



Drumbeat: January 9, 2013

Posted by [Leanan](#) on January 9, 2013 - 9:07am

[Obama Environmental Picks Seen Focusing On Oil Boom](#)

Four years ago, President Barack Obama said his energy and environmental advisers would work to develop a “new hybrid economy” based on wind, solar, and other renewable energy sources.

Lisa Jackson has announced her exit as head of the Environmental Protection Agency, and Energy Secretary Steven Chu, who faced congressional criticism over green-energy programs, could follow. Obama may end up assembling a second-term team for a different task: how to manage the boom in U.S. production of oil and natural gas.

“When the Obama team came in the first go around, there was great hope that the president would be transformative and really try to shift the energy policy much more heavily towards renewables,” Charles Ebinger, an energy policy expert at the Brookings Institution in Washington, said in an interview.

Instead, the growth of hydraulic fracturing to drill for oil and gas in shale rock formations is offering a “unique opportunity to revitalize the American economy and reinvigorate American manufacturing,” Ebinger said.

[Hands Off, Oil Industry Warns Government](#)

The head of the American Petroleum Institute says that a rosy oil future depends on the federal government's not raising taxes on companies or imposing new environmental rules.

[Brent Crude Halts Two-Day Rise on U.S. Inventories Gain](#)

Oil halted a two-day advance in London amid signs of rising inventories in the U.S., the world's biggest crude-consuming nation.

Brent futures were little changed after adding 0.5 percent yesterday. U.S. crude supplies increased 2.4 million barrels last week, according to the American Petroleum Institute. An Energy Department report today may show inventories rose 2 million barrels, a Bloomberg News survey of 11 analysts showed. Gasoline and distillate stockpiles also climbed, the API said.

[Fuel economy hits all-time record: 23.8 mpg](#)

American motorists are getting more out of their new vehicles as the average fuel economy of new cars and trucks sold increased 6 percent and set an all-time high in 2012 as consumers responded to higher gas prices and the increased availability of attractive high-mileage products, according to a study.

University of Michigan Transportation Research Institute's Eco-Driving Index indicated the average fuel economy of new vehicles purchased in 2012 rose to a record 23.8 mpg, up 1.3 mpg from 2011 and up 2.9 mpg from 2008.

[UAE plans to increase daily oil output](#)

The UAE plans to raise its oil production capacity to 3 million barrels a day from the current 2.8m during the current year, the Energy Minister Mohammed Al Hamli said today.

[Asian oil companies make record buys in 2012](#)

National oil companies from China, India, Malaysia and elsewhere in Asia snapped up international energy properties at a record rate in 2012, buying or partnering in nearly \$50 billion worth of deals.

China led the way, purchasing \$31 billion in oil and gas assets, according to figures released Monday from PLS, a Houston-based industry data provider.

[Chinese gas companies ready for winter demand despite record cold](#)

Singapore (Platts) - Despite record low temperatures in China, the country's gas companies say they expect to be able to cope with increased winter gas demand in the coming weeks.

[Jeff Rubin: How Big is Canada's Oil Subsidy to the US?](#)

Do the math on some 2 million barrels a day of heavily discounted oil exports and suddenly you're talking about an enormous wealth transfer from Canadian oil producers to American refineries. (Note, the subsidy is pocketed by US refiners, not motorists, who don't see the Canadian discount when filling up at the pumps.) What if Canadian oil was getting world prices? At the current Brent-Western Canadian Select spread of roughly \$50 a barrel, you're in the neighbourhood of \$100 million a day. That equates to foregone revenues of more than \$35 billion over the course of a year.

[Is 'peak oil theory' delayed by fracking?](#)

About a decade ago, the theory of 'peak oil' stated that at some point in the near future, global oil production would peak, sending prices sky-high.

But since then, the discovery of vast shale oil and gas reserves - many of them in the US - has led some to question whether that point has been pushed back, or indeed, will ever happen?

[Will fracking lead to cheap oil for all? Not necessarily](#)

FT Alphaville's Kate Mackenzie has an excerpt of a very interesting research note from energy consultant Phil Verleger. The bulk of the note is a look back at the apparent vindication of MIT economist Morris Adelman, who rejected the ideas of "peak oil" at the time when they were most fashionable. Adelman, Verleger writes, accurately surmised that technological advances would mean the total reserves are far less predictable than a narrative of rising prices and increasing scarcity would imply.

[The Political Implications Of America's Oil And Gas Boom – James Kwak Interview](#)

I don't see why, as a logical matter, you need cheap energy to have economic growth. My background is in software, for example, and energy inputs were just not an important part of our cost structure. We sold software to insurance companies, and their ability to pay for our software was not constrained by higher energy prices, since they weren't a big part of their cost structure, either. Cheap energy can certainly change the type of economic growth you have, and maybe it can increase growth, all other things being equal, but I don't think it's a prerequisite.

[Sudan says secures \\$1.5 bln loan from China as it battles currency slide](#)

ABU DHABI (Reuters) - Sudan has secured a \$1.5 billion loan guaranteed by Chinese state oil firm China National Petroleum Corp, its finance minister said, throwing a lifeline to the African country battling its worst economic crisis for decades.

Sudanese Finance Minister Ali Mahmoud said the loan, agreed on Dec. 31, would come from a Chinese bank, which he declined to identify. It comes at a crucial time for Sudan which has been unable to stop a slide in its currency since losing three-quarters of its oil production when South Sudan seceded in 2011.

[West African oil exports to Asia to rise in January](#)

LONDON (Reuters) - West African crude oil exports to Asia will rise slightly in January versus December, according to data compiled by Reuters, with stronger demand from India offsetting a fall in exports to China.

Asia is expected to import 1.81 million barrels per day (bpd) of West African crude in January versus 1.75 million in December, with China importing 33 cargoes and India 18, according to data based on movements seen by oil traders.

[China Sinopec Corp to Buy \\$8 Billion of Parent's Assets](#)

HONG KONG--China Petroleum & Chemical Corp. (SNP) is in talks to buy \$8 billion of upstream oil and gas assets from its state-owned parent, two people familiar with the matter said Wednesday, as part of a plan to increase its footprint in global exploration and production.

[Chavez will not be sworn in on inauguration day](#)

(CNN) -- Medical treatment in Cuba will keep Venezuelan President Hugo Chavez from being sworn in for a new term this week, a top official said Tuesday.

At the same time, supporters and opponents of Chavez are bracing for a legal battle over whether the inauguration can be postponed.

[U.S. may remove all troops from Afghanistan after 2014](#)

The Obama administration is considering the possibility of removing all U.S. troops in Afghanistan after the NATO combat mission officially finishes at the end of 2014, White House officials said Tuesday.

The comments by Ben Rhodes, the White House's deputy national security adviser, come as the Pentagon and White House mull over the number of troops that could be left in Afghanistan after 2014 to fight insurgents and train Afghan security forces.

[Snowstorm, fierce winds and deadly flooding thrash Middle East](#)

(CNN) -- Brutal winter weather is making dire conditions even more unbearable in parts of the Middle East, especially for Syrian refugees who must endure frigid temperatures in tents.

The coldest air of the season is moving in behind a heavy snowstorm that has blanketed refugee camps in Turkey and Lebanon.

And inside Syria, residents in cities pummeled by warfare are taking drastic measures to stay warm -- and alive -- through the winter.

In a video posted online, three men and two children are burning pages of schoolbooks to stay warm in the besieged city of Rastan.

"We can't use the heaters inside our residences. No fuel, no wood, no electricity," one of the men says.

[Rosneft denies it may raise oil sales to China to pay for TNK-BP](#)

MOSCOW (Reuters) - Russia's top oil producer Rosneft quashed on Wednesday a local newspaper report that the company may boost crude oil deliveries to China, possibly as security on debt financing for its \$55 billion (34.3 billion pounds) purchase of rival oil firm TNK-BP .

[Chesapeake's McClendon Loses Bonus Amid Investor Blame:](#)

Chesapeake Energy Corp.'s board withheld Chief Executive Officer Aubrey McClendon's annual bonus after investors criticized the performance and management of the second-biggest U.S. natural gas producer.

The board cut 2012 incentive compensation "substantially" for executives and reduced perks, the Oklahoma City-based driller said yesterday in a filing. Directors agreed to develop annual and long-term incentive compensation plans to tie pay to performance. The stock slid 25 percent in 2012 as the S&P 500 Oil & Gas Exploration & Production index rose 2.1 percent.

[U.A.E. Trader FAL Oil Suspends Debt Talks With Lenders](#)

FAL Oil Co., a United Arab Emirates- based energy trader that's under U.S. financial restrictions for links to Iran, suspended debt restructuring talks with lenders on Dec. 10, a company official said.

The trader of marine fuel and other refined products is working on a business plan that would allow it to resume talks with lenders later this month, said the official who is involved in the financing process and asked not to be identified by name because of company policy.

[TransCanada to Develop \\$5.1 Billion Pipeline to LNG Terminal](#)

TransCanada Corp. agreed to design, build, own and operate the C\$5 billion (\$5.1 Billion) Prince Rupert natural gas transmission project.

[Two arrested in Keystone XL protest](#)

Two people were arrested Monday after scores of protesters against the Keystone XL pipeline stormed the lobby of a Houston office for pipeline owner TransCanada, a

spokesman for the protesters said.

The activists sang and dropped black balloons symbolizing spilled oil in the lobby of the building, located immediately adjacent to the Galleria mall, with some roaming up stairwells and into offices, said Ron Seifert, a spokesman for Tar Sands Blockade, which backed the effort.

[Shell Mishaps Prompt U.S. Review of Arctic Oil Drilling](#)

Royal Dutch Shell Plc's quest for oil off Alaska's Arctic coast will be subjected to fresh scrutiny by the U.S. Interior Department after several mishaps last year, including losing control of two drilling rigs.

Interior Secretary Ken Salazar said the 60-day assessment of drilling in Alaska's Beaufort and Chukchi seas will be used in considering future permits for Arctic exploration. Environmental advocates said the review should lead to tighter government rules, or even force Shell to suspend its efforts.

"The administration is fully committed to exploring for potential energy resources in frontier areas such as the Arctic," Salazar said yesterday in a statement. "The unique challenges posed by the Arctic environment demand an even higher level of scrutiny."

[TIMELINE: Documenting Shell's 2012 Arctic Drilling Debacle](#)

Here is a look back at some of the major mishaps Shell incurred and warnings they received during 2012:

[Norway to vote on opening two frontier Arctic areas to oil: minister](#)

(Reuters) - Norway's Parliament is expected to vote this year on opening two major frontier Arctic areas to oil and gas exploration, the country's energy minister said on Wednesday.

The world's eighth-largest oil exporter is opening large swathes of its northern offshore areas to oil exploration in order to mitigate falling production in the North Sea.

[India Said to Speed Plan to Save \\$300 Billion Burning Coal Mine](#)

India will consider speeding up relocation of more than half a million people living atop mines where \$300 billion worth of coal is burning away, said three people familiar with the plan.

Inhabitants of the 110 square mile (280 square kilometer) coal belt, who make a living from illegal mining and sales of coal, refused earlier offers to relocate to government-

built housing. The main complaint was the units were too small and the area had no jobs. Coal ministry spokesman N.C. Joshi declined to comment before a cabinet meeting scheduled for tomorrow.

[Ideas to Watch in 2013: Traceable Gas-Drilling Fluids](#)

For several years now, I've been assessing policies and technologies that might allow the United States and other countries with vast shale deposits of natural gas to harvest this resource with the fewest regrets.

Below you can learn about one nascent technology to watch in 2013: harmless chemical I.D. tags that could make the fluids used in drilling every single gas well individually identifiable, potentially ending fights over the source of any subsequent contamination of water supplies in a drilling area.

[In Japan, a Painfully Slow Sweep](#)

More than a year and a half since the nuclear crisis, much of Japan's post-Fukushima cleanup remains primitive, slapdash and bereft of the cleanup methods lauded by government scientists as effective in removing harmful radioactive cesium from the environment.

[California man says he can drive in carpool lane with corporation papers](#)

When Jonathan Frieman of San Rafael, Calif., was pulled over for driving alone in the carpool lane, he argued to the officer that, actually, he did have a passenger.

He waved his corporation papers at the officer, he told NBCBayArea.com, saying that corporations are people under California law.

[The Best Bike-Sharing Program in the United States](#)

The system is not without its weaknesses. Work by David Daddio has shown, for example, that many stations are underused, and that a station's success depends largely on five factors: The age of its nearby population; the density of retail outlets (and in particular liquor licenses); the proximity of Metrorail stations; distance from the center of the system itself; and, essentially, the presence of a lot of white people. Gilliland says Capital is trying to counter the demographic skew, not just through geographic expansion, but in a partnership with Bank on D.C. to provide bike-share access to the "unbanked" — i.e., people who don't have credit cards, which are necessary to use the system.

By one important measure, however — revenue — the system is succeeding. While the money from usage fees — cyclists pay a general membership fee, and then pay a bit

extra if they want to use a bike for extended periods of time — does not begin to dent the capital costs, says Gilliland, “on an operational basis there are probably six to eight months a year where D.C is actually making money.” That sort of “farebox recovery,” as planners call it, would be the envy of any transit system. Not that profits should be viewed as an end goal, adds Gilliland. “This is a public good, you don’t expect it to make money.”

[Zero carbon pizza delivery added to Domino's menu](#)

As green takeaways go, it will take some topping - yes, Domino's Pizza has added electric vehicles to its delivery fleet in Swindon.

The branch has purchased two Renault Twizys, a compact two-seater quadricycle costing around £7,000 along with a £45 per month battery hire charge. The vehicles are exempt from road tax and offer a range of around 60 miles of driving on a three and a half hour charge.

[BP cuts ribbon on giant US wind farms](#)

BP Wind Energy and Sempra US Gas & Power yesterday announced they have moved a second giant US wind into full commercial operation, just four days after announcing that they had brought the largest single-build wind farm in US history online.

[DTE waits for state's decision on 'smart-meter' opt-out plan](#)

A DTE Energy Co. official said the Detroit-based company is waiting on a decision this spring from the Michigan Public Service Commission before it can charge customers who want to opt out of its new electronic wireless meter program.

[Region's biggest sustainability gathering](#)

Government delegations from more than 140 countries are expected in the capital this week for the first Abu Dhabi Sustainability Week.

[Ways to Charge Up After the Next Big Storm](#)

Shopping for hardware to tide you through the next hurricane? The Electric Power Research Institute has some advice, none of it encouraging.

The institute, a nonprofit research consortium of the utility companies, examined ways of charging a smartphone or an iPad without house current. A profusion of gadgets now have hand-crank generators, often incorporating a flashlight or a radio, with a USB receptacle or even an AC outlet for recharging a small hand-held device. There are also

solar-powered rechargers that may have a flashlight or radio. Neither the hand-crank nor the solar type works very well for recharging, the study found.

[Barge Owners Say Drought May Wipe Out Mississippi Gains](#)

Barge operators on the Mississippi River say the worst drought in 80 years may put at risk gains from emergency dredging and rock removal aimed at keeping the nation's busiest waterway open at least for this month.

"The only way that we could maintain a navigable channel would be releases from the Missouri River system" if Mississippi conditions worsen, Scott Noble, a senior vice president for Ingram Barge Co., said yesterday at a meeting in southern Illinois. That option is "probably not very likely," he said later in an interview.

[KAIST, Saudi oil firm to set up joint carbon research center](#)

The Korea Advanced Institute of Science and Technology (KAIST) announced Wednesday that it signed an agreement with Saudi Arabia's state-owned oil firm Saudi Aramco to establish a joint research institute, for developing technologies to reduce carbon dioxide emissions.

['Davos man' fears more storms, both real and economic](#)

LONDON (Reuters) - Fragile economies and extreme weather have combined to crank up the global risk dial in the past year, creating an increasingly dangerous mix, according to the World Economic Forum.

Despite Europe's avoidance of a euro break-up in 2012 and the United States stepping back from its fiscal cliff, business leaders and academics fear politicians are failing to address fundamental problems.

[Perceived timings of economic crisis and climate change prevent action](#)

As climate change becomes undeniable and the global economy continues to stutter, the world is facing an unprecedented dual crisis. But with economic and environmental stresses playing out over different timeframes, deep-rooted biases in the way we judge risks may mean we are too preoccupied with firefighting short-term economic problems to tackle longer-term climate threats.

That is one of the key messages to emerge from the Global Risks 2013 report, published by the World Economic Forum. The report is based on an annual survey in which experts share their perceptions of how global risks may unfold over a 10-year time horizon.

[Storm Panel Recommends Major Changes in New York](#)

A new commission formed by Gov. Andrew M. Cuomo, charged with figuring out how New York should adapt in the long term to cope with worsening storms amid climate change and population growth, has recommended an extensive menu of programs: it includes turning some of the state's industrial shoreline back into oyster beds, hardening the electric and natural gas systems, and improving the scope and availability of insurance coverage, according to a draft version obtained by The New York Times.

[UN climate experts deny secrecy after new leak](#)

OSLO (Reuters) - The U.N. panel of climate scientists has rejected criticism that it is too secretive after a blogger sceptical about global warming published a leaked draft on Tuesday of one of its massive reports.

The panel, whose work is a guide for governments deciding whether to make billion-dollar shifts away from fossil fuels, said it welcomed comments from all to fine-tune the report whose final version is due to be published in 2014.

[European Carbon May Decline to Record as Glut Expands](#)

European Union emission permits are poised to drop to a record in the first half as member states in the world's largest carbon market fail to diminish the biggest- ever glut.

Allowances will fall below the record 5.93 euros (\$7.75) a metric ton reached last month, according to eight analysts surveyed by Bloomberg News. That implies a decline of at least 8.3 percent from yesterday's closing price. The surplus may rise 18 percent this year, according to Bloomberg New Energy Finance.

[Barack Obama 'seriously considering' hosting climate summit](#)

Barack Obama may intervene directly on climate change by hosting a summit at the White House early in his second term, environmental groups say.

They say the White House has given encouraging signals to a proposal for Obama to use the broad-based and bipartisan summit to launch a national climate action strategy.

[US seared during hottest year on record by far](#)

WASHINGTON (AP) — America set an off-the-charts heat record in 2012.

A brutal combination of a widespread drought and a mostly absent winter pushed the average annual U.S. temperature last year up to 55.32 degrees Fahrenheit, the government announced Tuesday. That's a full degree warmer than the old record set in 1998.

Breaking temperature records by an entire degree is unprecedented, scientists say. Normally, records are broken by a tenth of a degree or so.

"It was off the chart," said Deke Arndt, head of climate monitoring at the National Climatic Data Center in Asheville, N.C., which calculated the temperature records.

Last year, he said, will go down as "a huge exclamation point at the end of a couple decades of warming."



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