



Drumbeat: January 2, 2013

Posted by [Leanan](#) on January 2, 2013 - 9:25am

[Rosneft leads Russian oil output to new high](#)

MOSCOW (Reuters) - More crude from state-owned top producer Rosneft kept Russian oil output the highest in the world last year, ahead of Saudi Arabia, Energy Ministry data showed on Wednesday.

Crude output edged up almost 1 percent to a new post-Soviet high of 10.37 million barrels per day (bpd), but the increase could halt this year due to depleted oil fields in West Siberia.

Russia, whose proceeds from oil gas constitute around half of budget revenues, aims to keep its crude production at no less than 10 million bpd until 2020.

[Oil production drains to nine-month low](#)

Opec crude oil production declined to a nine-month low in December as Saudi Arabian output dropped to the least in more than a year.

Output in the 12-member Organization of Petroleum Exporting Countries slipped 110,000 barrels, or 0.3 per cent, to an average 31.434 million barrels per day (bpd) from a revised 31.544 million in November, a Bloomberg News survey of oil companies, producers and analysts revealed.

[Oil Climbs to Three-Month High as U.S. House Passes Budget Bill](#)

Oil rose to the highest level in almost three months in New York after U.S. lawmakers reached a deal to avert automatic tax increases and spending cuts that threatened growth in the world's biggest economy.

Futures increased as much as 1.7 percent after legislation to avoid the so-called fiscal cliff was passed by a vote of 257-167 in the House after Republicans abandoned an effort to add spending cuts to the Senate's plan. A government gauge of China's manufacturing showed a third month of expansion yesterday, a sign that the recovery in the world's second- biggest oil consumer will extend to this year.

[Record Low Power Prices Stung by Plunging Use in Europe](#)

The slump in European power that has driven prices to record lows is showing no sign of ending as the region's second recession in four years curbs energy use.

Electricity for the next year in Germany, Europe's biggest economy, will probably fall 9.2 percent in 2013, extending its 17 percent decline last year, according to Credit Suisse Group AG. Power demand in Germany will drop 2 percent this year, the same amount as in 2012, Bank of America Corp. said.

[Oman budget break-even oil price jumps in 2013](#)

MUSCAT (Reuters) - Oman is banking on oil prices staying high this year to fund heavy spending on job creation and social welfare, according to plans released on Wednesday.

Finance Minister Darwish al-Balushi told a news conference that Oman, whose revenues come mostly from oil and gas exports, would need an oil price of \$104 per barrel in 2013 to balance its state budget.

[The U.S. Gasoline Market Twin Peaks of 2012](#)

The year 2012 was certainly a roller coaster ride for gasoline. The adjacent thumbnail shows the range for Regular and Premium. From the last week of 2011 we see near twin price peaks. Regular and Premium both peaked in early April, up 21.0% and 19.2% respectively. They hit interim lows in early July, only a few cents above the 2011 year end prices. They hit their second (slightly lower) high in mid-September and then fell to December 2012 lows two weeks ago, essentially at the anniversary of their December 2011 lows.

[ANALYSIS: Algeria's draft amended oil, gas law offers new tax breaks](#)

Algiers (Platts) - New oil and gas exploration in Algeria has all but dried up in recent years because of international company disappointment with the terms on offer for exploring the country's vast conventional resources.

Given the poor state of its new upstream activity, Algeria started revising its hydrocarbon law at the start of 2012 in an attempt to encourage more international investment in exploration.

[Saudi to develop Midyan gas field in 2013](#)

Saudi Arabia will develop its Midyan natural gas field in the Red Sea in 2013, Oil Minister Ali Naimi said in comments reported on Tuesday in local media.

[Iran to Launch 57 Oil Projects by June](#)

Addressing the inauguration ceremony of Kermanshah Polymer Plant in western Iran on Tuesday, Qassemi said, "A few days ago, 1000 kilometers away from here, we inaugurated two petrochemical projects in Assaluyeh including Kavian Petrochemical Plant and West Ethylene Pipeline; while today the first petrochemical plant in West of the country, which will take feedstock from Kavina Petrochemical Plant, becomes operational."

He said under intelligent initiative of the government on construction West Ethylene Pipeline, as the longest ethylene pipeline in the world, 12 provinces of the country will take advantage of oil and gas resources deposited south of the country.

[Poland's PGNiG begins gas and crude production at Norway project](#)

WARSAW (Reuters) - Polish gas monopoly PGNiG's co-owned Skarv field off Norway has begun production after a 16-month delay, the company said on Wednesday.

PGNiG, which wants to reduce its reliance on Russian gas, expects its first major offshore project to lift its 2013 Norwegian output to about 370,000 tonnes of crude oil and 0.3 billion cubic metres (bcm) of gas.

[Chidambaram says current account deficit worrying, eyes gold curbs](#)

Since September, the government has raised limits on how much corporate and government debt foreign investors buy, but the widening deficit has faced headwinds from expensive oil, high gold imports and a sharp drop in exports.

...Worried by the ballooning deficit, the government in March doubled the import duty on gold to 4 percent. Gold is the biggest contributor to the import bill after crude oil and is easier to tame than energy supplies.

[India Losing Iron Ore Market as Courts Shut Mines](#)

“We are seeing a rise in judicial activism in India because the government’s regulatory oversight is compromised and the industry does not adopt any initiative for self-regulation,” said Kumar, now an independent economist. “We have to find the right balance between growth and sustainable industrial practices.”

[Power-Meter Shift to Cut \\$10 Billion Brazil Market by 50%](#)

Brazil’s decision to weaken a proposal for boosting energy efficiency by installing smart meters is wiping out half of a \$10 billion market that lured foreign manufacturers from Elster Group SE to Echelon Corp.

[2013: Energy issues on front burner](#)

(CNN) -- After a year of tumultuous weather and global change, it should not be surprising that 2012 proved to be a transformative period for public opinion on energy.

Changing attitudes on the most hotly debated topics matter a great deal because they set the course for future policy decisions. Taking a closer look at trends over the past 12 months hints at what to expect in several key areas of the U.S. energy landscape in 2013.

[Middle East's steady evolution in energy could be undone in a flash](#)

We can venture a guess at six things to watch for in Middle East energy in 2013: three that will happen, and three that are to be hoped for.

Total petroleum production in the United States will jump ahead of Russia and come close to dethroning Saudi Arabia as the world leader. The juggernaut of shale oil and gas will roll on relentlessly, despite all the efforts of environmentalists, including Matt Damon in his anti-fracking film Promised Land.

This surge, combined with growing production from Iraq, will put pressure on Saudi Arabia. The kingdom will have to cut back its record-high oil output in the second half of the year, or even earlier, to sustain prices around \$100 per barrel - unless there is another major geopolitical upset.

[Middle East will muddle through 2013](#)

2013 will be a year of diplomacy, not war. To borrow a conceit from my friend New York Times reporter Elaine Sciolino, 2013 will witness the Tom and Jerry game in which cat and mouse in the old cartoon continue a never-ending game of almost gotcha. Who knows? If the Americans and Iranians try hard enough they might actually bump into one another and reach a limited deal to keep Iran a few more years away from getting enough uranium to make weapons. But if you're looking for final closure on this one, go talk to Dr. Phil.

[California Desalination Financing Closes on \\$1 Billion Project](#)

Project financing has closed on a Southern California desalination plant to construct the largest U.S. facility to make drinking water from the sea, capable of producing about 50 million gallons of potable water a day.

[Rig Runs Aground in Alaska, Reviving Fears About Arctic Drilling](#)

If the Kulluk, which Shell upgraded in recent years at a cost of nearly \$300 million, is wrecked or substantially damaged, it will be hard for the company to find a replacement and receive the numerous government permits needed to resume drilling in July, as planned.

Under Department of Interior rules governing Arctic drilling, the company must have two rigs on site at all times to provide for a backup vessel to drill a relief well in case of a blowout, an uncontrolled escape of oil or gas.

A separate containment system designed to collect oil in the case of a well accident failed during testing, preventing Shell from drilling into oil-bearing formations during its abbreviated exploration season last summer and fall. Shell's Alaska vice president, Pete Slaiby, said he could not discuss the latest accident, saying that company officials were working with a Coast Guard-directed unified command and could not comment separately.

[The Opposite of Mining: Tar Sands Steam Extraction Lessens Footprint, but Environmental Costs Remain](#)

Melting bitumen in place is less unsightly than mining tar sands, but increasing efficiency, lowering costs and--perhaps most importantly--minimizing greenhouse gas emissions remain challenges

[Obama should resolve to reject Keystone oil pipeline](#)

A dangerously obese man, serious about his New Year's resolution to lose weight, would not begin the year by buying \$7 billion worth of fat-producing candy. Nor would any nation serious about reducing greenhouse gases approve construction of a \$7 billion pipeline that would facilitate the consumption of 900,000 gallons a day of tar sand oil, spewing greenhouse emissions into the atmosphere.

On this New Year's Day 2013, America is that dangerously obese man.

And President Barack Obama is poised to make the long-delayed decision on whether to bulk up or slim down. The candy is the Keystone XL project, a proposed 1,700-mile pipeline across the United States that would transport extra-dirty crude oil mined from the tar sands of Canada's northern Alberta province to U.S. refineries on the Gulf of Mexico.

[TVA Nuclear Slowdown Snaps 7-Day Advance in Southeast](#)

The Tennessee Valley Authority slowed the 1,123-megawatt Watts Bar 1 reactor in Tennessee early today, snapping a seven-day advance for nuclear output in the Southeast.

Generation nationwide declined by 0.6 percent to 90,632 megawatts, or 89 percent of capacity, according to U.S. Nuclear Regulatory Commission data compiled by Bloomberg. Output was 6.4 percent less than a year earlier with eight of 104 nuclear reactors offline.

[Vestas, Gamesa Advance After U.S. Extends Wind-Power Tax Break](#)

The U.S. House late yesterday passed a bill averting spending cuts and tax rises that had threatened an economic recovery. The law, already approved by the Senate, includes an extension of the Production Tax Credit, which pays wind-farm owners 2.2 cents for every kilowatt-hour of power they produce.

"It's really good news for Vestas, because the American market and how it develops is extremely important," Chief Marketing Officer Morten Albaek said today in a phone interview. "It's a good way of starting the new year."

[Best Vehicle Sales Streak Since 1973 Boosts U.S. Dealers](#)

U.S. light-vehicle sales probably rose in December to wrap up a three-year run unrivaled in almost four decades as consumers replaced cars and trucks that are, on average, the oldest ever on the nation's roads.

Car and light truck sales in the U.S. probably rose 9.6 percent in December, according to a Bloomberg survey of analysts. That would cap a third-straight annual gain of at least 10 percent, the first such industry streak since 1973.

[Avis Budget enters car-sharing market with Zipcar buy](#)

(Reuters) - Car rental company Avis Budget Group Inc said it will buy Zipcar Inc for about \$500 million in cash to enter the fast-growing U.S. car-sharing market.

The offer of \$12.25 per share is at a premium of 49 percent to Zipcar's Monday close.

"We see car sharing as highly complementary to traditional car rental, with rapid growth potential and representing a scalable opportunity for us as a combined company," Ronald Nelson, Avis' chief executive, said in a statement.

[Landslides take out Amtrak service in rainy Pacific Northwest](#)

Sure it's scenic, but taking the train between Seattle and Vancouver, B.C., can be a trying time during the Pacific Northwest's extended rainy season. Already since Thanksgiving, more than 40 landslides have interrupted rail service and passenger service has been completely shut down since Dec. 17.

"It's one of the longest shutdowns in the Pacific Northwest that I've seen," Gus Melonas, a spokesman for BNSF, the railway company that owns the line, told NBC News.

[Alaska's boreal forests undergoing transition](#)

In almost every patch of boreal forest in Interior Alaska that Glenn Juday has studied since the 1980s, at least one quarter of the aspen, white spruce and birch trees are dead.

"These are mature forest stands that were established 120 to 200 years ago," said Juday, a professor of forest ecology at the University of Alaska Fairbanks' School of Natural Resources and Agricultural Sciences. "Big holes have appeared in the stands."

[Ecuador finds way for conservation to pay in protecting rainforest](#)

"The last place in the Amazon that is still virgin forest is the Yasuní. There is more variety in flora and fauna in one hectare than in the US, Canada and Mexico together," says Ivonne A-Baki, Ecuadorian secretary of state.

More to the point, the reserve sits on top of thousands of barrels of oil, the main source of income for the country.

This has put the government in a quandary. It desperately needs petrodollars to keep its economy on track, but its commitment to environmentalism is so strong that nature's right of existence is enshrined in the country's constitution.

[As Pheasants Disappear, Hunters in Iowa Follow](#)

The pheasant, once king of Iowa's nearly half-a-billion-dollar hunting industry, is vanishing from the state. Surveys show that the population in 2012 was the second lowest on record, 81 percent below the average over the past four decades.

The loss, pheasant hunters say, is both economic and cultural. It stems from several years of excessively damp weather and animal predators. But the factor inciting the most emotion is the loss of wildlife habitat as landowners increasingly chop down their brushy fields to plant crops to take advantage of rising commodity prices and farmland values.

Over the last two decades, Iowa has lost more than 1.6 million acres of habitat suitable for pheasants and other small game, the equivalent of a nine-mile-wide strip of land stretching practically the width of the state. And these declines have been occurring nationwide.

[Worms Produce Another Kind of Gold for Growers](#)

Mr. Chambers's two decades of investment in what he calls an "underground movement" may be paying off. New research suggests that the product whose manufacture he helped pioneer, a worm-created soil additive called vermicompost, offers an array of benefits for plants — helping them grow with more vigor, and making them more resistant to disease and insects, than those grown with other types of composts and fertilizers.

The earthworm's digestive process, it turns out, "is a really nice incubator for microorganisms," said Norman Q. Arancon, an assistant professor of horticulture at the University of Hawaii at Hilo.

[Coveting Horns, Ruthless Smugglers' Rings Put Rhinos in the Cross Hairs](#)

Gangs are so desperate for new sources of horn that criminals have even smashed into dozens of glass museum cases all across Europe to snatch them from exhibits.

"Astonishment and rage, that's what we felt," said Paolo Agnelli, a manager at the

Florence Museum of Natural History, after three rhino horns were stolen last year, including a very rare one from 1824.

American federal agents recently staged a cross-country undercover rhino horn sting operation, called Operation Crash, “crash” being the term for a herd of rhinos.

Among the 12 people arrested: Wade Steffen, a champion steer wrestler from Texas, who pleaded guilty in May to trafficking dozens of horns that he found through hunters, estate sales and Facebook; and two members of an Irish gang — the same gang suspected of breaking into the museums in Europe.

[10 easy, green New Year's resolutions for the eco-slacker](#)

It's easy to think about all the big changes you're going to make in the New Year as the old year comes to an end — but by the second week of January, most of us are already finding reasons to skip the gym or break the spending freeze. That's why we've come up with ten green New Year's resolutions so easy you'll have no excuse not to keep them — and as they help you save money, cut your carbon footprint, decrease your home's waste stream, and improve the quality of the Earth, you'll be glad you did.

[Light Absorption Speeding Arctic Ice Melt](#)

The record-setting disappearance of Arctic sea ice this fall was an indication to many climate scientists and ice experts that the pace of climate change was outstripping predictions.

Now a new study published this week in the journal Geophysical Research Letters provides a look at a dynamic that may further accelerate the process: the rate at which the ocean underneath the ice absorbs sunlight.

[Chevron CEO: Policies show risk of high energy prices is greater than risk of climate change](#)

NEW YORK — Chevron CEO John Watson notices something important as he visits his company's operations around the globe: Governments everywhere find high energy prices much scarier than the threat of global warming.

And that means the world will need a lot more oil and gas in the years to come.



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