



## Drumbeat: December 19, 2012

Posted by [Leanan](#) on December 19, 2012 - 9:23am

### [American Oil Growing Most Since First Well Signals Independence](#)

The U.S. expanded its oil production this year by the most since the first commercial well was drilled in 1859, upending a belief that Americans were increasingly hooked on foreign crude.

Domestic output grew by a record 766,000 barrels a day to the highest level in 15 years, government data show, putting the nation on pace to surpass Saudi Arabia as the world's largest producer by 2020. Net petroleum imports have fallen by more than 38 percent since the 2005 peak and now account for 41 percent of demand, down from 60 percent seven years ago, moving the U.S. closer to energy independence than it has been in decades.

Seven years after President George W. Bush declared "America is addicted to oil, much of which is imported from unstable parts of the world," the country has so much crude that it was able to join Europe in choking off exports from Iran without pushing U.S. benchmark prices over \$100 a barrel. And refining capacity helped make the U.S. the world's largest fuel supplier. Even in Venezuela, where Exxon Mobil Corp.'s assets were seized, more and more cars run on gasoline made in America.

"The U.S. has a huge lead in the 21st century in maintaining its superpower status," said Ed Morse, global head of commodities research at Citigroup Inc. in New York. "There was absolutely no way to anticipate the level of growth in the oil supply."

### [Supply surge jolts 'peak oil' theory](#)

SINGAPORE — The entrenched notion that the world will soon start running short of oil was jolted earlier this year when an expert study concluded that, contrary to what most people believe, oil-supply capacity is expanding so fast that it will outpace consumption by a wide margin in the next few years.

### [Green California to Vie With Texas as U.S. Oil Heartland: Energy](#)

California, even as it seeks to be the greenest U.S. state, stands a good chance of emerging as the nation's top oil producer in the next decade, helping America toward what once seemed an unlikely goal of energy independence.

The catalyst is the U.S. Bureau of Land Management's sale last week of 15 leases

covering about 18,000 acres of the Monterey Shale, a geologic formation whose sweet spots stretch from east of San Francisco more than 200 miles south to Monterey County. The auction was dominated by Los Angeles-based Occidental Petroleum Corp. and smaller companies betting on a coming boom. Yesterday California regulators issued a draft of new rules to sharpen their oversight of the surge in fracking.

### [Don't Fall for the Shale Boom Hype - Chris Martenson Interview](#)

We are in the midst of an amazing energy boom, but by sweeping the idea of peak oil under the rug we are ignoring a significant fact: the relationship between hydrocarbon reserves and flow rates are not the same as they used to be—reserves have increased but flow rates are not as high or sustainable.

Perhaps the most important thing we need to pay attention to is net energy returns, on which we run society. Massive new discoveries are only netting a fraction of the returns compared to earlier decades.

### [Investing Beyond Peak Oil](#)

For most of the last decade, we've been obsessing about the problem called "peak oil."

Oil is limited, we're running out, what's left has to be more valuable than what we've used already, energy prices are always going to rise, and the energy shortage is permanent.

Sound familiar? Well, the big news for 2013 is, forget it.

### [Warnings of oil running out are just baloney](#)

How much would you pay for a barrel of Irish rainwater?

Not much I guess, as it is heavily oversupplied despite being told that water is an increasingly scarce resource worldwide.

This baloney about world ending "facts" applies to the oil market too, and anyone betting on oil prices rising continuously are advised to think twice.

### [Brent Crude Gains for Second Day as U.S. Stockpiles Decline](#)

Brent crude rose for a second day in London, gaining more than \$1, after an industry report showed stockpiles fell the most in more than three months in the U.S., the world's biggest oil consumer.

Futures increased as much as 1 percent after closing \$1.20 a barrel higher yesterday.

U.S. crude supplies dropped by 4.1 million barrels in the seven days ended Dec. 14, the most since the week to Aug. 31, data from the American Petroleum Institute showed. A government report today may say inventories fell by 1.75 million barrels, according to a Bloomberg News survey. Oil has advanced this week amid speculation that U.S. lawmakers will agree on steps to avert tax increases and spending cuts known as the fiscal cliff.

### [Gas prices drop below \\$4 a gallon](#)

Gas prices have slid to the lowest prices of the year as an estimated 84 million Americans prepare to take a road trip by car this holiday season.

The national average retail gasoline price on Monday is the cheapest it has been during 2012 — just shy of \$3.25 a gallon, according to AAA and Oil Price Information Service.

### [Saudi oil minister says market has no place for speculators](#)

"You know my desire is that people leave the market alone," Naimi said in an interview in Seoul. "You know why? Because everybody now is happy with where the prices are. Nobody is complaining about high prices or low prices."

"They are no longer sky rocketing or falling down. So I will really leave the market alone."

### [Greeks Can't Find Euros to Buy Heating Oil in Winter Economy](#)

In the Greek mountain town of Kastoria, less than an hour from the Albanian border, Kostas Tsitskos, 88, can't afford fuel to heat his home against the winter's cold. So he and his son live in a single bedroom, warmed by a small electric heater.

"One room is enough," said Tsitskos, who lives on a 734 euro-a-month (\$971) pension and doesn't have the 1,000 euros a month he needs to buy heating oil.

Greece is facing a heating-oil crisis. With an economy that has contracted for five years and an unemployment rate at a record 25 percent, residents in northern Greece can't heat their homes. Kastoria hasn't received funds from the central government to warm schools and the mayor said he will close all 53 of them rather than let children freeze, a step already taken in a nearby town. Truckloads of wood are arriving from Bulgaria as families search for alternative fuels.

### [Nigeria minister: Mom's kidnap about fuel payments](#)

ABUJA, Nigeria (AP) -- Nigeria's finance minister on Monday blamed her 83-year-old

mother's kidnapping on those angered by the government's decision to stop making some payments for gasoline subsidies, directly linking the abduction to a program that lawmakers have described as a multi-billion dollar scam.

### [Russia to keep up western oil export as Asia flows grow](#)

MOSCOW (Reuters) - State pipeline operator Transneft said Russia will be able to sustain crude oil exports to the West next year even as it increases deliveries to Asia via an expanded link to the Pacific port of Kozmino.

Transneft Deputy Vice President Igor Katsal said crude oil would not be redirected from outlets in western Russia to fill the expanded East-Siberia-Pacific-Ocean (ESPO) pipeline, and predicted westward exports would be flat year-on-year in 2013.

### [West Africa Tanker-Rate Surge Seen Luring Persian Gulf Carriers](#)

A surge in oil-tanker rates for vessels shipping West African crude to the U.S. may restrict ship supply in the Persian Gulf as the rally lures vessels to the Atlantic Ocean, Arctic Securities ASA said.

### [Azeri Leader Sees Oil Output Recovering as BP Acts to Stem Slump](#)

BP Plc, the U.K. oil producer leading Azerbaijan's biggest energy projects, will stem a drop in output in the country after responding "responsibly" to criticism from Azeri President Ilham Aliyev, the leader said.

"I am very glad that BP, which is our main partner, responded to my views and criticisms very responsibly," Aliyev said in comments published today in the state-run daily newspaper Azarbaycan. "The BP president spoke to me about his company's plans for the coming years. I am glad that the stabilization of oil output is the priority."

### [Statoil Pays \\$590 Million to Boost Ownership in Marcellus Shale](#)

Statoil ASA, Norway's biggest oil and gas producer, bought 70,000 acres in the Marcellus area in the U.S. to boost oil production amid falling gas prices there.

The assets, which are currently producing at about 5,000 barrels of oil equivalent a day, have a so-called risked resource base, a measure of reserves, of 300 million to 500 million barrels of oil equivalent, the Stavanger-based group said in a statement today. The acreage in Ohio and West Virginia has been bought from Grenadier Energy Partners LLC, Protege Energy II LLC and PetroEdge Resources II LLC, spokesman Baard Glad Pedersen said by phone.

## [Potash Seen Falling as Asia Wields Purchasing Power](#)

China and India are set to negotiate the biggest price cut in three years to buy potash as they break a deadlock in meetings with Russian and North American producers that dominate the \$24 billion market for the crop nutrient.

## [Egypt's fate in tourism and foreign investments](#)

The latest upheaval leaves the country embroiled in conflict nearly two years after Hosni Mubarak was forced from power, and little has been accomplished in improving the lives of ordinary Egyptians.

"We are in the same position, and we didn't achieve any kind of progress. I hope we will overcome all those political difficulties and try to concentrate our efforts on the economy," said Mr El Orabi.

## [Investors Shun Postwar Iraq as OPEC Star's Recovery Lags](#)

Ziad Makkawi set up a private equity investment firm last year to capitalize on Iraq's plans for reviving an economy gutted by wars and sanctions.

Makkawi's zeal faded as OPEC's second-largest oil producer struggled, and he now sees brighter prospects elsewhere in the Middle East, including Libya, where deadly attacks persist after the 2011 revolt against Muammar Qaddafi.

## [India to cut Iran oil imports 2013/14-sources](#)

NEW DELHI (Reuters) - India plans to cut oil imports from Iran by 10 to 15 percent in the next fiscal year, and more if Tehran does not lower prices to help cover higher costs resulting from Western sanctions, a government source said. Iran's top Asian oil buyers - China, India, Japan and South Korea - have all reduced imports after the United States and the European Union imposed sanctions aimed at curbing Tehran's nuclear ambitions.

The sanctions have more than halved Iran's oil exports this year, costing Tehran up to \$5 billion a month in lost revenue. "Next year our imports will be 10 percent to 15 percent less than this year," said a government official with direct knowledge of the matter, who declined to be identified because he is not authorised to speak to the media.

## [Japan to Extend Cuts in Iran Oil Imports in 2013, JX Chief Says](#)

Japan will import fewer than 160,000 barrels a day of oil from Iran next year to avoid sanctions aimed at the Middle Eastern country's nuclear program, the head of Japan's oil industry group said.

JX Nippon Oil & Energy Corp., the country's biggest refiner, will cut its imports from the current contract of about 80,000 barrels a day, Kimura Yasushi, who serves as chairman for both JX and the Petroleum Association of Japan, said at a press conference today.

### [City in Colorado Is Sued Over a Drilling Ban](#)

DENVER — An industry group representing oil and gas companies has sued a city in Colorado that outlawed hydraulic fracturing, saying voters had no right to ban the drilling practice.

The lawsuit, filed on Monday by the Colorado Oil and Gas Association, seeks to overturn the ban on the contentious practice that passed by a wide margin last month in the northern Colorado city of Longmont. The measure, the first of its kind in the state, still allows oil and gas drilling within city limits, but it prohibits hydraulic fracturing, which has lifted energy production across the country but has raised concerns about air and water contamination.

### [Center for Sustainable Economy vs. Bureau of Ocean Energy Management, DC Circuit Court, CIV: 12-1431](#)

Center for Sustainable Economy has filed a lawsuit to halt the Obama Administration's latest 5-year program to open new areas offshore to oil and gas leasing.

### [U.S. secretary of state pick shouldn't affect Keystone XL](#)

(Reuters) - The prospect of a new U.S. secretary of state favoring tougher carbon policy should not worsen the odds of the Keystone XL oil pipeline being approved, the chief executive of TransCanada Corp, the contentious project's proponent, said on Monday.

TransCanada CEO Russ Girling also said that recent deep discounts on Canadian heavy crude and a boom in shipping oil by rail show that the country's export pipeline network is close to being filled up, highlighting the need for more capacity.

### [Keystone XL Would Not Use Most Advanced Spill Protection Technology](#)

Austin, Texas filed a lawsuit to protect their local aquifer from a proposed gasoline pipeline. By the time the project was built, the operator had been forced to add \$60 million in safety features, including sensor cables that could detect leaks as small as three gallons a day. Some say the Longhorn pipeline is the safest pipeline in Texas, or perhaps the nation.

Now a much larger pipeline—the Keystone XL—is being proposed across the

Ogallala/High Plains aquifer, one of the nation's most important sources of drinking and irrigation water. Yet none of the major features that protect Austin's much smaller aquifer are included in the plan. In fact, they haven't even been discussed.

### [Blame Canada's Kyoto Snub for Keystone Trouble](#)

And so the wars over the oil sands and their pipelines entered high gear and continue to this day. Environmentalists are planning yet another demonstration at the White House on Presidents Day in February 2013, calling Obama's continued rejection of the Keystone XL pipeline their "one big ask."

For Canada, this poses a real risk that the discount of Canadian oil to the West Texas Intermediate benchmark will persist.

Did it have to be this way? Is oil-sands development inimical to carbon-reduction initiatives like the Kyoto Protocol? The answer is no. In fact, Kyoto could have helped save Keystone.

### [A Big, and Risky, Energy Bet](#)

RAS LAFFAN INDUSTRIAL CITY, Qatar — The compact assembly of towers, tubes and tanks that make up the Oryx natural gas processing plant is almost lost in a vast petrochemical complex that rises here like a hazy mirage from a vast ocean of sand.

But what is occurring at Oryx is a particular kind of alchemy that has tantalized scientists for nearly a century with prospects of transforming the energy landscape. Sasol, a chemical and synthetic fuels company based in South Africa, is converting natural gas to diesel fuel using a variation of a technology developed by German scientists in the 1920s.

### [Masdar sustainability chief says Middle East at green energy "tipping point"](#)

The Middle East is on its way to becoming a global hub for energy efficiency and renewable technology, one of the region's green pioneers has told RTCC.

### [Global network fuels UAE's nuclear ambitions](#)

Yesterday's agreement between the UAE and Russia rounds off an initial flurry of diplomatic activity aimed at securing nuclear fuel supplies for the Emirates' ambitious programme for alternative sources of energy.

### [Thorium gives hopes for alternative nuclear fuel](#)

It may sound like something from a comic book and takes its name from a certain heroic mythical deity but thorium is very real and is considered one of the most exciting future fuels thanks to its abundance and supposed stability when compared to uranium.

Given that the Fukushima nuclear accident in March 2011 raised "fundamental questions about the future of nuclear energy throughout the world", it should not come as a surprise that news of a nuclear "wonder fuel" has created excitement within the alternative energy industry at a time when growth is expected to slow compared with previous forecasts for the next decade.

### [Atlanta's Beltline: The Greenest Transit Project in America?](#)

The idea for the Beltline started in a master's thesis written in 1999. Ryan Gravel, an architect who studied at Georgia Tech, proposed that the historic railroad corridors that wound around Atlanta's downtown core be put to better use. He envisioned repurposing the corridor a green loop that would connect neighborhoods and parks with walking paths, biking trails and public transit. A couple years later, friends pushed him to share the idea with officials in the city government, and over the next few years, with the support of groups like the local Sierra Club chapter, politicians in city council, and other boosters, the city decided to take on the challenge.

When the Beltline is finished, it'll have brought 22 miles of light rail, 33 miles of multi-use trails for biking and walking, and 1,300 acres of park to the city.

The idea is to concentrate growth around this system, so that people can take advantage of the transit and the biking and walking routes to get around. The master plan includes affordable housing investments and strategies for spurring private investment around the Beltline.

### [Neutral Fuels to expand in Australia](#)

The company feeds its biodiesel plants with oil used by McDonalds, and returns it as fuel for the fast-food chain's truck fleet. After a first plant was launched in Dubai last year, Neutral Fuels has agreed to extent the partnership with the restaurant to the Australian state of Victoria, where it has built a similar plant near Melbourne.

### [U.S. Boosts Import Duties on Chinese Wind-Energy Firms](#)

Ratcheting up trade tensions with China, the U.S. increased import duties on wind towers produced by Chengxi Shipyard Co. and CS Wind Corp. as economic talks between the two nations opened in Washington.

The Commerce Department yesterday set final punitive tariffs on the products from China and Vietnam. The rates were higher than preliminary tariffs announced earlier this year to counter government subsidies and to prevent the goods from being sold in the U.S. below production costs, a practice known as dumping.



### [Wind-Power Deals Total \\$7.6 Billion Luring Brazil's Weg](#)

Weg SA, the only Brazilian wind- turbine maker, is vying for a slice of \$7.6 billion in contracts set to be awarded in the next decade even as a supply glut and slumping demand drive prices to a record low.

### [Australia: Call for cap on solar to limit power price rises](#)

THE national renewable energy target should be modified to prevent a costly boom in solar panel installations triggering higher electricity prices, the Climate Change Authority has recommended.

But the independent agency rejected calls for the target of 20 per cent of electricity to come from large-scale renewable energy generators, such as wind farms, by 2020.

Under current settings, the renewable energy target is projected to cost households between \$12 and \$64 extra a year.

### [Survivalists worry 'preppers' will be scapegoated for Newtown shooting](#)

Ever since a relative of Newtown, Conn., shooter Adam Lanza suggested that his mother, Nancy Lanza, was a "survivalist" who stockpiled food and weapons, "preppers" have gone online to express concern that they may become targets of unwelcome attention.

"She prepared for the worst," Nancy Lanza's sister-in-law, Marsha Lanza, told reporters last weekend. "Last time we visited her in person, we talked about prepping—are you ready for what could happen down the line, when the economy collapses?"

### [Exploring the Mekong's Uncertain Future](#)

The people of the Mekong face a series of difficult decisions.

Yes, the river supports the largest freshwater fish harvest in the world, providing the primary source of protein to more than 50 million people. Only the Amazon, with a basin almost 10 times the Mekong's size, has more fish species.

But the Mekong also contains immense hydropower potential — and the dams that could capture that potential would almost certainly eliminate much of the river's fish productivity and diversity.

### ['Peak farmland' is here, crop area to diminish -study](#)

OSLO (Reuters) - The amount of land needed to grow crops worldwide is at a peak, and a geographical area more than twice the size of France will be able to return to its natural state by 2060 as a result of rising yields and slower population growth, a group of experts said on Monday.

Their report, conflicting with United Nations studies that say more cropland will be needed in coming decades to avert hunger and price spikes as the world population rises above 7 billion, said humanity had reached what it called "Peak Farmland".

### [How severe weather impacts global food supply](#)

Rising food prices have been blamed on a number of factors -- for example, rising energy costs, changing land use for biofuel production, local conflicts, and an increasing demand for meat and dairy products.

But 2012's severe weather events around the world have led to low yields in nations such as the U.S. that export grain. Oxfam fears climate change is responsible and that impoverished people could be facing a future of high food prices driven by extreme weather trends.

### [Impact of climate change on California's electricity infrastructure could be costly](#)

(Phys.org)—If you think it's been unusually hot lately, just wait—by the end of the century, temperatures in California are expected to rise significantly. What that means for human health, agriculture, water supply and a range of other spheres is being studied by experts, but what it will mean for our electricity system had not been examined until now, in an analysis by Lawrence Berkeley National Laboratory (Berkeley Lab) researchers.

Looking at a range of future climate scenarios, Larry Dale, an economist at Berkeley Lab, found that California may need as much as 30 to 40 percent more generation and transmission capacity per capita by the end of the century because of the negative effect of higher temperatures on equipment performance. "Most people have been looking at what will be the cost of greenhouse gas emissions from systems like electricity, but this is turning that around: what about the climate change impacts on the very thing creating those emissions?" said Dale. "To deal with that, you have to create yet more emissions."

### [An Odometer Moment on a Warming Planet](#)

For those who might be keeping score, we just passed the 333rd consecutive month of global temperatures above the 20th-century average.

November 2012 was the fifth-warmest November since records began in 1880, the National Oceanic and Atmospheric Administration said in its monthly climate report.

The agency calculated that the 10 warmest Novembers on record have all occurred within the past 12 years.

The last time global temperatures came in below the 20th-century average for the month of November was in 1976, and the last time any month came in below the average was February 1985.

### [Too big to flood? Megacities face a future of major storm risks](#)

By the middle of the century, the scores of billions it cost to compensate the greater New York City area for being unprepared for superstorm Sandy may seem like a bargain. Without major adaptation measures to increase the level of storm protection beyond a 1-in-100-year event, the value of the city's buildings, transportation, and utilities utility infrastructures currently at risk from storm surges and flooding — an estimated \$320 billion — will be worth \$2 trillion by 2070, according to continuing studies by the Organization for Economic Cooperation and Development (OECD).

By then, the OECD says, the metropolitan area will rank behind only Miami and Guangzhou, China, at the head of a list of the world's megacities with the most flood-vulnerable assets. In all these cities, sea level rise will meet a tide of urbanization in the coming decades and set the scene for storms with ever-more catastrophic consequences.



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