



## Drumbeat: February 27, 2013

Posted by [Leanan](#) on February 27, 2013 - 9:32am

### [Gas price spikes don't leave lasting economic damage](#)

The recent run-up in gasoline prices has some economists – including Federal Reserve Chairman Ben Bernanke – worried about the impact on consumer spending and the economy.

It's a perennial concern. When gas prices spike, as they have done in the past few weeks, the extra money you pay at the pump forces you to cut spending on other things. That takes a bite out of overall consumer spending, which fuels roughly 70 percent of the U.S. economy. Slower spending means slower growth.

But the longer-term impact is not as great as some forecasters would have you believe. Here's why...

### [After two-day break, gas prices up again](#)

That temporary reprieve in rising gasoline prices? It's over.

Gas prices inched up to \$3.78 a gallon Tuesday after holding steady at about \$3.77 the previous two days. The respite ended 36 days of price gains that had pushed pump prices nearly 50 cents a gallon since Jan. 1.

### [WTI Rebounds From 2013 Low; Iran Talks End Without Deal](#)

West Texas Intermediate rose from its lowest level this year. World powers and Iran ended two days of talks without agreement on the country's nuclear program.

Futures gained as much as 0.5 percent. Iranian nuclear negotiator Saeed Jalili said negotiations with the U.S. and its partners will resume next month in Istanbul after discussions in Almaty, Kazakhstan, concluded. Americans and others made no offer to ease oil or financial sanctions on Iran, said a U.S. official, asking not to be identified. Crude inventories climbed by 904,000 barrels last week to 373.4 million, the highest level since December, the American Petroleum Institute said yesterday.

### [Shell suspends refinery production in Argentina for 4 days](#)

BUENOS AIRES (Reuters) - Royal Dutch Shell Plc has halted production at its only refinery in Argentina for about four days due to electrical problems, a company spokesman said on Wednesday.

### [Nigeria Oil Licenses to Await Passage of New Industry Law](#)

Nigeria, Africa's biggest oil producer, won't award new oil exploration licenses until lawmakers pass a reform bill now being considered, Department of Petroleum Resources Director Osten Olorunsola said.

"You need firm commitment and firm predictability of the law," he said in a Feb. 21 interview in Abuja, the capital. "We have to wait for the bill to be passed."

### [The shaky logic of US natural gas exports](#)

With U.S. natural gas production having risen more than 25 percent from its nadir in 2005, natural gas producers are pushing for an end to limits on U.S. natural gas exports. The growth in supplies comes primarily from previously inaccessible shale deposits deep in the Earth, a development that has convinced many people that the country is now entering a new era of natural gas abundance.

Trouble is, the United States remains an importer of natural gas. Through November 2012 the country imported 12.5 percent of its natural gas consumption for the year, mostly from Canada. That's down from an average of 15.7 percent for the previous 20-year period. But it's not exactly energy independence.

### [The Peak Oil Crisis: The State of the Union](#)

When peak oil first came to widespread public attention some 10 or 15 years ago, there was some debate about whether peak oil was the solution to climate change caused by carbon emissions. After all, if we are forced by geology and economics to burn decreasing amounts of oil, won't carbon emissions and global warming take care of themselves? In the last 10 years, however, much has happened. Bad economic times have reduced consumption of oil in most of the OECD countries. This demand has been replaced by increased demand from China, India and other developing or oil-rich countries, which are rapidly turning themselves into "motorized societies" where nearly everybody owns a car or some form of oil-powered transport.

The other side of the peak oil/global warming issue is what has happened to our climate in recent years. Lower Manhattan under water; New England under feet of snow; Texas and the upper mid-west burned dry; the Mississippi flooding; and the South torn up by tornadoes is rather hard to ignore. Indeed, the respected Pew Research Center says the number of Americans saying they believe the earth is warming has increased from 57 percent to 67 percent in the last five years. Those believing that climate change is caused by manmade emissions are up from 36 percent in 2009 to 42 percent in 2012.

The rather low percentage of those who believe that global warming comes from carbon emissions is a tribute to the power of the massive public relations campaign that fossil fuel companies and their political allies have been waging for many years.

### [The impending threat of peak oil](#)

My final words of wisdom: you may be content to sit in a windowless room and play video games for the rest of your life, but if you don't join the cadre of voices calling for sustainability, the lights might go off. Then you'll be sitting in a dark room with no Internet connection and no friends. That'll be awkward.

### [Don't Let Peak Oil Sneak up on You](#)

Discussions about peak oil usually degrade into a shouting match between environmentalists and energy companies. It may be entertaining, but what is most helpful is to take the facts and then act accordingly. A combination of these facts show that the energy is getting more difficult to discover and investors need to find forward looking companies that are willing to think outside the box.

### [Sinopec's U.S. Shale Deal Struck at Two-Thirds' Discount](#)

China Petrochemical Corp.'s \$1.02 billion deal with Chesapeake Energy Corp. gives the second- largest Chinese energy producer a stake in a shale oilfield for less than one-third of its estimated value.

Sinopec, as the Beijing-based explorer is known, will take a 50 percent interest in 850,000 acres Chesapeake controls in the Mississippi Lime formation, the companies said yesterday in separate statements. The price equates to \$2,400 an acre, less than the \$7,000 to \$8,000 at which Oklahoma City-based Chesapeake valued the asset in a July presentation.

### [US shale puts questions on Canada's own industry](#)

Calgary: The US shale oil revolution is forcing Canada's oil sands industry to question whether there is a future in processing its crude into lighter oil, a tried-and-true way of wringing the most money out of a resource considered crucial to the country's prosperity.

Suncor Energy Inc, which nearly 50 years ago pioneered the practice in Canada of mining and then upgrading the oil sands bitumen into refinery-ready light crude at the same site, served notice this month that the era of the integrated project may be ending.

### [Shell Buys Repsol LNG Assets in Americas for \\$4.4 Billion](#)

Royal Dutch Shell Plc, the world's largest supplier of liquefied natural gas, agreed to buy LNG assets from Repsol SA for \$4.4 billion in cash to expand in Latin America and Spain.

The deal, which helps the Spanish oil company avoid a credit-rating downgrade to junk, gets Shell export capacity in Peru as well as in Trinidad and Tobago, The Hague-based company said yesterday. Shell will take over financial leases and assume debt, bringing the transaction's total value to \$6.7 billion. Repsol's Canaport terminal in Canada, which imports gas into North America, was not sold.

### [Pakistani leader visits Iran in hopes of finalizing gas pipeline deal that's opposed by US](#)

TEHRAN, Iran — Pakistani President Asif Ali Zardari is visiting Tehran where he is expected to finalize a gas pipeline deal with Iran that is being opposed by the United States.

The U.S. opposes the project because it is trying to isolate Iran economically over fears that the country might ultimately be able to develop a nuclear weapon. Tehran denies the charge.

### [Russia Stocks Rise From Lowest This Year as Rosneft Gains](#)

Russia's benchmark stock index swung between gains and losses as OAO Gazprom surged on plans to sign a gas-supply deal with China, while OAO Novorossiysk Commercial Sea Port tumbled.

### [Gazprom banks on floating terminal for Israeli LNG](#)

JERUSALEM (Reuters) - The latest floating terminal technology could be the key to unlocking gas exports from Israel's Tamar field and the larger related gas riches of the eastern Mediterranean.

Russian energy group Gazprom said on Tuesday it is in exclusive talks to buy liquefied natural gas (LNG) from Tamar, located about 90 km off Israel's coast.

### [AGL Says Rules May Stop A\\$2 Billion in Coal-Seam Gas Plans](#)

AGL Energy Ltd., Australia's second- biggest electricity retailer, may drop plans to invest about A\$2 billion (\$2.1 billion) on coal-seam gas in New South Wales after the state moved to restrict access to some areas.

"This is an arbitrary announcement," Chief Executive Officer Michael Fraser said today in a phone interview after the Sydney-based company reported that it may need to

write down the value of two proposed coal-seam gas projects in the state. "You've got to work out ways to develop those resources in a way that addresses community concerns and avoids what is going to be a huge cost to the New South Wales economy."

### [Centrica faces flak over profits](#)

British Gas parent Centrica has come under public and political fire after it revealed it made nearly £50 per household last year just months after hiking customer bills.

A £606 million profit haul at British Gas residential was slammed as "staggering" amid calls for the firm to use some of the cash towards reducing energy bills for its 8.4 million customers.

### [Ernest Moniz, possible energy secretary pick, already drawing criticism](#)

Moniz, a scientist and professor at Massachusetts Institute of Technology, is the most-mentioned pick to replace Steven Chu, who plans to return to Stanford. As was the case with Chu, Moniz's academic background — and his lack of political baggage — is thought to be a plus.

But before Moniz has gotten the President's nod, environmental groups are already crying foul, expressing concern about his support for natural gas and nuclear power as energy sources.

### [Power Companies Lose Court Bid on Telecom Pole-Wiring Fee](#)

American Electric Power Co., Southern Co. and seven other power companies lost a court challenge to U.S. rules setting rates telephone and cable providers must pay to attach lines to electric utility poles.

### [The Political Minefield of Hydraulic Fracturing in New York State](#)

The alternative to carefully regulated hydraulic fracturing is the "wild west" version we see in Ohio and Pennsylvania. While New York could and should provide a model of best practices, in the long run, the federal government must regulate fracking. Of course, if scientific study indicates that there is no safe way to extract this gas from the ground, the practice should be banned. A more likely outcome is that a carefully managed fracking process can be designed, but will cost more than the current version. Given the need for energy and the cost of other energy sources, fracking can probably be profitable, even if it is rigorously regulated.

### [Chevron Reaped \\$1.49 Billion After U.S. Botched Leases](#)

Chevron Corp. reaped the most among the five largest oil companies drilling on U.S. deep water leases that mistakenly omitted drilling-fee provisions, according to a report produced by a Democratic lawmaker.

### [Exxon Wins Reversal of Gas-Leak Punitive Damages Award](#)

Exxon Mobil Corp. won the reversal of more than \$1 billion in punitive damages over a 2006 gasoline leak that Maryland residents claimed fouled their drinking water.

A Maryland appeals court yesterday reversed the punitive damages and returned the case to a new trial in Baltimore County Circuit court in Towson, Maryland, for a new trial. Irving, Texas-based Exxon Mobil had argued that the award, handed down in 2011 to 160 homeowners and businesses as part of a \$1.5 billion jury verdict, was excessive.

### [BP Profit Push 'Root Cause' of Gulf Spill, Witness Says](#)

BP Plc's push to maximize profits and cut costs at the Macondo well was a "root cause" of the explosion that led to the 2010 Gulf of Mexico oil spill, a safety expert who studied the disaster said.

BP executives pressured supervisors of the Deepwater Horizon rig to speed up drilling operations and hold down expenses as part of a corporate culture that put profit ahead of safety, Robert Bea, a retired engineering professor from the University of California, yesterday told the judge who is hearing claims over the spill.

### [BP Executive Testifies That a Rig Explosion in the Gulf Was a Known Risk](#)

NEW ORLEANS — On the first day of testimony in the BP Gulf of Mexico oil spill trial, BP's top executive for North American operations at the time of the disaster acknowledged on Tuesday that a well explosion had been identified as a risk before it happened.

### [Was BP too efficient?](#)

It's easy and tempting to focus on BP and its cost cutting. But you could argue that the company was only doing what every business has been doing relentlessly since 2008: Cutting, cutting and cutting again. Reducing headcount, shortening timescales, cutting margins. This is called efficiency but there is always a point beyond which it isn't efficient but starts to get dangerous.

### [Post-Fukushima, Arguments for Nuclear Safety Bog Down](#)

Ever since the nuclear accident in Japan released radiation into the atmosphere, regulators in the United States have been studying whether to require filters, costing as much as \$45 million, on the vents of each of the country's 31 boiling water reactors.

The filters, which have been recommended by the staff of the regulatory commission, are supposed to prevent radioactive particles from escaping into the atmosphere. They are required in Japan and much of Europe, but the American utilities say they are unnecessary and expensive.

### [The Alternative Energy religion is based on a false premise](#)

Beaufort County has a habit of chasing pink elephants. That is essentially the strategy upon which our economic development programs has been based for over a decade and it has resulted in colossal failures. In fact, arguably, there have been no winners, and certainly no bonanzas.

Now our county fathers are chasing "alternative energy." They are junketing to Washington to cozy up to Federal officials in attempts to get a wind farm going near Pantego. The only way that project can make a go of it is to be heavily subsidized by the taxpayers. It's a case of robbing Peter to pay Paul. But then, that's exactly what all these economic development schemes Al Klemm and Jay McRoy sold to us. Take from other businesses and give it to a few. But wind energy is much more of a boondoggle than anything our leaders have chased, except perhaps ethanol.

### [My Heart-Stopping Ride Aboard the Navy's Great Green Fleet](#)

You can't live off the land at sea, which is why the Navy has always looked far into the future to fuel its supply lines; the job description of admirals requires them to assess risk and solve intractable problems that stymie the rest of us. Peak oil, foreign oil, greenhouse emissions, climate change? Just another bunch of enemies. So when the Department of Defense set a goal to meet 25 percent of its energy needs with renewables by 2025, the Navy found itself fighting on familiar ground. Four times in history it has overhauled old transportation paradigms—from sail to coal to gasoline to diesel to nuclear—carrying commercial shipping with it in the process. "We are a better Navy and a better Marine Corps for innovation," Mabus says. "We have led the world in the adoption of new energy strategies in the past. This is our legacy."

### [French wind power spun into knots](#)

A storm in Europe threatens to leave the green energy sector of the continent's second-largest economy stuck in the doldrums.

A legal battle with anti-wind energy activists has frozen investment in France's onshore wind sector, threatening a "sea change" in energy pledged by the Socialist president François Hollande and his coalition partner Greens.

### [Germany's clean-energy supporters sound alarm over subsidy cuts](#)

Germany's clean-energy lobbies say government plans to reduce support for the industry will stall any energy transformation and proposed three alternative measures to stabilise power prices.

### [US utilities face growing rivalry from unsubsidised roof-top solar power](#)

Roof-top solar power is increasingly cost-competitive with retail power prices, with far-reaching implications for solar manufacturers, utilities and rival generation technologies.

Data gathered from installations in the United States by the department of energy suggest it is cheaper to generate electricity from roof-top solar panels than to buy power from electric utilities, if applied to European retail power prices.

### [Why Are Teen Pregnancy Rates So Low in North Dakota? Fracking.](#)

It's not prophylactics. But it could be petroleum. The explosion of fracking has created thousands of North Dakota jobs and imported single young men by the truckload to fill them. That's helped the state perform better on two major indicators of teen pregnancy: Rates go down in places with low economic inequality and a high ratio of men to women. You might think there would be higher rates of teen pregnancy with more seed floating around, but research suggests that women are more likely to delay pregnancy when they perceive future opportunities to climb the social and economic ranks—to get an education, a job, and a committed partner who benefits from the same. By the numbers, the prospects for North Dakota's women look good: North Dakota now has the third-highest ratio of men to women in the U.S. and the oil boom has pushed North Dakota's overall unemployment rate down to 3.2 percent.

### [Radioactive tuna from Fukushima? Scientists eat it up](#)

For most people, the thought of radioactive sushi tuna is nightmarish, but for Madigan it represented an opportunity.

If radiation from Fukushima was detectable, scientists might look for traces of the contamination in all sorts of amazing creatures that make epic journeys across the open seas, from tuna to sharks to turtles to birds. They might learn more about where the animals came from, when they made their journeys, and why.

They might learn how a single, man-made event — the plant failure in Fukushima — could be linked to the lives and fates of animals making homes over half the globe.

### [A Report Card for Global Food Giants](#)



The antipoverty group Oxfam has come up with a scorecard that evaluates the impact that the supply chains of behemoth food companies have on water consumption, labor and wages, greenhouse gas emissions and nutrition.

The goal of the scorecard, called “Behind the Brands,” is to motivate consumers to pressure companies like Nestlé, Kellogg and Mars to improve their policies on land and water use and the treatment of small farmers, among other things, and to reduce waste and greenhouse gas emissions.

### [Oyster Farm in California Gets a Reprieve](#)

SAN FRANCISCO — An oyster farm can continue operating at Point Reyes National Seashore in Northern California for at least a few more months after a federal appeals court decision on Monday.

The United States Court of Appeals for the Ninth District, in San Francisco, ruled that the Drakes Bay Oyster Company, which was scheduled to shut down in mid-March, could remain open until the court decided whether the company’s lawsuit challenging its eviction from the park could move forward.

### [Seen as Nature Lovers’ Paradise, Utah Struggles With Air Quality](#)

Federal safe air standards are set at 35 micrograms of particles per cubic meter of air — about the weight of a single crystal of table salt — averaged over a 24-hour period. During inversions last month, Salt Lake County reached 69 micrograms per cubic meter, while nearby Utah County got to 125 micrograms, Mr. Bird said.

“If the 40,000 women in Utah who are pregnant suddenly started smoking, that would constitute a genuine health emergency,” said Dr. Brian Moench, an anesthesiologist who leads Utah Physicians for a Healthy Environment, a group that has urged Gov. Gary R. Herbert, a Republican, to declare a public health emergency. “But our levels of air pollution are causing the exact same consequences as if all these women were smoking.”

[Rystad Energy analyst Lars Eirik Nicolaisen thinks Norway has to continue exploration activities today even though resources in the Arctic will not be as important before 2030. He says that Norway will have a lead role as the oil industry moves northwards.](#)

### [EU Carbon Drops to Two-Week Low as Glut-Fix Shortcut Abandoned](#)

European Union carbon permits closed at their lowest level since Feb. 7 a day after Matthias Groote, chairman of the EU parliament’s environment panel, scrapped fast-track talks on a plan to cut a surplus of allowances.

### [US Generals warn of climate change dangers](#)

A leading group of US security experts has warned of the imminent threat of climate change in an open letter to US policymakers.

Signatories include former Secretary of State, Madeleine Albright, General Wesley Clark, Richard Armitage, George W. Bush's Deputy Secretary of State and Anthony Zinni, a retired four star general in the Marine Corps.

"We, the undersigned Republicans, Democrats and Independents, implore US policymakers to support American security and global stability by addressing the risks of climate change in vulnerable nations. Their plight is our fight; their problems are our problems," it says.

### [Nebraska lawmakers warm to climate change study](#)

LINCOLN — The issue of climate change was discussed Tuesday in the Nebraska Legislature, perhaps for the first time.

And a legislative panel reacted warmly to the idea of having an existing state climate committee conduct a long-range study on how the state's largest industry, agriculture, can deal with rising temperatures and wild swings in the weather.

### [A climate-change plan Republicans could love](#)

Rather than wage a futile battle with Obama over EPA's authority to regulate greenhouse gases – for which the Supreme Court has already ruled in favor – the GOP could answer the president's climate challenge with a free-market solution, embraced by a number of conservative economists like Art Laffer and Greg Mankiw: A revenue-neutral tax on carbon that gives proceeds back to consumers.

### [China's rising sea level threatens economic interests](#)

Beijing: The sea level around China has witnessed an average 2.9 mm annual rise from 1980 to 2012, leading to more marine disasters and the country nearly \$2.5 billion in economic interests, the government said today.

### [Local warming: U.S. cities in front line as sea levels rise](#)

NORFOLK, Virginia (Reuters) - The signs of rising water are everywhere in this seaport city: yellow "Streets May Flood" notices are common at highway underpasses, in low-lying neighborhoods and along the sprawling waterfront.

Built at sea level on reclaimed wetland, Norfolk has faced floods throughout its 400-year history. But as the Atlantic Ocean warms and expands, and parts of the city subside, higher tides and fiercer storms seem to hit harder than they used to.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).