



## Drumbeat: March 23, 2013

Posted by [Leanan](#) on March 23, 2013 - 11:14am

### [Awash in Misinformation: America's Domestic Tight Oil 'Bump'](#)

Last month, the standard-bearer for those arguing the U.S. will soon be awash in domestically produced oil testified before the House Energy and Commerce Committee. Daniel Yergin, Chairman of Cambridge Energy Research Associates, told Members of Congress in his prepared remarks, "Owing to the scale and impact of shale gas and tight oil, it is appropriate to describe their development as the most important energy innovation so far of the 21st century" and "the unconventional oil and gas revolution has already had major impact in multiple dimensions. Its significance will continue to grow as it continues to unfold."

Yet the Energy Information Administration (EIA) and independent analysis confirm that far from the "energy revolution" of the century, the increase in domestic oil production represents a temporary bump in production that will be short-lived. If we recognize the probability the impressive increases we've seen in shale gas and "tight oil" production are of limited volume and duration and set policies accordingly, we can reap great benefit; pretend these increases herald a new and ever-increasing permanent condition and we risk setting ourselves up for an avoidable economic contraction when the expected drop in production occurs. Geologist David Hughes, a 32-year veteran of the Geological Survey of Canada, recently conducted a detailed examination of the years-long performance of 65,000 shale gas and tight oil wells. The results were telling.

### [WTI Oil Rises, Narrows Discount to Brent](#)

West Texas Intermediate crude rose, narrowing its discount versus Brent to the lowest level since July, on signs that Cyprus is moving closer to a deal to stave off financial collapse and as the U.S. economy improved.

WTI capped a third weekly gain and the euro increased against the dollar as a Cypriot lawmaker said talks are going in the right direction to avert the island's financial collapse. U.S. jobless claims dropped to the least in five years last week, based on the four-week moving average, the Labor Department said yesterday. Brent lagged WTI's rally as German business confidence unexpectedly fell.

### [Indian Oil Corp raises diesel prices](#)

Indian Oil Corp, the country's biggest refiner, raised diesel prices by about 1 percent from Saturday in line with the flexibility given by the government, it said in a statement.

### [U.S. Oil Demand Declined in February, API Says](#)

U.S. oil demand in February fell to the lowest level for the month in 20 years as gasoline rose to the highest price for the time of year, the American Petroleum Institute reported.

Total petroleum deliveries, a measure of demand, dropped 4.1 percent from a year earlier to 18 million barrels a day, the lowest February level since 1993, the industry-funded group said in a monthly report today. The retail price for regular gasoline, averaged nationwide, rose to \$3.786 a gallon on Feb. 26, the highest for the month in AAA data going back to 2004.

“There is the price effect,” said John Felmy, chief economist at the API. “Consumers are being very cautious.”

### ["Gas supplies are not running out", says government](#)

The long cold winter that shows no sign of ending as we head towards the end of March means that the UK is very close to running out of its own gas supplies and could be forced to buy more expensive imports from Norway and Russia.

However, the government has strongly denied that the UK will run out of gas supplies despite reserves being down to just 1.5 days of gas.

A spokesman for the Department of Energy & Climate Change said: “Gas supplies are not running out. Gas storage would never be the sole source of gas meeting our needs, so it is misleading to talk purely about how many days’ supply is in storage.

### [Britain's gas price soars to record on pipeline closure](#)

LONDON (Reuters) - Britain's wholesale gas prices surged to a record high on Friday after one of its main gas import pipelines shut down unexpectedly, exposing the country's vulnerability to foreign supplies.

Britain is already grappling with a potential gas supply crisis as a late blast of winter depletes stored reserves, coal power plants close and pending maintenance in Norway threatens to further squeeze supply.

### [Ethanol Slumps Against Gasoline on Speculation Imports to Climb](#)

Ethanol slumped against gasoline on speculation that this month's price increase will boost the appeal of Brazilian imports.

The price difference, or spread, expanded 1.69 cents to 51.85 cents a gallon. U.S. refiners imported the biofuel in the week ended March 15 for the first time since Feb. 22, a report from the Energy Information Administration showed.

### [U.S. Rig Count Declines to Lowest in Almost Two Years](#)

The number of energy rigs in the U.S. declined this week to the lowest level in almost two years, according to Baker Hughes Inc.

The total rig count fell by 30 to 1,746, the Houston-based field-services company said on its website. The count was the lowest since March 25, 2011. Oil rigs dropped by 17 to 1,324. Natural gas rigs declined by 13 to 418.

### [Senate budget plan embraces Keystone XL approval](#)

(Reuters) - The Senate easily passed on Friday a symbolic measure approving the Canada to Texas Keystone XL oil pipeline, a move backers said showed strong support for a bill that would give Congress power to green light the project later in the year.

The amendment to the budget plan, sponsored by Senator John Hoeven, a Republican from North Dakota, passed 62 to 37.

### [Controversial pipeline-bombing game yanked from TVO website](#)

TORONTO -- An online game funded by Ontario taxpayers that shows the bombing of a gas pipeline and drew criticism from the premiers of Alberta and British Columbia is being reviewed.

TV Ontario, the province's public broadcaster, spent money to create the game "Pipe Trouble" to accompany a documentary about the pipeline debate in British Columbia.

### [Billionaire Roekke Warns Detnor Aasen Costs May Hit Sverdrup](#)

Billionaire Kjell Inge Roekke, who controls half of Det Norske Oljeselskap ASA (DETNOR), warned cost overruns and production delays may limit the company's ability to fund the development of Norway's biggest oil find in decades.

"Late start-up of oil production at the Ivar Aasen field may have significant consequences for the funding of the Johan Sverdrup development," Roekke said in a letter to Aker ASA (AKER) shareholders today. "I'm convinced that the development of Ivar Aasen will be more expensive than budgeted, and that production of first oil will occur later than planned. I probably should keep quiet, but I can't."

### [Mexico's Pemex says output, exports dip in Feb](#)

(Reuters) - Mexico state oil monopoly Pemex said Friday that February crude oil production and exports were down, compared with the previous month.

Pemex produced 2.555 million barrels per day (bpd) of crude oil in February, a slight decrease of 0.3 percent, compared with the previously month.

Meanwhile, crude exports in February averaged 1.22 million per day, down 5.4 percent, compared with January shipments.

### [Big Oil Finds in the Gulf of Mexico](#)

We have been drilling in the Gulf of Mexico for a long time, yet somehow, exploration and production companies are still finding more oil.

### [Cairn Starts Gas Output, Activates New Oil Field in Rajasthan](#)

Cairn India Ltd., which pumps crude oil from the nation's biggest deposit on land, started its first commercial sales of natural gas from the area and activated a new oil field to revive lower-than-expected output.

The explorer will sell as much as 5 million standard cubic feet a day of gas from its blocks in Rajasthan initially, according to a statement issued today. Cairn India also started Aishwariya, an oil field in the western state, with a capacity to produce 10,000 barrels a day, or 6 percent of its output from the region.

### [Shell Lifts Force Majeure on Nigerian Bonny Crude Exports](#)

Royal Dutch Shell Plc ended curbs on crude exports from its Bonny oil terminal in

Nigeria after repairs were completed following a leak on its Nembe Creek pipeline, a company spokesman said.

Force majeure, a legal step that protects a company from liability when it can't fulfill a contract for reasons beyond its control, was lifted from 4 p.m. local time on March 19, Precious Okolobo, a Shell spokesman said by phone today from the southern oil hub of Port Harcourt. "Investigation showed that the leak was caused by a failed theft point on the pipeline," he said.

### [Xi's First State Trip Yields 'Breakthrough' Oil Deals With Putin](#)

China agreed to double oil supplies and supported construction of a natural gas pipeline from Russia under "breakthrough" agreements during President Xi Jinping's first state trip abroad.

OAO Rosneft, the world's biggest traded oil producer by output, will borrow \$2 billion from China Development Bank Corp., backed by 25 years of oil supplies, under accords signed yesterday in the Kremlin. The Russian company also offered China National Petroleum Corp. access to Arctic resources, and OAO Gazprom said it plans to conclude a 30-year gas-supply contract to China by year-end.

### [In Moscow, new Chinese leader Xi warns against meddling](#)

Despite the warm words, Moscow is concerned that its far more populous, faster-growing neighbor could pose a threat, something that has not made for easy deals between the world's biggest energy producer, Russia, and its biggest consumer, China.

Xi's visit produced an agreement for Russian state giant Rosneft to gradually treble oil supplies to China, but the sides are still short of a deal on the supply of pipeline gas to China, thwarted for years over prices.

### ['Russia's gas status quo in Europe won't be affected by new suppliers'](#)

New natural gas suppliers to Europe won't affect Russia's status quo due to existing infrastructure and flexible pricing, the president of Russian oil giant Lukoil told RT in an interview. He also revealed country's Middle East expansion plans.

### [Total approves \\$10 bln Congo project, sees 2015 startup](#)

PARIS/SAN FRANCISCO (Reuters) - Total and its partners have committed \$10 billion

to a development off the coast of Congo, expected to produce 140,000 barrels of oil equivalent per day by the time full output is reached in 2017, the French oil company said on Friday.

The Moho Nord joint development is one of a string of African projects that Total is banking on to help it boost its oil production by 25 percent over the next five years, with growth accelerating after 2015 to top 3 million barrels of oil and gas a day for the first time.

### [Kingdom needs oil industry think tank](#)

Being a patriot, I gave the former Saudi oil minister the benefit of the doubt. I understand that people holding official posts normally would follow a general and careful outline. But Sheikh Yamani left his post and he became an oil analyst when he opened a consulting firm outside Saudi Arabia. So, at that time he was an independent consultant. But after the American invasion of Iraq in 2003, the former Saudi oil minister declared on international TV networks that the American invasion of Iraq will improve the oil capacity production in Iraq and the price of oil will fall below \$ 10 a barrel. Well, later on, the price of oil increased to reach a historic \$ 150 a barrel. Again, what happened to the two most important words in oil production and exploration — security and stability?

To this day, Iraq is neither secure nor stable. So, the question now is: Why Saudi Arabia that is the most important oil producing country in the world doesn't have an oil industry think tank? Or do we have any?

### [Afghan minister Ismail Khan criticize US role in Afghanistan](#)

Afghan water and energy minister and former warlord in western Herat province of Afghanistan Mohammad Ismail Khan on Saturday called on the Afghan government to prevent signing any deal that makes the Afghan nation dependent to foreign countries.

Mr. Ismail further added that the presence of coalition security forces-led by United States of America proved to be helpless in bring security and stability in Afghanistan during the past 12 years.

### [Hubbert 's Peak, The Economy, and War for Oil](#)

Hubbert predicted that world oil supply would peak around 2000 (many observers now agree that it actually peaked in 2004). But even today, few people in government or the corporate media have been warning the public about the implications for the economy.

This dearth of coverage is partly because the oil-producing countries and the oil companies do not want to publish or confirm data on the amount of oil reserves because

if the world has hit "Peak Oil" and is sliding down slope to scarcity, such a message could spark a panic in the markets or a rush to investment in alternative energy and fuels that would be damaging to the bottom line of fossil-fuel industries. It would also shine a bright light on America's misguided strategy for keeping the oil flowing and prices low.

### [For true consumer sentiment, look at auto sales](#)

Vehicle sales are often seen as a more accurate measure of consumer sentiment than retail or home sales. They show that tax cuts don't seem to be hampering Americans yet.

### [Shell Executive From Arctic Alaska Oil Program to Leave](#)

A Royal Dutch Shell PLC (RDSA, RDSA.LN) executive tasked with managing a controversial multi-billion-dollar oil exploration program in the U.S. Arctic Ocean that failed to complete any wells in last year's short drilling season is to leave the company by "mutual consent" later this year.

According to a Shell spokesman, David Lawrence, executive vice president responsible for exploration activity in the Americas, is to leave Shell mid-year. The spokesman didn't give details why Mr. Lawrence, who joined Shell in 1984, was leaving the company. Prior to his current post, Mr. Lawrence worked in exploration, development and strategy.

### [Fukushima Lawsuit Reveals Price of 'Abenomics'](#)

Abe's push for a nuclear future means his party learned little from 3/11. That's why the Tepco lawsuit is as important as it is timely. Its allegations that company officials lied about radiation levels U.S. military staffers faced while assisting in relief efforts 24 months ago is pushing Tepco back into the headlines and onto the hot seat. The plaintiffs seek more than \$2 billion in compensation, says Stars and Stripes newspaper.

Few would quibble with Abe's determination to revive Japan's economy. If Abenomics succeeds, it will add fresh dynamism to a world in need of growth engines. But that may come at a big price in the long run. The slower Japan moves to reduce its reliance on reactors, the more its 126 million people will be at grave risk when the next giant quake occurs -- and it will.

### [Oregon stockpilers ready for overdue earthquake](#)

Oregon might not get an earthquake for half a century, but Peter Mulder is fortifying his basement anyway.

Mulder, a retired banker from Portland, Ore. has six months' worth of food, 50 gallons of water, tools, medicine and liquor stockpiled underneath his house. Every few months he changes the water, takes an inventory and adds more items.

"If you have a major quake here, a lot of the Portland area is just not prepared, and stores would be emptied in a matter of days and they wouldn't be restocked for weeks," Mulder says. "It's not a question of if, it's a question of when."

### [Earth Hour-BMO Survey Shows 51% of Canadians Surprised by Costs of Utilities](#)

TORONTO, ONTARIO--(Marketwire) - With Earth Hour taking place this evening, BMO Bank of Montreal reminds Canadians to review their household energy usage as a way to reduce their environmental footprint and help manage their household utility expenses.

According to a BMO survey, the majority of homeowners (51 per cent) cite utility costs as the biggest financial surprise after they move in.

### [Make an Investment in Your Grandchildren's Future](#)

Remember that time when the world generated all of its energy, transportation fuels, and chemicals from renewable sources? Me neither, but that doesn't mean the technologies enabling that disruptive future are pipe dreams. To be honest we have no idea what technologies will take center stage in 20 or 30 years. Heck, virtually no one -- and that includes the mighty Energy Information Administration -- foresaw the shale oil and gas boom just 10 years ago.

### [2012 German Nuclear & Gas-Fired Generation Falls Further While Renewables Grow](#)

Apparently my article last October documenting the growth of renewables in Germany while nuclear generation continues to decline got under the skin of pro-nuclear bloggers.

So at the request of a reader, I am updating my charts on the electricity mix in Germany from 1990 through 2012. These charts are from public information, easily accessible with rudimentary German.

### [A study of switchgrass for home heating in the Northeast](#)



(Phys.org) —President Barack Obama wants U.S. scientists to pursue an "all-of-the-above" strategy in developing new sources of domestic energy. Agricultural Research Service agronomist Paul Adler is providing complete cost-benefit breakdowns for using switchgrass pellets instead of fuel oil to heat homes and businesses in the Northeast.

### [New Jersey Wins Fight Against a Tiny Invader](#)

This month, New Jersey declared victory in its war against the Asian long-horned beetle, an invasive, hardwood-eating insect that arrived on the shores of New York City in 1996, most likely on wood pallets. The beetle has since surfaced in a total of five states and, by tunneling through tree trunks, has threatened some of the nation's most common tree species, including maples, London planes, birches and poplars.

### [Bees to have their day in court over insecticide use](#)

The lawyers will be as busy as bees. The long-running row over insecticides linked to declines in bee numbers is going to court. Beekeepers and activists are suing the US Environmental Protection Agency (EPA), saying it should have banned neonicotinoid insecticides.

### [The Sly Coyote Becomes a Bounty Hunters' Target in Utah](#)

OGDEN, Utah — Spencer Glauser, who started hunting as a boy perched on his father's shoulders, is an unabashed coyote hater. "One's too many" to have roaming the mountains and encroaching on towns, he said.

Mr. Glauser is not alone in his aversion or in his desire to do something about it. Last year, the Utah Legislature enacted a "Predator Control" incentive program as a way to jointly curb coyotes and safeguard their occasional prey, the mule deer. Under the law, the state now pays civilians to hunt coyotes.

### [America's AirSea Battle, Arctic Style](#)

Call them American strategy's Odd Couple. Working together, the U.S. Coast Guard and Air Force could be the best defenders of U.S. policy in the Arctic Ocean, a theater that will expand and contract each year and where threats will — cross your fingers — remain modest in scope. Light combat forces patrolling the sea under the protective umbrella of land-based fighter cover may well be enough to manage events in northern waters. Ergo, it's worth thinking ahead about the material and human adaptations

necessary to help such an Odd Couple fight together.

### [How Green Are You?](#)

Think you're living green and saving the planet? Park the Prius and put down that grass-fed beef hot dog for a minute and make sure. We talked to some experts on the matter to get the scoop on what's truly earth-friendly -- and what just makes you feel like you're personally responsible for the end of global warming. Answer these questions, and the Earth wins.

### [Water as vital to national security as defence, UN says](#)

OSLO (Reuters) - Stresses on water supplies aggravated by climate change are likely to cause more conflicts and water should be considered as vital to national security as defence, the United Nations report said on Friday.

About 145 nations share river basins with their neighbours and need to promote cooperation over a resource likely to be disrupted by more frequent floods and heatwaves, it said.

### [Another Look at Natural Gas](#)

After my column on Wednesday about how the nation's natural gas boom is helping reduce emissions of heat-trapping carbon, I received a bunch of e-mail arguing that gas obtained by hydraulic fracturing could, on the contrary, worsen climate change.

The main reason is that fracking wells — where water, chemicals and sand are pumped at high pressure into horizontal shafts to fracture shale rock deep underground — leak.

### [Climate needs less U.N. talking, more market action-EU draft](#)

BRUSSELS (Reuters) - Fewer United Nations climate summits and more incentives through carbon pricing could speed up international efforts to slow the pace of global warming, a draft European Commission paper seen by Reuters says.

### [Poll questions shift public views on global warming](#)

How you ask the question skews the results when it comes to public opinion on global warming, finds an analysis of hundreds of polls. The public mostly agrees on global warming's reality, it says.

### [Real market forces now drive action on climate change](#)

Fifteen years after the Kyoto protocol was signed and just months after being extended, a true global carbon trading marketplace may finally be within the world's grasp.

It is as though a line of dominos has suddenly appeared, awaiting the slightest push to set off a chain reaction. When the dominos begin to fall, the world will suddenly have a powerful and effective tool to reduce carbon emissions, one of the most environmentally destructive aspects of modern human activity.



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