



Drumbeat: January 25, 2013

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[U.S. Will Cap LNG Shipments to Boost Economy, Shell's Voser Says](#)

The U.S. won't rival Qatar and Australia as the world's largest liquefied natural gas exporter as it keeps fuel at home to drive an industrial renaissance, Royal Dutch Shell Plc Chief Executive Officer Peter Voser said.

The U.S. may export 50 metric million tons a year of LNG by the end of the decade, or about 10 percent of the projected world market, Voser said today in a Bloomberg TV interview in Davos, Switzerland. That's below the 120 million tons a year he said is predicted by some forecasters and less than Qatar's current annual production of 77 million tons. Australia is projected to pass Qatar by the end of the decade.

"Exports will happen," said Voser, 54, whose company is the world's largest LNG supplier. "But I hope that the U.S. will actually keep most of the gas back because it will help them to industrialize parts of the U.S. more."

[WTI Crude Poised for Longest Run of Weekly Gains Since 2009](#)

Crude headed for a seventh weekly advance in New York, the longest run of gains in almost four years, amid signs of global economic growth and concern that oil facilities in North Africa are vulnerable to militant attacks.

West Texas Intermediate crude advanced as much as 0.6 percent as German business confidence rose for a third month in January. The European Central Bank said 278 banks will hand back 137.2 billion euros (\$184.4 billion) of its three-year loans next week at the first opportunity for early repayment. The U.K., German and Dutch governments yesterday urged their citizens to leave the Libyan city of Benghazi.

[The Peak Oil Crisis: Looking at 2013](#)

We are only a few weeks into the New Year and already the shape of the next 11 months is starting to form. To start, the U.S. Department of Energy sees two good years in front of us with increases in domestic tight oil production and falling demand in Europe offsetting what now looks like a million b/d increase in global demand in each of the next two years. Demand for oil in the U.S., which has been falling pretty steadily in recent years, is forecast to increase a bit in 2013.

The Paris-based International Energy Agency, however, is not so sure about the next two years. The Agency recently started talking about coming “tightness” in the oil markets as economic growth in China gives indications of starting to revive, increasing its demand for oil. If you want a really pessimistic forecast, you might be impressed by the Goldman Sachs chief commodity strategist who told a conference in Frankfurt that he would not be surprised to see oil prices reach \$150 a barrel this summer from the current \$112.

[Billionaire Fredriksen Says Tankers to Lead Shipping Revival](#)

The market for oil and fuel tankers will be the first to recover from a glut in the shipping industry, reviving over the next 15 to 20 months as international trade picks up, billionaire John Fredriksen said.

[Energy Swaps Migrating to Futures on Dodd-Frank Rules](#)

More than half of the \$18 trillion in notional daily trading of energy swaps has moved to futures exchanges from the over-the-counter market in response to the U.S. regulatory overhaul aimed at increasing transparency following the 2008 financial crisis.

[ENI Makes a Push Toward the Top](#)

MILAN — Tucked away in a building on the outskirts of Milan is the “nirvana room,” so called perhaps because of the good tidings it contains. There, geologists working for the Italian oil company ENI don 3-D glasses to contemplate day-glow images of underground geological formations and try to divine which might be worth tens of millions of dollars in exploratory drilling.

The mood around ENI has been nirvana-like lately as the company’s explorers have made some lucrative enlightened guesses. Beginning in 2010, ENI and a rival, the Houston-based Anadarko Petroleum, made a series of finds off Mozambique, a country in East Africa, that add up to the largest natural gas trove of recent years — the equivalent of about 16 billion barrels of oil.

[Combustible political climate has Morsi stuck in paradox over gas](#)

Energy, politics and the economy are invariably intertwined, and there is no exception to this in Egypt.

As the political situation remains tense two years after the crowds first gathered on Tahrir Square, the government is reluctant to scrap subsidies for natural gas that inhibit economic growth and sap its finances.

Anger over the stagnant economy fuelled the demonstrations that ended Mr Mubarak’s 30-year reign in 2011. As unemployed youth raged against the regime, one of the few

state handouts they enjoyed was heavily subsidised gas.

[Chavez Cancer Freezes Venezuela's Overseas Oil Funding](#)

Venezuela's \$100 billion oil industry is seeing the first drop in funding in five years from some of its closest partners, as concern mounts President Hugo Chavez's battle with cancer is creating a political vacuum, people familiar with the matter said.

[Norway's Statoil says 2 missing workers in Algeria terror attack confirmed dead](#)

OSLO, Norway — Norwegian energy company Statoil ASA says two Norwegian employees missing after a terror attack on a gas plant in Algeria have been confirmed dead.

Statoil CEO Helge Lund says the two workers are 58-year-old Tore Bech and Thomas Snekkevik, 35. Three other Norwegian Statoil employees are still missing after the Jan. 16 attack on the Ain Amenas plant that resulted in a four-day siege.

[Algerian Attack Puts Focus on Worker Security](#)

The attack in Algeria has already led oil companies there to evacuate hundreds of workers temporarily and eventually could lead some companies to pull out of especially volatile countries. But analysts said the siege was not likely to fundamentally reshape the industry, which has a long history of making money in countries in the throes of upheaval and even war (including one in Algeria), and where workers with a taste for traveling the world — and the hazard pay they earn — have long put aside fears of kidnapping and death.

“This attack is highlighting in a ghastly way the security concerns around the global energy infrastructure on which the world depends,” the oil historian Daniel Yergin said. “Security has been a very big concern over the last two decades, and security is now an even bigger concern. But that doesn't mean their work will stop.”

[Samsung Total strikes Iran oil deal, lured by cheap fuel-sources](#)

SINGAPORE/SEOUL: South Korea's Samsung Total Petrochemicals Co has revived a contract to buy Iranian oil after a year's hiatus, as thin margins in plastics make the cheap fuel from Iran hard to resist, people familiar with the deal said on Friday.

Stringent U.S. and European sanctions aimed at reducing Iran's oil income and forcing Tehran to curb its nuclear programme have made shipping and paying for the oil hard, halving the Islamic Republic's crude exports.

The deal is a rare example of a buyer returning to the market for Iranian oil despite the

obstacles arising from sanctions and efforts by Western powers to stem the flow.

[South Sudan to Start Teak Exports to Cut Dependence on Oil](#)

Equatoria Teak Co., a South Sudan- based forestry group, plans to start shipping the wood from the East African nation within two months, helping the country diversify away from its dependence on oil.

The company, a unit of London-based venture capital group Maris Capital, will export a container load of furniture-grade teak to the U.S. within two months and may boost shipments to three containers a week by April, Coco Ferguson, a director of ETC, said in an interview in the South Sudanese capital of Juba. Exports may yield millions of dollars a year, said Simon Ndigi, state minister for trade and investment.

[New rules don't close door on oil patch foreign investment: Prentice](#)

The Harper government's new foreign investment rules for state-owned enterprises leave plenty of room for such companies to invest in Canada's oil and gas sector, but investors need to consider not only the higher regulatory hurdles but an uneasy political climate, Canadian Imperial Bank of Commerce vice-chairman Jim Prentice says.

[Halliburton Profit Falls on U.S. Fracking Equipment Glut](#)

Halliburton Co., the world's largest provider of hydraulic-fracturing services, said fourth-quarter profit decreased as customers pushed prices down amid an equipment glut in North America.

Net income dropped to \$669 million, or 72 cents a share, from \$906 million, or 98 cents, a year earlier, Houston-based Halliburton said in a statement today on Business Wire. Excluding one-time items, the company was expected to earn 61 cents a share, the average of 33 analysts' estimates compiled by Bloomberg.

[Commission That Oversees Drilling Is Being Overhauled, Even in Name](#)

The Railroad Commission of Texas regulates one of the most advanced industries in the world — oil and gas drilling. Yet the commission's software systems, many of its rules and even its name are from another era.

As the 122-year-old agency confronts a drilling boom that is altering the state and national economies, an overhaul of its operations is under way. Its old mainframe computer system will be upgraded with modern digital storage, clearing the way for a more user-friendly Web site. Decades-old regulations are getting updated to reflect the rapid spread of hydraulic fracturing, or fracking.

And the Legislature may change the commission's name to accurately reflect what it does. (The commission's railroad duties ended in 2005.)

[California Sued for Allegedly Failing to Regulate Fracking](#)

California was sued for allegedly failing to regulate and supervise hydraulic fracturing by oil and gas companies under the state's underground injection control program.

The Center For Biological Diversity, a Tucson, Arizona- based environmental group, said in a complaint filed in state court in Oakland today that the program requires the state to obtain detailed studies, conduct inspections and supervise testing before any subsurface injection or disposal project can begin.

[Keystone Pipeline Fate Shifts to Climate Hawk Kerry](#)

As a senator, John Kerry fought for sweeping climate change legislation, called human-induced warming among the top challenges facing the U.S., and pushed for an international accord to cut carbon dioxide emissions.

That track record has emboldened critics of TransCanada Corp.'s Keystone XL pipeline who want him to scuttle the remaining \$5.3 billion portion of the project if he's confirmed as secretary of State. Appearing yesterday at a hearing on his nomination before the Senate committee he chairs, Kerry was non- committal on the Canada-U.S. pipeline, though called himself a "passionate advocate" for action on climate change.

[Shell Arctic plans anchored with its Alaska drillship](#)

(Reuters) - A Shell drilling rig that ran aground near Alaska's Kodiak Island remains anchored in a nearby sheltered bay three weeks later, and its fate is as unknown as whether the oil company will be able to drill in waters off the state this year.

[Environmentalists say insurance cannot cover oil spill in Canada](#)

Environmental groups are concerned that the current insurance system cannot support an oil spill in the province of British Columbia and are calling on the lawmakers to change the rules, reports News1130.

The groups warn that, unless the existing rules are changed, taxpayers will have to pay for the majority of damage caused by an oil spill.

[Hey, lead foot! You're throwing away money](#)

Studies show that fuel economy has become the number one concern among American car buyers – but motorists have also been pressing for higher speed limits, which can sharply reduce the mileage a car gets.

While that might seem common sense, a new study clearly quantifies the impact of putting the pedal to the metal. And it finds that there are surprisingly few differences between vehicles, whether brick-like SUVs or sleek, wind-cheating sports cars.

[Toyota Prius hybrid was top-selling car in California](#)

For automakers who worry that California sets trends for the nation, here's something to either cheer or worry about: Toyota Prius was the best-selling car in the Golden State last year.

[Want a Car That Gets 117 mpg?](#)

What if someone offered you a car that could get up to 117 mpg in city driving? A car that would cost about \$1,500 less than typical hybrids? It need not look like some pod from a Lady Gaga concert. When it's not running on gasoline, it uses ... the air. There would be a sturdy tank of compressed air in the floor or trunk, recharged by the engine or the brakes.

[What holds energy tech back? The infernal battery](#)

WASHINGTON (AP) — As 21st century technology strains to become ever faster, cleaner and cheaper, an invention from more than 200 years ago keeps holding it back. It's why electric cars aren't clogging the roads and why Boeing's new ultra-efficient 787 Dreamliners aren't flying high.

And chances are you have this little invention next to you right now and probably have cursed it recently: the infernal battery.

[21 Amazing Off-the-Grid Houses](#)

Real talk: Between diminishing stores and oil wars, fossil fuel-dependance is officially a bad deal. In the future, as these resources get scarcer, we're going to have to figure out how to live in a little more harmony with Mother Earth. Here are 21 houses that are already doing it right: eschewing the power grid for solar, wind, and geothermal energy sources.

[Ethanol Mix Gives Soros to Shell Mills a Boost](#)

Raizen SA, Royal Dutch Shell Plc (RDSA)'s sugar venture with Cosan SA Industria &

Comercio, is among producers set to profit from funneling more of a record cane crop into ethanol as a government measure bolsters demand.

Mills in the Center South, the world's largest sugar producing region, are likely to turn as much as 54 percent of their cane into ethanol in the season starting April 1, the most in three years, said Antonio de Padua Rodrigues, a director at industry association Unica. Brazil plans to boost the amount of the biofuel added to gasoline to 25 percent in June from 20 percent now, the first increase since 2010, Energy Minister Edison Lobao said in a Jan. 17 interview.

[E.P.A. Directs New York to Act on Muddy Waterway](#)

The agency notified the New York State Department of Environmental Conservation in a letter that it must take action to reduce the turbidity levels of the water, which violate federal water quality standards. The pollution – silt, sediment and other particles – has been worsened by discharges from a reservoir that helps supply drinking water to New York City, the E.P.A. said.

The muddying of the Lower Esopus, which the region relies on for recreation, has long been a point of contention between local residents and New York City. The city mostly blames nature, saying that more frequent rains have been stirring up sediment and sending it down to the Ashokan Reservoir, necessitating the discharges into the Lower Esopus.

[Obama climate push to tie environment, jobs: White House adviser](#)

WASHINGTON (Reuters) - President Barack Obama will renew his push to spur investment in renewable energy projects that create jobs as a key part of his second-term strategy for tackling climate change, a top White House policy adviser said on Thursday.

This time around, though, Obama won't have the \$90 billion in economic stimulus funds that his administration earlier pumped into clean energy and "green jobs" projects.

Instead, Obama wants to see "targeted and smart" investments in research and demonstration projects, and will also use the upcoming corporate tax reform process to try to "level the playing field" for renew

[Buoyed by Obama, leaders press for climate action](#)

DAVOS, Switzerland (AP) -- Hurricanes, floods, droughts and a newly climate-conscious Barack Obama are helping boost efforts around the world to fight climate change.

Top political and financial leaders at the World Economic Forum in Davos say recent natural disasters, along with Obama's inauguration announcement this week that he's making the battle against rising temperatures a pillar of his second term, could rev up

the glacially slow climate pact negotiations and revive fundraising for global action to cool the planet.

"Unless we take action on climate change, future generations will be roasted, toasted, fried and grilled," International Monetary Fund Managing Director Christine Lagarde told participants at Davos.

[Norwegian Sea can hold 100 years of Norway's CO2 emissions - NPD](#)

OSLO (Reuters) - Norway could store 100 times its annual emissions of carbon dioxide under the Norwegian Sea to help fight climate change, adding to its even bigger potential under the North Sea, an official report showed on Friday.

The findings are most relevant for natural gas finds such as the Sleipner field in the North Sea, where the gas contains high levels of carbon dioxide.

Norway has imposed taxes on carbon emissions since 1991 as part of efforts to limit climate change.

[Northeast Faces Stark Choice on Climate Pollution](#)

Cap-and-trade programs are designed to lower emissions gradually by reducing the cap and the allowances that are available. Polluters get flexibility in cutting emissions by being able to trade allowances among themselves. The idea is to achieve the reductions at the lowest cost through market forces rather than through direct regulation.

But of the four cap-adjustment proposals under consideration, three would reset the cap above current emissions and allow pollution to rise through 2020. Only a fourth option would continue to drive down pollution by resetting the cap at 91 million tons, the current emissions level, and then reducing it by another 2.5 percent a year through 2020.



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