



Drumbeat: January 11, 2013

Posted by [Leanan](#) on January 11, 2013 - 9:38am

[High costs threaten Norway's oil recovery](#)

STAVANGER, Norway, (Reuters) - Oil production in Norway, the world's eighth-biggest exporter, will fall to a 25-year low in 2013 and an anticipated slow recovery in subsequent years is threatened by rising costs and bottlenecks, energy authorities said.

Production will fall to its lowest level since 1988 as fields, particularly in the mature North Sea, become depleted and a slew of new developments need more time to come onstream, the Norwegian Petroleum Directorate (NPD) said on Friday.

Still, record investments, big discoveries, high oil prices and a decisive move into Arctic waters support the industry's optimism, underpinning expectations that production will start to recover starting as soon as 2014, the NPD said.

"Not long ago we were talking about the industry's sunset," NPD chief Bente Nyland told a news conference. "Things have changed fast... there is now enormous optimism."

[Brent Oil Set for First Weekly Drop in Three on China](#)

Oil fell in London, erasing a weekly gain, as concern that accelerating inflation in China will impede steps to stimulate growth countered a drop in crude production in Saudi Arabia.

Brent futures declined as much as 1.5 percent and headed for their first weekly decline in three weeks. China's inflation climbed more than forecast to a seven-month high, potentially limiting scope for policy easing. Saudi Arabia, the world's largest crude exporter, reduced output in December to the lowest in 19 months, according to a Persian Gulf official with knowledge of the kingdom's energy policy.

[U.S. LNG Profit Seen Elusive as Price Gap Closes](#)

Profits from selling U.S. liquefied natural gas abroad may be elusive, belying the \$60 billion race for export licenses as the price gap between Asia and North America shrinks from record levels.

The difference between U.S. and Asian gas is poised to drop by more than 60 percent by 2020, leaving exporters facing a loss of as much as \$6 million per tanker, according to

calculations by Bloomberg based on data from Rice University in Houston. The U.S. share of the global LNG market will be in “single digits,” according to Royal Dutch Shell Plc, which has stakes in more than 25 percent of the world’s liquefaction capacity.

...“The idea that the world will be flooded with spot LNG is not going to happen,” said Frank Harris, global head of LNG at Wood Mackenzie Ltd. in Edinburgh. “Returns are already getting squeezed. By the end of the decade, the LNG market looks better supplied, and spot cargoes from the U.S. won’t necessarily look so attractive.”

[Lukoil Leads Worst Start Since 2008 on Ruble](#)

Russian oil stocks have been sliding as the ruble surged to an eight-month high versus the dollar yesterday. A stronger currency boosts producers’ domestic costs and reduces earnings when converted from dollars. Oil, which together with natural gas accounts for about 50 percent of government revenue, is up 2.2 percent this year, the worst start to a year since 2011, and may drop as stockpiles rise, Otkritie Financial Corp. said.

[The Numbers Speak For Themselves](#)

Sometimes statistics lie and liars use statistics yet when it comes to the shale gas revolution the numbers are saying that the energy world has changed forever. Numbers released yesterday by the Energy Information Administration speak volumes and they tell a story of an industry that has achieved what many said was impossible. They tell a story of the free market place, where high prices and the pursuit of profits inspired man to think outside of the box and solve the impossible. Instead of talking about “peak oil” or being held hostage to foreign oil producers we are now trying to decide the best way to handle our energy abundance.

In the past I used to say that peak oil believers and their theories were more like a religion than a science because if you look at the history of the energy markets there has always been innovation when prices got high enough. If you would have predicted numbers like the Energy Information Agency predicted yesterday the “peak freaks” as I called them would say that it was impossible. Yet the impossible is happening now. Just think that according to the EIA US crude oil production is going increase by a whopping 25% in the next two years. On the other hand the EIA is predicting that US oil imports are going to drop imports are going to drop to the lowest level in 25 years. This is a far cry from the doomsday predictions we were hearing during the last decade. Instead of declining production, US production is on the rise expected to hit 7.9 million barrels a day by 2014.

[The Peak Oil Crisis: The Year Ahead](#)

There are many forces at work in our world today – climate change, Arab Spring, population growth, and mass migrations to name a few. Some of these forces may come to impact our lives in the coming year while others may not be perceptible for decades. Our concern here is the world oil and gas supply situation which powers so much of our civilization. The decline in the affordability or availability of this resource will bring

profound changes to our civilization. There are numerous “trends” or forces active in the world today that have the potential to interrupt or at least radically change perceptions about the future availability of energy supplies.

[Texas Energy Boom Fuels Best Performance Since '09: Muni Credit](#)

An oil and natural-gas boom in Texas is helping the largest U.S. energy producer pile up a record \$11.8 billion in reserves, sustaining the best performance in its debt since 2009.

[Richards Bay 2012 Coal Terminal Shipments Rise to Six-Year High](#)

Richard's Bay Coal Terminal on South Africa's eastern coast shipped the most fuel in 2012 for six years as U.S. exports pushed down prices while demand held for higher-quality African coal.

Shipments rose 4.3 percent to 68.3 million metric tons, the highest level since 2006, according to Bloomberg calculations based on data published today on the company's website.

[Kuwait Energy to expand across region](#)

Kuwait Energy will continue to expand this year, according to the chief executive Sara Akbar.

"We have big development plans for our existing assets," said Ms Akbar.

"This is our year for exploring and more development. A number of projects we have had in the pipeline will go into execution phase."

[Lithuania aims to resolve disputes with Gazprom-minister](#)

OSLO (Reuters) - The new energy minister of the small Baltic state of Lithuania wants talks to ease a confrontation with Russian gas giant Gazprom but will stick to European Union plans for gas market deregulation which have angered Moscow.

Jaroslav Neverovic, who became energy minister in December, said the problems could be resolved around the negotiating table, a change in tone to the more forceful rhetoric of the previous centre-right Lithuanian government.

[Chevron Strikes Optimistic Note for Quarterly Earnings](#)

Chevron Corp.'s forecast for “notably higher” quarterly profit bodes well for competing

international energy producers also grappling with oil- production and refining challenges.

Chevron's fourth-quarter earnings exceeded the third quarter on higher oil prices and better performance from its refining business, according to an interim results statement from the San Ramon, California-based company yesterday. Increased sales of crude from storage tanks and pipeline terminals and a \$1.4 billion gain from a gas-field swap in Australia also contributed, Chevron said.

[Former BP chief takes aim at oil supermajors](#)

Tony Hayward last visited Abu Dhabi three years ago as the head of BP, the accident-hit oil giant most recently renowned for the 2010 Deepwater Horizon disaster in the Gulf of Mexico.

He returned to the capital yesterday in a very different guise - that of detractor of the oil giants, including his former paymaster.

[Iraq threatens to seize oil shipments, sue dealers](#)

BAGHDAD (AP) — Iraq has threatened to seize oil exports made without its consent and sue companies dealing in what it sees as contraband crude just days after the country's self-rule Kurdish region began unilaterally exporting oil.

The spokesman for Iraq's Kurdish regional government, Safeen Dizayee, confirmed Friday that the largely autonomous territory began shipping oil to Turkey in the past few days.

[FACTBOX-Key political risks to watch in Tanzania](#)

DAR ES SALAAM (Reuters) - Tanzania faces the prospect of increased tension over natural resources following discontent in a region in the south of the country after some residents there demanded they get a bigger share of the benefits of a natural gas boom.

East Africa's second-biggest economy is fast becoming a regional energy hub following major discoveries of natural gas offshore.

[Shell Says Tax Played Role in Move of Rig That Grounded](#)

Avoiding a state tax played a role in Royal Dutch Shell Plc (RDSA)'s decision to move a drilling rig from Alaska waters, though the company said the vessel's grounding days later was the result of an unforeseen worsening of weather.

[Cyberstalkers Threaten Pipeline Security](#)

In a recent annual review, a team at the Department of Homeland Security that works to counter the threat of attacks on critical computer infrastructure counted 198 incidents in fiscal 2012. The events reported ranged from the use of malware to sabotage systems to phishing attacks for retrieving sensitive information. In roughly 40 percent of those cases, the target was the energy sector – “an alarming rate,” the report said.

[Fracking opponents, backers rally at NY Capitol](#)

ALBANY, N.Y. (AP) - More than 1,000 protesters chanting "Ban Fracking Now!" are lining downtown Albany's Empire State Plaza concourse where lawmakers pass on their way to Gov. Andrew Cuomo's State of the State speech.

The protesters vastly outnumber landowners and business people who have also turned out to voice their support for natural gas development, walking through the concourse carrying "Friends of Natural Gas NY" placards.

[Norway fund banned from investing in nuclear weapon firm](#)

OSLO (Reuters) - Norway banned its \$700 billion oil fund from investing in several companies involved in nuclear weapon making and lifted investment bans on several others, the Finance Ministry said on Friday.

The fund, the world's biggest with around 1 percent of all global shares, can no longer invest in The Babcock & Wilcox Co. and Jacobs Engineering Group Plc because they are involved in the production of nuclear weapons, the Ministry said in a statement.

[Car Companies XP Vehicles, Limnia Sue U.S. Over Loans](#)

President Barack Obama's administration played favorites on clean-energy loans while improperly blocking a carmaker and a related technology company from receiving millions in aid, according to two lawsuits.

XP Vehicles Inc. and Limnia Inc. filed complaints against the U.S. and the Energy Department today in two federal courts in Washington, seeking damages for what they say were abuses of the \$25 billion Advanced Technology Vehicle Manufacturing loan program. XP Vehicles, which has dissolved, and Limnia are asking for \$450 million in a case filed in the U.S. Court of Federal Claims and at least \$225 million in U.S. District Court.

[Taqa moves into renewables with wind farm deal](#)

Abu Dhabi National Energy Company, known as Taqa, has taken its first steps into the renewable energy sector with the purchase of a stake in a US wind farm.

Taqa, the majority owner of the emirate's power plants, has bought 50 per cent in the Lakefield wind project in Minnesota, which has a capacity to produce 205.5 megawatts of electricity, from a subsidiary of France's EDF.

[Behind China's Roaring Solar Industry](#)

Although some commentators may see this uptick in China's solar investments (and equity values) as an intriguing short term phenomenon, we at The Boston Consulting Group believe it reflects a public commitment on the part of China's government to embrace clean energy sources and to seek economic growth that is less energy dependent, as well as these profound long-term trends:

[REC Slides as Output Cuts Signal Lower Prices Ahead: Oslo Mover](#)

Renewable Energy Corp., the Norwegian solar maker grappling with excess capacity and falling demand, declined the most in almost a month in Oslo after announcing production cuts at its Moses Lake plant in the U.S.

[High-tech shack brings solar power to slums](#)

(CNN) -- From a distance, it is its shiny exterior that first catches the eye.

As you step closer, a rooftop solar panel, an outdoor security light and a roof overhang make Nosango Plaatjie's shack stand out amid the sprawling cluster of makeshift wooden structures and rusty corrugated iron dwellings where her neighbors live.

Welcome to the iShack, or improved shack, an innovative approach to housing that's being tested in the windswept slum of Enkanini, just outside Stellenbosch, South Africa.

[Global contest seeks energy-efficient computer monitors](#)

WASHINGTON (Reuters) - An international clean energy coalition is searching for the world's most energy-efficient appliances, and has launched a contest to find the top energy-saving computer monitors as part of an effort to drive down electricity usage.

The contest will be sponsored by U.S. Energy Department and other governments.

Desktop computer monitors annually use about 30 to 40 terawatt-hours of electricity, equivalent to about 10 mid-sized coal fired power plants, organizers said.

[World population may actually start declining, not exploding](#)

If the Germany of today is the rest of the world tomorrow, then the future is going to look a lot different than we thought. Instead of skyrocketing toward uncountable Malthusian multitudes, researchers at Austria's International Institute for Applied Systems Analysis foresee the global population maxing out at 9 billion some time around 2070. On the bright side, the long-dreaded resource shortage may turn out not to be a problem at all. On the not-so-bright side, the demographic shift toward more retirees and fewer workers could throw the rest of the world into the kind of interminable economic stagnation that Japan is experiencing right now.

And in the long term — on the order of centuries—we could be looking at the literal extinction of humanity.

That might sound like an outrageous claim, but it comes down to simple math. According to a 2008 IIASA report, if the world stabilizes at a total fertility rate of 1.5 — where Europe is today — then by 2200 the global population will fall to half of what it is today. By 2300, it'll barely scratch 1 billion. (The authors of the report tell me that in the years since the initial publication, some details have changed — Europe's population is falling faster than was previously anticipated, while Africa's birthrate is declining more slowly — but the overall outlook is the same.) Extend the trend line, and within a few dozen generations you're talking about a global population small enough to fit in a nursing home.

[Wheat Trade More Bullish Even as Bear Market Begins](#)

Wheat traders are getting more bullish, even after prices tumbled into a bear market, as demand for U.S. exports strengthened and a drought in the Great Plains threatens to curb next season's crop.

[A Bit of Relief on Food Prices](#)

World food prices ended the year with a slight decline, and for 2012 as a whole they were 7 percent below prices of 2011, the Food and Agriculture Organization of the United Nations reported on Thursday.

Food prices have been one of the most troubling aspects of the international economic situation for several years now, so this is a spot of good news. But prices, driven by rising demand in developing countries and supply constraints that include climate change, remain well above levels of the 1990s. The price run-ups in recent years, particularly in 2008 and 2011, have led to the biggest increases in world hunger in decades.

[Hundreds Protest Demanding Monsanto End Intimidation Campaign Over GMOs and Obama Halt Approval of GE Foods](#)

Nearly 300 family farmers, activists and members of Food Democracy Now! gathered in front of the White House today in Lafayette Square, directly after a hearing on the landmark OSGATA v. Monsanto case, to demand that Monsanto end their campaign of intimidation against America's family farmers over GMO's and that President Obama halt approval of genetically modified food. The demand for Obama included a halt of approvals, including GMO salmon, until independent long-term safety tests can be conducted.

[Fine dining's trash-to-table movement](#)

Armstrong recalls that Buben required cooks to have a hotel pan at their station for scraps: perhaps the outer leaves of cauliflower or thyme stems or shrimp shells, stuff that often would be turned into stock.

Such a basic conservation philosophy has hardened into a rigid waste-nothing mind-set in recent years, Armstrong notes, as the sagging U.S. economy has delivered a one-two punch to high-end restaurants. Diners, the chef says, are loath these days to pay an extra dime for dinner, yet food costs continue to soar for the people who prepare and sell the meals. That often is why chefs embrace whole-animal butchery in their restaurants, where they can buy and break down entire carcasses, which are far cheaper than individual cuts of beef, pork or lamb.

[A warning: Climate could be 'hijacked'](#)

The global climate may already be changing faster than humans are prepared to adapt to, heralding a shift in the climate change debate from who to blame to how to cope, according to a new report from the World Economic Forum.

In turn, runaway climate change could spur an island nation doomed to drown under rising seas or a wealthy entrepreneur with do-good intentions to deliberately inject sunlight-reflecting particles high into the stratosphere in a bid to cool the planet.

“The global climate could, in effect, be hijacked by a rogue country or even a wealthy individual, with unpredictable costs to agriculture, infrastructure and global security,” the international organization writes in a special “X Factors” section of its annual risk assessment report released Tuesday.

[A Closer Look at a Shift in Britain's Near-Term Global Warming Forecast](#)

The focus of those questioning the importance of greenhouse-driven warming is not so much the forecast downgrade itself, but how it would, if it holds up, create a statistically significant span in which global temperatures have not markedly risen. While global temperatures are the highest they've been since formal records began in the 19th century, warming has largely stalled since 1998.

Climate change occurs in fits and starts, and there's plenty of research finding that pauses are normal, but if the current pause persists through 2015 or beyond, questions

will build. In 2011, a team led by Ben Santer at Lawrence Livermore National Lab found that a 17-year span would be long enough “to separate human-caused global warming from the ‘noise’ of purely natural climate fluctuations.”

[Baptism of bushfire](#)

The Black Saturday fires in Victoria revealed people aged 70 or over were twice as likely to die in a bushfire.

"A lot of elderly people had experienced fires before and thought that they would be able to deal with it," Handmer said. "[An ageing population] means that there's more people who have various forms of disabilities and who are on medication."

Historically, flooding had killed more people than fire but that could be changing, Handmer said.

One of the controversial recommendations from the Black Saturday interrogation was that properties in areas of unacceptably high risk should be bought back by government.

"People shouldn't be living in areas of unacceptably high risk by definition," Handmer said.

[DELAWARE: Buyer-beware option considered on sea level rise](#)

DOVER — A state committee said Thursday the public should consider whether property owners selling inside boundaries where seas are predicted to rise will have to disclose that vulnerability to potential buyers.

This would be a significant step beyond the existing rule of requiring sellers to disclose to buyers that properties reside in designated flood zones, based largely on historic flood and storm surge records.

[Year of oppressive US heat illustrated in numbers](#)

Last year was by far the hottest year on record in the United States. Here's 2012's heat by the numbers:

[Heat, Flood or Icy Cold, Extreme Weather Rages Worldwide](#)

WORCESTER, England — Britons may remember 2012 as the year the weather spun off its rails in a chaotic concoction of drought, deluge and flooding, but the unpredictability of it all turns out to have been all too predictable: Around the world, extreme has become the new commonplace.

Especially lately. China is enduring its coldest winter in nearly 30 years. Brazil is in the grip of a dreadful heat spell. Eastern Russia is so freezing — minus 50 degrees Fahrenheit, and counting — that the traffic lights recently stopped working in the city of Yakutsk.

Bush fires are raging across Australia, fueled by a record-shattering heat wave. Pakistan was inundated by unexpected flooding in September. A vicious storm bringing rain, snow and floods just struck the Middle East. And in the United States, scientists confirmed this week what people could have figured out simply by going outside: last year was the hottest since records began.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).