



Drumbeat: April 1, 2013

Posted by [Leanan](#) on April 1, 2013 - 8:58am

[How the US oil, gas boom could shake up global order](#)

Without fanfare, China passed the United States in December to become the world's leading importer of oil – the first time in nearly 40 years that the U.S. didn't own that dubious distinction. That same month, North Dakota, Ohio and Pennsylvania together produced 1.5 million barrels of oil a day -- more than Iran exported.

As those data points demonstrate, a dramatic shift is occurring in how energy is being produced and consumed around the world – one that could lead to far-reaching changes in the geopolitical order.

U.S. policy makers, intelligence analysts and other experts are beginning to grapple with the ramifications of such a change, which could bring with it both great benefits for the U.S. and potentially dangerous consequences, including the risk of upheaval in countries and regions heavily dependent on oil exports.

But many experts say the U.S. would be the big winner, in position to reshape its foreign policy and boost its global influence.

[Why Abundant Oil Hasn't Cut Gasoline Prices](#)

For the first time since 1995, the U.S. will likely produce more oil than it imports. That's great for the country's trade balance, but the benefits of all that cheap domestic crude still haven't shown up at the one place it matters most: the gas station. Even as fuel consumption has fallen to 16 percent below its 2007 peak, gasoline remains about a dollar higher than the average price over the past decade. So far this year, gasoline prices have risen 11 percent nationwide, to \$3.65 a gallon.

[IOC to cut petrol prices by a rupee from Tuesday](#)

REUTERS - Indian Oil Corp (IOC.NS), the country's biggest refiner, will cut petrol prices by a rupee from Tuesday as global prices of the fuel have declined and the rupee has marginally strengthened against the dollar, it said in a statement.

[No April Fooling - McClendon Finally Gone From Chesapeake Energy](#)

It's not an April Fools gag. Aubrey McClendon really is gone from Chesapeake Energy. In a tear-choked farewell speech to the gathered faithful on Saturday, McClendon assured employees that the company he founded would survive his departure.

[Hess says it will sell Russia business to Lukoil for \\$1.8B as asset sales continue](#)

NEW YORK — Hess Corp. is selling its Russian oil production business to Lukoil for \$1.8 billion as it continues to sell off assets.

Hess says it agreed to sell the Samara-Nafta division to OAO Lukoil, the second-largest oil company in Russia. Samara-Nafta produces 50,000 barrels of oil a day in the Volga-Urals region.

[Schlumberger gets its pay day in Venezuela](#)

Schlumberger Ltd. is wrangling a new payment agreement with Venezuela's state-controlled oil and gas firm PDVSA and it expects to ramp up activity in the country.

Schlumberger's Chief Executive Paal Kibsgaard said in a short statement on the company's website that collections in the oil-rich country "have improved to the point we will recognize all revenue" from its first quarter after meetings with PDVSA.

[Pipeline or Not, Lots of Canadian Crude Oil is Headed to the US](#)

Environmentalists mistakenly think that blocking the Keystone pipeline will prevent crude oil, produced from Canada's oil sands, from being extracted and from being conveyed into the US to be refined into gasoline, asphalt, and other products that are important to the transportation and manufacturing sectors. Their ultimate goal is to stop all development of the Canadian resource.

The oil spilled, as a result of a train derailment on Tuesday, highlights their misguided efforts.

[Oil Industry Rebuffed by Top Court on Air-Quality Rules](#)

The U.S. Supreme Court rejected an oil-industry challenge to new clean-air standards that the Environmental Protection Agency says will improve air quality around the nation's busiest roadways.

[TEPCO warns more cuts needed to stay afloat](#)

Tokyo: Tokyo Electric Power said Monday it must cut \$1.1 billion more in annual costs

to stay afloat as the operator of the crippled Fukushima nuclear plant faces huge compensation and clean-up costs. The sprawling utility, known as TEPCO, made the comments in a business operations report, with the extra cuts of 100 billion yen coming on top of plans to shrink its expenses by 3.36-trillion-yen through to 2021.

"We will carry out these cost reductions to ensure our survival and strengthen our financial position," the company said in a statement. In a bid to reach its goal, TEPCO said it had overhauled the organisation of its business and would review procurement as fuel costs soar after Japan shut down its nuclear reactors in the wake of the atomic crisis two years ago.

[Exelon Falls From Green Favor as Chief Fights Wind Aid](#)

Exelon Corp. left the U.S. Chamber of Commerce in 2009 over the group's opposition to a climate- change bill, declaring the "carbon-based free lunch" was over.

The company had a change of heart and rejoined the nation's largest business lobby a few months ago.

[Saudi oil export demand to grow in coming months - Naimi](#)

"It is thanks to Asian demand and GCC energy supplies that our region's combined GDP is at an historic high - and that economic growth remains strong," he said, pointing to population growth as a firm driver for future demand.

OPEC oil producers have played down the potential threat of a surge in North American shale oil production over the last few years, arguing that more supplies are good for price stability.

"I, for one, welcome all new energy sources to the market. I don't think anyone should fear new supplies when set against increasing global demand," Naimi said, according to a copy of his speech in Doha sent to the media.

"More companies and nations are competing for their slice of the energy pie. That's true. But the pie is getting bigger and there is enough to go around."

[WTI Slides From Six-Week High; Exxon Shuts Crude Pipeline](#)

West Texas Intermediate crude slid from the highest close in six weeks, snapping its longest rally this year. Exxon Mobil Corp. (XOM) shut a pipeline that carries oil to the U.S. Gulf Coast.

Futures dropped as much as 0.8 percent after five days of gains through March 28 took last quarter's advance to 5.9 percent. The Pegasus pipeline, shut March 29 after a leak in Arkansas, will need to be excavated as Exxon determines what caused the breach, a spokeswoman said. WTI prices surged last week as U.S. economic growth beat forecasts,

sending U.S. equities to a record March 28.

“U.S. crude inventories are at a fairly high level right now, and the Pegasus pipeline shutdown will further increase pressure,” Shi Yan, an analyst at UOB-Kay Hian Ltd. in Shanghai, said in a phone interview. “Prices will stabilize or weaken in the longer term as demand declines gradually.”

[U.S. January Gas Output Falls to 10-Month Low, EIA Data Show](#)

U.S. natural gas production in the lower 48 states fell in January to the lowest level since March 2012 as gas-plant maintenance and frigid weather hampered output, a government report today showed.

Production in the lower 48 states slid 0.9 percent to 72.1 billion cubic feet a day from a revised 72.77 billion in December, the Energy Department’s Energy Information Administration said in the monthly EIA-914 report. Output was down 0.8 percent in January from a year earlier.

[Suncor Goes Direct to Refiners For Profit Boost](#)

Suncor Energy Inc.’s decision to scrap an C\$11.6 billion (\$11.4 billion) oil-sands plant shows Canadian producers are betting they can boost shareholder returns by shipping crude directly to refineries instead of investing in costly processing.

Suncor, Canada’s largest energy company, abandoned plans last week with partner Total SA to build the Voyageur upgrader that would have converted heavy bitumen to a synthetic light crude, amid rising competition from U.S. oil. Paris-based Total instead outlined plans to focus on heavy-oil production from its proposed Fort Hills and Joslyn oil-sands developments, spending C\$15 billion on Canadian energy projects through 2020.

[Israel Starts Tamar Gas Production](#)

Israel started gas production at the Tamar offshore field in an effort to put the country on the road to energy independence and save a projected 1 billion shekels (\$274 million) a month, according to the government.

The gas was expected to reach Israel’s port city of Ashdod by afternoon today, the Energy and Water Ministry said.

[Opportunities for world-class petroleum contracts in the Middle East](#)

The Second World War was drawing near, Sigmund Freud was still alive, space travel

and nuclear power were just science fiction, and oil sold for US\$1 per barrel, when Sheikh Shakhbut of Abu Dhabi signed a concession agreement with Petroleum Development Trucial Coast.

That concession, signed in 1939 - now Abu Dhabi Company for Onshore Oil Operations (Adco) - will expire shortly. The world can change unimaginably during the long lives of oil contracts. Now the balance of power in the never-ending tussle between oil-rich countries and petroleum companies may be shifting again - and Middle East governments need to take heed.

[Twin boost for Dana Gas recovery](#)

Dana Gas's financial health took another step towards recovery after the company announced it had received further payments for its natural gas in Egypt and the Kurdish region of Iraq, and that the refinancing of a US\$920 million (Dh3.37 billion) Islamic bond was nearing completion.

The Sharjah-based gas producer said yesterday it had received a total of \$73.7m from Egypt's government and the Kurdish Regional Government (KRG) since the beginning of the year, and that its shareholders and creditors would sign off the refinancing of its sukuk in the second quarter.

[Gastar in acquisition deal with Chesapeake Energy](#)

HOUSTON (AP) -- Gastar Exploration Ltd. is buying proven reserves and undeveloped leasehold interests in Oklahoma from Chesapeake Energy Corp. for \$75.2 million.

The oil and natural gas company also agreed to repurchase Chesapeake's shares of its stock for \$9.8 million and to settle all litigation between the companies.

[The Rising Power of North Africa's Jihadists Rattles Algeria](#)

One wet, chilly February morning, Ali Zaoui climbed into his car in Algeria's capital, drove 300 miles south into the desert, and knocked on the door of a three-bedroom house in the oasis city of Ghardaïa. Zaoui was well known to the occupants. They were the parents of the then most wanted man in North Africa, Mokhtar Belmokhtar, the one-eyed Islamist commander who had masterminded the hostage siege in January at a natural-gas plant in his native Algeria. The attack resulted in the deaths of 38 foreigners, including managers and specialists of Western oil companies. It was Algeria's worst terrorist attack in years, and the worst ever for the global oil industry, anywhere. Zaoui, a veteran anti-terror fighter for Algeria's security services, had spent years coaxing armed militants to surrender under an amnesty program and had come to know Belmokhtar's parents well over five years of trying to persuade one of Algeria's most fearsome jihadists to surrender. He never had won over Belmokhtar. But Zaoui thought they had an understanding: Don't target Algeria.

That deal was now dead. Zaoui was fuming. "I told his mother, "Tell him to give up, or he will die, and we will send you his body," he says, sitting in a café in Algiers on his return, slumped by fatigue after his long journey. "He did not respect our truce."

[Suicide attack kills at least 9 in Iraq, 3 die in shootings](#)

Baghdad (CNN) -- A suicide bomber drove an oil tanker into a police station in central Tikrit on Monday, killing at least nine people and wounding 20 others, an official with Iraq's interior ministry said.

[Scots oil workers safe after Iraqi siege ends](#)

AN ARMED siege at an oil rig in northern Iraq involving at least three Scottish oil workers has ended peacefully, it was confirmed today.

An estimated 120 oil workers at a mobile exploration rig operating in a remote area of Kurdistan, near the border with Turkey, had been trapped inside their compound since Friday when a heavily armed gang from a local village stormed their compound, blocked access to the rig and demanded a ransom of \$1 million.

[Fracking Debut Nears in Boost to Reliance, ONGC: Corporate India](#)

India will allow explorers including Oil & Natural Gas Corp. and Reliance Industries Ltd. to produce shale oil and gas for the first time as Asia's second-biggest energy consumer seeks to cut reliance on imports.

Under a new policy aimed at boosting domestic output of fossil fuels, companies will be allowed to extract oil and gas from shale rocks in more than 250 blocks the government has already given out, said Vivek Rae, the top civil servant in the oil ministry. The new rules will allow ONGC, the nation's biggest, to start shale output almost immediately and in "substantial quantity" in about three years, Chairman Sudhir Vasudeva said.

[Gulf Coast refineries good place for Canadian crude, IHS analysts say](#)

WASHINGTON — Environmentalists opposed to the Keystone XL pipeline say it would transport dirty Canadian crude through the heartland of America, only so it can be refined on the Gulf Coast.

But that's not a bad thing, according to a new study from the energy analysts at IHS CERA.

In a report released late Wednesday, the analysts conclude that there's a bigger economic boost from processing the raw bitumen harvested from Canada's oil sands on the Gulf Coast, instead of first upgrading it into lighter synthetic crude oil locally.

[Exxon cleans up Arkansas oil spill; Keystone plan assailed](#)

(Reuters) - Exxon Mobil on Sunday continued cleanup of a pipeline spill that spewed thousands of barrels of heavy Canadian crude in Arkansas as opponents of oil sands development latched on to the incident to attack plans to build the Keystone XL line.

Exxon spokesman Alan Jeffers said on Sunday that crews had yet to excavate the area around the pipeline breach, a needed step before the company can estimate how long repairs will take and when the line might restart.

['Critical information missing' from LNG approvals](#)

The environmental assessment process for two of Australia's biggest coal seam gas projects was a "farce", a former Queensland bureaucrat has claimed.

Senior environmental specialist Simone Marsh was part of the Queensland Government team that approved Santos's \$18 billion and Queensland Gas Company's \$20 billion LNG projects in 2010.

[Obama's Energy Pick Discloses Extent of Industry Ties](#)

Ernest Moniz, President Barack Obama's nominee for energy secretary, performed consulting work last year for General Electric Co, BP Plc, and Riverstone Equity Partners LP, according to his financial disclosure forms.

Moniz, 68, a professor at the Massachusetts Institute of Technology, serves on the boards of directors of American Science & Engineering Inc., which makes detection equipment used at ports, and ICF International Inc., a consulting firm in Fairfax, Virginia, that reported in February that federal contracts made up 58 percent of its fourth quarter revenue.

[Obama's point man on greening the government](#)

WASHINGTON — Saying the federal government should "lead by example," President Obama has ordered federal agencies to reduce their greenhouse gas emissions by 28% by 2020. The man he put in charge of that effort a year ago is Jonathan Powers, a 34-year-old Gulf War veteran. Powers, who holds the office of Federal Environmental Executive, spoke with USA TODAY at his office across from the White House about what his military experience taught him, telecommuting, reducing the government vehicle fleet and solar panels on the White House.

[Tesla expects its first-ever profit](#)

Tesla Motors is expecting to report its first-ever quarterly profit after sales of its all-electric Model S exceeded expectations.

[Can You Have Too Much Solar Energy?](#)

The proliferation of privately owned solar has large power companies in Germany worried. For two decades, they've been forced to facilitate and finance their competition, helping turn customers into producers. Soon, rooftop solar and other small-scale, locally owned renewables could upset the market for coal and nuclear power.

Here's why that's a problem: Renewable energy sources like wind and solar generate power intermittently, dependent on the sun or fickle breezes. Until researchers can find a way to store energy at a large scale, coal and nuclear plants—which can't simply be switched on and off at will—must be kept running to guarantee a steady stream of electricity when the sun isn't shining.

That means overproduction of power during daylight hours, as the country's ample solar energy floods onto the grid along with electricity produced by power plants. Power companies traditionally charge more during the day, when offices are full and manufacturing plants are in full swing, so the glut of daytime solar power reduces their profit. The proliferation of solar panels on homes also takes high-margin residential customers off the grid at peak hours. And the energy surplus has driven prices for traditional coal and nuclear power down, even as renewables are still guaranteed more-than-competitive rates. As power companies try to pass the costs to consumers in the form of higher bills, that just encourages more people to put solar panels on their roofs.

[Marubeni Targets National Park in Japan for Geothermal](#)

Marubeni Corp., the biggest investor in electricity generation among Japan's trading houses, is working on how to revive the geothermal industry and tap heat that powers volcanos as an alternative to nuclear reactors.

The effort would draw pools of underground heat with a potential of double the current capacity of geothermal projects operating worldwide. That would help Japan shift away from atomic reactors that provided 30 percent of the nation's power before the accident in Fukushima two years ago.

[Drought has stranglehold on West](#)

The extended drought continues to choke the Western half of the country, with water supply concerns rising in New Mexico and Texas as anxiety about another bone-dry summer is raised. This week, the dryness grew worse in Texas while expanding into California, Montana, and Oregon, so that most of the land west of the Mississippi River was under some form of drought conditions, according to Thursday's update to the U.S.

Drought Monitor.

Conditions in the Great Plains remain dire: parts of eastern Texas are facing rainfall shortages on the order of 8-16 inches. Reservoir levels in Donley County, in the Texas Panhandle, were 12 inches below normal. Cimarron County, Okla., has gone 100 consecutive days with less than a quarter inch of rainfall. Wichita Falls, Texas, a city of about 100,000, has been added to the state's list of communities that may run out of water within 180 days, although city managers don't think that is likely. According to reporting by the Texas Tribune, Wichita Falls will likely enact unprecedented water restrictions by the end of the summer, which would ban the filling of swimming pools, restrict car-washing businesses, and affect industrial water users.

[Groundbreaking American energy revolution](#)

Here's a snapshot of the American energy revolution in the Eagle Ford: Six big men in their late 20s — five Hispanics and one black — dressed in the blue-and-white coveralls of Noble Drilling Co. lining up at the Dairy Queen in Leal, Texas, for a midafternoon break. They are very tired because they've had a lot of overtime but surprisingly polite and tolerant to a stranger's questions. Their answers to "What does all this mean to you?" sounds like the American Dream: A chance to own a home and not be a renter, a new pickup truck, clothes for their daughters and video games for their sons. After that, who knows? A bass boat maybe?

But havoc is on the horizon. President Obama is reportedly thinking of requiring all federal agencies to consider climate change before approving any major projects — not just taxpayer-funded — but anything requiring a federal license or permit. Since what affects climate change is pretty much in the eye of the beholder, an Obama executive order along these lines would have two immediate consequences. First, it would slow down every pipeline, every industrial plant, every port expansion, every refinery, every highway, every license, every permit, to the point of delaying them for years. Second, it would give the environmental activist groups standing to challenge every decision in court, bringing the entire process to a complete halt. When National Association of Manufacturers Vice President Ross Eisenberg tells Bloomberg News this prospect "has got us very freaked out," he's not exaggerating.

[High-Tech Means of Production Belies the Nostalgic Image of Maple Syrup](#)

Forty years ago, Mr. Morse would snowshoe into the forest with his father to collect sap from galvanized buckets and load them onto a tractor. The farm has not changed much since then, but the winters have. So has the maple syrup ritual itself.

Scientists say the tapping season — the narrow window of freezing nights and daytime temperatures over 40 degrees needed to convert starch to sugar and get sap flowing — is on average five days shorter than it was 50 years ago. But technology developed over the past decade and improved in recent years offers maple farmers like Mr. Morse a way to offset the effects of climate change with high-tech tactics that are far from natural.

[Cool It: Is the Internet Too Hot for Data Centers to Handle?](#)

The Internet may not consume nearly as much environmentally unfriendly fossil fuel as airplanes or automobiles, but the growth of cloud-based services offered by Apple, Netflix and others is forcing data centers to provide greater speed and more storage capacity. All of this size and speed comes at a price. Data centers generate a lot of heat that has to be whisked away by power-hungry air and liquid-cooling systems to keep the Internet's engines from burning themselves out.

[Study shows Shakespeare as ruthless businessman](#)

The charge sheet against Shakespeare was not entirely unknown, though it may come as shock to some literature lovers. But the authors argue that modern readers and scholars are out of touch with the harsh realities the writer and his contemporaries faced.

He lived and wrote in the late 16th and early 17th centuries, during a period known as the "Little Ice Age," when unusual cold and heavy rain caused poor harvests and food shortages.

"I think now we have a rather rarefied idea of writers and artists as people who are disconnected from the everyday concerns of their contemporaries," Archer said. "But for most writers for most of history, hunger has been a major concern — and it has been as creatively energizing as any other force."

She argues that knowledge of the era's food insecurity can cast new light on Shakespeare's plays, including "Coriolanus," which is set in an ancient Rome wracked by famine. The food protests in the play can be seen to echo the real-life 1607 uprising of peasants in the English Midlands, where Shakespeare lived.

[Global warming means seas freeze more off Antarctica - study](#)

OSLO (Reuters) - Global warming is expanding the extent of sea ice around Antarctica in winter in a paradoxical shift caused by cold plumes of summer melt water that re-freeze fast when temperatures drop, a study showed on Sunday.

An increasing summer thaw of ice on the edges of Antarctica, twinned with less than expected snowfall on the frozen continent, is also adding slightly to sea level rise in a threat to low-lying areas around the world, it said.

[Recent Warming Is Still Unprecedented In Speed, Scale And Cause: A Marcott Et Al. FAQ](#)

The main, stunning conclusion we can draw from the paper is that **the rate of warming since 1900 is 50 times greater than the rate of cooling in the previous 5000 years**, which undermines the whole notion of adaptation.

But the study also means the famous “Hockey Stick” graph is correct (and indeed too optimistic — even by mid-century, the hockey stick actually looks more like a brick wall for humanity, as the figure shows).



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