



## Drumbeat: March 13, 2013

Posted by [Leanan](#) on March 13, 2013 - 9:38am

### [US oil boom 'protects world from supply shocks'](#)

LONDON — SOARING US oil production should be enough to allow consumers withstand most potential supply shocks, the International Energy Agency (IEA) said on Wednesday, as it cut estimates for global oil demand.

"The oil-producing world today is in the midst of a once-in-a-generation transition of far-reaching consequences," the IEA, which coordinates the energy policies of major consuming nations, said in its monthly oil market report.

### [IEA Sees Weaker Oil Demand Growth](#)

The International Energy Agency Wednesday continued to inch lower on its forecasts for global oil demand while increasing its expectations of supply growth for this year.

Since January, the Paris-based energy watchdog has cut 200,000 barrels a day from its forecast for oil demand in 2013 and added 200,000 barrels a day to its expectations of supply growth from countries outside the Organization of Petroleum Exporting Countries, or OPEC.

"The subdued growth rate of oil demand now looks increasingly entrenched in the face of high oil prices and weak economic growth," the IEA said.

### [OPEC: Non-OPEC supply cutting into market share](#)

LONDON--OPEC members said Tuesday that demand for their oil in 2013 will be 100,000 barrels a day lower than previously forecast as growing output from non-member countries, particularly North American shale oil, eats into their market share.

The Organization of Petroleum Exporting Countries cut its forecast of demand for its oil this year in line with its revised expectation that non-members will produce an extra 100,000 barrels of oil a day, compared with last month's forecast. Its outlook for overall global oil demand remained unchanged.

### [WTI Oil Trades Near Two-Week High as Crude Supplies Fall](#)

West Texas Intermediate traded near the highest level in two weeks after an industry report showed U.S. crude stockpiles fell for the first time since February. The IEA trimmed its 2013 global oil demand forecast.

Futures advanced a fifth day, the longest run of gains since December. Crude inventories shrank by 1.38 million barrels last week, the American Petroleum Institute said. An Energy Department report today may show supplies rose by 2.3 million, according to a Bloomberg News survey. The International Energy Agency curbed demand estimates for this year by 60,000 barrels a day to 90.6 million.

### [Americans spent more on gas, less at the mall](#)

Retail sales rose 1.1% in February, according to a report from the Census Bureau. That's stronger than the 0.5% increase economists' were expecting. Stock futures turned higher following the report.

The better-than-expected numbers were due mostly to a spike in gas prices last month. Sales at gasoline stations alone rose 5% during February.

### [UK power and gas spot prices remain near record highs](#)

LONDON (Reuters) - British wholesale gas and power prices remained near record highs early on Wednesday as cold weather and low import and storage supplies left the system tight.

### [ConocoPhillips says unplanned outage halts UK N.Sea gas fields](#)

(Reuters) - ConocoPhillips on Wednesday said production was halted at its J-Block gas fields in the UK North Sea due to technical issues, adding that output should resume later in the day.

### [Abu Dhabi to invest in Malaysian oil storage](#)

Abu Dhabi will invest close to US\$7 billion (Dh25.71bn) in an oil storage facility in Malaysia.

### [A paralysed city: The diesel fuel crisis](#)

Though it is not the first time a gas or diesel shortage has plagued Cairo and several other governorates, the recent crisis in Egypt has left the capital city paralysed due to a major strike organised by microbus drivers. It seems these strikes by transport drivers are much larger than they have been in the past. Daily News Egypt investigates the

mounting diesel fuel problems in the country, looking at how they are affecting ordinary citizens and what the government is doing in response.

### [Brazil governors plan new proposal for oil royalties](#)

RIO DE JANEIRO -- Governors from 16 Brazilian states plan a new proposal to distribute revenue from oil production that would avoid a legal standoff and return billions in lost revenue to oil-producing states Rio de Janeiro, Espirito Santo and Sao Paulo, the O Globo newspaper reported Wednesday.

### [Anadarko Holds Talks With Japan Over Mozambique LNG Supply](#)

Anadarko Petroleum Corp. said it's in talks with potential customers in Japan to buy supplies from a joint liquefied natural gas plant in Mozambique it's planning with Eni SpA.

"We are advancing efforts with selective companies in Japan and we're hopeful that the policy uncertainty around nuclear power and U.S. exports does not cause them to miss out," said Steve Hoyle, vice president of LNG marketing for the Woodlands, Texas-based company. "None of those things are going to be clarified anytime soon."

### [Chemical And Gas Suppliers Battle Over LNG Exports](#)

The U.S. is in the midst of an energy transformation. Technologies that free fossil-fuel reserves, once trapped in shale, have radically shrunk natural gas imports. By 2020, the nation is expected to produce more gas than it needs. As the country approaches this milestone, it faces a question long asked in other countries with abundant energy resources: How much should we use at home and how much should we sell abroad?

### [Europe Gas Carnage Shown by EON Closing 3-Year-Old Plant](#)

Three years ago, Germany's largest utility spent 400 million euros (\$523 million) building a natural gas-fired power station. Later this month, the company may close the plant because it's losing so much money.

EON SE's Irsching-5 in Bavaria last year operated less than 25 percent of the time as slumping power prices made burning natural gas unprofitable by record margins. As Europe's weak economy holds back electricity demand, cheaper coal, requirements to buy renewable energy and the collapsing cost of carbon permits are undercutting gas-fired plants.

### [Coal to Gas Moves Are Generating Economic Waves](#)

Shifting from coal to gas hasn't triggered the financial tailspin about which many utilities had warned. But it has created an economic wave, which is fostering the next-generation of energy jobs while also helping to clear the air.

### [Saudi Arabia's Shale Plans May Be Slowed by Lack of Water](#)

Saudi Arabia may need at least a decade to develop shale-gas production to a scale comparable to the U.S. because of the desert kingdom's short supplies of water, state oil company officials said.

Shale gas is produced by a technique known as hydraulic fracturing, or fracking, in which massive amounts of water, chemicals and sand are blasted underground to free trapped hydrocarbons. Finding the necessary amount of water in the regions where Saudi Arabian Oil Co. is exploring for shale gas will be difficult, according to Amin Nasser, senior vice president of upstream at the company known as Saudi Aramco.

### [Canadian Natural Weighs Shale Sale Amid Glut](#)

Decisions by Canadian Natural Resources Ltd. and Talisman Energy Inc. to sell almost half a million acres of natural gas-soaked rock threaten to depress prices for land that drew a record premium last year.

### [YPF CEO Says Not Waiting for Chevron to Explore Shale](#)

YPF SA, Argentina's largest oil company that was nationalized 11 months ago, is planning to boost capital investments by 60 percent as it "aggressively" explores shale, the chief executive officer said.

"We're not waiting for Chevron" Corp. to develop shale, CEO Miguel Galuccio told reporters at company headquarters yesterday after reporting fourth-quarter profit that almost doubled to 1.02 billion pesos (\$207 million), or 2.59 pesos a share, from 535 million pesos, or 1.36 pesos, a year earlier. Galuccio said YPF and Chevron have been meeting weekly to hammer out final details of their accord. The second-largest U.S. oil company has almost two months to seal the deal.

### [Ripe oil market offers window to amp up pressure on Iran - report](#)

(Reuters) - Global oil market conditions are ripe for the West to further pressure Iran over its nuclear program, but the window will likely close next year as fuel demand is expected to rise in Asia, a report to be released on Wednesday said.

For most of the past decade, a tight oil market limited the ability of Western countries to use sanctions to dampen the nuclear ambitions of Iran, one of the world's top crude producers, said the report by the nonpartisan Securing America's Future Energy and Roubini Global Economics.

## [India Said to Line Up OPEC Alternatives to Iranian Supply](#)

OPEC's biggest oil producers are in talks to supply extra crude to India as the nation prepares to halt purchases from Iran because of global sanctions, four people with knowledge of the matter said.

Indian refiners, which are waiting for an order from the oil ministry on whether to stop buying Iranian cargoes, are discussing annual term contracts with Saudi Arabia, Iraq and Kuwait for the year starting April 1, the people said this week, asking not to be identified because the information is confidential. While the volume hasn't been set, the Indian companies have been told there is enough supply to cover the loss of Iranian crude, the people said.

## [How much trouble is Iran's Ahmadinejad in for hugging Hugo Chavez's grieving mom?](#)

When the Venezuelan government released the photograph of Ahmadinejad and Elena Frías, 78, embracing, most of the world — even the Iranian leader's Western critics — probably saw it as "a rare glimpse of a firebrand politician's softer side," says Robert Mackey at The New York Times. But the hardline clerics who run Iran saw something very different: "Proof that the Islamic Republic's official representative had flouted that nation's absolute ban on physical contact between unrelated men and women."

## [Peak Everything: Industry At a Crossroads, Says Nestlé Waters North America](#)

Like Peak Oil, "Peak Everything," as Richard Heinberg calls it, doesn't mean we don't *have* the resources; it just means that they are getting progressively harder and more expensive to get and, in many cases, their quality is declining. The environmental cost of getting them out of the ground is also going up.

## [The Deluge](#)

Rapidly advancing technologies are opening up astonishing sources of oil and gas all over the world. We are entering a new era of fossil fuels that is reshaping global economics and politics—and the planet.

## [Peak oil apocalyptoids: eating crow yet?](#)

In 2008 when prices started dropping, we asked if the peak-oil apocalyptoids were ready to eat crow. We ask again. Awful quiet, guys.

But don't you Cornucopians gloat either. Your faith that science and capitalism will bring endless plenty is hardly vindicated. We had to call out smarmy New York Times

columnist John Tierney on his 2005 bet with energy analyst Matthew Simmons that oil would not reach \$200 a barrel by 2010. Technically, Tierney won. It got close, but never reached this point—the "Crude Oil Price History" at FedPrimeRate.com tells us the price peaked at \$145 in 2008. But guess what happened that year that sent prices down again? Right, it wasn't the genius of capitalism that saved us from \$200 a barrel but the *crisis of capitalism*. And the very process of bringing new oil sources online *requires* periodic price spikes. So both the Peaksters and the Cornucopians *just don't get it*.

### [Asians Hunt Gas Treasure Locked in Ice Beneath Seabeds](#)

Japan and India, Asia's biggest energy consumers after China, are closer to unlocking natural gas deposits trapped in ice below the seabed that may prove bigger than the world's known fossil-fuel reserves.

### [Can Japan Freeze American LNG Exports?](#)

The United States cannot approve or build liquefied natural gas, or LNG, export terminals fast enough to appease countries looking for cheaper energy. While there are many destinations from Europe to Asia that will be on the customer list, perhaps the most obvious finish line is Japan. The island nation is at the world's mercy for much of its energy; it's the world's largest importer of LNG, second-largest importer of coal, and third-largest net importer of oil.

Japan is acutely aware of its dependency on foreign sources of energy and is feverishly seeking cheaper power supplies. But even the pursuit of American gas, which is about one-sixth the price of Asian market prices, has not stopped the country from looking for longer-term solutions. Japan's latest idea, if successful, could fundamentally change the global market and have major implications for domestic natural gas.

### [Ohio's Resurgent Natural Gas Industry Spends Millions to Set Up Shop](#)

LOUISVILLE, Ohio — The countryside in eastern Ohio is marked by rusting tanks that stand in open fields and along the edges of family timber patches, like graveyard headstones for an era of energy riches that most people here thought had passed.

Petroleum from this region once supplied John D. Rockefeller's Standard Oil refineries in Cleveland, 70 miles to the north. More than 6,500 conventional oil and gas wells have been drilled here in Stark County over the decades, according to state records; most no longer yield enough fuel to market. But natural gas buried in shale thousands of feet below the surface is attracting more than \$1 billion in private investment and rapidly reviving the area as an energy producer.

### [BNY Mellon Criticized in \\$400 Million Chesapeake Fight](#)

Bank of New York Mellon Corp. and a group of noteholders were criticized by a judge in their bid to force Chesapeake Energy Corp. (CHK) to pay \$400 million in extra interest if it loses a lawsuit over its attempt to redeem \$1.3 billion in notes early at par.

### [Fire burns after tug, barge hit La. gas pipeline](#)

LAFITTE, La. (AP) — A pipeline fire that was ignited when the pipe was hit by a tug boat pushing an oil barge burned into the early morning hours Wednesday in a bayou south of New Orleans.

There was still liquid petroleum gas in the 19-mile pipeline and authorities were waiting for it to burn out, Coast Guard Petty Officer Alex Washington said.

### [Head of U.S. Nuclear Watchdog Emphasizes Preparing for Unknown](#)

Appealing for a shift in emphasis on nuclear safety, the new head of the Nuclear Regulatory Commission warned a gathering of more than 3,000 industry executives, experts and government regulators on Tuesday against relying too heavily on their ability to predict the future, and suggested that when it comes to commercial reactors, the industry and the government should be ready to deal with the unknown.

### [Uranium Rally Falts on Japanese Nuclear Delays](#)

Uranium's rally from a three-year low is stalling amid signs Japan, once the world's third-biggest nuclear power producer, will keep all but a handful of its reactors offline this year.

### [Nuclear fusion is the 'perfect energy source'](#)

(CNN) -- Until recently, fears of peak oil and dependence on Middle Eastern suppliers were the key factors shaping our energy policy, pushing governments to scramble for fossil fuel alternatives. Then came shale gas, tar sands, and other unconventional sources. Industry found ways to affordably extract fuel for decades to come. So many are now imagining an end to the energy crisis. That's a dangerous mistake.

First, even the most optimistic predictions leave our grandchildren exposed to an uncertain future. More immediately -- and maybe more importantly -- burning fossil fuels is the number one cause of global warming and its catastrophic consequences.

We need to innovate alternative energy sources now more than ever ... and our choices are limited. There are few viable options that will preserve the levels of prosperity that modern industrial economies have come to expect.

## [In Search of Energy Miracles](#)

At a legendary but secretive laboratory in California, Lockheed Martin is working on a plan that some employees hope might transform the world's energy system: a practicable type of nuclear fusion.

Some 900 miles to the north, Bill Gates and another Microsoft veteran, Nathan Myhrvold, have poured millions into a company developing a fission reactor that could run on today's nuclear waste.

And on the far side of the world, China has seized on discarded American research to pursue a safer reactor based on an abundant element called thorium.

Beyond the question of whether they will work, these ambitious schemes pose a larger issue: How much faith should we, as a society, put in the idea of a big technological fix to save the world from climate change?

## [Energy talks with Hydro-Québec failed in 2009: Emera](#)

Officials from Emera Inc., Nova Scotia Power's parent company, gave up on negotiating a long-term supply of renewable electricity from Hydro-Québec as early as 2009, according to a regulatory response filed this week.

## [Wall Street May Lose in \\$541 Million Suntech Bond Default](#)

Global demand for solar panels has slowed as government support waned, driving prices down 20 percent in 2012 and prompting losses at the Chinese manufacturers that make up the majority of the 17-member Bloomberg Global Large Solar Energy index. Government agencies and China Development Bank Corp. have provided support to at least two struggling solar companies this year, averting the Asian nation's first onshore bond default.

## [PG&E solar billing named in California's top utility 'money wasters'](#)

"PG&E still uses manual billing for solar customers, decades after nearly everything else has been computerised. Customers, of course, foot the bill for this antiquated approach - time to switch from abacus to automation," said a Sierra Club statement.

"These efforts not only cost Californians money, they block the expansion of local clean energy like rooftop solar. It's time for big utilities to ditch the dirty energy projects support clean energy solutions like rooftop solar."

## [US energy efficiency league tables revealed](#)

The Environment Protection Agency's (EPA) list of cities with the most Energy Star



rated buildings is an indicator of how serious each is taking efforts to cut energy use.

California held six places in the top 25 including Los Angeles in the number one spot and San Francisco at number six.

Washington DC, Chicago, New York and Atlanta made up the rest of the top five.

### [Rains or Not, India Is Falling Short on Drinkable Water](#)

That people in one of the rainiest places on the planet struggle to get potable water is emblematic of the profound water challenges that India faces. Every year, about 600,000 Indian children die because of diarrhea or pneumonia, often caused by toxic water and poor hygiene, according to Unicef.

Half of the water supply in rural areas, where 70 percent of India's population lives, is routinely contaminated with toxic bacteria. Employment in manufacturing in India has declined in recent years, and a prime reason may be the difficulty companies face getting water.

And India's water problems are likely to worsen. A report that McKinsey & Company helped to write predicted that India would need to double its water-generation capacity by the year 2030 to meet the demands of its surging population.

### [China plans first commercial trip through Arctic shortcut in 2013](#)

OSLO (Reuters) - A Chinese shipping firm is planning the country's first commercial voyage through a shortcut across the Arctic Ocean to the United States and Europe in 2013, a leading Chinese scientist said on Tuesday.

Huigen Yang, director general of the Polar Research Institute of China, told Reuters that the trip he led last year on the icebreaker Xuelong, or Snowdragon, to explore the route had "greatly encouraged" Chinese shipping companies.

### [Tom Mulcair goes to Washington, tells Americans that Harper is 'playing people for fools' on environment amid](#)

WASHINGTON — In a whirlwind visit to Washington this week, Opposition leader Tom Mulcair is bearing an entirely different message from that brought by the parade of Conservative leaders who recently invaded the U.S. to sell the Keystone XL pipeline.

In meetings with U.S. lawmakers and business executives, Mulcair is telling Americans the Canadian government is "playing people for fools" by claiming that its environmental record is world class and that it cares about climate change.

## [Carbon Drops to Second-Lowest Close After EU Permit Sale Fails](#)

European Union carbon permits dropped to their second-lowest close ever, after the bloc canceled an auction of permits for the first time as bids failed to reach a secret reserve price.

### [What is the underlying value of EU carbon?](#)

(Reuters) - The uncertainty over prospects for the European Union emissions trading scheme is so great that it justifies current low carbon permit prices - which may even be a little high by one method of estimating underlying value.

The scheme faces a range of possible outcomes in this decade. These range from a cancellation of up to 1,900 million or so surplus EU allowances (EUAs) following on from reforms now being planned and which would greatly boost confidence, to total scrapping of the market, which is unlikely.

### [The rise of 'natural sustainability'](#)

The latest entry is "natural sustainability" - the Finnish researcher Mari Luomi's term for using resources in a way that allows for present and future prosperity without excessive harm to the environment. Ms Luomi, who has consulted for the Qatari government and conducted extensive interviews and research in the region, examines what she calls the "natural unsustainability" of Abu Dhabi and Qatar in her book *The Gulf Monarchies and Climate Change*, which came out late last month.



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