



Drumbeat: January 18, 2013

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[Desert Massacre Threatens Africa's Largest Gas Industry](#)

The killing of foreign workers in the Algerian desert threatens production from North Africa's largest oil and gas industry, the main source of revenue for a country that avoided unrest when the Arab spring swept away regimes across the region.

Yesterday's bloody action to end a hostage-taking by Islamist rebels at a BP Plc-operated natural gas field supplying 12 percent of Algeria's output will make foreign explorers wary about working in the country, said Ahmed Amdimi, a professor of political science at the University of Algiers. Spain's Cia. Espanola de Petroleos SA, Statoil ASA (STL) and BP yesterday became the first oil companies to evacuate workers.

"The oil and gas installations were even more secure than the army barracks, they were oases in an unsafe country," said James Le Sueur, a history professor at the University of Nebraska in Lincoln and author of "Algeria Since 1989: Between Terrorism and Democracy." "That they finally got to them indicates a very substantial threat."

[Fear and confusion as Algerian hostage crisis enters third day](#)

(CNN) -- Confusion surrounds the fate of potentially dozens of hostages held at a gas plant deep in the desert as Algerian forces continue activities against their Islamist militant abductors.

A reportedly bloody raid by Algerian forces launched Thursday is over, state-run radio cited an official source as saying, but there is "ongoing activity at various locations" near the plant, which "some of the hostage-takers are still using as a hideout."

The site is large and complex, and the Algerians are still pursuing terrorists and possibly hostages, British Prime Minister David Cameron said Friday.

[Algerian Forces Surround Gas Plant as Hostages Still Being Held](#)

Algerian security forces surrounded al-Qaeda-linked militants holding hostages at a gas plant in the southeastern desert a day after some of the captives and their kidnappers died in a rescue attempt, the state news agency said.

There were conflicting reports about the fate of as many as 41 foreign workers held since Jan. 16 at the complex operated by London-based BP Plc (BP/), Statoil ASA (STL) of Norway and Algeria's Sonatrach. A U.S. plane landed near the site today to evacuate American nationals, private Algerian broadcaster Nahar said.

[IEA Sees Tighter Oil Market, Boosts Global Demand F'cast](#)

The International Energy Agency raised forecasts for global oil demand this year because of stronger growth expectations for China and said the world oil market is "tighter" than previously estimated.

"All of a sudden, the market looks tighter than we thought," the Paris-based agency said, boosting its 2013 global demand forecast by 240,000 barrels a day. World consumption will increase by 900,000 barrels a day, or 1 percent, this year to average a record 90.8 million. Saudi Arabia, the world's largest exporter, reduced production from its highest in 30 years, and inventories in developed economies are contracting after accumulating in much of 2012, according to the IEA.

[High oil prices nothing to do with supply and demand, IEA head says](#)

Record high oil prices cannot be explained by today's supply and demand levels, says the head of the International Energy Agency (IEA).

"The strange thing is that though demand is sufficiently supplied, the price is high, and well, this might have to do with expectations," said Maria van der Hoeven, the executive director of the IEA.

[Oil Heads for Longest Run of Weekly Gains in 14 Months](#)

Oil headed for the longest weekly rising streak in 14 months in New York after economic growth accelerated in China, the world's second-biggest crude consumer.

West Texas Intermediate traded close to a four-month high after gaining the most in two weeks yesterday. The International Energy Agency raised forecasts for global oil demand this year as demand rises in China and said the world oil market is "tighter" than previously estimated. China's gross domestic product rose 7.9 percent in the fourth quarter from a year earlier, compared with 7.4 percent in the previous period, the National Bureau of Statistics said today in Beijing.

[Goldman Sachs Strategist: Oil Price Could Reach \\$150/Bbl in Summer](#)

The price of oil could reach as much as \$150 per barrel this summer, Goldman Sachs chief commodities strategist Jeff Currie said Thursday.

At this year's global strategy conference in Frankfurt, Mr. Currie that he thinks it possible the price may reach \$150 a barrel for Brent oil.

[LNG Use Rises at Japan Utilities in 2012 on Idle Reactors](#)

Liquefied natural gas consumption by Japan's 10 regional power utilities increased by 15 percent last year as almost all the country's atomic plants stayed shut.

Power companies used 56.6 million metric tons of LNG in 2012, up from 49.1 million tons a year earlier, according to Bloomberg calculations based on data updated today by the Federation of Electric Power Cos. LNG consumption increased by 20 percent in 2011.

[China Crude-Processing Rises to Record High as Economy Recovers](#)

China's crude processing rose to a record in December as the country added refining capacity and industrial production increased amid the first acceleration in the economy in two years.

China processed 43.12 million metric tons of crude last month, up 8.4 percent from a year ago, according to data from the National Bureau of Statistics today. That's equivalent to 10.2 million barrels a day, beating the previous record of 10.17 million in November.

[China Power Output Rises to Four-Month High as Industry Expands](#)

China's power output rose to the highest in four months in December as industrial production in the world's largest energy user grew more than forecast.

Electricity production increased to 432.7 billion kilowatt-hours, the most since August, data from the National Bureau of Statistics showed today. That's up 7.6 percent from the same period last year. Power generation climbed 4.7 percent over the year to 4.82 trillion kilowatt-hours, down from 12 percent growth in 2011 as the nation's economy slowed.

[Government prods diesel prices up to tackle fiscal deficit](#)

NEW DELHI (Reuters) - The government told fuel retailers to raise the price of subsidised diesel in small amounts every month starting Friday in an attempt to prop up public finances without causing a popular backlash before elections.

Fuel subsidies are a drain on India's finances and the government is struggling to bring the deficit within a target of 5.3 percent of gross domestic product for the financial year

ending March. India is the world's fourth biggest oil importer.

[Rethink diesel prices decision, Karunanidhi tells government](#)

Chennai (IANS) DMK president M. Karunanidhi Friday condemned the central government decision to allow oil marketing companies to hike fuel prices by 50 paise per month and said it would hit the poor and middle classes.

"Even allowing the oil companies to hike the diesel prices to a small extent is a wrong decision," Karunanidhi whose party is a major constituent of the central government, said in a statement issued here.

[Diesel demand in India seen immune to stepped price hikes](#)

NEW DELHI (Reuters) - India's demand for diesel will stay buoyant despite its plan to hike the price of the fuel in small monthly steps, analysts and company officials said on Friday, and the country will keep up the pace of its exports of diesel.

From Thursday, government allowed state fuel retailers to raise prices by up to 0.50 rupees, or one U.S. cent, a litre each month to gradually align them with market rates, and has also freed up the price of gasoil sold to bulk consumers.

[Indian Refiners Surge After Diesel Price Increase](#)

Indian Oil Corp., the nation's biggest refiner, surged the most in three and a half years in Mumbai trading and led an advance in refinery stocks after diesel prices were raised for the first time in four months.

[Meralco to Return to Generation With 3,000-Megawatt Power Plans](#)

Manila Electric Co., the Philippines largest power retailer, will return to generation after a four- decade hiatus with plans to build plants to supply as much as 30 percent of the main island of Luzon's demand.

The company, known as Meralco, will build 2,700 megawatts of coal- and gas-fired plants in Luzon in seven years, President Oscar Reyes said in an interview in Makati City yesterday. A government law prohibits a single company from supplying more than 30 percent of installed generating capacity in each of the country's three grids. Meralco is also planning a 300-megawatt coal-fired plant in Mindanao, the nation's second-biggest island that suffers from daily outages, he said.

[BP heralds a shale shift – but not in UK because of 'restricting investment regimes'](#)

BP's Energy Outlook offered little succour for a similar shale gas revolution in the UK.

'Restricting investment regimes' in Europe meant shale could not replace conventional gas sources, said Ruehl.

[The Really, Really Big Picture](#)

There isn't going to be enough net energy for the economic growth we want.

[Schlumberger Profit Declines as Onshore Drilling Slows](#)

Schlumberger Ltd., the world's largest oilfield-services provider, said fourth-quarter profit declined 3.5 percent on contract delays and less onshore drilling in the U.S.

Net income dropped to \$1.36 billion, or \$1.02 a share, from \$1.41 billion, or \$1.05, a year earlier, Houston- and Paris- based Schlumberger said in a statement today. Excluding merger and job cut costs, per-share profit was \$1.08, a penny more than the average of 32 analysts' estimates compiled by Bloomberg. Sales climbed 8.5 percent to \$11.2 billion.

[Brazil oil regulator asks Petrobras to ramp up output - Sao Paulo paper](#)

(Reuters) - Brazil's oil regulator has asked state-led Petrobras to increase output at its giant Roncador field, a local newspaper said on Friday, potentially raising costs for the firm that already has the world's largest corporate spending program.

[Azerbaijan says crude output fell 5.3 pct in 2012](#)

BAKU (Reuters) - Higher safety standards at BP after the Macondo oil spill in the Gulf of Mexico were a factor behind declines in Azeri oil output last year, the head of the state statistics committee said on Friday.

Extending a drop that began in 2011, the Caspian Sea oil producer's oil and condensate production fell 5.3 percent to 42.98 million tonnes in 2012 from 45.40 million in 2011.

[Ukraine, Shell expected to sign \\$10 bln shale deal Jan 24-PM](#)

KIEV (Reuters) - Ukraine is expected to sign a landmark shale gas deal with energy major Royal Dutch Shell next week while a second deal in the west of the country faces local opposition, Prime Minister Mykola Azarov said on Friday.

The former Soviet republic, which hopes its big shale gas reserves will help end reliance on costly imports of Russian natural gas, chose Shell last May as a partner to develop the Yuzivska field in the east of Ukraine.

[Oil firm to boost exports from Iraqi Kurdish area](#)

BAGHDAD -- Genel Energy PLC, a company led by the former BP chief executive that recently started shipping oil from Iraq's self-rule Kurdish region, said Friday it plans to increase the amount it exports from the enclave despite Baghdad's opposition.

The exports risk provoking lawsuits from the central government and are likely to exacerbate tensions between Baghdad and Iraq's Kurdish minority, who have been at loggerheads for years over how to manage the country's oil wealth.

[Libya's east heightens calls for control of oil](#)

BENGHAZI, Libya (Reuters) - Eastern Libya is rejecting a compromise proposal by the government to split the OPEC member's main oil body as popular pressure for more authority in the energy-rich region gathers pace, potentially threatening output through protests.

The National Oil Corporation (NOC) is headquartered in Tripoli and since the end of the 2011 war that ousted Muammar Gaddafi, workers in the east have called for more powers in a region accounting for around 80 percent of Libya's oil wealth.

[Car bombs explode across Iraq](#)

Baghdad (CNN) -- A series of car and roadside bombs targeting buses and bus stations rocked predominately Shiite areas of Iraq on Thursday, killing at least 19 people and wounding more than 100, police said.

[Saudi activists say kingdom trying to silence them](#)

In Saudi Arabia, a deeply conservative kingdom and an absolute monarchy, protests are prohibited. Still, activists say, small gatherings are becoming more frequent -- demonstrations by both men and women demanding the release of jailed relatives.

The latest high-profile incident happened early this month. According to rights groups, Saudi security forces arrested a group of women in the town of Buraida who were protesting over family members allegedly held for years as political prisoners. The women said the relatives had been detained without charges on suspicion of terrorism.

The scene of Saudi police circling the women was caught on video, sparking anger and more protests.

[Interior Secretary to Step Down in March](#)

WASHINGTON — Ken Salazar, the blunt-spoken lawyer and rancher who took over the scandal-ridden Interior Department at the outset of the Obama administration, said Wednesday that he would step down in March to return to his home in Colorado.

He did not say what he intended to do after leaving Washington, and the White House gave no hint of who might succeed him.

["Good enough" global governance, Pirates o](#)

To follow up with another data point suggesting that we're living in a world of "good enough" global governance, let's take a look at piracy on the high seas , shall we?

You might recall that in 2009 piracy off the Horn of Africa and elsewhere was skyrocketing. This triggered multiple policy responses by shipping companies as well as governments. Ships started carrying armed guards on tankers as a form of deterrence. An ad hoc and diverse group of countries formed Combined Task Force 151 to help patrol the Horn of Africa to prevent pirate attacks. Hell, even Iran sent ships to participate in anti-piracy operations.

So it turns out that all of these measures seem to be working. By 2012, both press reports and official statistics suggested that the tide had turned.

[Exxon's big plans for offshore drilling](#)

Two hundred miles southeast of Newfoundland, not far from where the Titanic sank, ExxonMobil is spending \$14 billion to drill one of the biggest oil fields in the North Atlantic.

Seeing Exxon develop oil fields for Canada is reviving calls for the United States to do the same off its Atlantic Coast -- which has been closed for oil and gas exploration for decades.

But as Shell's drill ships continue to run aground in the Arctic, critics say letting Exxon drill off the coast of Newfoundland or the heavily populated U.S. Eastern Seaboard is a mistake.

[As Shell's Arctic Drilling Hopes Hit Snags, Its Rivals Watch](#)

HOUSTON — Royal Dutch Shell's Arctic drilling program is now officially in jeopardy and its prospects will depend on the findings of two continuing federal inquiries. One review is on the grounding of the Kulluk drill ship on New Year's Eve after it was set

adrift for five days in stormy weather, and the other is on the safety management of the entire Shell program.

Rival oil companies, as they form their strategic choices, are keenly watching to see how Shell's \$4.5 billion exploratory operation off the North Slope of Alaska is faring and how the effort is working with wary United States regulators.

The answer, so far at least, is not well.

[Why We Now Oppose Drilling in the Arctic](#)

We were open to offshore oil and gas development in the Arctic provided oil companies and the government could impose adequate safeguards, ensure sufficient response capacity and develop a deeper understanding of how oil behaves in ice and freezing water. Now, following a series of mishaps and errors, as well as overwhelming weather conditions, it has become clear that there is no safe and responsible way to drill for oil and gas in the Arctic Ocean.

[Taming the Arctic Oil Rush](#)

The new US rules for offshore oil operations in the Arctic – which forced Shell to postpone drilling until next year – are certainly stricter than the old rules, and will reduce the risk of a blowout. But, if one occurs, the only reliable way to stop it and cap the well is to drill a relief well. That takes months in the best of circumstances; it could take a year or more in the Arctic.

There is, however, one way to shorten the time required to cap a well to a matter of days: drill two holes in parallel from the start. In case of a blowout in one hole, the other could quickly become the relief well.

[Taqa restoring oil flow after North Sea leak](#)

LONDON // Taqa Bratani is in the process of restoring throughput operations at a North Sea oil platform where a leak earlier in the week led to the shutdown of 10 per cent of Britain's daily oil production.

[An Oil Town Where Men Are Many, and Women Are Hounded](#)

At the urging of her family, Barbara Coughlin, 31, who recently moved to Williston after her 11-year marriage ended, is now getting her concealed weapons permit so she can carry a Taser. Ms. Coughlin, who wore silver glitter around her eyes at work as a waitress on a recent day, said her mother and stepfather, who live here, advised her to stop wearing the skirts and heels she cherishes, so she does not stand out like “a flower in the desert,” as her stepfather put it. Her family hardly ever lets her go out on her own – not even for walks down the gravel road at the housing camp where they live.

“Will I stay for very long? Probably not,” she said. “To me, there’s no money in the world worth not even being able to take a walk.”

[Liberal tax leaves bitter taste in some smoothie drinkers' mouths](#)

Burnett, the diehard supporter of domestic energy and longtime health food fan, charges those who identify themselves as liberals one dollar more for their drinks. The money, along with any tips received, is donated to conservative causes like The Heritage Foundation.

...Burnett said his goal isn't to offend. First, it's to provide people with a healthy product. Second, it's to start a conversation about what he sees as the over-regulation of the energy industry and the continued financial problems facing the United States.

[Lithium Batteries Central to Boeing's 787 Woes](#)

WASHINGTON — Lithium batteries that can leak corrosive fluid and start fires have emerged as the chief safety concern involving Boeing's 787 Dreamliner, a problem that apparently is far more serious than government or company officials acknowledged less than a week ago.

[Prius named 'greenest' car, Ford F-350 'meanest'](#)

The Toyota Prius C, the newest member of Toyota Prius “family,” has been named the nation’s “greenest” vehicle by the American Council for an Energy-Efficient Economy. At the other end of the spectrum, the ACEEE tarred the Ford F-350 as the “meanest,” or dirtiest vehicle on the road.

The organization, which describes itself as a “catalyst to advance energy efficiency,” hailed the growing number of hybrids, plug-ins, pure battery-electric vehicles and other environmental friendly vehicles now coming to market and noted that new products dominated the dozen models on its “Greenest” vehicle list.

[At Under \\$19K for a Nissan Leaf, Does the Math on Electric Cars Finally Add Up?](#)

For drivers in search of a vehicle strictly for mid-size commuting purposes, the Leaf makes more sense than ever. Yet for drivers who demand more in a car, the Leaf probably isn't the solution — at any price.

[Arab and South American nations unite on energy vision](#)

Ministers and energy executives from Arab and South American countries vowed to

invest more in each others' energy sectors and share technology at a summit in the capital yesterday.

A joint declaration from the Summit of South American-Arab Countries (Aspa) included sharing data on the cost of renewables and promoting investments in fossil fuels, "noting the essential value of robust exploration, production and distribution to all Aspa economies".

[Town Chosen to Host Wave Energy Test Site](#)

Rolling ocean waves could soon provide electricity for the local grid in one coastal Oregon town.

Newport, Ore., was chosen to be the host community for the future Pacific Marine Energy Center, officials announced this week. About five miles (8 kilometers) off shore, the center will test out an array of wave energy devices for their generation potential and their environmental impacts, according to a statement from Oregon State University.

[Total seeks more solar energy deals with Masdar](#)

As the region's largest solar plant nears completion in Abu Dhabi, the French oil major Total wants to extend its partnership with Masdar to other solar projects in the region.

[Tenders signal Morocco's initiative on renewable energy](#)

Morocco is cementing its regional leadership position in renewable energy with a series of new tenders.

The country is preparing a tender for the second phase of the Quarzazate solar plant after awarding the contract for the 160 megawatt first phase late last year.

[China: One-child policy is here to stay](#)

BEIJING — China has quelled speculation its controversial "one-child" policy is to be scrapped, instead announcing Wednesday that family planning laws to curb the birth rate will remain.

"The policy should be a long-term one and its primary goal is to keep a low birthrate," Wang Xia, minister in charge of the National Population and Family Planning Commission, said.

The pronouncement comes after months of speculation that the decades-old restriction would be abandoned.

[A Rumble in the Jungle](#)

Mercury naturally concentrates in fish, a main staple in the diet of many indigenous people. Throughout South America, hundreds of remote and previously pristine rivers have been contaminated, and researchers are finding increasing levels of mercury in many indigenous people, which over time could cause cancer and severe birth defects.

And the situation is getting worse. Historically low-tech and dependent on manual labor, artisanal mining is rapidly shifting to heavy machinery and is increasingly plugged into the global economy. Satellite images taken over the last decade show that mining's environmental impacts have surged in direct proportion to international gold prices.

It is particularly unfortunate that these shows run on channels like History and Discovery — outlets that once capitalized on the images and stories of nature's bounty. Tropical rivers and forests are marvelously diverse and intricate ecosystems, but the default tendency of these channels is to eschew nuanced portrayals in favor of sensationalist accounts of man-eating fish and reptiles. In this respect, it is perhaps consistent that they now exploit these habitats as a backdrop for glorified plunder.

[An Inquiry Into Discolored Snow](#)

As I wrote last Friday, after a decade of legal battles, Arizona Snowbowl recently became the world's first ski area \to make snow totally out of wastewater, piped directly from the sewage treatment plant in neighboring Flagstaff. That the snow emerging from the snow guns was streaked with a yellow hue raised eyebrows and stirred environmental and health concerns.

Now, in response to a petition, Flagstaff's city council voted unanimously this week to open an investigation, according to Kimberly Ott, a city spokeswoman.

[Keeping the Boats Moving Along a Mississippi Dwindled by Drought](#)

ST. LOUIS — For months along the Mississippi River here, the withering drought has caused record-breaking low water levels that have threatened to shut down traffic on the world's largest navigable inland waterway.

That closing has not happened, however — and now officials are predicting it will not. “It looks to me like we're about to get out of the woods here,” said Maj. Gen. John W. Peabody, commander of the Mississippi Valley Division of the Army Corps of Engineers. “I am very confident that we will be able to sustain navigation for the rest of the season,” until the river comes up naturally with the spring rains and snow melt.

[Bat Fungus Spreads in Kentucky](#)

Officials have confirmed the presence of a deadly bat fungus in Mammoth Cave National Park in Kentucky. The fungus has already killed millions of bats across the Northeast and in the Midwest.

[Why transformation of the U.S. electricity system is critical](#)

A critical lever for addressing the United States' contribution to global greenhouse gas emissions is transformation of the electricity sector. The U.S. electricity system is responsible for about 40 percent of the nation's greenhouse gas emissions. And while climate is a major driver of change facing the electricity system, it is by no means the only one. Grid security, grid resilience (especially in the wake of multiple natural disasters that have left millions without power for extended periods), economic development and the increasing empowerment of customers enabled by rapidly developing technology are all equally relevant drivers of change.

[Keystone XL pipeline, global warming on Obama's energy agenda](#)

President Barack Obama's second-term energy agenda is taking shape and, despite the departure of key Cabinet officials, it looks a lot like the first: more reliance on renewable energy sources, such as wind and solar, and expanded production of oil and natural gas. Obama also is promising to address climate change, an issue he has acknowledged was sometimes overlooked during his first term.

[Keystone's Tar Sands Waste Said to Warm Climate More Than Coal](#)

Refining Canada's oil sands into gasoline may speed global warming more than previously estimated after accounting for use of a waste product, which can be burned like coal.

Opening a new front in a fight to persuade President Barack Obama to reject the Keystone XL pipeline, which would carry oil sands from Alberta to the U.S. Gulf Coast, environmental groups yesterday released a study that found refining the heavy material will create 5 billion tons of petroleum coke, or petcoke, that's used by power plants, aluminum factories and steel mills.

[2 Reports on Oil Sands Paint a Dire Picture](#)

The second study, from the Canadian environmental research group Pembina, says that construction of the pipeline would bring rapid expansion of tar sands mining and greatly increase overall greenhouse gas emissions.

"Filling the Keystone XL pipeline with oils and crude will create significant greenhouse gases regardless of whether other transport options move forward," said Nathan Lemphers, a researcher at Pembina. "Because Canada does not have a credible plan for responsibly developing the oil sands, including reducing emissions so Canada can meet

its climate commitments, the pipeline should not go ahead.”

[Global Warming: The Greatest Threat To Arab Economies?](#)

The World Bank has produced a massive 450 page report on the potentially devastating impact climate change is likely to have on Arab countries. This matters to everyone and not just from the standpoint that we should all empathize with and seek to relief suffering.



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