



Drumbeat: January 7, 2013

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[As Biofuel Demand Grows, So Do Guatemala's Hunger Pangs](#)

GUATEMALA CITY — In the tiny tortillerias of this city, people complain ceaselessly about the high price of corn. Just three years ago, one quetzal — about 15 cents — bought eight tortillas; today it buys only four. And eggs have tripled in price because chickens eat corn feed.

Meanwhile, in rural areas, subsistence farmers struggle to find a place to sow their seeds. On a recent morning, José Antonio Alvarado was harvesting his corn crop on the narrow median of Highway 2 as trucks zoomed by.

“We’re farming here because there is no other land, and I have to feed my family,” said Mr. Alvarado, pointing to his sons Alejandro and José, who are 4 and 6 but appear to be much younger, a sign of chronic malnutrition.

Recent laws in the United States and Europe that mandate the increasing use of biofuel in cars have had far-flung ripple effects, economists say, as land once devoted to growing food for humans is now sometimes more profitably used for churning out vehicle fuel.

[Oil Futures Fall; Morgan Stanley Sees Supply Recovery](#)

Oil declined for a third day in London amid speculation that talks between Sudan and South Sudan may lead to the resumption of crude exports.

Brent futures fell as much as 0.5 percent, while the U.S. benchmark West Texas Intermediate lost as much as 0.7 percent. Sudanese President Umar al-Bashir and South Sudan’s Salva Kiir will meet in the Ethiopian capital Addis Ababa on Jan. 13, having agreed last week to set up a demilitarized zone along their border “without further delay.” Morgan Stanley said that Brent will come under pressure as demand eases after winter in the Northern Hemisphere and supplies in Angola, Nigeria and South Sudan are restored.

[Gas at \\$8 May Lure Reliance to Start New India Fields](#)

Reliance Industries Ltd., sitting on untapped natural gas reserves off India’s east coast, will be able to generate profit from new fields if the government agrees to double prices, a person familiar with the matter said.

At \$8 per million British thermal units Reliance will earn a profit margin of about 15 percent from fuel trapped more than a mile deep in the newer pockets of KG-D6, said the person, who asked not to be identified, citing rules. While Reliance sells gas from the basin at a government-set price of \$4.20, at least \$7 is required to break even on the new wells, the person said.

[Oman to double nat gas prices for some industrial users by 2015](#)

MUSCAT (Reuters) - Oman will double natural gas prices for some industrial consumers by 2015, with a rise of 33 percent for 2013 alone, Oman's minister for financial affairs told Reuters on Monday in a rare Middle Eastern move to slash fuel subsidies.

The Omani government and some major industrial consumers have agreed that gas prices will rise from \$1.5 per million British thermal units (mmbtu) in 2012 to \$2/mmbtu in 2013, Darwish al-Balushi said.

In 2014 prices will rise to \$2.5, then hit \$3 in 2015 with further rises expected in years beyond that, he said.

Gas-hungry industry has flourished in the Middle East on fuel priced at a fraction of international levels but its future growth is in doubt unless more sources can be developed.

[Shell Leads S. Africa on Record Oil Rush as Coal Falts](#)

South Africa, the African continent's economic engine, is on the cusp of an oil rush never before seen in the country as burgeoning energy demand exposes the vulnerability of its dependence on coal.

Exxon Mobil Corp., the largest U.S. energy producer, plans to search for crude and natural gas off eastern South Africa after snapping up blocks near Durban, while Anadarko Petroleum Corp. bought stakes in about 24 million acres offshore. Royal Dutch Shell Plc has led investor interest, exploring prospects off the west coast.

"The presence of one super-major makes others take an interest," said Dave van der Spuy, resource evaluation manager at state regulator Petroleum Agency SA. "The level of activity and interest in South Africa is at its highest ever."

[U.K. Natural Gas Jumps Most Since August as Statoil Cuts Output](#)

U.K. natural gas for same-day delivery advanced the most in more than four months as Statoil ASA said production from Norway was reduced, tightening the British delivery network.

The within-day contract surged 6.7 percent, the most since Aug. 20, according to broker data compiled by Bloomberg. Gas supply will be cut by 17 million cubic meters a day for

an unspecified period, Statoil said on its website today. The delivery network will contain 327 million cubic meters at 6 a.m. tomorrow, down from 345 million 24 hours earlier, National Grid Plc data show.

[Energy Boosts U.S. Office Market as Pittsburgh Rents Jump](#)

Leasing demand from natural-gas and other energy companies is helping to bolster the U.S. office market and drive growth in cities such as Pittsburgh, where rents are at their highest in more than a decade.

Greater Pittsburgh, along with Houston and other cities with concentrations of energy-related workers, is outpacing national growth in rents and occupancy, according to a report today from Reis Inc., which showed U.S. office landlords had net gains in leased space for a second year in 2012, following three years of declines. Tenants in energy, along with technology, helped push the national vacancy rate to a three-year low.

[Texas Starts Budget Debate Flush With Energy Boom Cash](#)

Legislators in Texas, the biggest energy producer among U.S. states, will begin deliberating its next two-year budget with a surplus that may near the \$8.8 billion record set in 2007.

The Texas economy has surpassed budget projections over the past 15 months, as booming energy output fueled job growth and an 11 percent fiscal first-quarter increase in sales-tax receipts, the state's biggest source of general-fund revenue. Even after covering \$7 billion owed on health and school bills, analysts say the state may be flush with cash heading into 2014.

[Bulls Add to Wagers for First Time Since November: Commodities](#)

Speculators increased their bullish commodity wagers for the first time since November as signs of accelerating growth in China and the U.S. drove prices higher for a fourth consecutive week.

Hedge funds and other money managers raised their net-long positions across 18 U.S. futures and options by 2.4 percent to 691,832 contracts in the week ended Dec. 31, the first gain since Nov. 27, U.S. Commodity Futures Trading Commission data show. Cotton holdings climbed to the highest since September 2011, and those for sugar reached a nine-week high. Gold wagers rose for the first time in three weeks.

[With Chavez ill and inauguration near, uncertainty reigns in Venezuela](#)

Chavez is scheduled to take the oath of office for a new six-year term in just a few days,

but it's unclear whether he'll even be in the country. Chavez has been recovering from surgery in Cuba, where he is undergoing cancer treatment. Top aides describe the president's condition as "complicated" and "delicate."

The uncertainty over what will happen on inauguration day -- January 10 -- has roiled this oil-rich country of more than 28 million people. Newspapers and airwaves are full of questions about the future.

[Iran oil exports plunge 40% in 9 months](#)

Iran's oil exports have been slashed 40 per cent in the past nine months because of tough Western sanctions, Oil Minister Rostam Qasemi was quoted as saying on Monday, in a reversal of his previous denials of any decline at all.

"There has been a 40 per cent decrease in oil sales and a 45 per cent decrease in repatriating oil money," Qasemi told the Iranian parliament's budget commission, according to the ISNA news agency citing MPs.

[Libya Crackdown Makes Benghazi Ghost Town as Police Fight Gunmen](#)

As night fell in Libya's eastern city of Benghazi, masked men pulled a senior officer from his car at a traffic light.

Captain Abdelsalam al-Mahdawi remains unaccounted for after being abducted on Jan. 2. He was poised to identify suspects in another attack: the murder of Benghazi police chief Faraj el- Drissi in his house in November. Two months earlier, U.S. Ambassador Chris Stevens and three other Americans were killed when an armed crowd stormed the U.S. mission in the city.

[Morsy backs Syrian calls for al-Assad to face war crimes trial](#)

Cairo (CNN) -- Egyptian President Mohamed Morsy supports calls by people in Syria for President Bashar al-Assad to be tried for war crimes, he told CNN on Sunday in an exclusive interview.

[Scavenging for food, Syrian children witness war](#)

But for Abdul Qadr al-Hasan's daughter Siham, the cold came too fast. Holding his surviving daughter, the thick-set man describes how Siham died. "She was not sick. She didn't have any problems at all. We were up late that night and we were playing with her," he said. "We woke up the next morning ... She was curled into a ball from the cold. We buried her in the village. Her sister is afraid now of the cold."

Had his family had a stove in their tent just a few weeks earlier, Siham would have lived.

But the struggle to keep warm brings its own hazards. Wood is scarce. Easier to find is plastic, which burns with a sickly, acrid smoke. Children scour the fields for this "treasure" but then reap the consequences from the heat: a poisonous blanket of smoke that brings hacking coughs to each settlement.

[What's next for Syria in 2013?](#)

Will the situation improve in 2013, or will the bloody stalemate continue? There have been encouraging signs lately for the opposition, which has made military gains against the regime of President Bashar al-Assad. But some observers say al-Assad's grip on power remains strong.

[Exxon Hedges Oil Sands With Offshore Hebron Project](#)

Exxon Mobil Corp.'s plans to develop a \$14 billion underwater oil field off Newfoundland's coast allows the world's biggest energy company to hedge against discounted crude from Canada's oil sands.

"The better pricing is definitely an issue," Brian Youngberg, an analyst at Edward Jones & Co. said by phone from St. Louis on Jan. 4. "While things could change in the time it takes to finish the project, it's a great way for Exxon to hedge their pricing."

[Energy Myths](#)

Which of the following statements is true? The United States of America now has a 100-year supply of natural gas, thanks to the miracle of shale gas. By 2017, it will once again be the world's biggest oil producer. By 2035, it will be entirely "energy-independent", and free in particular from its reliance on Middle Eastern oil. Unless you've been dead for the past couple of years, you've been hearing lots of enthusiastic forecasts like this, but not one of them is true. They are generally accompanied by sweeping predictions about geopolitics that are equally misleading, at least insofar as they depend on assumptions about cheap and plentiful supplies of shale gas and other forms of "unconventional" oil and gas.

For example, we are assured that the US, no longer dependent on Arab oil, will break its habit of intervening militarily in the Middle East, since what happens there will no longer matter to Washington. But this new era of cheap and plentiful energy from fossil fuels will also result, alas, in sky-high greenhouse gas emissions and runaway global warming. These statements are also untrue, at least in the formulation given above, since they are based on quite mistaken assumptions.

[The 2013 Outlook For Gulf Keystone Petroleum](#)

Shareholders in Kurdistan-focused oil explorer Gulf Keystone Petroleum had a roller-

coaster ride in 2012, after the company's share price peaked at 465p in February before plunging down to a low of 139p.

This crazy spike was the result of unfounded takeover rumours, but there's no doubting that the firm has a world-class oil asset in its Shaikan field and should soon become a serious takeover target, or a major independent producer.

I think that 2013 could be the year that Gulf Keystone starts to fulfil its true investment potential, as several major road blocks are likely to be cleared from the company's path.

[Stricken Shell oil barge towed away after being successfully refloated](#)

The stricken Shell oil barge that ran aground near an uninhabited Alaskan island on new year's eve has been refloated and is being towed to a sheltered cove where the damage can be assessed.

The 28,000-tonne Kulluk now appears to be heading at 3.5km an hour on its way to Kiliuda Bay, about 40 miles from where it ran aground on Sitkalidak Island, according to the website marinetraffic.com. It is understood that it is being towed at night by the Seattle-based tug Aiviq, with seven other ships in attendance.

[Shell-Shocked Alaska](#)

Why did Shell spend so much money to keep coastal Alaskans away from the table? Don't they value the experience of local people along the Beaufort and Chukchi coasts? Oh, that's right. When you're drilling in their back yards, you only want silent partners.

Here's the scoop, geniuses. Local knowledge might have helped you figure out that shipping out of Dutch Harbor with only one, largely untested tug, IN THE MIDDLE OF WINTER, wasn't a good idea. When the *Deadliest Catch* boats are still tied to the dock, maybe you should ask why.

[Drilling Far From Imminent, but Debate Roils a Region](#)

ONEONTA, N.Y. — If Otsego County were Hollywood, then its debate over hydraulic fracturing, the contentious method of drilling for natural gas, would be resolved as it is in the movie “Promised Land,” which opened here over the weekend at the Southside Mall. That is, a good-looking representative of a villainous gas company would dupe the townspeople into selling him their mineral rights, only to repent after deciding that his employer was bad and fracking, as it is known, potentially worse. And this would win him the heart of the prettiest teacher at the local elementary school.

Instead, people here are not following the script.

Natural gas companies have yet to flock to this region at the foot of the Catskills, and truth be told, drilling is more of a distant possibility than an imminent event, since a

state decision on whether to allow the process is still pending. But the debate between supporters and critics is so caustic it is as if rigs were already sinking pipe into every farm and backyard.

[Maersk Wants Hong Kong to Ban Dirty Fuel to Fight Smog](#)

Maersk Line, the world's biggest container-shipping company, threatened to stop using cleaner fuel at Hong Kong port from next year if the government doesn't mandate higher quality oil for carriers berthing in the city.

Without rules, shipping lines that burn polluting fuel benefit from cheaper costs compared with Maersk, which uses a cleaner fuel that is also expensive, said Tim Smith, its North Asia head. The company and 17 other operators have voluntarily used low-sulfur oil for the past two years to help curb Hong Kong's pollution, the worst among global financial centers.

[Annual Buildup of Air Pollution Chokes Tehran](#)

TEHRAN — Already battered by international threats against their nation's nuclear program, sanctions and a broken economy, Iranians living here in the capital are now trying to cope with what has become an annual pollution peril: a yellowish haze that engulfs Tehran this time of year.

For nearly a week, officials here and in other large cities have been calling on residents to remain indoors or avoid downtown areas, saying that with air pollution at such high levels, venturing outside could be tantamount to "suicide," state radio reported Saturday.

[Green deal's upfront fees 'put people off upgrading homes'](#)

Upfront charges of up to £150 are likely to put householders off the government's flagship plan to improve the energy efficiency of 14m homes, MPs and consumer groups have warned.

[Natural Gas Vies With Electric Hybrids in GE Auto Fleet](#)

General Electric Co.'s commitment to buy 25,000 electric autos, promoted as the largest ever when it was announced more than two years ago, is taking a detour.

The obstacle: Customers of GE's corporate fleet-services unit wanted more options, said Deb Frodl, the division's chief strategy officer. So GE has included natural gas-powered pickups and propane-fueled vehicles among about 11,000 autos -- mostly plug-in hybrids and electric cars -- already acquired from makers including Ford Motor Co. and General Motors Co.

[Megabus, BoltBus Overcome U.S. Stigma With Cheap Travel](#)

A U.S. bus-transportation boom that began seven years ago is accelerating as travelers ditch their cars and avoid airport security lines to buy cheap tickets on Wi-Fi equipped motorcoaches.

Bus transportation was again the fastest-growing form of U.S. intercity travel last year, with scheduled departures up 7.5 percent, the most in four years, according to a DePaul University study released yesterday. The study excluded so-called Chinatown lines that don't publish regular schedules.

Between 1980 and 2006, the industry declined an average of 2.9 percent a year. Since then, it's grown between 5.1 percent and 9.8 percent a year.

[Solars Drive Steepest Jump in 3 Months](#)

LDK, the second-largest maker of solar wafers globally, jumped 11 percent Jan. 4 to \$2.14, the highest price since June 21. Suntech, the world's biggest solar-panel maker, rose 2.7 percent to a six-month high of \$1.87. Yingli Green Energy Holding Co. (YGE) climbed 23 percent in the week while Trina Solar Ltd. added 17 percent.

The Chinese government will provide a total 1.82 billion yuan (\$290 million) in subsidies to 126 rooftop solar installation projects, renewing an aid program started in 2009, China Daily reported Jan. 4, citing the Ministry of Housing and Urban-Rural Development. Assistance will range from 7.5 yuan (\$1.2) to 9 yuan per watt, the newspaper said.

[Great Plains wind farms limited by grid links](#)

(Reuters) - Besides the enormous oil resources contained in the Bakken Shale, North Dakota is one of the biggest potential producers of wind power in the United States.

North Dakota already has almost 1,500 megawatts (MW) of wind-generating capacity installed, with another 200 MW under construction, according to the American Wind Energy Association. In 2011, wind provided almost 15 percent of the state's electricity consumption.

Yet North Dakota's installed capacity is only a tiny fraction of the state's total potential.

[Biofuels cause pollution, not as green as thought - study](#)

OSLO (Reuters) - Green schemes to fight climate change by producing more bio-fuels could actually worsen a little-known type of air pollution and cause almost 1,400

premature deaths a year in Europe by 2020, a study showed on Sunday.

The report said trees grown to produce wood fuel - seen as a cleaner alternative to oil and coal - released a chemical into the air that, when mixed with other pollutants, could also reduce farmers' crop yields.

['Transition' event set for Jan. 24-26](#)

SOUTH BEND -- A community gathering titled Transition Michiana, focusing on developing a healthy sustainable economic future, will be Jan. 24-26 at the Kroc Center, 900 W. Western Ave.

The transition movement is a grass-roots community initiative designed to build community resilience in the face of such challenges as peak oil, climate change and economic crisis. The event is being planned by the Food Security Coalition.

[Charles fears 'dysfunctional' legacy for Duke and Duchess of Cambridge's child](#)

The Prince of Wales has spoken about how the prospect of becoming a grandfather is spurring his environmental beliefs, saying he does not want to "hand on an increasingly dysfunctional world".

Charles, an outspoken campaigner on environmental issues, said he did not want the Duke and Duchess of Cambridge's child, due to be born this summer, to ask him why he had not done more to tackle issues like climate change.

[Arab warming](#)

The common notion is that global warming will end up inundating a third of Bangladesh, cause horrendous cyclones in North America and completely submerge tiny island-nations in the Asia-Pacific. Now, according to a report recently released by the World Bank, it could affect a region already blighted with extremities of weather, and bereft of rainfall and freshwater—the Middle-East. Global warming, claims the report, is set to amplify the two features of the Middle-East so much so that there could be a drastic reduction in fresh water supply for sustenance of agriculture, and an uncomfortable spike in the already high temperatures. And it may already be happening—2010 was the hottest year for the Middle-East since the 1800s, whereas Kuwait topped both 2010 and 2011, for the highest recorded temperatures at 52.6 degree Celsius and 53.5 degree Celsius, respectively. Moreover, till 2050, the freshwater run-off could be about 10% of its current volume, while hotter climate may dissipate Mediterranean agriculture (where 80% of the Middle-East crop is grown). Both of these could prove dire for the region given its population growth—its population has grown threefold to 349 million in a span of 50 years—and an already persistent water deficit.

['Horrible' sea level rise of more than 3 feet plausible by 2100, experts say](#)

Melting glaciers in Antarctica and Greenland may push up global sea levels more than 3 feet by the end of this century, according to a scientific poll of experts that brings a degree of clarity to a murky and controversial slice of climate science.

Such a rise in the seas would displace millions of people from low-lying countries such as Bangladesh, swamp atolls in the Pacific Ocean, cause dikes in Holland to fail, and cost coastal mega-cities from New York to Tokyo billions of dollars for construction of sea walls and other infrastructure to combat the tides.

"The consequences are horrible," Jonathan Bamber, a glaciologist at the University of Bristol and a co-author of the study published Jan. 6 in the journal *Nature Climate Change*, told NBC News.



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