



## Drumbeat: January 19, 2013

Posted by [Leanan](#) on January 19, 2013 - 10:24am

### [U.S. Oil Demand Falls to 16-Year Low, API Reports](#)

U.S. oil demand fell to the lowest level in 16 years in 2012 as economic growth weakened while domestic output surged the most in more than 150 years, the American Petroleum Institute said.

Total petroleum deliveries, a measure of demand, dropped 2 percent from 2011 to 18.6 million barrels a day last year, the lowest level since 1996, the industry-funded group said in a monthly report today. Oil production increased the most since 1859 to the highest level in 15 years, the API said.

### [A Big Day for the Dow and a Bigger Peak Oil Myth](#)

The peak oil hypothesis may have merit over the very long run, but it's been disproven so often on shorter time frames that we have to accept that it's folly to predict the availability of resources in the future using only the knowledge available to the present.

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

Oil capped the longest weekly winning streak in 14 months in New York as House Republicans planned a vote next week on a three-month extension of the U.S. borrowing authority.

Prices rose 7 cents as the Republicans dropped their insistence that a short-term continuation be accompanied by a dollar-for-dollar government spending cut. Economic growth accelerated in China, the world's second-biggest oil-consuming country. Oil fell earlier as the euro weakened versus the dollar and U.S. consumer sentiment unexpectedly declined.

### [Oil-Tanker Returns Plunge Most This Year on Dearth of Cargoes](#)

Returns for the largest oil tankers on the industry's busiest trade route, linking the Middle East and Asia, plunged the most this year as traders booked the ships they needed for January with vessels left to spare.

## [Energy Rigs in U.S. Slump to 22-Month Low, Baker Hughes Says](#)

Gas and oil rigs in the U.S. dropped for the eighth straight week to the lowest level since March 2011 as energy producers' demand for new equipment weakened.

Oil rigs declined by seven to 1,316 this week, the lowest level in almost 10 months, data posted on Baker Hughes Inc. (BHI)'s website show. The gas count dropped by five to 429, the field- services company based in Houston said. Total energy rigs fell by 12 to 1,749.

## [Petrobras Gasoline Price Rise Undecided on Inflation](#)

A gasoline-price increase for Petroleo Brasileiro SA (PETR4), the state-controlled oil company responsible for supplying Brazil's fuel consumption, is still undecided as the government weighs the impact on inflation.

Strong revenue from crude exports and an increase in the amount of ethanol mixed with gasoline in June will help compensate Petrobras, as the Rio de Janeiro-based producer is known, for selling imported gasoline and diesel at a loss, Energy Minister Edison Lobao said yesterday in an interview.

## [No rollback in diesel price hike: Minister](#)

Jaipur (IANS) Petroleum and Natural Gas Minister M. Veerappa Moily Saturday ruled out the possibility of government rolling back the decision allowing Oil marketing Companies (OMCs) to revise diesel prices from time to time.

"India is the only country where we have the regulation of the diesel prices. We have to pay dollars and billions of crore are paid. If we go on paying in dollars ultimately the country will become bankrupt," Moily said, when asked if government was contemplating rolling back the partial deregulation of diesel prices as demanded by the entire opposition and parties supporting the government.

## [Brent Pipeline Resumes Flows; Nigeria Bonny Crude Price Stable](#)

The Brent pipeline system is pumping oil from all North Sea platforms except Cormorant Alpha, the operating company said. There were no bids or offers for North Sea or Russian Urals crudes.

## [Gulf Coast Fuels Fall as Motiva Startup to Boost Supplies](#)

U.S. Gulf Coast fuels weakened on speculation the restart of a crude unit at Motiva Enterprises LLC's Port Arthur, Texas, refinery will add to regional supplies.

Motiva is restarting the 325,000-barrel-a-day crude unit at its Port Arthur facility after finishing pipe repairs, two people familiar with operations said. The pipe still is expected to be processing as much as 200,000 barrels a day by the end of the weekend, said the people, who asked not to be identified because the information isn't public.

### [West Texas Oils Strengthen on Seaway, Pending Pipeline Projects](#)

West Texas oils strengthened on the spot market, helped by the Seaway pipeline expansion and the impending completion of several pipeline projects designed to drain a glut of crude bottlenecked in the region.

### [California Gasoline Weakens After Valero, Tesoro Restart Units](#)

Spot gasoline in Los Angeles slid against futures for the fourth straight day after Valero Energy Corp. started two units at its refinery in Southern California.

Valero's 78,000-barrel-a-day Wilmington plant near Los Angeles returned to service the fluid catalytic cracker and the alkylation unit, which were shut Dec. 21 to repair a leak, Bill Day, a Valero spokesman at the company's headquarters in San Antonio, said by e-mail today.

### [Frigid Weather Set to Punch Northeast Fuel Users as January Ends](#)

A blast of Arctic air is expected to descend on the Midwest and East Coast next week, sending temperatures plummeting from Chicago to New York and boosting demand for heating fuels.

Temperatures in the Northeast are expected to drop 8 degrees Fahrenheit (4.4 Celsius) next week before returning to seasonal levels in about 10 days, according to Matt Rogers, president of the Commodity Weather Group LLC. That may be just a lull before the next cold blast arrives, said Rogers from his office in Bethesda, Maryland.

### [Heating Oil Gains on Forecasts for Colder Weather in Northeast](#)

Heating oil gained on forecasts for colder-than-normal weather in the U.S. Northeast next week at a time when supplies of the fuel are declining.

### [U.S. Economy Not So Fragile After All](#)

Although most economists got at least some things right about the U.S. economy over the past two years, the one nearly universal error was the expectation that the economy

was fragile. The U.S. economy has proven to be anything but fragile.

I believe this to be the single biggest error that economists have made over the last two years. During that time, the U.S. has survived the fallout from a major debt crisis in Europe, a divisive election, temporarily going over the fiscal cliff, gasoline prices that have been on a yo-yo, a tsunami in Japan, and Hurricane Sandy, which shut down New York and even the stock exchanges for a couple of days. These are not signs of a fragile economy.

### [West African leaders gather over Mali crisis as France plans more troops](#)

(CNN) -- The total number of French troops in Mali could top 2,500, France's defense minister said Saturday as West African leaders discuss plans for additional forces to help battle militants in the north.

### [Burned bodies found at besieged Algeria gas plant](#)

ALGIERS/IN AMENAS, Algeria (Reuters) - Algerian special forces on Saturday found 15 burned bodies at a desert gas plant raided by al Qaeda-linked fighters, two days after the army launched an assault to free hostages being held there by the Islamists, a source familiar with the crisis said.

Efforts were underway to identify the bodies, the source told Reuters. It was not clear how they had died.

### [Algeria Hostage Death Count Trickles in as Hunt Goes on](#)

An accounting of deaths in the hostage crisis at a remote natural gas facility is trickling out of Algeria, where security forces have been combing through the large complex seeking al-Qaeda-linked militants and about 30 foreigners whose fate is unknown.

### [Two more Statoil employees safe in Algeria - CEO](#)

OSLO (Reuters) - Two more employees of Norwegian energy firm Statoil have been "brought to safety" in Algeria, leaving six unaccounted for at a gas facility attacked by gunmen on Wednesday, Chief Executive Helge Lund said on Saturday.

### [British ambassador to travel to Algerian crisis site: sources](#)

LONDON (Reuters) - Britain's ambassador to Algeria is expected to travel to the gas complex where an international hostage crisis has been unfolding since Wednesday, British sources in London said on Saturday.

### [Algeria gas plant raiders are led by jihadi veteran - reports](#)

ALGIERS (Reuters) - The field commander of the Islamist group that attacked a gas plant in the Algerian desert this week and seized many hostages is a veteran fighter from Niger called Abdul Rahman al-Nigeri, Mauritanian news agencies reported.

### [After Algerian incident, W.Africa fears Mali spillover](#)

DAKAR (Reuters) - By seizing hundreds of hostages at a gas plant in the Algerian desert, al Qaeda-linked militants angry at French intervention in Mali sent a clear message: they could strike anywhere in the Sahara.

Many experts now believe the sight of a former colonial power leading unprepared West African armies into war against Islamists in Mali could spark similar attacks across a swathe of smaller, more vulnerable nations to the south.

### [The energy giants at most risk in Northern Africa](#)

FORTUNE -- The Sahara has suddenly become the most dangerous place in the world to do business. The killing of Western energy workers by Islamic militants in southern Algeria has shocked the financial community and brought long fought tribal and religious battles to the frontlines of the seemingly endless "War on Terror."

### [Bill Gates-Led Group Invests \\$1 Billion in Orascom Construction](#)

Bill Gates is leading a group of U.S. investors committing \$1 billion for a stake in construction and fertilizer company OCI NV in one of Egypt's largest foreign currency inflows since the 2011 uprising.

### [State transportation officials say they need \\$200 million more; locals say \\$800 million](#)

INDIANAPOLIS — Lawmakers are working on ways to pour a major chunk of Indiana's next two-year spending plan into \$1 billion worth of holes that have developed in state and local roads budgets.

A confluence of factors – federal belt-tightening, the end of the Major Moves program and dwindling gasoline tax revenues as drivers switch to fuel-efficient vehicles – are undercutting the Indiana's old infrastructure funding streams.

### [Corbett talks pension issues, refineries at Temple symposium](#)

PHILADELPHIA — Gov. Tom Corbett said Pennsylvania's future will rely on public

pensions and the Marcellus Shale, and it may be even brighter if the process with the refineries is replicated.

### [Obama administration delays hydraulic fracturing rule](#)

In response to criticism from both the oil industry and environmentalists, the Obama administration is scrapping a 2012 plan to impose tough new mandates governing drilling on public lands.

The decision to replace last year's proposal with an entirely new draft rule — and take public comment on the initiative — forces a major delay in the final regulations, which are set to be the first major federal rules governing the hydraulic fracturing process key to unlocking oil and gas nationwide.

### [Is 'Wild West' Era for Gas Drilling Coming to an End?](#)

While in Washington to run a panel at an invaluable conference on disasters and the environment this week, I spent a few minutes in a studio to discuss the issues and opportunities surrounding hydraulic fracturing for natural gas (and oil) on the Current TV show The War Room, hosted by Jennifer Granholm, the former governor of Michigan.

### [Salvagers tight-lipped on Shell vessel recovery](#)

ANCHORAGE, Alaska The united command overseeing the salvage of the Royal Dutch Shell PLC drill barge that ran aground on a remote Alaska island will release minimal information on the vessel until an assessment is completed, a spokeswoman said.

### [Ken Salazar's Legacy](#)

Mr. Salazar made many important contributions. Mr. Obama told him to design a balanced energy strategy on the public lands administered by his department, and for the most part he did. He took a far more measured approach to oil and gas exploration than the "drill now, drill everywhere" people around George W. Bush. He orchestrated a major overhaul of safety standards for drilling, and remade his department's regulatory machinery, in the wake of the BP oil disaster in the Gulf of Mexico. He initiated new standards for hydraulic fracturing of oil and gas fields on public lands. And he moved cautiously on oil drilling in the Arctic. But his biggest contribution to a sensible long-term energy strategy is one whose fruits will not be visible for years, and one for which he has not been widely recognized: a plan setting aside hundreds of thousands of acres of Western lands for the future development of solar and wind power. Painstakingly negotiated with multiple stakeholders, including states, industry and the environmental community, the plan provides a roadmap for future development aimed at maximizing clean energy sources without harming the environment, particularly endangered species and other wildlife.



## [Drought Points Up Critical Role of Waterways](#)

If the river got so low that navigation had to stop, grain exports and the other commodities could get a lot more expensive very quickly.

Barges, it turns out, are a remarkably efficient way to move goods along the Mississippi and its tributaries. The load aboard one fully loaded 15-barge tow, if transferred to a train, would require more than 200 rail cars. Try to move the goods by truck, and you'll need a fleet of more than 1,000. And when the river is running well, tow boats might push 24 barges or even more. So by comparison with road or rail transport, the Mississippi is relatively green.

## [Living with Beijing's 'air-pocalypse'](#)

haze. It's another bad-air day in Beijing. You can barely see. You can barely breathe. But you can feel -- and even taste -- the grit floating in the air.

The World Health Organization has set healthy level of Air Quality Index at 25 micrograms, while Beijing considers a 300 reading as "Bad" and 500 as "Hazardous." Last weekend, however, it breached 700!

## [E.P.A. Extends Deadline for Navajo Plant's Pollution Controls](#)

In a bid to clean up one of the nation's dirtiest coal-fired power plants without causing economic harm to the Navajo Nation that surrounds it, the Environmental Protection Agency indicated on Friday that it would give the plant's owners five extra years, until 2023, to install expensive state-of-the-art emissions reduction equipment.

## [Preparing the bay for rising sea levels](#)

"There are two reactions to dealing with sea level rise; there is fight and there is flight," said Will Travis, senior adviser to the Bay Area Joint Policy Committee, which coordinates planning efforts among regional agencies.

That means either abandoning low-lying areas or erecting shoreline protection, be it traditional structures like dams or new concepts like the one Kuth and Ranieri have in mind.

Or both. In the end, planners studying this issue believe that the realities of time, finances, politics and lethargy may force the region to make hard choices about what to protect, what to abandon and what level of risk the region is willing to live with.

## [Mayors focus on "local warming," urge Obama to act](#)

WASHINGTON (Reuters) - Reeling from an historic drought, the hottest year on record and more frequent wild weather, mayors from a number of U.S. cities urged the White House this week to take the lead on setting an agenda to address climate change.

City leaders said that only the federal government has the tools and clout to address greenhouse gases often blamed for warming the planet, while mayors focus on issues of "local warming" such as providing a reliable water supply or protecting citizens during dangerous weather events such as the 1995 Chicago heat wave that was blamed for over 700 deaths.



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