



Drumbeat: December 17, 2012

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[Iraq Boom Hands Naimi 2013 Oil-Supply Challenge](#)

“Saudi Arabia’s dilemma is that while it is the key OPEC player willing to cut back oil production in order to sustain prices at desired levels, it is also accommodating Iraq’s rising output and market share,” said Julius Walker, global energy markets strategist at UBS Securities LLC in New York. “Ultimately, there will need to be an agreement between the two as how to balance these ambitions.”

Saudi Arabian Oil Minister Ali Al-Naimi needs to keep prices high enough to fund social spending plans without incurring the wrath of consumers for hurting the global economy. Iraq, now the second-biggest supplier in the Organization of Petroleum Exporting Countries, has a different priority: to rebuild its industry after decades of war and sanctions.

Arab states are spending billions of dollars on housing and local projects to allay popular unrest after uprisings toppled leaders in Libya, Egypt and Tunisia and sparked a civil war in Syria. Saudi Arabia has committed more than \$600 billion in social and infrastructure projects in coming years.

[Kuwait budget surplus surges on high oil income](#)

Kuwait's provisional budget surplus surged 43 percent to 14.7 billion dinars (\$52.2 billion) in the first seven months of the fiscal year, boosted by oil income, government data showed on Monday.

[Exploration, development spending fuels growth in worldwide oil and gas reserves](#)

As a result of growth in Asia-Pacific gas reserves, investments in Canada’s oil sands and the dramatic increase of US shale reserves, worldwide oil and gas reserves increased in 2011. Worldwide oil reserves grew by 1% in 2011, while gas reserves rose by 4%. Oil and gas revenues experienced 27% growth in 2011.

[Brent Crude Declines Amid Disagreement Over U.S. Budget](#)

Brent crude fell for a second time in three days amid concern that deadlock in U.S. budget talks may threaten to curb economic growth and fuel demand.

The North Sea benchmark dropped as much as 45 cents, reversing earlier gains. European stocks declined for a third day on concern U.S. lawmakers won't agree to a budget before more than \$600 billion in tax increases and spending cuts known as the fiscal cliff start taking effect in January. The Stoxx Europe 600 slid 0.3 percent to 278.62, while indexes in the U.K., Germany and France slumped.

[Pipeline bottlenecks will continue to discount price for Canadian crude: CIBC](#)

CALGARY /CNW/ - While pipeline expansion in 2013 will add nearly a million barrels a day of capacity, it won't be enough to eliminate the discount Canadian producers are getting for their oil, finds a new report from CIBC World Markets.

[Will Natural Gas Fall Below \\$3?](#)

The price of natural gas (short term delivery) plummeted during last week. The recent fall may have been due to the unseasonably high temperatures that resulted in the natural gas storage remaining nearly unchanged. Will natural gas continue to decline? Let's analyze the recent developments in the natural gas market.

[Russia's Gazprom sees 2013 gas output at 500 Bcm, roughly flat on year:report](#)

Moscow (Platts)- Russia's state-owned gas giant Gazprom expects to produce around 500 billion cubic meters of natural gas in 2013, roughly flat year-on-year, Russian media reported Monday citing the company's management committee deputy chairman Valery Golubev.

[Hedge Funds Reduce Bullish Bets by Most in a Month](#)

Hedge funds cut bullish commodity bets by the most in a month as the Federal Reserve warned the U.S. budget impasse may damage the economy, increasing concern about demand just as prices head for the first loss since 2008.

[Billion pound North Sea oil field project given government approval](#)

On Monday the department of energy and climate change approved the Western Isles project which will develop two at Harris and Barra in the Northern North Sea, 100 miles east of Shetland and eight miles west of the Tern field.

The Harris and Barra fields are estimated to contain more than 45m barrels of oil.

[Centrica get 9-year extension to produce at Norwegian field](#)

OSLO (Reuters) - British energy firm Centrica received a nine-year extension at its Vale field in the Norwegian North Sea to squeeze out more production of condensate and gas after it bought the partly depleted field this year.

The field, which produces with subsea equipment through the nearby Heimdal field, started operating in 2002 and was initially expected to produce for 10 years, but extraction has taken longer, the Petroleum Safety Authority (PSA) said on Monday.

[BP sells stake in North Sea gas field for \\$28 mln](#)

LONDON (AP) — Oil company BP has sold its half interest in a North Sea gas field to SSE PLC for \$288 million.

BP said Monday that the disposal of its 50 percent stake in the Sean gas field, operated by Shell, is part of a broader program of disposing of noncore assets.

[Italian multi national billion euro investment in Libya](#)

Italy's multi national oil and gas company, Eni plans to invest six billion euros in Libya over the next ten years.

The move is designed to develop ongoing production as well as exploration activities. It will strengthen the company's grip as the leading international oil and gas producer in the country.

[Syrian VP calls for 'historic settlement,' national unity government](#)

(CNN) -- Syria's vice president is calling for a "historic settlement" of the country's civil war and the creation of a national unity government, according to an interview with a Lebanese newspaper to be published Monday.

"The solution has to be Syrian, but through a historic settlement, which would include the main regional countries, and the members of the U.N. Security Council," newspaper al-Akhbar quoted Vice President Farouq al-Sharaa as saying in excerpts released Sunday.

[Iran oil revenues halved by sanctions: minister](#)

Iran is losing half of its oil revenues because of international sanctions imposed over its disputed nuclear programme, Economy Minister Shamseddin Hosseini said in remarks quoted by media on Monday.

"Iran is facing a 50-percent drop in its oil revenues due to sanctions," Hosseini told state television, Jomhuri Eslami newspaper reported.

Hosseini put down the loss to difficulties in repatriating oil money.

[Iran military says plans more drills in Strait of Hormuz soon](#)

DUBAI (Reuters) - Iran plans to hold military drills in the Strait of Hormuz, a vital oil and gas shipping route, by next March, Iranian media quoted a commander from the Islamic Revolutionary Guards Corps (IRGC) as saying on Monday.

[‘Peak Oil’ Is Dead – And That’s Incredibly Worrying](#)

The reason the USA will be self-sufficient is that the IEA predicts it will make considerable use of what are currently termed ‘unconventional sources’. These include names of oil extraction processes that don’t mean a great deal to the average person in the street: tar sands, tight oil, oil shale, deep sea, coal-to-liquid, and the one that has suddenly gained considerable resonance in this country, shale gas with its controversial extraction process of ‘fracking’.

The reason this is bad news is that if extensive use is made of such sources of energy, the contribution towards climate change will be massive. If we’re to maintain even the slightest hope of keeping the increase in Europe’s temperature to no more than two Celsius in this century – the limit to ward off seriously destructive consequences – we need to leave about two thirds of this stuff in the ground. So the thought that the USA could become self-sufficient in energy as a result of such greenhouse-intensive fuels is truly frightening.

[TransCanada Wins Bid to Lift Order Blocking Pipeline](#)

TransCanada Corp. won a bid to lift a temporary court order blocking construction of part of its Keystone XL pipeline in the eastern part of the state.

Landowner Michael Bishop sued Calgary-based TransCanada last week, alleging they coerced him into a settlement that granted an easement across his farm near Nacogdoches, about 100 miles (160 kilometers) northeast of Houston. He claimed the pipeline’s permits are invalid because Keystone is permitted to carry only crude oil, not bitumen from Canadian tar sands.

[Exxon mobil seeks UK shale gas stake](#)

Exxon Mobil, the world’s largest publicly-traded oil company, is eyeing up a stake in the UK’s shale gas revolution, according to the Sunday Times. The US giant is in talks to buy into a drilling operation in northwest England from energy company IGas.

The news comes days after the British government lifted a ban on "fracking", where shale gas is extracted from rock formations by pumping water, sand and chemicals into the ground. Fracking was put on hold 18 months ago after it caused two small earthquakes near Blackpool.

[Fracking offers a risky salvation for America's hard-pressed heartlands](#)

For those living above fuel deposits and prepared to live with fears over gas leakage and water pollution, the prospect of jobs and money is very real.

[Edison International Unit Files for Bankruptcy Protection](#)

The company has been challenged by depressed energy and capacity prices and high fuel costs, according to the statement. Subsidiaries including Midwest Generation also filed for Chapter 11 bankruptcy protection.

The companies "have been hit by a sea change in the power market's competitive landscape, dramatically higher environmental capital expenditure requirements, and debt payment maturities that have severely limited the debtors' ability to compete effectively," Maria Rigatti, Edison Mission's chief financial officer, said in court papers.

[US Public Transit Ridership Increases In 2012](#)

A new report looking at public transport use over the first three quarters of 2012 has found that ridership has increased by 2.6%, amounting to 201 million more trips taken in the first nine months of the year than were taken in the same time period in 2011.

"With seven consecutive quarters of ridership increases, it's obvious that public demand for public transit is growing," said Michael Melaniphy, President and CEO of the American Public Transportation Association (APTA), authors of the report.

[Cheapest wind power blows into Brazil](#)

Four energy developers agreed to sell power from 10 proposed wind farms in Brazil at the cheapest rates ever.

Enerfin Sociedad de Energia, Renova Energia, EGP-Serra Azul and Bioenergy Geradora de Energia won contracts to sell electricity to distributors for an average price of 87.94 Brazilian reais (Dh154.82) per megawatt-hour (MWh), Brazil's national energy agency Empresa de Pesquisa Energetica said on Friday.

[Brazil Expands Mines to Drive Future, but Cost Is a Treasured Link to Its Past](#)

CARAJÁS NATIONAL FOREST, Brazil — Archaeologists must climb tiers of orchid-encrusted rain forest, where jaguars roam and anacondas slither, to arrive at one of the Amazon's most stunning sights: a series of caves and rock shelters guarding the secrets of human beings who lived here more than 8,000 years ago.

Almost anywhere else, these caves would be preserved as an invaluable source of knowledge into prehistoric human history. But not in this remote corner of the Amazon, where Vale, the Brazilian mining giant, is pushing forward with the expansion of one of the world's largest iron-ore mining complexes, a project that will destroy dozens of the caves treasured by scholars.

[Brazil forest protection turns to digital world](#)

Landowners who broke Brazil's environmental laws by clearing their farms of native forest used to have just one way to make right with government inspectors: plant trees. Now, they can clear their names by just pointing and clicking.

After decades trying to protect rapidly shrinking forest, Brazil has turned to the digital world and launched a new platform called BVRio that allows growers with more untouched forest on their land than is legally required to sell "quotas" to farmers who fall short, one hectare at a time, for a price that will be determined by supply and demand.

[Reimagining the Coral Market](#)

In the international trade in live coral, most of which ships to the United States for ornamental marine aquariums, the source is quickly shifting from wild harvesting to farming, researchers report in a new study.

This shift suggests that, contrary to the conventional view that the live coral trade is a threat to coral reef ecosystems, the buying and selling of corals could help create a powerful incentive for protecting reefs in many small island communities, these scientists say.

[Qatar plans to edge out incandescent bulbs](#)

The Qatar General Electricity and Water Corp (Kahramaa) has laid out its plan to phase out incandescent bulbs.

It will look to edge out bulbs of 100, 75 and 60 watts over time before using 40-watt devices for a short while and then bringing in more energy-efficient sorts to try and cut down on the environmental impact in Qatar.

[Reports: Sen. John Kerry to be named Secretary of State](#)

It looks likely that Sen. John Kerry will be nominated to replace Secretary of State Hillary Clinton, who is expected to retire from the post as part of President Obama's second term cabinet reshuffle.

[Secretary of Hope: John Kerry on climate change](#)

Kerry has been outspoken on climate change throughout Obama's first term and would likely place the issue near the top of his foreign policy agenda.

[Japan to Trade Emission Credits Through 2015, Government Says](#)

Japan can transfer and acquire carbon credits under the Kyoto Protocol until at least the second half of 2015 during a so-called "true up" period, government officials said today.

Japan joined New Zealand, Canada and Russia in declining to sign up for the treaty's restrictions for the second round beginning next year. Envoys at United Nations climate talks in Doha agreed on Dec. 8 that countries with no emissions targets for 2013 and beyond won't be able to acquire and transfer Kyoto permits and offsets.

[Let's learn to love carbon capture, before it's too late](#)

Progress on CCS technology has stalled, but with coal and gas generating much of our electricity for years to come, we need it.

[Norfolk, Va., has a plan to keep its head above water](#)

We realized we could fit everything we're doing into four parts: plan, prepare, mitigate, and communicate. As it turns out, they're all just about as important. The planning part includes civil engineering and structural approaches. Floodwalls, installing pumping equipment. We have elevated roads and likely will do more of that. We're working with a Netherlands company called FURGO Atlantic as well as local engineers to plan. The other part I'm really excited about, having started life as a biologist, is we're looking at the blue-green infrastructure of trees and rain gardens and even our parks and wetlands. We're doing a lot of wetlands restoration because those are really the buffers that protect the coastline. It's pretty exciting because there are so many benefits [to soft infrastructure] — aesthetic, habitat, water quality, livability benefits.

[India could face crippling heat waves](#)

An analysis of the output from 18 different global climate models indicates that India's

average annual surface air temperature could go up by between four degrees Celsius and seven degrees Celsius by the end of this century.



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