



## Drumbeat: February 13, 2013

Posted by [Leanan](#) on February 13, 2013 - 9:47am

### [Diesel shortage pushes Egyptians to the brink](#)

Diesel supplies are drying up as a cash-strapped government struggles to cap a mounting bill for subsidies it has promised the IMF it will reform to secure an elusive \$4.8 billion loan desperately needed to keep a sagging economy afloat.

The situation appears near breakdown with growing shortages, unsustainable subsidies and foreign exchange reserves running out, raising the risk that fuel bottlenecks lead to food shortages and pose a risk to political stability.

Foreign reserves are down below \$15 billion, less than three months' imports, despite deposits from Qatar and Turkey. The Egyptian pound has lost 8 percent of its value this year and a black market has emerged for hard currency.

The nation's strategic reserve of diesel fuel is down to three days' supply, the official MENA news agency quoted a government official as saying last week. Bakeries that use diesel to make staple subsidized bread have been told to keep 10 days' fuel supply but not all have the capacity.

### [OPEC Warns on Risks to U.S. Production Growth](#)

LONDON – The Organization of Petroleum Exporting Countries Tuesday warned that expectations of growth in non-OPEC oil supply this year--seen as essential to meeting global oil demand in the long term--were subject to a high level of risk, particularly in the U.S.

Strong growth in U.S. oil output in recent years as a result of technologies that have made it possible to release large reserves of oil trapped in shale rock has taken many by surprise and started a shift in global trading patterns that could threaten OPEC's dominance of the oil market.

### [Opec raises oil output forecast as emerging economies fuel demand](#)

Opec raised forecasts for the amount of crude it will need to supply this year because of stronger fuel demand in emerging economies.

The Opec will have to provide an average of 29.8 million barrels per day in 2013, or 100,000 bpd more than it estimated a month ago. The producer group's output in January was 500,000 bpd larger than this, at 30.3 million bpd, according to Opec's monthly market report published today.

### [Oil Trades Near One-Week High; API Reports First Inventory Drop](#)

West Texas Intermediate traded near the highest level in more than a week. U.S. crude stockpiles declined for the first time this year, according to the American Petroleum Institute.

Futures were 0.4 percent higher in New York after climbing 0.5 percent yesterday. Crude inventories fell 2.3 million barrels last week, the first drop in six weeks, data from the industry-funded API showed yesterday. An Energy Department report today may show supplies rose, according to a Bloomberg News survey. The International Energy Agency trimmed forecasts for global oil demand because of constrained economic expansion.

“Declining inventory levels in the U.S.” are supporting prices, said Carsten Fritsch, an analyst at Commerzbank AG in Frankfurt. “If the U.S. Energy Department reports a similar fall in stocks, oil prices are likely to climb further.”

### [Oil May Head to \\$100 With Two-Year Support: Technical Analysis](#)

Oil in New York may rise toward \$100 a barrel if buying interest along the two-year moving average propels prices above a range of about \$98.25 to \$98.35 a barrel, according to Barclays Plc.

The two-year mean is underpinning closing prices on the weekly chart at about \$95.15 a barrel, Barclays analysts including Jordan Kotick, global head of technical strategy, said in a report dated yesterday. Buyers are emerging near the \$95 level, signaling the market may test the \$98.25 to \$98.35 a barrel range, according to the report.

### [Norway January gas output falls 6% on year to 10.5 Bcm: NPD](#)

London (Platts) - Norway's gas production in January fell 6.3% year on year to 10.5 billion cubic meters, the Norwegian Petroleum Directorate said Wednesday.

The NPD's preliminary January total is down from 11.2 Bcm in January 2012.

It is also lower than the final output figure for December of 10.9 Bcm.

Norway, Europe's second-biggest gas supplier after Russia, is facing a downward trend in gas production for 2013.

### [Fujairah oil storage capacity to rise by 2 million cubic metres](#)

The port outside the Strait of Hormuz, a vital Gulf oil export route which Iran has threatened to block, has seen a boom in storage facility building since late 2009.

But the pace of construction has slowed over the last year, several traders said, with the looming threat of overcapacity and lower forward prices for oil making storage unattractive.

### [Indian Oil October-December Profit Jumps 34%](#)

Indian Oil Corp. (530965.BY) Wednesday posted a 34% jump in its fiscal-third-quarter net profit, helped by a government cash compensation to offset its losses from selling fuel products at state-set rates and an increase in diesel prices.

### [Widening trade deficit is worrying aspect, says Commerce Secretary S.R. Rao](#)

New Delhi (ANI): Expressing concern over the huge surge in the import of petroleum and crude oil, Commerce Secretary S.R. Rao on Wednesday said that the widening trade deficit is a worrying aspect for the Indian economy.

"The worrying aspect as usual is the widening trade deficit and our figures show that substantial increase in the import of petroleum and crude oil is widening this trade deficit," Rao, while talking to reporters here.

### [India to Ensure Refiners Running Iran Crude Oil Get Insurance: Source](#)

India will ensure its refiners have insurance for plants that run crude from Iran, a government source said on Wednesday, allaying fears that imports from the sanctions-hit country may have to be halted.

State-run refiner Hindustan Petroleum Corp said on Tuesday it might not be able to use Iranian crude at its plants from June if insurers refused to renew contracts on its plants because of western sanctions.

### [India faces major energy shortfalls](#)

India should step up its development of green energy solutions, including wind and solar power, to help solve the major shortfalls in its energy system, industry leaders have urged.

"In many of the rural areas, renewable energy is the first and most obvious solution,"

said Christoph Frei, the secretary general of the World Energy Council. "There's an opportunity for more, particularly when one thinks about the poverty aspect. There seems to be commitment, but if you look at the big picture, it remains a very small portion of the overall system."

### [Like banks, oil played a big part in the crisis](#)

The standard view of the 2007-09 crash and recession focuses on excess leverage by banks and governments. Many of the received views on the issue conclude that United States and European growth must stay subdued for a while as the wounds of financial insobriety heal.

However, many have overlooked the role of the oil price explosion after 2005 in exacerbating and even causing the crisis. In the latter half of the 2000s, the world experienced an unexpected energy shortage, as oil demand rose significantly, driven by the rapid expansion of Asian economies. A worldwide economic slowdown was inevitable to reduce oil demand.

### [Shale Boom Draws EON to Hire U.S. Traders as Europe Shrinks](#)

EON SE will start a U.S. power and natural-gas trading operation as Germany's largest utility seeks to profit from North America's shale-gas revolution.

The company, which already trades U.S. power and gas derivatives from Germany, will hire five traders in Chicago, executives at EON said. The group will trade physical power and gas, may lease pipeline and storage capacity and is looking to secure liquefied natural gas capacity from the U.S., they said.

### [New Zealand should prepare urgently for coming oil shortages](#)

It may be a very serious mistake to assume that oil will continue to be readily available, Bruce Robinson a Peak Oil expert said today.

Trouble in the Middle East, such as Iran being bombed, might cause a sudden world oil shortage, as 20% of the world's oil is shipped from the Persian Gulf, through the narrow Strait of Hormuz.

As well, global oil shortages are likely, perhaps within 5 years. Existing giant oilfields are now declining faster than new fields are being discovered. Peak Oil will cause substantial disruptions to automobile dependent countries. The on-going hype in the US and now in Australia about shale oil is unlikely to change the overall picture.

### [BP Energy Outlook: why the oil giant's forecasts are flawed](#)

The oil giant's long-term forecast—really an “exercise of the imagination”—was greeted with a sort of breathless astonishment by the media who took it for a statement of fact concerning the one thing about which we cannot know anything for certain: the future.

My first response to the coverage was: “Well, what did you expect the company to say?” This is the world's third largest oil company. Of course, its forecast through 2030 is that the world will remain hooked on fossil fuels, particularly oil which, BP tells us, is going to be plentiful despite what those peak oil killjoys are saying.

### [Russia plans \\$25-\\$30 bln oil-for-loans deal with China](#)

LONDON/MOSCOW (Reuters) - Rosneft is seeking to borrow up to \$30 billion from China in exchange for possibly doubling oil supplies, making Beijing the largest consumer of Russian oil and further diverting supplies away from Europe.

Four industry sources familiar with the situation told Reuters Rosneft was in talks with China's state firm CNPC about the borrowing, which would echo a \$25 billion deal the two companies clinched last decade.

### [Malaysia lobbied Canada on Petronas-Progress bid, documents show](#)

Malaysian Prime Minister Najib Razak asked his Canadian counterpart Stephen Harper to reverse the initial rejection of Petroliam Nasional Bhd.'s \$5.2-billion takeover of Progress Energy Resources Corp., correspondence between the two leaders shows.

### [Libya's crude exports over 485 mln barrels in 2012 -NOC](#)

ALGIERS (Reuters) - Libya's crude oil exports totaled 485.149 million barrels in 2012, state energy company National Oil Corporation said on Wednesday. NOC itself exported 379.508 million barrels last year, and the rest represents its partners' share, it said in a statement on its website.

### [IEA sees Iran oil export sales falling as West tightens sanctions](#)

Iranian oil output will likely fall further from its lowest in three decades as the West tightens sanctions on the country, depriving Tehran of hard currency revenues, the International Energy Agency (IEA) said on Wednesday.

### [Total Pledges 2013 Production Growth After Profit Rises 13%](#)

Total SA, Europe's third-largest oil producer, expects production to increase as much as 3 percent this year after reporting a 13 percent rise in 2012 profit on an improved refining performance.

## [Tullow CEO Says Focus on Exploration Over Developing Oil Finds](#)

Tullow Oil Plc, the worst-performing oil stock in the U.K.'s benchmark index, will maintain its focus on exploration rather than developing existing discoveries.

"We are an exploration-led company, there's no value in chasing production targets," Chief Executive Officer Aidan Heavey said in an interview after Tullow published annual results today. "We will farm down developments as appropriate."

## [U.S. to Lease 38 Million Acres in Gulf Next Month for Oil, Gas Drilling](#)

The U.S. Department of the Interior said Thursday it has finalized plans to auction off oil and gas drilling leases for up to 38 million acres in the central Gulf of Mexico next month, giving oil companies a chance to expand their footprint in the booming offshore oil region.

The lease sale scheduled for March 20 in New Orleans will offer all unleased areas in the Central Gulf of Mexico Planning Area, offshore Louisiana, Mississippi, and Alabama, which the department said could lead to the production of up to nearly a billion barrels of oil and nearly 4 trillion cubic feet of natural gas.

## [Cnooc Wins Final Approval for \\$15.1 Billion Nexen Buy](#)

Cnooc Ltd., China's biggest offshore oil and natural gas producer, won approval to acquire the U.S. assets of Nexen Inc., its last regulatory hurdle in the \$15.1 billion purchase of the Canadian energy company.

The Committee on Foreign Investment in the U.S. approved the deal, now expected to close the week of Feb. 25, Nexen said in a statement yesterday. The panel reviews takeovers by foreign-owned companies for national security implications. Cnooc's acquisition of the Calgary-based company falls under U.S. jurisdiction because of Nexen's Gulf of Mexico oil and gas operations, which account for about 8 percent of its output.

## [Merger costs, overruns reduce Duke profit, but results top expectations on higher power prices](#)

NEW YORK — Duke Energy Corp.'s fourth-quarter earnings topped Wall Street expectations as electric rates rose and more extreme weather increased demand for power. But results were reduced by merger costs and cost overruns at an Indiana power plant.

## [GDF Suez Cutting Record Dividend Seen in Options Market](#)



GDF Suez SA Chief Executive Officer Gerard Mestrallet says the French utility's dividend is a sacred cow -- even at a world-leading 10.2 percent yield. Options traders don't believe him.

### [Rosneft-Exxon JV gets boost from new Arctic oil licences](#)

(Reuters) - Russia's top oil producer Rosneft will move its new licences into its tie-up with North American major ExxonMobil to tap into the country's vast Arctic resources, a source close to the Russian company said.

### [Shell may cancel second summer of Arctic drilling due to rig damages](#)

ANCHORAGE -- Royal Dutch Shell plans to send its two offshore drilling rigs to Asia for extensive repairs will likely mean the cancellation of its second summer of drilling in the U.S. Arctic Ocean, unless it can find replacements fit to do the work -- something that may prove to be a challenge.

Rigs able to operate in harsh Arctic conditions are rare and even if found, would have to be modified and receive U.S. government blessing to operate in a remote and environmentally sensitive area in less than five months.

The likely delay is the latest bump in what has been a tough road to Arctic drilling for the Anglo-Dutch oil giant, underscoring the increasing difficulty big oil companies have in finding large deposits of conventional oil.

### [Jeremy Grantham to join Keystone pipeline protest](#)

FORTUNE -- Jeremy Grantham, 74-year-old chief investment strategist of the \$106 billion Boston-based investment-management firm GMO LLC, says he will participate in a surprise show of civil disobedience planned by the Sierra Club in Washington Wednesday morning protesting the completion of TransCanada Corp.'s controversial Keystone XL Pipeline.

It is an unusual move for a fund manager, but Grantham's reputation as an outspoken climate-change activist precedes him. While he does not expect to be arrested, Sierra Club National Press Secretary Maggie Kao says the environmental group's board voted to allow acts of "civil disobedience" for the first time in its 120-year history as part of Wednesday's action. That effectively means the group expects its protest to "result in arrests," she said, declining to elaborate on the particulars of the action. The protest will begin at 11 a.m. ET at Lafayette Square near the White House.

### [New York Governor Puts Off Decision on Drilling](#)

ALBANY — Gov. Andrew M. Cuomo is becoming Hamlet on the Shale.

On Tuesday, Mr. Cuomo's administration again delayed making a decision on whether to allow hydraulic fracturing, a controversial drilling method used to extract natural gas from rock formations like the Marcellus Shale, which extends from the Appalachian Mountains to New York.

### [Town Sued After Barring Debate on Gas Extraction at Meetings](#)

In September, Sanford's town board unanimously approved a resolution to bar any more discussion of gas drilling at its monthly meetings because the issue was taking up too much of its time.

The resolution said the town had already heard extensively from both sides. It understood their positions. And it did not plan to hear any more until the state completed its environmental review.

Now Sanford finds itself in the middle of a legal dispute, an unexpected new front in the fracking wars that offers some broader questions about how best to reconcile free speech and a governing body's need to efficiently conduct its business.

### [Shale gas finds could kill Nuclear in UK](#)

Nuclear power stations in Canada and the United States are closing because they cannot compete with cheap power being produced from shale gas.

This revolution in the way North America produces its electricity is sending shock waves through the nuclear industry in Europe too. New nuclear build will be spectacularly uneconomic if a fracking industry is successful in the United Kingdom.

### [Microscopic fibers may be culprit in 787 battery failure, NTSB says](#)

The U.S. National Transportation Safety Board is investigating whether tiny fiber-like formations, known as dendrites, inside lithium-ion batteries could have played a role in battery failures on two Boeing Co 787 Dreamliners last month.

Dendrites - just one of several possible causes under investigation by the agency - accumulate as a battery is charged and discharged, and can cause short circuits, according to battery experts.

### [The high cost of America's bad roads and bridges](#)

Waste and drinking water projects are particularly underfunded. ASCE predicts that sector will receive only a third of its required funding by 2020.



Roads and surface transportation will only get about half their projected \$1.7 trillion need for capital projects. Inland ports and waterways also are funded at about of their needs.

The electric grid and airports fare better, receiving most of the funding they require, according to ASCE.

People may feel the financial impact of underinvestment most directly on the roads. Researchers at the Texas A&M Transportation Institute estimate that, unless spending increases, congestion and rough roads will cost the average Texas household \$6,100 a year in wasted fuel, vehicle repairs, and time lost sitting in traffic between now and 2035.

### [In Liberals' Dreams, This Is What America's High-Speed Rail Network Looks Like](#)

In the real world, President Obama's grand plans for a national high-speed rail system sputtered out in the face of Republican opposition. But in the alternate world depicted by graphic artist Alfred Twu, we've realized them all, and more.

The map above depicts Twu's vision of an America whose major cities are all connected by state-of-the-art, 220 mph trains. His map isn't strictly based on the Obama administration's actual plans, shown here. It's far more ambitious than that. In short, it's a mass-transit lover's wildest dream. New York to Boston in an hour flat. New York to Los Angeles in a single day. Connections to Vancouver, Toronto, and Monterrey.

### [Plugging In, Dutch Put Electric Cars to the Test](#)

AMSTERDAM — When Patrick Langevoort's company issued him an electric vehicle two years ago, the first months were filled with misadventure: he found himself far from Amsterdam, with only a 25 percent charge remaining, unable to find the charging point listed on a map. Though the car was supposed to travel 100 miles on a full battery, he discovered that cold weather and fast driving decreased that range.

But electric vehicles have improved, the network of charging stations in the Netherlands has expanded and drivers like Mr. Langevoort are getting used to the particularities of electric driving. "I used to be a real petrol head," said Mr. Langevoort, who works for a company that manages electricity networks. "Now, I've sold my petrol car."

### [Cost not capacity the crucial statistic for renewable energy](#)

Burke says the bigger story about renewables is not about arbitrary round numbers but the approaching of a tipping point where renewables compete with fossil fuels in a risk averse world "that could change all the conventional wisdom about the future".

This could price out the coal industry and force investors to respond. Then and only then would politicians react to a new energy market and embrace the sector.

### [IG: Grant money for battery company not “managed effectively”](#)

The Energy Department gave \$150 million in economic recovery act funds to a battery company, LG Chem Michigan, which has yet to manufacture cells used in any vehicles sold to the public and whose workers passed time watching movies, playing board, card and video games or volunteering for animal shelters and community groups.

Those are the conclusions of a report released Wednesday morning by Energy Department Inspector General Gregory H. Friedman, who said that the grant to a subsidiary of South Korean giant LG “had not been managed effectively.”

### [Shadows obscure solar industry](#)

Solar stocks kicked off the year with a sharp rally, prompted in part by the news last month that a company controlled by Warren Buffett's Berkshire Hathaway had bought two SunPower solar projects in California for US\$2.5 billion (Dh9.18bn).

But there are still clouds on the horizon that are prompting concern that there is not much warmth due for the industry just yet.

### [German city takes the battle to China](#)

SolarWorld, based in a quiet suburb of the German town of Bonn, is one of the western solar industry's most potent weapons.

It is leading trade cases on behalf of American and European Union solar companies against Chinese competitors for selling products below their manufacturing cost, and has succeeded so far in getting the EU to launch an investigation and the United States to adopt anti-dumping policies.

### [Steep Challenges for a Chinese Eco-City](#)

TIANJIN — Fifty years ago, during a time of food shortages, China's young socialist government singled out a few farm villages as role models for the nation, saying that their high crop yields made them examples that other communities could learn from.

Today, facing challenges like runaway urbanization, soaring energy consumption and environmental degradation, China is hoping to establish a different set of paragons. With its cities expected to swell by another 350 million residents in the next 25 years, according to World Bank estimates, the government is scurrying to find sustainable urban solutions. To that end, it hopes to have 100 model cities, 200 model counties, 1,000 model districts and 10,000 model towns by 2015.

But already, some of the model cities mapped out early on, like Dongtan, an eco-city that was to house 500,000 people on Chongming Island near Shanghai, have been abandoned because of a range of problems ranging from official corruption to targets that proved overly ambitious.

### [Hemp Growing Finds Allies of a New Stripe in Kentucky](#)

FRANKFORT, Ky. — In 1996 the actor Woody Harrelson, who has a sideline as an activist for legalizing marijuana, was arrested in Kentucky for planting four hemp seeds.

Last month Senator Mitch McConnell, the Republican minority leader, announced his support for growing hemp in Kentucky, his home state.

Between those jarringly disparate events lies the evolution of hemp from a countercultural cause to an issue championed by farmers in the heartland and conservative lawmakers.

### [Monsanto guilty of chemical poisoning in France](#)

(Reuters) - A French court on Monday declared U.S. biotech giant Monsanto guilty of chemical poisoning of a French farmer, a judgment that could lend weight to other health claims against pesticides.

In the first such case heard in court in France, grain grower Paul Francois, 47, says he suffered neurological problems including memory loss, headaches and stammering after inhaling Monsanto's Lasso weedkiller in 2004.

### [South Americans Face Upheaval in Deadly Water Battles](#)

It was the deadliest clash in 18 months of protests in Peru's Cajamarca region, where many residents say Newmont's \$5 billion Conga mine will take water their villages and farms need to survive.

"He died in a pool of blood," says Adelaida Tabaco, Garcia's widow, 38, sobbing inside her half-built adobe house in Celendin. "The only thing the people want is water for families, but the mining companies want to take it. And soldiers will kill if you get in the way."

The injured and dead in Celendin, 800 kilometers (500 miles) north of Lima, are victims in a continent-wide conflict that pits South American governments and big, often foreign-based companies against people who stand to lose their homes as water is diverted to industrial uses.

### [Hurricane's Downgrade Undercut Warnings, Report Finds](#)

Days before Hurricane Sandy hit, forecasters at the National Hurricane Center knew that it was going to pack a wallop when it slammed into the East Coast.

But they also knew that the storm was unlikely to make landfall as a hurricane — leaving them with some very undesirable decisions to make about how to warn the public about what was on the way, according to a report released by the center on Tuesday.

### [Hoboken Mayor Seeks Storm Protection More Suitable for High-Rise Buildings](#)

HOBOKEN, N.J. — Places long accustomed to the routine beatings of hurricanes have shaped this country's traditional response to them: evacuate during the storm, then elevate the buildings or retreat inland to protect against the next onslaught.

But what works along vast expanses of shoreline is less suited to cities that are densely populated. Jolted into a new reality by Hurricane Sandy — which hit not only communities of bungalows but urban areas stacked with high-rises — experts said that coastal cities must figure out a new approach to hurricane preparation and recovery.

### [EU Aviation Carbon Emissions to Decline in 2013, New Energy Says](#)

Greenhouse-gas emissions from flights within Europe will probably fall this year as airlines renew fleets with fuel-efficient aircraft and pack planes more tightly, according to Bloomberg New Energy Finance.

Airlines' carbon dioxide emissions within the European Union probably fell 2 million metric tons, or 3 percent, last year to 64 million tons, Itamar Orlandi, a New Energy analyst in London, said by e-mail. Emissions may decline another 1 million tons this year as high oil prices curb demand, he said.

### [Carbon emission limits on coal-fired power plants require flexibility](#)

The US government can overcome industry resistance to planned carbon emissions limits on coal-fired power plants only by offering a wide range of options to comply, from buying credits to making renewable energy or efficiency improvements.

### [Report: Europe could halve its greenhouse gas emissions by 2030](#)

By 2030, Europe could be generating more than 40% of its energy from renewables, using 38% less energy than in 2005 and emitting 50% less greenhouse gases than it did in 1990, a new WWF report shows.

“Achieving such levels would put the EU on track to deliver a 100% renewably powered

energy system by 2050 at the latest,” says the report, Re-energising Europe, prepared for WWF by the Ecofys consultancy.

### [Obama threatens to curb carbon if Congress fails to address climate](#)

WASHINGTON (Reuters) - President Barack Obama is looking for steps his administration could take to limit carbon pollution and prepare cities for climate change, measures that will be considered if Congress fails to act on the issue, senior administration officials told reporters on Tuesday.

Obama proposed on Tuesday to divert some of the royalties from the boom in oil and gas production to invest in research for electric and natural gas vehicles and bio fuels, part of a plan to tackle climate change described in his State of the Union speech.

### [Sunlit Permafrost Unleashes Carbon at Faster Pace](#)

As ice melts in the Arctic it can expose the ancient carbon lurking in the once-hidden permafrost to the sun's rays. The result? Carbon dioxide is spewing into the atmosphere more quickly than previously thought, according to new research.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).