



## Drumbeat: February 20, 2013

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### [2013 gasoline prices could hit record highs](#)

After sending consumers into sticker shock the past month, how much more can gasoline prices climb?

Another 20 to 50 cents a gallon — a level that could propel the cost of gasoline, now \$3.75 a gallon, to all-time highs, some experts say.

Gasoline prices typically climb from February to Memorial Day on expectations of rising consumption and costlier summer-blend gas. But so far this year, prices are surging sooner and faster than ever before — up 45 cents since mid-January.

Consumers in some metropolitan areas, such as Southern California, are already paying nearly \$5.20 a gallon, up more than 75 cents since December lows.

### [WTI Crude Slips, Discount to Brent Narrows on Seaway Link](#)

West Texas Intermediate dropped, while its discount to North Sea Brent narrowed after Enterprise Products Partners LP said supplies through its Seaway oil pipeline will increase.

Futures fell as much as 0.2 percent percent after advancing by the most since Feb. 11 in New York yesterday. Seaway volume will average 295,000 barrels a day from February to May, compared with 180,000 barrels last month, according to Enterprise. The Federal Reserve will release minutes of its January meeting today. U.S. crude stockpiles probably climbed a fifth week, according to a Bloomberg News survey before a government report tomorrow.

### [OPEC Seen Cutting by Morgan Stanley as Tanker Charters Slump](#)

OPEC may be extending the longest stretch of production cuts since the 2009 global recession as fewer oil tankers are booked to ship Middle East crude to Asia, according to Morgan Stanley.

Hiring of supertankers from the world's largest export region slumped 33 percent from a year ago, Fotis Giannakoulis, a New York-based analyst at the investment bank, said in an e- mailed report today. The 12 members of the Organization of Petroleum

Exporting Countries already cut output for five months, most recently by 1.7 percent to 30.5 million barrels a day in January, estimates compiled by Bloomberg show.

### [Saudi Arabia ready to lift oil output](#)

Saudi Arabia expects to raise its oil output in the second quarter to satisfy higher demand from China and feed economic recovery elsewhere, oil industry sources said.

The world's largest oil exporter kept production steady at about 9 million barrels per day (bpd) last month and sources say production has since hovered around that level because buyers have not asked for more.

Saudi Arabia cut production sharply in the fourth quarter of last year because of weak economic growth abroad and lower seasonal consumption during cooler weather at home. But exports are expected to rise again in the second quarter, driven by growth in Asia, one industry source said.

### [Shale oil fails to dent Middle East shipments](#)

Will the US be able to say goodbye to its costly military involvement in the energy-rich Middle East because of the shale oil revolution at home?

The question is not only important for diplomats and soldiers, but also for the oil market, which for the past 60 years has become accustomed to the idea that Washington would patrol the world's most important production region.

### [Gas prices at four-month high after 32 days of hikes at the pump](#)

U.S. gas prices have hit a four-month high with 32 straight days of increases at the pump bringing misery to spring breakers and job hunters.

The Automobile Association of America said Monday that the national average for a gallon of regular is \$3.73 -- 43 cents more than a month ago -- with prices topping \$4 in California and Hawaii.

"It's become the perfect storm," AAA spokeswoman Nancy White said.

### [Norway Rebutted by Investors Amid Tariff Cut Backlash](#)

Funds that have spent more than \$5 billion on Norway's gas pipelines are contesting the legality of a proposal to cut tariffs charged for shipping the fuel, arguing the government's plan undermines the value of their investments.

The proposal, made public last month by Norway's Ministry of Petroleum and Energy,

constitutes a breach of contract, according to a Dec. 21 letter sent to the government by four companies representing 44 percent of Gassled, which owns Norway's gas infrastructure. Owners of the four companies include Canadian pension funds, a UBS AG infrastructure fund and a unit of Abu Dhabi's sovereign wealth fund.

### [Abe to Ask Obama for Shale Exports as Japan's Gas Bill Soars](#)

Japanese Prime Minister Shinzo Abe will ask U.S. President Barack Obama to allow shale gas exports as the world's third-largest economy grapples with soaring energy costs after 2011's nuclear disaster closed reactors.

The request will be made at a Feb. 22 meeting between Abe and Obama in Washington, said three Japanese officials, who declined to be identified because the information isn't public. The bill for importing liquefied natural gas, combined with a weaker yen, prompted Japan to post a record trade deficit in January of 1.63 trillion yen (\$17.4 billion), the Finance Ministry said today.

### [Japan's top buyer cuts Iran crude imports](#)

Tokyo: Japan's top buyer of Iranian crude JX Nippon Oil & Energy has cut by 12 per cent the volume it plans to import under an annual deal, an industry source said, helping ensure the world's third-largest oil consumer remains exempt from US sanctions on Iran.

The cut will reduce JX's imports from the Opec-member by 10,000 barrels per day (bpd) from a year earlier to 73,000 bpd, said the source who has direct knowledge of the matter. That's a loss of around \$420 million for Iran for the full year at today's prices, according to Reuters calculations.

### [China floods Iran with cheap consumer goods in exchange for oil](#)

With the Islamic republic increasingly cut off from global markets due to sanctions, Beijing is in a prime position to benefit.

### [Total's Tajik Move Aims for Gas From Same Basin as Turkmen Giant](#)

Total SA's move into Tajikistan, a former Soviet republic known for growing melons and cotton, aims to produce natural gas for export to neighboring China.

### [Energy Minister: Power supply critical on April 5](#)

The postponement of planned maintenance on the Myanmar Yanada gas pipeline has

not eased concerns of a power shortage in early April, with the Yingluck government warning of the need to cut electricity use during this critical period.

Energy Minister Pongsak Raktapongpaisarn said after meeting with energy officials on Wednesday that Total, the French operator of the Yadana field, had agreed to delay maintenance work on the pipeline, scheduled from the morning of April 4 to April 5, until April 14 as requested by Thailand.

### [Bulgarian government resigns amid growing protests](#)

(Reuters) - Bulgaria's government resigned on Wednesday after violent nationwide protests against high power prices, joining a long list of European administrations felled by austerity during Europe's debt crisis.

### [Nigerian pirates demand \\$1.3 million for kidnapped sailors](#)

(Reuters) - Pirates who kidnapped six foreign sailors from an oil servicing vessel off the Nigerian coast on Sunday are demanding 200 million naira (850.1 thousand pounds) for their release, police said on Tuesday.

One Russian, three Ukrainian and two Indian sailors were taken when gunmen stormed the Armada Tuah 40 miles (65 km) off the coast of oil-producing Bayelsa state.

### [Bomb attack causes fire in Iraq fuel pipeline again](#)

(Reuters) - A bomb set fire to a pipeline carrying fuel oil from Iraq's largest refinery to a province north of Baghdad on Wednesday, the second attack in less than a week on the same pipeline, the oil ministry said.

### [Choice of oil geologist signals BHP shift](#)

BHP Billiton's decision to pick as its new chief executive a geologist with a history in the oil industry highlights not only the challenges facing the world's biggest resources group by market value, but also where its future may lie - oil and gas, rather than metals.

Andrew Mackenzie, the 56-year old executive who will replace Marius Kloppers, worked for 22 years at BP before joining miner Rio Tinto in 2004 and BHP in 2008.

### [Iraq gives go-ahead for Iranian pipeline to Syria](#)

BAGHDAD: Iraq has approved the construction of a natural gas pipeline across its territory that will connect Iran to key ally Syria. The move likely to strengthen Tehran's

influence over its neighbors.

### [E.ON fully opens new UK gas storage facility](#)

LONDON (Reuters) - German utility E.ON has opened all eight gas storage caverns at its new Holford storage facility in Britain, the company said on Wednesday.

Two final caverns came into operation earlier this month, completing a seven-year construction and commissioning period at the site in Cheshire.

### [Petronas \\$700 mln credit facility for Bangladesh](#)

DHAKA (Reuters) - Bangladesh Petroleum Corporation (BPC) has been granted a \$700 million six-month deferred payment facility for oil from Malaysia's Petronas.

Under the deal, the first month will be interest-free and the next five payments will have a rate of 4.5 percent, down from the previous deal's 5.05 percent.

### [Peak Oil Will Be Fully Discredited When Peak Government Is Realized](#)

President Obama recently nominated Sally Jewell to head the Department of Interior. Her bona fides include growing a business — Recreational Equipment Inc. (REI) — to nearly \$2 billion in revenue last year. But in her new job, the question is whether Secretary Jewell will grow America's vast, untapped domestic energy resources.

Jewell is now at the gulf between what *is* and what *could be*. The Interior Department is responsible for oil and natural gas drilling off the U.S. coast — which is to say, the agency is wholly responsible for the complete *absence* of new drilling off the U.S. coast.

### [America's oil choice: Pay up, or get off](#)

The oil industry has an important message for you, America: You're not paying enough for fuel. And if you want to realize the fantasy of "North American energy independence," you will have to pay more for it — a lot more.

Getting drivers to go along with this notion will not be easy, so the industry has couched this message in much more careful language.

### [Governments Must Cooperate to Restrict Buying and Selling of Oil as Production Declines](#)

Decline in output from the world's oil fields is averaging 5% per year <http://aspousa.org/peak-oil-reference/peak-oil-data/oil-depletion/>, with some

speculation that we may have reached the global production limit for conventional crude oil [http://www.skepticalscience.com/Climate-Policy-Peak-Oil\\_U-Washington.html](http://www.skepticalscience.com/Climate-Policy-Peak-Oil_U-Washington.html). Once the loss in output overtakes what can be provided from unconventional sources, it can be said that we have passed the point of global "peak oil". The exact timing of this will be known only to posterity, but its circumstance is widely perceived as an unquenchable and imminent disaster of planetary proportions, and the "End Times" movement, hard-line Christian fundamentalists, mostly in the US, are rubbing their hands in anticipation of such "proof" that God really did tell us 2000 years ago that the Tribulation would befall us, in preparation for the second coming of Jesus Christ, who would ultimately transform the Earth into paradise. A cynic might say that since these are mostly people who live in a nation that consumes vastly more energy, and has more cars than anywhere else on earth, such acceptance is really an act of inertia, and they would rather die than change their lifestyles to anything less energy consuming.

### [Global Peak Oil Production – Where to Invest and Profit](#)

Let's build upon last week's long-term bullish case for crude oil. Much has been said about, "Global Peak Oil" production in the last few years, and probably for good reason. We know that U.S. crude oil production peaked in the early 1970s just as Mr. King Hubbert predicted back in the late 1950s.

But, is peak global oil production just around the corner?

Energy industry analysts believe that global oil production will peak sometime between 2015 and 2025. That sounds like a fairly broad range. However, the reality is that it's a fairly short timeframe in geologic time that does not even register a notch, and it's rapidly coming upon us.

### [Crude Oil Price BUBBLEOMIX Forecast 2013](#)

Of course, you can't pay the "right" price until the darn sellers break ranks and/or the hyperventilating hedge-fund managers reach for their brown-paper-bags. The problem is the way it works you get fired if you don't hedge against a spike but if there is a bust well the way the bonuses are worked out, that doesn't matter so much.

Whenever that happens (not if), what will happen next, as night follows day, is the red-line.

The trigger for that might be when the penny finally drops that U.S.A. will become energy independent sooner than anyone thinks. When everyone finally get's their head around the idea that the biggest buyer in the world might leave the market-place, the sellers might well break ranks...it's happened before, like did everyone stop pumping when the price hit \$35 in 2009?

### [Illinois fracking rules could be strictest in the nation](#)

Illinois legislators are expected to introduce a bill in coming days or weeks that would

regulate hydraulic fracturing in the state.

Known as Democratic Rep. John Bradley's bill, it is expected to be shaped by months of discussions that have taken place among environmental and industry leaders and legislators. Last year, legislation that started with support from both environmental and industry groups died after undergoing various permutations, including the addition of a two-year fracking moratorium.

### [Battle Lines Drawn for BP's Day in Court](#)

HOUSTON — Unless the Justice Department and BP reach a last-minute settlement, the British oil company will return to court on Monday to face tens of billions of dollars in civil claims from the 2010 explosion on the Deepwater Horizon rig in the Gulf of Mexico that could cripple the company for years to come.

### [BP Wins Approval to Cut Potential Fine by \\$3.4 Billion](#)

BP Plc won approval of an agreement for the U.S. government to not count 810,000 barrels of oil captured before they became part of the 2010 Gulf of Mexico spill, reducing the potential maximum fine under the Clean Water Act by \$3.4 billion.

The collected oil "never came into contact with any ambient seawater and was not released into the environment," U.S. District Judge Carl Barbier in New Orleans said in an order yesterday.

### [A Strategy to Prevent the Next Fukushima](#)

Among the most striking elements of the catastrophe at Fukushima Daiichi nuclear reactors in Japan were the hydrogen explosions that destroyed the upper parts of some of the reactor buildings. The hydrogen was released by a metal called zirconium in the overheated core.

Since that accident, whose second anniversary falls on March 11, researchers have been looking at a variety of ways to prevent a repetition. At the Electric Power Research Institute, a nonprofit utility consortium, scientists think they have zeroed in on one strategy: replacing some of the zirconium with a ceramic.

### [Swelling found in second battery on Japanese Dreamliner](#)

Cells in a second lithium-ion battery on a Boeing Co 787 Dreamliner forced to make an emergency landing in Japan last month showed slight swelling, a Japan Transport Safety Board (JTSB) official said on Tuesday.

The jet, flown by All Nippon Airways Co, was forced to make the landing after its main

battery failed.

### [Peer-to-peer car rentals set to debut at SFO](#)

The way Rujul Zaporde sees it, there are two kinds of people in this world: those who'd let complete strangers drive their cars and those who wouldn't.

As the CEO of FlightCar.com, a new peer-to-peer car rental company, Zaporde clearly believes there are enough of the former to build a viable business on. Set to officially launch at San Francisco International Airport (SFO) on Friday, the company promises to provide significant savings for both car owners and renters.

### [Home Solar Systems to Be an Option for Honda Customers](#)

Automakers have long resorted to incentives like zero-percent financing, rewards points and rebates to inspire customer loyalty. Now Honda is offering a different deal: inexpensive home solar power systems for customers.

Through a partnership with SolarCity, a residential and commercial installer, Honda and Acura will offer their customers home solar systems at little or no upfront cost, the companies said on Tuesday. The automaker will also offer its dealers preferential terms to lease or buy systems from SolarCity on a case-by-case basis, executives said.

### [UN launches Africa plan to swap kerosene for solar](#)

Nigeria could save US\$1.4 billion a year and avoid using 17.3 million barrels of crude oil if it used modern off-grid lighting solutions.

That's one finding of a new UN study into lighting in Africa, a continent that relies heavily on kerosene, candles and batteries to light homes.

### [Sewage Status Grows as Resource for Utilities to Skiers](#)

United Utilities Plc and Severn Trent Plc, Britain's biggest publicly traded water companies, are increasingly feeding human waste into tanks of bacteria whose methane emissions generate electricity.

Sewage-derived power supplies 22 percent of Severn Trent's energy, almost double that of 2005. At United Utilities, it's 14 percent. British utilities are shifting fecal matter to vats of bacteria that consume the waste, releasing biogas that's burned to drive water treatment. The result is lower energy bills and surplus power sent to the grid that heat more U.K. tea kettles.



## [Supreme Court Appears to Defend Patent on Soybean](#)

WASHINGTON — A freewheeling and almost entirely one-sided argument at the Supreme Court on Tuesday indicated that the justices would not allow Monsanto's patents for genetically altered soybeans to be threatened by an Indiana farmer who used them without paying the company a fee.

## [The Deadly Opposition to Genetically Modified Food](#)

Finally, after a 12-year delay caused by opponents of genetically modified foods, so-called "golden rice" with vitamin A will be grown in the Philippines. Over those 12 years, about 8 million children worldwide died from vitamin A deficiency. Are anti-GM advocates not partly responsible?

## [Europe's Rift Over Overfishing and Subsidies](#)

"We won a huge victory for sustainability two weeks ago with a huge majority," Isabella Lovin, a Green party legislator from Sweden and a longtime critic of European fisheries subsidies, said by telephone. "You would expect the subsidies vote to go the same way. But I'm not sure we'll have such a big victory when it comes to money."

"My worry is that there is an unholy alliance of between the conservatives and the left," she added, "one that wants to continue giving subsidies."

## [Carbon Plunges as EU Delays Vote on Fast-Track Market Fix](#)

Carbon prices plunged the most in more than three weeks after the European Parliament's environment committee postponed a decision to seek fast-track approval for a plan to fix a record surplus of emission permits.

## [Emissions Trade in E.U. Is Sputtering](#)

LONDON — President Barack Obama is trying to persuade the United States to adopt a cap-and-trade system to curb greenhouse gas emissions. But the European Union's Emissions Trading System — the world's flagship effort — is sputtering. European carbon permits, which traded at about €30 per ton a few years ago, are now hovering at about €5 per ton or less.

## [Keystone XL will have 'no impact on climate change', TransCanada boss says](#)

The company that wants to build a controversial oil pipeline from western Canada to Texas said on Tuesday said that shutting down the oil sands at its source would have no

measurable effect on global warming.

"You could shut down oil sands production tomorrow and it would have absolutely no measurable impact on climate change," he said.

### [New projections of 'uneven' global sea-level rise](#)

Sophisticated computer modelling has shown how sea-level rise over the coming century could affect some regions far more than others. The model shows that parts of the Pacific will see the highest rates of rise while some polar regions will actually experience falls in relative sea levels due to the ways sea, land and ice interact globally.

### [Are Oysters Doomed?](#)

Unlike other problems caused by CO<sub>2</sub>, ocean acidification is spurring some action, possibly because the effects are so visibly tied to the cause. "With climate change there's often a schism between scientists and those who flat out don't want to believe it," says Green. "It's hard to get a man to believe something if his job depends on not believing it." But in this case, he says, it's the people in the industry who are leading awareness. "Talk to shellfish clammers—the guys who dig—and every one of them is on board, especially the old timers. They have seen over the years the populations go from incredibly productive to virtually disappearing in many cases." One bit of anecdotal evidence diggers have reported is clams with thinner shells—so thin, they say, that sometimes it's not possible to fill bushel baskets to the top because the fragile shells at the bottom will be crushed.

### [Filipino super-typhoon an ominous warning of climate change impact](#)

The five most devastating typhoons recorded in the Philippines have occurred since 1990, affecting 23 million people. Four of the costliest typhoons anywhere occurred in same period, according to an Oxfam report. What is more, Bopha hit an area where typhoons are all but unknown.

The inter-governmental panel on climate change says mean temperatures in the Philippines are rising by 0.14C per decade. Since the 1980s, there has been an increase in annual mean rainfall. Yet two of the severest droughts ever recorded occurred in 1991-92 and 1997-98.

Scientists are also registering steadily rising sea levels around the Philippines, and a falling water table. All this appears to increase the likelihood and incidence of extreme weather events while adversely affecting food production and yields through land erosion and degradation, analysts say.



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