



## Drumbeat: January 12, 2013

Posted by [Leanan](#) on January 12, 2013 - 11:04am

### [New Saudi refineries to reduce crude oil export cushion](#)

DUBAI: Saudi Arabia's drive to build new refineries means its maximum capacity to export crude, the big gun it aims at other producers wanting higher oil prices, is set to decline over the next five years.

Major oil importers are not alarmed, as actual Saudi crude exports are well below their maximum and because more US and Iraqi crude will become available. But India's refining industry has reason to worry about the emergence of a rival processing more than a million barrels a day.

The three new refineries, each able to process 400,000 barrels per day (bpd) of mainly heavy crude, could consume nearly a tenth of the kingdom's current officially declared production capacity of 12.5 million bpd when they are all fully operational in 2017.

### [Saudi targets \\$110/barrel oil](#)

London: There has been no official announcement but Saudi Arabia's effective target for oil prices appears to have risen from \$100 to \$110 per barrel, based on recent changes in the kingdom's production levels.

### [Oil Falls on Chinese Inflation Data](#)

Oil dropped as accelerating Chinese inflation bolstered concern that economic stimulus may be curbed. The spread between crude in New York and London narrowed to the least in almost four months.

### [Oil prices jump 10% in a month](#)

Oil prices jumped 10% over the last month on several factors including a Saudi production cut, the fiscal cliff resolution and the reversal of a key pipeline, but analysts expect the gains will be short lived.

### [Energy Rigs in U.S. Drop for Seventh Week, Baker Hughes Says](#)

Gas and oil rigs in the U.S. dropped for the seventh straight week to the lowest level since March 2011 as energy producers curbed exploration.

Total energy rigs fell by one to 1,761, bringing the seven-week loss to 50 rigs, data posted on Baker Hughes Inc.'s website show. Oil rigs rose by five to 1,323, the first advance since Nov. 16. The gas count declined by five to 434, the field-services company based in Houston said. Miscellaneous rigs fell by one to four.

### [Gulf Coast Oils Weaken Against WTI on Seaway Expansion](#)

Gulf Coast oils on the spot market weakened to four-month lows as flows on the Seaway pipeline resumed at expanded rates to send as much as 400,000 barrels of crude a day to the Houston area.

The 500-mile (805-kilometer) line running from Cushing, Oklahoma, to Freeport, Texas, has restarted after shutting Jan. 2 to complete the final connections necessary to expand capacity from 150,000 barrels, as Enterprise Product Partners LP and Enbridge Inc. said in a statement.

### [Yemen resumes oil flow in main export pipeline -officials](#)

(Reuters) - Yemen resumed pumping crude through its main oil export pipeline on Saturday, two days after armed tribesmen blew it up in the latest attack on the country's energy infrastructure, government officials and oil industry sources said.

Yemen's oil and gas pipelines have repeatedly been sabotaged by insurgents or angry tribesmen since anti-government protests in 2011 created a power vacuum in the Arabian Peninsula country, causing fuel shortages and slashing export earnings for the impoverished state.

### [Los Angeles Gasoline Climbs After BP Carson Shuts Compressor](#)

Spot gasoline in Los Angeles gained for the first time in three days after BP Plc shut a compressor at the Carson oil refinery for repairs.

The 266,000-barrel-a-day Carson plant in Southern California reported a breakdown to state and air regulators today. The refinery shut a compressor as part of a maintenance turnaround, a person familiar with operations there said.

### [Oil revenues up 15 percent in 8 months -- report](#)

KUWAIT (KUNA) -- The nation's total revenues for the first 8 months of the fiscal year (April-November, 2012) reached KD 21.6 billion, on the back of soaring oil

revenues," said a report by the National Bank of Kuwait (NBK).

### [Gulf Gasoline Weakens as Demand Declines to 11-Month Low](#)

U.S. Gulf Coast gasoline sank to a two-week low as demand for motor fuel slumped to the least in 11 months in the U.S. and stockpiles on the Gulf increased.

Nationwide, gasoline use slipped by almost 6 percent to 8.01 million barrels a day in the week ended Jan. 4, the lowest level since Feb. 3, according data from the U.S. Energy Information Administration. Inventories of gasoline on the Gulf advanced 1.15 million barrels to 81.4 million.

### [Bakken Oil Output Fell in November for First Time in 18 Months](#)

Oil output from North Dakota's portion of the Bakken shale formation slipped in November for the first time in 20 months after producers began pulling rigs out of the state.

...Bakken wells tend to have steep decline rates because they're created with directional drilling and hydraulic fracturing, James Williams, president of WTRG Economics in London, Arkansas, said by telephone.

"The question is, are you drilling enough new wells to make up for the decline?" he said. "With a little decline in the rig count, and the very fast depletion rate of the wells, it's not terribly surprising that the Bakken production leveled off."

### [Ethanol Gains Most in Two Months Against Gasoline](#)

Ethanol's discount to gasoline futures strengthened the most in two months after a government report showed that corn stockpiles in the U.S. were lower than analysts expected.

### [Saudis May Have Drawn on Heavy Crude Inventories](#)

Saudi Arabia cut output in December to 9.025 million barrels a day, the lowest level in 19 months, a person with knowledge of the kingdom's energy policy said yesterday. The kingdom exported 9.151 million barrels a day, drawing the extra oil from inventories, the official said.

Saudi Arabia prefers to store light crude grades in winter as demand for heavier crude rises, he said. If there is increased demand for heavy crude, Saudi Arabia responds by supplying from inventories instead of boosting output, he said.

## [Two Former OPEC Officials Named as Saudi King's Advisers](#)

Saudi Arabia appointed two of its former OPEC officials as oil experts to a council that advises the king on energy and economic matters, including Majid al- Moneef, a contender for the post of OPEC Secretary General.

## [Swiss firm ABB picked to power Saudi water plant](#)

Swiss power group ABB said it has won an order to design and deliver 420 kilovolt (kV) high voltage gas insulated switchgear (GIS) for a new desalination facility in Saudi Arabia.

The company will also support the grid integration of a new 2.5 gigawatts (GW) power generation plant being developed by the Saline Water Conversion Corporation (SWCC), the kingdom's government agency responsible for desalinating sea water.

## [Would Exporting the Natural Gas Surplus Help The Economy, or Hurt?](#)

Natural gas exports are turning into Washington's hottest energy question.

On Thursday, five big corporations that rely on low gas prices announced a new trade association to try to block "unfettered exports," and Ron Wyden, the new chairman of the Senate Energy Committee, sent a letter to the Energy Department asserting that the analysis the department was relying on to justify the exports was outdated and inaccurate.

The gas drillers, meanwhile, have established a new group to push for export approvals and lined up two former energy secretaries — Bill Richardson, a Democrat, and Spencer Abraham, a Republican — to press their cause.

## [Menace Of Crude Oil Theft](#)

A report last year by the International Energy Agency on crude oil theft in Nigeria was frightening. It said, "Oil theft, costs the Nigerian government an estimated \$7 billion in lost revenue per year." According to the report, theft and sabotage often lead to pipeline damage, causing oil firms to cut output.

The IEA said further: "Flooding and large-scale theft of crude drove Nigerian oil output to the lowest level for more than two years in October 2012. Oil production in the country fell to 1.95 million barrels per day in October, with production in recent months hovering between two million and 2.5 million barrels per day. The drop from September to October was around 110,000 bpd, leaving Nigerian production at the lowest level in around two and half years.

### [Opinion: Nigerians still waiting for their 'African Spring'](#)

(CNN) -- Twelve months ago, Nigeria's President Goodluck Jonathan gave his people a bizarre New Year present: he announced the immediate removal of fuel subsidies. The controversial measure meant that, quite suddenly, citizens were to pay as much as three times the usual price for gasoline.

Nigerians were outraged. They filled the nation's streets in protest. The coalition was broad: young and old, female and male, poor and (some) rich. Their action, often spontaneous but orchestrated by labor leaders, amounted to a fierce rebuke to Jonathan's administration.

### [BP Offers Forties at Two-Week Low; Azeri Crude Exports Stable](#)

BP Plc failed to find a buyer for a cargo of North Sea Forties crude for loading in February at the lowest differential in almost two weeks. Total SA bought a lot of Brent blend at a cheaper premium than the previous trade.

Daily exports of Azeri Light crude from the Turkish port of Ceyhan will be little changed in February from this month, according to a loading program obtained by Bloomberg News.

### [Total chief signals shift from US dry shale gas](#)

Total will halt making new investment in dry shale gas in the United States while gas prices remain low, chief executive Christophe de Margerie has said.

The French oil major has joint ventures with Chesapeake Energy in the Utica shale area of eastern Ohio and the Barnett gas shale area in Texas.

"It is not great because we have invested on the basis of gas prices that were far higher than today," de Margerie said in an interview with French daily Le Monde on France's current national debate on its energy future.

### [World Global gas-to-liquid congress opens in Qatar](#)

Manama: The inaugural World Global gas-to-liquid (GTL) congress gets underway today in Doha amid plans that the participants from several countries will initiate a new course of direction for the promising industry.

### [Encana Chief Executive Eresman Steps Down, Takes Advisory Role](#)

Encana Corp. Chief Executive Officer Randall Eresman resigned yesterday after six years in the role and will be replaced by board member Clayton Woitas until a

permanent successor is named.

### [New Jakarta Toll Roads to Exacerbate Traffic Woes: Expert](#)

The building of six new toll roads in Jakarta will only increase the use of private vehicles and worsen the capital's notorious traffic problems, a transportation analyst warns.

### [BP Seeks \\$3.4 Billion Cut in Potential Oil Spill Fine](#)

BP Plc is seeking a reduction of as much as \$3.4 billion in the fine it may have to pay for pollution caused by the 2010 Gulf of Mexico oil spill.

The company wants credit for collecting 800,000 barrels of spilled oil, according to a court filing. London-based BP is facing a maximum fine of more than \$20 billion.

### [Shell's Arctic Drilling Experiment Has Been an Epic Failure](#)

In December of 2011, Royal Dutch Shell produced a series of videos advertising the company's plans to drill for oil in the Arctic Ocean. Their tagline: "It's time to explore, and Shell is Arctic Ready."

That slogan sounds rather different after 2012, a year in which little went as the company planned – this week prompting U.S. Secretary of the Interior Ken Salazar to announce an urgent, high-level review of what went wrong.

### [Kulluk grounding shows Shell not ready for Arctic](#)

Shell Oil Company is learning the hard way that Alaska's waters demand respect. Operating in the Arctic's remote and difficult conditions requires planning and attention to detail that Shell has not been willing or able to provide. It is well past time to end Shell's poorly designed and inadequately evaluated gamble in the Arctic. The Department of the Interior must not grant any further approvals and must send Shell out of the Arctic before they do even more serious harm to people and our environment.

### [Yoko Ono Takes Fight Against Gas Drilling to Albany](#)

ALBANY — For months they have been descending on Albany: farmers, environmentalists, latter-day hippies and placard-bearing parents.

But on Friday, the forces against hydraulic fracturing, a method for drilling for natural gas, brought to Albany a face and a voice familiar to the world: Yoko Ono.

## [Natural gas vs. Matt Damon: the furor over 'Promised Land'](#)

Matt Damon's new fictional movie about natural gas development in a rural township was being lambasted by the natural gas industry even before it premiered. And yet, the film shows no tanker trucks laden with toxic fracking fluid. It depicts no roughnecks descending on a small town unprepared for the influx of new workers. It features no ghastly wastewater ponds and not even one drilling pad or derrick. In fact, drilling has yet to begin in the fictional township of McKinley.

## [Family discovers their tap water is flammable](#)

Could you imagine turning on the faucet in your kitchen or bathroom, and the water ignites, in some cases, creating a fireball right in your house? Believe it or not, it can happen, thanks to a chemical in some drinking water. One family outside Cleveland is living this nightmare right now.

## [A Nuclear Post-Mortem for Sandy](#)

The operators of the Oyster Creek nuclear plant, the reactor that declared an “alert” during Hurricane Sandy, made several small errors, the Nuclear Regulatory Commission said on Friday. But an inspection team has concluded that “performance was acceptable and that emergency action level declarations were timely.”

## [Discolored Slopes Mar Debut of Snow-Making Effort](#)

After a decade of legal battles, a ski resort in Northern Arizona recently became the first in the world to make artificial snow totally out of sewage effluent. On Dec. 24, Arizona Snowbowl fired up its snow guns for the first time, and to everyone’s surprise, the snow that blasted onto the mountain was yellow.

The discolored snow has sharpened an already fraught conflict.

## [Yes, Money Does Buy Happiness: 6 Lessons from the Newest Research on Income and Well-Being](#)

According to the modern godfather of income and well-being research, Richard Easterlin, it is better to be rich than poor, but rich countries don't get any happier as they get richer. They hit a happiness ceiling, essentially. This idea matters a great deal, because in a world where only *relative* income matters, there might be less need to care about growth or pursue policies that maximized lower-income families' post-tax incomes. The work by Sacks, Stevenson, and Wolfers suggests Easterlin was simply wrong. Absolute income matters absolutely, and voters, economists, and policy-makers have everything to gain by putting the spotlight on income gains for the average family.

## [The Changing Newsroom Environment](#)

Revenues for conventional news operations are bound to keep shrinking. The best view of how this plays out may well be the documentary “Page One: Inside The New York Times,” which chronicles a pivotal year, 2009, when 100 newsroom positions were eliminated (I took a buyout at the end of that year and write on a contract through the Op-Ed desk now). Thirty more positions are being eliminated now.

These background financial pressures, building around the industry the same way that heat-trapping greenhouse gases are building in the atmosphere, are what will erode the ability of today’s media to dissect and explain the causes and consequences of environmental change and the suite of possible responses.

## [The U.S. Will Again Produce More of the Nitrogen Fertilizer it Uses for Agriculture](#)

Since fracking technology in this nation advanced beginning in about 2006, the U.S. energy situation has changed so rapidly that markets have yet to adapt. So far, the larger supply of natural gas is increasingly being used to replace coal for electricity generation and it has reduced energy costs for industrial and residential consumers.

## [Why the Government Should Pay Farmers to Plant Cover Crops](#)

But if there were one concept I wish members of the House and Senate ag committees, as well as USDA decision makers, could grasp as we head into farm bill season, it's this: by diversifying away from the old corn-soy-corn rotation and adding off-season, nitrogen-fixing cover crops to the mix, farmers dramatically decrease their reliance on chemical fertilizers and toxic herbicides, while maintaining yields. That lesson is driven home in what I consider to be the most important ag research released in 2012: the Leopold Center for Sustainable Agriculture's report on a set of field experiments it conducted at Iowa State University.

## [VT Sen. Sanders pushes bill to address climate change](#)

BURLINGTON, Vt. — Vermont U.S. Sen. Bernie Sanders says the warmest year on record in the United States and in Vermont has persuaded him it's time to get serious about climate change.

## [Carbon tax would help kill two birds](#)

I am struck by how many liberals insist on reducing carbon emissions immediately but, on the deficit, say there is no urgency because no interest-rate rises are in sight. And I am struck by how many conservatives insist we must reduce the deficit immediately but, on climate, say there is no urgency because, so far, temperature rise has been slight. (Although 2012 was the hottest year on record in the continental United States.)



One reason interest rates are so low is that they are being suppressed by the Federal Reserve's quantitative easing. That won't last. As for the climate, well, "Mother Nature doesn't do quantitative easing," Harvey said. Beware of nonlinear moves in both.

We need to start tapping on the brakes in both realms by agreeing on spending cuts, tax increases and new investments that would be phased in as the economy improves, as well as higher efficiency standards for power plants, buildings, vehicles and appliances that would be phased in, too.

### [State turns to climate analyst](#)

In a world of dire scientific warnings about climate change, Delaware on Friday announced that it has hired a nationally recognized expert to help it develop detailed projections for changing conditions along the state's coasts, farms, cities and suburban neighborhoods.

Katharine Hayhoe, director of the Climate Science Center at Texas Tech University, will fill the knowledge gaps Delaware officials face in planning for rising temperatures, changes in rainfall patterns, extreme weather events and other weather trends during this century.

### [Cuomo greets findings of Hurricane Sandy commission](#)

A commission formed to examine ways to guard against storms like Hurricane Sandy, which caused extensive damage on the east coast of the United States in October, has called for flood walls in subways, water pumps at airports and sea barriers along the coast.

### [Top Australian climate scientist: Heat wave 'encroaching on entirely new territory'](#)

Australia's top government-appointed climate commissioner says this week's heat wave is occurring amid record-breaking weather around the world. "This has been a landmark event for me," professor Tim Flannery told Climate Desk from his home in Melbourne. "When you start breaking records, and you do it consistently, and you see it over and over again, that is a good indication there's a shift underway — this is not just within the normal variation of things."

### [Climate-change denial feels the heat](#)

Scepticism about climate change in Australia may be something else that will melt during the nation's great heatwave.

"There's a powerful climate change signal in extreme weather events in Australia," said Joseph Reser, an adjunct professor at Griffith University's school of applied psychology. "The current heatwave is outside people's experience."

## [Global warming is changing the way we live, national report says](#)

Global warming is already changing America from sea to rising sea and is affecting how Americans live, a massive new federally commissioned report says. A special panel of scientists convened by the government issued Friday a 1,146-page draft report that details in dozens of ways how climate change is already disrupting the health, homes and other facets of daily American life. It warns that those disruptions will increase in the future.

## [US temp could increase by 10 degrees by century end: Report](#)

The US might experience an increase of 10 degrees Fahrenheit by the end of the century if steps to address the climate change issue across the globe are not taken, an American draft report has warned. Noting that evidence for climate change abounds, from the top of the atmosphere to the depths of the oceans, the draft of the third National Climate Assessment, released yesterday said that there is "unambiguous evidence" that planet earth is warming.

"Climate change is already affecting the American people. Certain types of weather events have become more frequent and/or intense, including heat waves, heavy downpours, and, in some regions, floods and droughts," the report said. "Sea level is rising, oceans are becoming more acidic, and glaciers and arctic sea ice are melting. These changes are part of the pattern of global climate change, which is primarily driven by human activity," it said.

## [Impact of climate change hitting home, U.S. report finds](#)

(Reuters) - The consequences of climate change are now hitting the United States on several fronts, including health, infrastructure, water supply, agriculture and especially more frequent severe weather, a congressionally mandated study has concluded.

A draft of the U.S. National Climate Assessment, released on Friday, said observable change to the climate in the past half-century "is due primarily to human activities, predominantly the burning of fossil fuel," and that no areas of the United States were immune to change.

"Corn producers in Iowa, oyster growers in Washington State, and maple syrup producers in Vermont have observed changes in their local climate that are outside of their experience," the report said.

Months after Superstorm Sandy hurtled into the U.S. East Coast, causing billions of dollars in damage, the report concluded that severe weather was the new normal.



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