



Drumbeat: February 25, 2013

Posted by [Leanan](#) on February 25, 2013 - 9:01am

[Randy Udall - The shale phenomenon: fabulous miracle with a fatal flaw](#)

In 2000, the experts were unanimous: American oil and gas production was in terminal decline. By 2015, it was said, we'd need 10 supertankers a day, carrying 12 million barrels of crude, plus 10 billion cubic feet of liquefied natural gas.

Since 2005, however, this scarcity meme has been toppled. Domestic oil and gas production has grown 35 percent in seven years. Natural gas production is at record highs, and oil production has climbed almost 2 million barrels a day, faster here than anywhere on the planet.

[The Case for a Higher Gasoline Tax](#)

THE average price of gasoline in the United States, \$3.78 on Thursday, has been steadily climbing for more than a month and is approaching the three previous post-recession peaks, in May 2011 and in April and September of last year.

But if our goal is to get Americans to drive less and use more fuel-efficient vehicles, and to reduce air pollution and the emission of greenhouse gases, gas prices need to be even higher. The current federal gasoline tax, 18.4 cents a gallon, has been essentially stable since 1993; in inflation-adjusted terms, it's fallen by 40 percent since then.

Politicians of both parties understandably fear that raising the gas tax would enrage voters. It certainly wouldn't make lives easier for struggling families. But the gasoline tax is a tool of energy and transportation policy, not social policy, like the minimum wage.

[Brent Trades Near Four-Day High Before Iran Nuke Talks](#)

Brent crude traded near the highest level in four days before international talks with Iran on its nuclear program. China increased fuel prices for the first time since September.

Futures rose as much as 1.6 percent after gaining 0.5 percent on Feb. 22. Iran, which is under a Western embargo on its oil exports, will meet the U.S., China, France, Germany, Russia and the U.K., or the so-called P5+1 group, tomorrow in Almaty, Kazakhstan, after an eight-month lapse in negotiations. The lack of a breakthrough may mean U.S.

and European Union sanctions on Iran will continue to cost the Islamic republic about \$98.9 million a day in lost oil sales, data compiled by Bloomberg show.

[North Sea investment at "30-year high" new report suggests](#)

Oil and gas industry investment in the North Sea has reached its highest level in 30 years, according to figures published by its trade body UK Oil and Gas.

UK Oil and Gas said a series of tax breaks introduced by the Chancellor last year has seen the sector respond by investing £11.4 billion in 2012.

[Nigeria to Cut April Qua Iboe Crude Exports to Seven Cargoes](#)

Nigeria plans to load seven Qua Iboe crude cargoes in April, down from nine in March, according to a preliminary loading plan. The programs exclude shipments that were deferred.

[China Increases Gasoline, Diesel Pump Prices as Crude Costs Rise](#)

China, the world's second-biggest oil consumer, increased fuel prices for the first time since September after the cost of imported crude rose.

[China Net Diesel Exports Rose in January to Highest in 27 Months](#)

China, the world's second-biggest oil consumer, boosted net diesel exports to the highest level in 27 months in January as domestic stockpiles increased.

Overseas sales of the fuel exceeded imports by 309,273 metric tons, according to data e-mailed by the General Administration of Customs today. That's 22 percent higher than December and the most since October 2010, according to data compiled by Bloomberg.

[Sinopec to buy stake in Chesapeake assets for \\$1.02 billion: source](#)

(Reuters) - China Petroleum & Chemical Corp (Sinopec) , Asia's largest oil refiner, will buy a 50 percent stake in Chesapeake Energy Corp's Mississippi Lime oil and gas properties in Oklahoma and Kansas for \$1.02 billion, a Sinopec source said.

Chesapeake, the second-largest gas producer in the United States, has about 2.1 million net acres of leasehold in the Mississippi Lime region.

[Nigeria, Brazil Sign Agreement to Boost Trade, Investment](#)

Petroleo Brasileiro SA (PETR4) expects to expand oil production in Nigeria as the Rio de Janeiro-based company looks to strengthen its presence in Africa's top oil producer.

"Petrobras has been producing oil in Nigeria for 14 years, and expects to increase production," Brazilian President Dilma Rousseff said today during a speech in Abuja, Nigeria's capital. "Petrobras expects to establish an ever-stronger presence here in Nigeria."

[Biggest LBO Failure Is Energy Future Purgatory for KKR](#)

Five years after their record- setting leveraged buyout of Energy Future Holdings Corp., KKR & Co. and TPG Capital are moving closer to a possible new milestone: the biggest bankruptcy of a private equity-backed company since the failure of Chrysler Group LLC.

[Sonangol Raises Angola Oil Output, Will Seek Bids for 15 Blocks](#)

Sonangol EP, Angola's state energy company, boosted oil output by 4.5 percent last year and plans to spend \$8.8 billion on exploration in the next decade, Chief Executive Officer Francisco de Lemos Jose Maria said.

[Angola LNG start delayed by technical problems - Sonangol](#)

(Reuters) - The start of exports of liquefied natural gas (LNG) from the \$10 billion Angola LNG project has been delayed due to technical problems at the plant, a senior executive at state oil firm Sonangol said on Monday.

Sonangol board member Baptista Sumbe told a press briefing that Angola LNG will announce a new estimated date for the start of exports once reparation works have been completed.

[Iran Boosts Oil Storage With Facility to Hold 500,000 Barrels](#)

Iran has added storage for as much as 500,000 barrels of oil, the third such facility it established in southern Bushehr province in the past year, the Oil Ministry news website, Shana, reported.

The new facility will increase Iran's storage capacity in Bushehr's Bahregan region to 4 million barrels, according to the report, which cited Mohammad-Bagher Soleimani, Iranian Offshore Oil Co.'s production director.

[Oil minister: Iran could revise its oil export policy](#)

Iran's oil minister Rostam Qasemi said Iran could revise its oil exporting policies, IRNA reported.

"Since Iran possesses enough of technical knowledge to build its own oil refineries, and can produce high value products, it can reconsider its crude oil and condensates export strategy," Qasemi said.

Iran plans to use its refineries for making other petroleum products and establishing their export, instead of crude oil.

[Algeria Resumes Some Operations at Plant Hit by Militants](#)

Algeria resumed some operations at the In Amenas natural-gas complex more than a month after militants killed 38 workers during an attack on the facility near the border with Libya.

Sonatrach, the state-run energy company, reopened a unit of the plant with an annual output of 3 billion cubic meters, a third of the location's total capacity, Chief Executive Officer Abdelhamid Zerguine said in an interview with state radio today.

[Iraqi Groups Fail to Agree Oil Payments, Lawmaker Says](#)

Iraq's political factions failed to agree on the amount of money due to international oil companies working in the semi-autonomous Kurdish region, said Ammar Tohme, a lawmaker from the ruling coalition.

Kurdish lawmakers said the companies are owed 4.2 trillion dinars (\$3.6 billion), while the central government's accounting bureau said the amount is \$1.5 billion, Tohme said in a telephone interview from Baghdad. Iraq's government-sponsored Iraqiya earlier said that the political groups had reached an agreement.

[Report: Only 40% of consumers trust energy suppliers](#)

Britain's energy suppliers are facing a crisis of consumer confidence after new research has revealed that just four in ten consumers trust their energy supplier.

The research, commissioned by the price comparison website uSwitch.com, shows that over the last two years, 45% of those surveyed trust their energy supplier less than they used to.

[BP Seeks to Prove Gulf Spill Errors Weren't Negligence](#)

BP Plc, Transocean Ltd. and Halliburton Co. must convince a federal judge that mistakes that led to the 2010 Gulf of Mexico oil spill don't amount to gross negligence if they are to avoid billions of dollars in damages for the largest offshore oil spill in U.S. history.

['Trial of the century': Can BP deflect blame for Gulf oil spill?](#)

What once seemed likely – a settlement – now appears off the table as the US prepares to take BP to court in New Orleans on Monday, alleging the company exhibited 'gross negligence' in the lead-up to the Deepwater Horizon disaster in 2010. At stake: \$17 billion.

[As BP Trial Nears, Hints of Progress on a Deal](#)

NEW ORLEANS — As settlement talks continued Sunday on the eve of a trial against BP stemming from the 2010 explosion of a drilling rig in the Gulf of Mexico, the details of an offer by federal and state officials to the oil company started to emerge.

[BP Gulf of Mexico Spill, From Disaster to Trial: Timeline](#)

The trial that will determine the extent of any liability London-based BP Plc (BP/) and its partners must face for the April 2010 Gulf of Mexico oil spill is set to begin today in federal court in New Orleans.

The following is a timeline of the events leading up to the destruction of the Deepwater Horizon offshore drilling rig, which killed 11, the subsequent spill of millions of barrels of oil and resulting litigation. All dates and events are from court, agency and securities filings, or company and government statements.

[Could Saudi really be losing its taste for the black stuff?](#)

The King Abdullah City for Atomic and Renewable Energy (KACARE), the government department responsible for the program, last year published its vision for a long-term energy mix that relied on big contributions from solar and nuclear energy.

[Isn't it ethical to use less heating?](#)

The World Health Organisation sets "adequate" indoor temperatures at 21C for a living room and 18C for a bedroom. Will going lower have dramatic consequences for your health? Hopefully not. Studies show links between low indoor temperatures and increased blood pressure in older people, and that the cold can affect the immune system's ability to deal with respiratory infection. Strikingly, countries with lower winter

temperatures than the UK, such as Sweden and Finland, have lower rates of excess winter mortality (there were 24,000 such deaths in England and Wales during the winter of 2011-12), but they also have more energy-efficient housing stock (meaning that inhabitants can afford to keep warm).

Our housing stock is the least energy efficient in Europe, with 6m UK households in fuel poverty. What environmentalists don't acknowledge is that if these homes were heated to WHO temperature recommendations, carbon emissions would increase.

['Internet of things' promises nine billion tons of carbon savings](#)

Global greenhouse gas emissions could be cut by almost a fifth over the coming decade thanks to the rapid development of the so-called 'internet of things', giant networks of sensors that could revolutionise energy and resource efficiency by enabling machine-to-machine communication.

[Apocalypse Not: The Oscars, The Media And The Myth of 'Constant Repetition of Doomsday Messages' on Climate](#)

The two greatest myths about global warming communications are 1) constant repetition of doomsday messages has been a major, ongoing strategy and 2) that strategy doesn't work and indeed is actually counterproductive!

[German greenhouse gas emissions up 1.6 pct in 2012](#)

(Reuters) - German greenhouse gas emissions rose 1.6 percent in 2012 as a result of more coal burning and gas use, Germany's Federal Environment Agency (UBA) said, adding the rise was smaller than had been expected after the government quit nuclear power.

CO2 emissions alone rose 2.0 percent from the year before. A wider use of renewable energy kept that increase in check.

[U.S. offers airspace-based emissions regime](#)

(Reuters) - A U.S. proposal for curbing aircraft emissions would exclude time spent flying over international waters, an approach that some environmental groups say is too timid in addressing the rise in greenhouse gasses from the aviation sector.

The proposal, seen by Reuters, would cover just a quarter of aviation emissions, according to some estimates, and is in sharp contrast to a European Union law that would require all airlines to pay a carbon fee for the entire flight if departing or arriving at EU airports.

[Secret climate report calls for action in South Carolina](#)

A team of state scientists has outlined serious concerns about the damage South Carolina will suffer from climate change – threats that include invading eels, dying salt marshes, flooded homes and increased diseases in the state’s wildlife.

But few people have seen the team’s study. The findings are outlined in a report on global warming that has been kept secret by the S.C. Department of Natural Resources for more than a year because agency officials say their “priorities have changed.”

[Hotter, wetter climate slashes labor capacity by 10 pct - U.S. study](#)

WASHINGTON (Reuters) - Earth's increasingly hot, wet climate has cut the amount of work people can do in the worst heat by about 10 percent in the past six decades, and that loss in labor capacity could double by mid-century, U.S. government scientists reported on Sunday.

[Satellite Tracking of Middle East Aquifers Points to the End of ‘Data Denial’](#)

Our team’s expectation is that the water situation in the Middle East will only degrade with time, primarily due to climate change. The best available science indicates that the arid and semi-arid regions of the world will become even more so: the dry areas of the world will become drier (while conversely, the wet areas will become wetter). Consequences for the Middle East include more prolonged drought, which means that the underground aquifers that store the region’s groundwater will not be replenished during our lifetimes, nor during those of future generations.



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