



Drumbeat: March 16, 2013

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[We Must Defuse the Subsidy Time Bomb](#)

As the global price of oil rises, Indonesia's ability to afford its fuel subsidies will be severely tested.

The government is already under severe pressure to keep the budget deficit from ballooning and to reverse a growing trade deficit.

Subsidies are draining away funds that could be better used securing the country's long-term economic future and improving people's livelihoods.

[WTI Gains for Second Week to Narrow Brent Advantage](#)

West Texas Intermediate crude gained for the sixth time in seven days as the dollar weakened and inventories fell at a major storage hub. The U.S. benchmark narrowed its discount to Brent crude for a fifth week.

WTI rose to a three-week high as the dollar slid to a one-week low against the euro after a report showed U.S. inflation is contained. Stockpiles at Cushing, Oklahoma, decreased last week to the lowest level since December, according to the Energy Information Administration. Futures pared their advance as U.S. stocks retreated after an index of consumer confidence unexpectedly slipped.

[Gasoline Advances on U.S. Economic Data, Narrowing Weekly Loss](#)

Gasoline rose for the first time in five days, narrowing a weekly loss, after U.S. economic data signaled improvement in demand.

Futures gained 0.7 percent as U.S. industrial production increased 0.7 percent in February, the most in three months, Federal Reserve data showed. Manufacturing, which accounts for about 75 percent of industrial output, advanced 0.8 percent for the third month in the past four. The fuel's premium to crude rose for the first time this week and heating oil was higher.

[Prices Spike, but Don't Worry; It Won't Last](#)

"The sizeable increase in CPI inflation was not surprising, given the sharp uptick of prices at the pump, which peaked towards the end of February," writes Michael Dolega, economist at TD Economics, in a commentary on the data this morning. He adds that the spikes are not here to stay.

"With gasoline prices moderating into the first half of March, next month's report should see a correction due to the volatile energy component," he adds. Translation: when gas prices level off, so will the broader measure of price growth.

[Gas Rigs in U.S. Surge by Most in Three Years as Prices Rise](#)

Gas rigs in the U.S. jumped by the most in more than three years as futures capped a fourth weekly gain and drilling in Louisiana and Oklahoma increased.

[Soaring oil price fuels second boom](#)

It is a harsh place to drill for oil with its gale-force winds and enormous waves but the North Sea is fighting back as global operators pump in more cash to secure vital future energy supplies.

[States consider increasing gas taxes](#)

If you've ever felt the pain at the pump from filling up your tank and wanted to decry big oil, your anger would be misplaced.

That's because a larger and larger chunk of change out of every gallon of gas you buy is tax going to the government.

Many states have increased gas taxes as a way to increase the tax revenue and shore up budget shortfalls, and use the revenues to fix transportation infrastructure projects that are long overdue.

[Brazilian oil states take royalty war to Supreme Court](#)

Brazil's main oil-producing states asked their country's Supreme Court on Friday to overturn a new law that strips them of billions of dollars in royalties levied on the output of rich offshore oil fields.

The three main oil-producing states, Rio de Janeiro, Espirito Santo and Sao Paulo, filed challenges with the court in Brasilia arguing that the legislation is unconstitutional because it changes existing contracts and violates Brazil's fiscal discipline law.

[Shell to resume operations at Iraq Majnoon field May 1](#)

BASRA, Iraq (Reuters) - Royal Dutch Shell will resume operations at Iraq's Majnoon oilfield on May 1, with initial production of 100,000 barrels per day (bpd), Oil Minister Abdul Kareem Luaibi said on Saturday.

[Iran's crude exports plunge in March](#)

TOKYO/SINGAPORE, (RTRS): Iran's crude oil exports in March may plunge by a quarter from a month earlier to the lowest since tight Western sanctions came into effect in 2012, industry sources said, squeezing income for Tehran as sanctions cast doubt over its future revenues.

The fall may result in a revenue loss of about \$1 billion for Iran, according to Reuters calculations based on current oil prices, just as the country's parliament debates President Mahmoud Ahmadinejad's spending proposals.

[Iran says gas export revenues to double](#)

Iran's gas export revenues are predicted to double once gas exports to Pakistan, Iraq, and some European countries start, the Mehr News Agency quoted Iranian deputy oil minister Javad Oji as saying.

Currently, Iran earns some \$3 billion from exporting gas, he said, adding that a new roadmap will soon be developed to target potential markets.

[US slaps sanctions on covert Iranian oil-shipping network](#)

WASHINGTON, (RTRS): The United States slapped financial sanctions on Thursday on a Greek businessman it says secretly operated a shipping network on behalf of the Iranian government to get around international sanctions on the country's sale of oil.

"Today, we are lifting the veil on an intricate Iranian scheme that was designed to evade international oil sanctions," US Treasury Undersecretary for Terrorism and Financial Intelligence David Cohen said in a statement.

[Sudan border rebellion risks unraveling South Sudan deal: UK envoy](#)

JUBA (Reuters) - Sudan's simmering border rebellions could yet unravel a freshly signed deal with South Sudan and jeopardise the expected resumption of the South's oil flows through Sudan, a British envoy said on Friday.

[Nigerians own 52% of active oil blocs, foreigners 48% – DPR](#)

The Department of Petroleum Resources, DPR, weekend, revealed that Nigerians currently own 52 per cent of the 173 active oil blocs, while foreign oil companies own 48 per cent.

[Chevron says San Francisco Bay crude unit repairs to finish by end Mar](#)

HOUSTON - Chevron Corp. said on Friday it expects to complete repairs to a fire-damaged central crude distillation unit at its 245,000 barrel per day (bpd) San Francisco Bay-area refinery in Richmond, California by the end of March.

[BP Seeks to Halt Some Gulf Oil-Spill Settlement Payments](#)

BP Plc asked a judge to halt some payments under the \$8.5 billion Gulf of Mexico oil-spill settlement, claiming the administrator is misinterpreting damages claims and increasing the cost to the company.

As a result of policy decisions on certain business economic-loss claims by court-appointed administrator Patrick Juneau, “BP is already exposed to hundreds of millions of dollars in fictitious ‘losses’ that were never contemplated by the agreement,” London-based BP’s attorneys said in papers filed yesterday in federal court in New Orleans.

[University of Tennessee Wins Approval for Hydraulic Fracturing Plan](#)

Environmentalists say opening the Cumberland Forest in eastern Tennessee to hydraulic fracturing, a process known as “fracking,” could harm wildlife and scenery on the 8,000-acre tract of state-owned land.

But the university says it would create a rare, controlled environment in which experts could study the environmental impact of the controversial drilling technique, while also generating revenue to finance research.

[Decision Delayed on Dangerous Chemical Found in Drinking Water](#)

Science correspondent Miles O'Brien talks to scientists, members of the chemical industry and representatives from Pacific Gas and Electric about chromium-6 contamination in American drinking water. What is a safe level for humans to consume and why has the EPA stalled on setting a federal standard?

[Britain’s Plans for New Nuclear Plant Approach a Decisive Point, 4 Years Late](#)

LONDON — If all goes according to plan, the British energy minister on Tuesday will formally approve construction of the country's first new nuclear power plant in nearly two decades.

But little has gone according to plan in this ambitious project, which is already more than four years behind schedule. Although envisioned as a big bet on Britain's clean-energy future, the project has been bogged down in months of dickering between the British government and EDF Energy, the French state-controlled power company that is supposed to oversee construction and eventually operate the plant.

[Record cesium level detected in fish caught near Fukushima nuclear plant](#)

Tokyo Electric Power Co. said Friday it detected a record 740,000 becquerels per kilogram of radioactive cesium in a fish caught in waters near the crippled Fukushima Daiichi Nuclear Power Station, equivalent to 7,400 times the state-set limit deemed safe for human consumption.

[Obama Seeks to Use Oil and Gas Money to Develop Alternative Fuel Cars](#)

The president said the nation was experiencing one of its regular spikes in gasoline prices, in effect a tax on every American household.

“The only way to really break this cycle of spiking gas prices, the only way to break that cycle for good, is to shift our cars entirely — our cars and trucks — off oil,” the president said. “It’s not just about saving money. It’s also about saving the environment. But it’s also about our national security.”

“It’s not a Democratic idea or a Republican idea,” he added. “It’s just a smart idea.”

[Two Rising Biofuels Trends: Corn Oil Biodiesel and Sorghum Ethanol](#)

I continue to believe that, contrary to ongoing fear mongering headlines that you see now and then, overproduction of Ag commodities with consequent low prices is the biggest future challenge for agricultural producers. Today's industrial methods have become very efficient, and are on course to continue to improve that efficiency. Nations abroad are buying more and more mechanized farm equipment, and dramatically increasing outputs, too. Many see Africa as being a huge new frontier in the quest to conquer arable land.

[U.N. bodies want to tackle drought to avert food crisis](#)

GENEVA (Reuters) - U.N. agencies want to strengthen national drought policies after warnings that climate change would increase their frequency and severity.

Droughts cause more deaths and displacement than floods or earthquakes, making them

the world's most destructive natural hazard, according to the Food and Agriculture Organisation, one of the groups taking part.

[No Decision on Bee-Harming Pesticides in Europe](#)

A proposed measure to restrict the use of pesticides that have been implicated in bee die-offs around the world was left in limbo on Friday, after representatives from Britain and Germany, two of the largest members of the European Union, abstained from the voting in Brussels. The move left the committee without the needed qualified majority, which gives larger countries greater weight than smaller ones.

[Boom Over, St. Patrick's Isle Is Slithering Again](#)

During the Celtic Tiger boom, snakes became a popular pet among the Irish nouveaux riches, status symbols in a country famous for its lack of indigenous serpents. But after the bubble burst, many snake owners could no longer afford the cost of food, heating and shelter, or they left the country for work elsewhere. Some left their snakes behind or turned them loose in the countryside, leading to some startling encounters.

[On Western Lands, a Free-Market Path](#)

REDSTONE, Colo. — Deep in the jagged heart of central Colorado lies one of the world's most beautiful backyards: a rugged and wild quilt of national forest where elk roam and bobcats hunt. It is public land, and as the song says, made for you and me. But the rights to drill it for oil and gas belong to private companies.

Stories of fiercely loved lands like this one often chart a predictable path. Residents opposed to drilling lodge protests with the government, and when that fails, they head to court. But recently, environmental advocates have begun banding together with ranchers, hunters and rich landowners with a novel tactic to preserve the landscapes of the West: they buy out their opponents.

[Fish Populations in the United States Rebound](#)

Many commercial fishing stocks off the United States coast that were depleted by decades of overfishing are returning to abundance, thanks largely to a 1996 law that effectively ordered limits on catches until the fish populations had rebounded, a newly released analysis of federal data on fish populations states.

[Bloomberg Welcomes Big Container of a Different Variety](#)

The city announced plans on Friday to install in Times Square 30 trash and recycling stations that can compact waste using solar energy and then send wireless signals

alerting workers when the bins are full.

[EPA might delay climate rules for power plants](#)

The Obama administration is leaning toward revising its landmark proposal to regulate greenhouse gas emissions from new power plants, according to several individuals briefed on the matter, a move that would delay tougher restrictions and anger many environmentalists.

[House Bill Would Route Keystone Pipeline Around Obama](#)

U.S. House Republicans won't wait for President Barack Obama to issue a decision on the Keystone XL pipeline. They plan to vote by the end of May on legislation that would sidestep the White House and offer congressional approval to the TransCanada Corp. project.

[White House: Green investments trump Keystone decision](#)

A White House aide suggested on Friday that investments in green energy technology would have greater impact on reducing the effects of climate change than whether or not the controversial Keystone XL pipeline gets built.

[Moving bitumen to market: the case for rail](#)

The battle over the best way to export Canada's oil has encountered a new question: who uses the least energy to move a barrel of oil?

[Keystone XL: The benefits and costs of a controversial pipeline](#)

Virtually every aspect of KXL's purported benefits has been carefully dissected, in particular in the United States, where the project has stoked a fierce debate that was revived again this week by senior U.S. officials, who questioned how much good it will do.

[Carbon Tax Fight Looms](#)

The White House continues to inch closer to a carbon tax. In Obama's first post-election press conference, he dodged the question. The next day his spokesman Jay Carney said: "We would never propose a carbon tax, and have no intention of proposing one." Great, but they don't have to propose it. The proposals have now been made by Obama's key allies. Senator Barbara Boxer, the chairman of the Senate Environment and Public Works Committee introduced a carbon tax bill with Vermont's Bernie Sanders, a self-described socialist. On the House side, the top Democrat on the Energy and Commerce

Committee, Henry Waxman, has introduced a carbon tax discussion draft. This week Obama indicated he's quietly preparing to back these proposals.

[America Needs a Coast Guard That Can Fight](#)

Forget for a moment about the U.S. Navy and its "pivot to Asia." Over the next few decades, the woefully underfunded and thoroughly unsexy U.S. Coast Guard will likely hover near the center of the action.

The reason, in three short words: the Arctic Ocean.

If and when that icy expanse opens regularly to shipping, the Arctic will need policing, just like any other marine thoroughfare. It might even become a theater for geopolitical competition, although the short time it will be ice-free each year, the uneven advance and retreat of the icecap, and the unpredictable location of the sea lanes will limit its potential for conflict relative to, say, the Western Pacific or the Persian Gulf. But the potential is there, and up north, the Coast Guard's aging fleet of cutters and small craft will be critical to upholding maritime security and hedging against maritime conflict.



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