



Drumbeat: December 31, 2012

Posted by [Leanan](#) on December 31, 2012 - 9:02am

[The New Era of Oil Renaissance](#)

We are going to have a Renaissance in this country, it just happened under everyone`s nose. The free market of high oil prices for the last 10 years made it happen all on its own without government subsidies, and part of the reason that things are going to get real tough for the alternative energy folks over the next 5 years as those government subsidies wind down. They will not make sense from an economic standpoint once oil prices come down considerably, and from a budgetary perspective we can no longer afford this propping up industries that cannot sustain themselves on their own merit in the free market. A 16 trillion dollar debt and climbing means the environmentalists will now be facing an uphill fight on Capitol Hill to have their cause funded by the American taxpayer.

[Shale-Gas Revolution Spurs Wave of New U.S. Steel Plants](#)

The U.S. shale-gas revolution, which has revitalized chemicals companies and prompted talk of domestic energy self-sufficiency, is attracting a wave of investment that may revive profits in the steel industry.

Austrian steelmaker Voestalpine AG said Dec. 19 it may construct a 500 million-euro (\$661 million) factory in the U.S. to benefit from cheap gas. Nucor Corp., the most valuable U.S. steelmaker, plans to start up a \$750 million Louisiana project in mid-2013. They`re among at least five U.S. plants under consideration or being built that would use gas instead of coal to purify iron ore, the main ingredient in steel.

[The Pipe Runneth Over: Self reliant US may secure India's energy future](#)

The implications of the world's largest energy consumer becoming self-reliant in gas and less dependent on oil imports are enormous - it is being bandied the biggest event in the global energy market after the oil shocks of the 1970s. Estimates made by the US Energy Information Administration (EIA) and BP (formerly British Petroleum) predict the US will be self-reliant in gas before 2020, and will import almost no crude oil from West Asia and other OPEC countries.

[Crude Futures Set for Annual Drop in New York](#)

Oil headed for its first annual decline since 2008 in New York as U.S. lawmakers sought an agreement on averting automatic tax increases and spending cuts that threaten the economy of the world's largest crude consumer.

West Texas Intermediate futures fell as much as 0.5 percent, dropping for a third day. U.S. Senate Majority Leader Harry Reid said there are "still significant differences" between Democrats and Republicans with one day remaining to avoid the budget measures known as the fiscal cliff. The volume for WTI contracts was down 56 percent on the 100-day average.

[Oil ends record year focused on US budget crisis](#)

LONDON (Reuters) - Brent crude oil fell below \$110 per barrel on Monday on worries U.S. lawmakers may not reach a last-minute deal to prevent a fiscal crisis, although remained on track to post a record annual average price.

Brent has averaged more than \$111.65 this year, its fourth successive year of annual rises and above the previous record of \$110.91 in 2011.

[U.S. Gasoline Futures Drop as Stockpiles Rise More Than Forecast](#)

Gasoline fell after a report that U.S. inventories of the fuel increased last week and amid concern lawmakers will fail to avert automatic tax increases and spending cuts scheduled to take effect tomorrow.

Futures declined for second day as the Energy Department reported that gasoline supplies rose 3.78 million barrels to 223.1 million, the highest level since March.

[Why \\$100 Brent Will Not Last Through 2013](#)

Back in September, with Brent crude oil prices sitting a little above \$110, I predicted that Brent would drop to \$100 or below by the end of November. While prices made an initial move in this direction, unrest in the Middle East and the weakening dollar (among other catalysts) have brought Brent crude back up to \$110 at year-end. This demonstrates the danger of making short-range predictions based on long-term trends; other short-term factors can intercede and dictate the short-term price action.

[The Six Most Overlooked Energy Stories of 2012](#)

This past year, the story of energy in Canada was a story of Alberta oil -- who owns it, who wants it, and how we're going to get it to them. From Iqaluit, to Charlottetown, to Tofino, battles over bitumen, pipelines, and tankers bound for China dominated front pages, talk shows, and #cdnpoli.

But there was more going on out there. Here are a few stories that we argue matter just as much to our energy future, but that didn't necessarily trend on Twitter:

[Iraq now OPEC's second largest oil producer](#)

Iraq jumped two places to No. 2 in Opec's rankings this year, cementing its position among the world's leading oil producers. Neighbouring Iran dropped three spots to fifth as international sanctions took hold.

[Yemen resumes oil flow after repairs — source](#)

Sana'a: Yemen resumed pumping crude through its main oil export pipeline on Monday after repairs, a source at state-run Safer oil company said, following repeated bombings by armed men.

The Yemeni army launched an assault in the past few weeks using tanks and rockets on tribesmen blocking repairs to the Maarib oil pipeline, which was last blown up in November.

[Why Chevron Is Going Lower In 2013](#)

As you can see from the weekly chart above, after hitting the low \$60s in the summer of 2010, Chevron shares enjoyed an almost uninterrupted rally to about \$105 in early 2011. Since then, shares have consolidated and bounced between \$85 and \$117. Why did the rally stop?

To answer this, we need to understand what is driving Chevron's profits and, therefore, valuation. Chevron's main business revolves around discovering, drilling, refining, transporting and selling crude oil and its derivatives. In addition, like the other oil majors, it is a player in the natural gas space as well. However, Chevron's fortunes still rise and fall based primarily on one variable: the price of crude oil. In looking at the chart below, one can see that Chevron's valuation is almost entirely dependent upon the price of crude oil. This may seem like common sense but the magnitude with which crude oil prices affect Chevron's stock price is staggering. This chart compares Chevron's market capitalization with the spot price of WTI crude oil over the past 10 years.

[BP-Led Caspian Gas Project to Cost Up to \\$30 Billion](#)

The BP Plc-led Shah Deniz natural- gas development will cost as much as \$30 billion, compared with a previous estimate of \$25 billion, said Rovnaq Abdullayev, president of State Oil Co. of Azerbaijan, or Socar.

“In total, the second phase of Shah Deniz will cost \$28 billion to \$30 billion,” Abdullayev told reporters today in the Azeri capital of Baku.

[BG Group gains \\$1.8bn loan for QCLNG](#)

Britain's BG Group has secured a \$1.8 billion loan to underpin its ongoing development of the \$20 billion Queensland Curtis liquefied natural gas (QCLNG) project off Australia.

The London-listed explorer said that the loan from the Export-Import Bank of the United States (US Ex-Im) would "support the export of US services and equipment" for the Australian LNG project.

[Report: Iran test-fires missiles in naval drill near strategic Strait of Hormuz](#)

TEHRAN, Iran — Iran's navy said Monday it test-fired a range of weapons during ongoing maneuvers near the Strait of Hormuz, the passageway for one-fifth of the world's oil supply.

IRNA quoted Adm. Amir Rastgari, spokesman for the exercise, as saying the Iranian-made air defense system Raad, or Thunder, was among the weapons tested, along with various torpedoes and underwater and surface-to-surface rockets as well as anti-ship missiles. The Islamic Republic said it also deployed domestically-made hovercraft during the operation.

[Iran stage cyber warfare drills](#)

Iranian forces have carried out what they called cyber warfare tactics for the first time as the Islamic republic's naval units staged maneuvers in the key Strait of Hormuz, media reports said on Monday.

[Al-Qaida carves out own country in Mali](#)

MOPTI, Mali (AP) — Deep inside caves, in remote desert bases, in the escarpments and cliff faces of northern Mali, Islamic fighters are burrowing into the earth, erecting a formidable set of defenses to protect what has essentially become al-Qaida's new country.

They have used the bulldozers, earth movers and Caterpillar machines left behind by fleeing construction crews to dig what residents and local officials describe as an elaborate network of tunnels, trenches, shafts and ramparts. In just one case, inside a cave large enough to drive trucks into, they have stored up to 100 drums of gasoline, guaranteeing their fuel supply in the face of a foreign intervention, according to experts.

Northern Mali is now the biggest territory held by al-Qaida and its allies. And as the world hesitates, delaying a military intervention, the extremists who seized control of the area earlier this year are preparing for a war they boast will be worse than the decade-old struggle in Afghanistan.

[Hugo Chavez reportedly suffers 'new complications'](#)

CARACAS, Venezuela (AP) — Venezuelan President Hugo Chavez is confronting "new complications" due to a respiratory infection nearly three weeks after undergoing cancer surgery, his vice president said in Cuba as he visited the ailing leader for the first time since his operation.

Vice President Nicolas Maduro looked weary and spoke with a solemn expression in a televised address from Havana on Sunday. He described Chavez's condition as delicate.

[Trains, Barges and Pipelines](#)

It appears that besides the traditional methods of getting oil from the wells to the marketplace, one of the oldest forms of transportation is starting to make some headway. Railroads could play an important role for many years to come. Investors may want to pay attention.

[EPA faces legal battles, might take easy confirmation road](#)

WASHINGTON (Reuters) - Regardless of who takes the reins, the U.S. Environmental Protection Agency will likely face continued legal battles in President Barack Obama's second term as it tries to finalize pollution rules for power plants, analysts said.

[Oil Giants Heading to Trial in Water Pollution Lawsuit](#)

CONCORD, N.H. (AP) — Nearly a decade after it was first brought, a lawsuit accusing two oil giants of widespread groundwater contamination in New Hampshire is expected to present jurors with the most complex and time-consuming trial in the state's history.

[Japan's New Leader Endorses Nuclear Plants](#)

TOKYO — The newly elected prime minister of Japan, Shinzo Abe, said Sunday that he would seek to build nuclear reactors, reversing within a week in office a campaign pledge to move Japan away from nuclear power.

[U.S. gets boost in nuclear power as reactor comes back online](#)

Nuclear power production in the United States rose to its highest level in more than three months. Bloomberg reported that after the Tennessee Valley Authority reconnected a reactor at an Alabama plant, the U.S. reached 91,705 megawatts of

nuclear power - the highest seen since September 14.

[Vertical farms solve land problem](#) (video)

With land prices at a premium in Singapore, vertical farms with rotating vertical racks present a sustainable solution while cutting down pollution.

[To Save Wildlife, and Tourism, Kenyans Take Up Arms](#)

It is essentially a militarized neighborhood watch, with loping, 6-foot-6 former herdsmen acting as the block captains, and the block being miles and miles of zebra-studded bush. These citizen-rangers are not doing this out of altruism or some undying love for pachyderms. They do it because in Kenya, perhaps more than just about anywhere else, wildlife means tourists, and tourists mean dollars — a lot of dollars.

It is not unusual here for a floppy-hatted visitor to drop \$700 a night to sleep in a tent and absorb the sights, sounds and musky smells of wondrous game. Much of that money is contractually bound to go directly to impoverished local communities, which use it for everything from pumping water to college scholarships, giving them a clear financial stake in preserving wildlife. The safari business is a pillar of the Kenyan economy, generating more than a billion dollars a year and nearly 500,000 jobs: cooks, cleaners, bead-stringers, safari guides, bush pilots, even accountants to tally the proceeds.

[Protest Tactics in a Warming World](#)

For those trying to realize a sustainable future, there are two approaches: attack, reform, and otherwise engage the existing system to create structural changes, or build new systems from the ground up. The Do The Math tour falls into the first category. One of its central themes is a refutation of the idea that, because we all drive cars or heat our homes, we're all equally responsible and that individuals just need to reduce their impact.

“Of course you should try to reduce your footprint,” says 350.org’s Kahn Russell, “but the way the math adds up is that we’re not all equally responsible. Our society is addicted to fossil fuels, and to fight that we need to go after the drug pushers. ... It goes back to that Utah Phillips quote, ‘The Earth is not dying. It is being killed, and those who are killing it have names and addresses.’”

[It's getting warm in Antarctica, but mining still a pipe dream](#)

Even if global warming and melting polar ice weren't a concern, mining in the Southern pole is not an option.

First there is the Antarctic Treaty, signed by the 50 countries that operate bases there, protects the continent by forbidding its military use and the exploitation of its minerals

or other resources.

And then there is the extreme weather. Unlike the warmer and much more accessible Arctic, drilling for coal or oil off the Antarctic coast doesn't seem feasibly.

[Kyoto climate change treaty sputters to a sorry end](#)

The controversial and ineffective Kyoto Protocol's first stage comes to an end today, leaving the world with 58 per cent more greenhouse gases than in 1990, as opposed to the five per cent reduction its signatories sought.

From the beginning, the treaty that was adopted in 1997 in Kyoto, Japan, was problematic. Opponents denied the science of climate change and claimed the treaty was a socialist plot. Environmentalists decried the lack of ambition in Kyoto and warned of dire consequences for future generations.

But the goal of the treaty was simple.

[Public's interest rules debate on shore](#)

the bottom line has to be this: No public money should be spent until it furthers the public's interest. As Collin O'Mara, Delaware's secretary of the Department of Natural Resources and Environmental Control, has said, "There has to be a clear public benefit to justify the expenditure of public resources."

That means no private subsidies, no special treatment of select individuals or favored communities.

[Climate science makes an eleventh-hour comeback in 2012](#)

Republican-affiliated climate researchers told InsideClimate News that attempts to educate their party leaders on the science were rebuffed. Meanwhile, many U.S. scientists fended off attacks of global warming skeptics, while Canadian scientists had to deal with budget cuts and muzzling by the government.

Amid the silence and skepticism, the Earth sent its own message.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).