the 20-month civil conflict, an opposition group said.

Sporadic gunfire and explosions were heard in Salhiyeh, a neighborhood close to the president's office, the U.K.-based Syrian Observatory for Human Rights said in an e-mail today. Fighting was also reported throughout the city, the Observatory said.

[Saudi Arabia Says Aramco Cyberattack Came From Foreign States](#)

Saudi Arabia blamed unidentified people based outside the kingdom for a cyberattack against state-owned Saudi Arabian Oil Co. that aimed at disrupting production from the world's largest exporter of crude.

More than 30,000 computers were compromised or affected by a so-called "spear-phishing" attack from Aug. 15, raising concerns about the threat hackers may pose to output at the company known as Saudi Aramco, Abdullah al-Saadon, vice president for corporate planning, said today at a news conference in the eastern city of Dhahran.

[Korea Considers Private Industry for Coal-Generated Power](#)

South Korea is considering allowing non-state companies to generate coal-fired power for the first time in three decades, as it adds capacity to prevent blackouts that cost the economy \$11 billion.

"It will be good to allow a certain number of private coal power generators," Nam Ho Ki, the chairman of Korea Power Exchange, the government-run company that oversees the country's power supply and is helping to decide on the new policy, said in an

interview in Seoul last week. "We are positively considering that option."

[Could Alberta Supply American Energy Demand for 100 Years?](#)

Does anyone remember peak oil? Back in 2007, several doomsday prophets said demand for oil would outpace production as reserves dried up. If they weren't feeling a bit sheepish about the news that America is becoming a net oil exporter again, they will now that Alberta could have enough oil and gas to last us a century.

[Own Physical Gold Now - While You Still Can!](#)

Over the last forty-two years gold has reacted sharply to every significant change in the oil market. The oil shocks of the 1970s both resulted in huge moves in the gold price that were not capped until significant new supply came on stream in the form of discoveries in Alaska, offshore Gulf of Mexico and the North Sea.

Gold sank for some twenty years until production from those three provinces peaked. Gold bottomed in 2001 and then climbed by some 65% by 2005 when global conventional oil production peaked.

[Thoughts For Engineering Majors And Graduates Inspired By Ambrose Evans Pritchard And The ASPO-USA Peak Oil Conference](#)

(a) Natural gas prices in the USA are unsustainably low and will rise, but even with the rise the US will have a major advantage in industries that depend heavily on natural gas for at least a decade. **These industries are a good place to be if you care about serving your country and being able to raise a family.** The USA's oil and gas production will have booms and busts but are also a good place to be if you are a young engineer.

(b) The world-wide oil industry (and the USA's shale-oil in particular) can produce marginally more oil provided their customers can pay more for it than they are currently paying. There's no collapse coming, but there is a slow-burn for at least a decade as oil prices continue to rise and choke off economic growth. I expect roughly flat oil production with virtually non-existent economic growth for the developed world for the foreseeable future. Jeff Rubin is the first guy I've heard suggesting this (about 4 years ago) and he is being proved right.

[Fairbanks borough urges residents to heat with oil, not wood](#)

FAIRBANKS — The Fairbanks North Star Borough Air Quality Division is asking North Pole residents to switch away from wood and heat with oil, if possible, to combat the ongoing unhealthy air conditions that have been plaguing the area.

The request was detailed in a press release Friday afternoon, following up on a Thursday night community meeting in North Pole.

Air Quality Manager Jim Conner estimated a 2,000-square-foot home would use about 2.5 gallons of heating oil per day, costing about \$10 per household daily.

[MENA keeps up the pace with renewable energy](#)

While the UAE, Kuwait, Oman, Egypt, Jordan and Morocco are moving forward with at least ten solar power facilities worth \$6.8 billion, more regional renewable energy projects will be announced in the next 12 months, said an expert.

“By 2030, almost 15.7 per cent of the world’s energy will be coming from renewable sources. With global hydrocarbon resources dwindling amid a concerted effort to build a green environment while reducing carbon emissions, countries across the world are now turning to green energy,” added Anita Mathews, exhibition director of Middle East Electricity, an upcoming energy trade show in Dubai. Middle East Electricity is taking place from February 17 to 19 at the Dubai International Exhibition and Convention Centre.

[China's Wanxiang wins auction for A123](#)

Chinese auto parts maker Wanxiang Group has prevailed in a court-sanctioned bidding war for the assets of lithium battery maker A123 Systems, a one-time darling of the U.S. electric car industry.

A123 said the closing price was \$256.6 million, and includes the company's automotive, grid and commercial business assets, as well as a manufacturing facility in China.

[Vietnam Begins Building \\$1.37 Billion Mekong Delta Power Plant](#)

Vietnam Electricity began building a 28.5 trillion-dong (\$1.37 billion) coal-fired electricity plant in the Mekong Delta province of Tra Vinh as the country seeks to reduce its dependence on hydropower.

[Grappling With Italian Steel Plant That Provides and Pollutes](#)

Today, Ilva, which is among the largest plants in Europe and produces more than 30 percent of Italy’s raw steel, is at the heart of a clash over the future of Italian industry, one that pits economic concerns against environmental ones and the power of the government against the judiciary amid Italy’s struggle to compete in a global economy.

After a court ordered sections of the plant closed and steel from it impounded last month, arguing that it had violated environmental laws and was raising serious health

concerns in the area, the government passed an emergency decree that would allow it to continue operating while cleaning up its act, saving 20,000 jobs nationwide. Magistrates said that the new law, which must be approved by Parliament, violated the Constitution by allowing the executive branch to circumvent the judiciary.

[Housing Agency's Flaws Revealed by Storm](#)

Three weeks after Hurricane Sandy, fresh teams of federal disaster recovery workers rushed to Coney Island to solve a troubling mystery: few people were signing up for federal financial aid. The workers trooped into the city's public housing towers, climbing up darkened stairwells, shouting "FEMA," knocking on doors.

What they found surprised even these veteran crews.

Dozens of frail, elderly residents and others with special needs were still stranded in their high-rise apartments — even though life in much of New York City had returned to near normal. In apartment 8F of one tower, Daniel O'Neill, a 75-year-old retired teacher who uses a wheelchair and who still lacked reliable electricity, cut in half the dosage of his \$132-a-month medicine, which he needed to stabilize his swollen limbs.

[Water Piped to Denver Could Ease Stress on River](#)

Among the proposals in a report by the Bureau of Reclamation, parts of which leaked out in advance of its expected release this week, are traditional solutions to water shortages, like decreasing demand through conservation and increasing supply through reuse or desalination projects.

But also in the mix, and expected to remain in the final draft of the report, is a more extreme and contentious approach. It calls for building a pipeline from the Missouri River to Denver, nearly 600 miles to the west. Water would be doled out as needed along the route in Kansas, with the rest ultimately stored in reservoirs in the Denver area.

[Climate Talks Yield Commitment to Ambitious, but Unclear, Actions](#)

Wealthy nations put off for a year resolution of the dispute over providing billions of dollars in aid to countries most heavily affected by climate change. Industrial nations have pledged to secure \$100 billion a year by 2020 in public and private financing to help poor countries cope with climate change, but have been vague about what they plan to do before then.

Only a handful of countries, not including the United States, have made concrete financial pledges for adaptation aid over the next few years. Todd D. Stern, the senior American negotiator, said that the United States would continue to provide substantial climate-related aid to vulnerable countries. But he said he was not in a position, given the budget talks in Washington and the Congressional process, to promise new American

financing.

[FACTBOX-What do the Doha talks mean for the carbon market?](#)

(Reuters) - U.N. climate talks in Doha, Qatar, were unlikely to have much impact on depressed carbon markets, analysts said.

Extended debate gave the Kyoto Protocol, the world's only global pact on curbing climate change, a fragile lifeline. But it did nothing to raise ambition on cutting emissions, which could have helped to reduce a surplus of offsets and emissions allowances that have crushed markets.

[Climate Treaty Hinges on Obama Making Case, Ex-Aides Say](#)

One of the biggest things President Barack Obama can do to fight global warming is to talk about it.

That's the conclusion of at least seven former U.S. presidential aides and advisers serving in three administrations. Their comments came as envoys from more than 190 countries at a United Nations conference in Doha took steps toward completing a treaty by 2015 that would limit fossil fuel emissions starting in 2020.

[Protecting New Jersey from future storms could cost billions](#)

The price of protecting New Jersey from rising sea levels and the devastation of future storms is breathtaking, making it seem at times that the problem is insurmountable.

Some options that have been floated include \$7.4 billion to buy all 13,300 structures in the Passaic River basin at risk of being flooded by a catastrophic storm, or \$2.7 billion for a tunnel to protect Wayne and other towns by guiding storm runoff out to Newark Bay.

[20-Year-Old Report Successfully Predicted Warming: Scientists](#)

Time has proven that even 22 years ago climate scientists understood the dynamics behind global warming well enough to accurately predict warming, says an analysis that compares predictions in 1990 with 20 years of temperature records.

[Have Humans Caused a New Geological Era?](#)

SAN FRANCISCO — Humans drive trillions of miles in cars, clear-cut forests for

agriculture and create vast landfills teeming with tin cans, soda bottles and other detritus of industrialization. There's no doubt that humans have radically reshaped the planet, and those changes leave traces in the Earth's geological record.

At the annual meeting of the American Geophysical Union this week, geologists are grappling with how to define the boundaries of that human-centered geologic era, referred to as the Anthropocene. Despite our dramatic impact on the planet, defining our era has proven a difficult task.



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