



## Drumbeat: April 29, 2013

Posted by [Leanan](#) on April 29, 2013 - 8:46am

### [Ready \(or Not?\) for a Great Coming Shale Boom](#)

The Cline Shale, thousands of feet underground in a roughly 10-county swath, is just one of many little-tapped shale formations in Texas and across the nation, geologists say. That means the potential for oil and gas discoveries is theoretically huge, and the reason is technology. The rock-breaking process known as hydraulic fracturing, coupled with the ability to drill horizontally underground, has allowed drillers to retrieve oil and gas from previously inaccessible areas.

Many shales will be too expensive or too small to develop, especially if oil prices fall or environmental regulations tighten. But in Texas, which is already the top oil-producing state, bullishness about a new era is pervasive.

“We’re back into another phase of wildcatting, like the old-timers,” said Jamie Small, the president of Icon Petroleum, a Midland-based company that has worked in areas including the Cline Shale and another early-stage formation, the Tuscaloosa Marine Shale. Barry Smitherman, chairman of the Railroad Commission of Texas, the state’s oil and gas regulatory agency, has said that oil production in Texas could roughly double by 2020.

### [Excluding the US, rest-of-world crude production in 2H2012 was not higher than in 2005](#)

Excluding the US, rest-of-world crude oil production in the 2nd half of 2012 was on the same level as in the 2nd half of 2005, despite 85% higher oil prices. There are many reasons for this. Declining oil production in many countries which cancelled out growth elsewhere. The 2nd Russian oil peak petering out. Saudi Arabia’s swing role response to US shale oil. Financial crises impacting on oil demand. High investment costs in the oil sector to keep production going. Geopolitics around Iran. Oil wars and civil unrest in Iraq, Libya, Sudan, Yemen and Syria. Hurricanes impacting on offshore oil. Altogether, there simply were (and still are) too many problems, often one after the other.

### [WTI Crude Rises to Near Two-Week High; OPEC Basket Above \\$100](#)

West Texas Intermediate crude advanced to near its highest closing level in more than

two weeks. OPEC's reference price rebounded above \$100 a barrel.

WTI reversed losses of 0.6 percent as European stocks and the euro rose amid speculation central banks will maintain monetary stimulus. Brent crude traded near its highest closing price in two weeks as Italian Prime Minister Enrico Letta prepared to finish installing a new government.

### [Crude prices drop on demand concerns, reports NBK](#)

NBK's Economic Update reports that after trading broadly flat through March, crude oil prices dropped sharply in early April. The price of Kuwait Export Crude (KEC) fell from a peak of \$107 per barrel (pb) on 2 April to just under \$100 ten days later. This was its first spell below the \$100 mark since July 2012. Other global benchmark blends also scored notable declines. Brent crude fell \$8 to \$102, and stood some \$17 below its February peak. The fall in West Texas Intermediate (WTI) was less steep – by \$6 to \$91 – and this blend remained slightly above its levels of early March.

The fall in prices seems to have been mostly generated by demand side factors, said NBK. Firstly, oil demand is believed to have softened for seasonal reasons: the (northern hemisphere) spring period is typically the maintenance season for refineries, which reduces the demand for crude feedstock. Historically, Q2 quarter-on-quarter oil demand has fallen by around 1.6 million barrels per day (mbpd) relative to its trend. These regular demand patterns – although predictable – seldom seem to be 'priced in' well in advance.

### [UK Gas Hit As Norway Pipeline Supply Cut](#)

Fears are raised for gas prices as a key North Sea pipeline is hit by an outage - with supplies possibly affected until May 6.

### [Land-locked Alberta mulls oil pipeline to Arctic port](#)

OTTAWA (Reuters) - Canada's oil-producing province of Alberta, trying to deal with a lack of pipeline capacity to the Pacific Coast and the United States, is mulling the idea of building a line north to an Arctic port, the province's energy minister said on Friday.

Ken Hughes said he has been talking to the government of Canada's Northwest Territories, which lie directly north of Alberta, about a pipeline to a port such as Inuvik or Tuktoyaktuk on the Beaufort Sea, a section of the Arctic Ocean.

### [Exxon Mobil Begins Production at Kearl Oil Sands](#)

Exxon Mobil Corp., the world's largest company by market value, began production at its Kearl oil sands project in Alberta, which is projected to produce 4.6 billion barrels of recoverable oil in the next 40 years.

The project will produce 110,000 barrels per day later this year and that's expected to double by late 2015, the company said in a statement. The Kearl site is 46 miles (75 km) northeast of Fort McMurray, Alberta, and is operated by Imperial Oil Ltd., which is 70 percent owned by Exxon Mobil.

### [China's Sinopec threatens to quit Ghana gas project over funding: reports](#)

Cape Town (Platts) - China Petroleum and Chemical Corp., or Sinopec, has threatened to pull out of the \$700 million gas project in Ghana if the government fails to honor its financial commitments to the project, local news agencies said Friday.

### [KazMunaiGas eyes \\$10 billion investment to boost reserves](#)

ASTANA/ALMATY (Reuters) - State-run KazMunaiGas, Kazakhstan's second-largest oil producer, will invest 1.5 trillion tenge (6.3 billion pounds) in exploration in the next 10 years as it aims to nearly double its reserves of crude oil and gas condensate, the company's head said on Monday.

KazMunaiGas Chief Executive Officer Lyazzat Kiinov said the company's current reserves stood at over 800 million tonnes of liquid hydrocarbons.

### [Namibia to Sell 49% Stake in \\$1.1 Billion Gas Power Plant](#)

Namibia Power Corp., a state-owned electricity supplier, plans to sell 49 percent of the \$1.1 billion gas-fired power plant it's building.

### [CNOOC Revenues Grow on Higher Sales](#)

Chinese offshore giant - CNOOC Ltd. reported first-quarter 2013 revenues of 56.18 billion yuan (\$8.95 billion), up approximately 14% from the year-earlier level. The upside came primarily from growth in production volume.

### [Total Profit Drops 7% on Lower Oil Price as Production Falls](#)

Total SA, Europe's third-largest oil producer, reported a 7 percent decline in earnings as output fell and weakening fuel demand pushed down the price of crude.

Profit excluding changes in inventories retreated to 2.9 billion euros (\$3.8 billion) in the first quarter from 3.1 billion euros a year earlier, the Paris-based company said today in a statement. That met the 2.92 billion-euro average estimate of 14 analysts surveyed by Bloomberg.

### [Iraq offers 3-month credit for Egypt oil deal - Sources](#)

DUBAI/BAGHDAD--OPEC member Iraq has agreed in principle to offer cash-strapped Egypt 4 million barrels of crude a month on a three-month credit term, in a move that could ease the fuel shortage that has recently hit the Egyptian economy, officials from the two countries said Monday.

The officials told Dow Jones Newswires that Baghdad would supply Cairo with 2 shipments of Basra light crude each month at international prices but the payment will be deferred for three months with no interests incurred. The first cargo is expected in Egypt next month once the deal is finalized, they said.

### [State TV: Syrian prime minister escapes bomb attack](#)

DAMASCUS, Syria (AP) — Syria's prime minister escaped an assassination attempt Monday when a bomb went off near his convoy in Damascus, state media reported, the latest attack targeting a top official in President Bashar Assad's regime.

Prime Minister Wael al-Halqi was unhurt in the bombing in the capital's western neighborhood of Mazzeh, state TV said. The TV showed footage of heavily damaged cars and debris in the area of the blast as firefighters fought to extinguish a large blaze caused by the explosion.

### [Beyond sanctions, Iran squeezed by higher edible oil costs](#)

Iran is having to pay a premium for basic foodstuffs such as cooking oil, highlighting the increasing strain on Tehran from Western sanctions aimed at its disputed nuclear programme, even though the sanctions don't cover food, Reuters reported.

### [Putin and Abe play 'Let's Make a Deal' on natural gas](#)

Japanese Prime Minister Shinzo Abe is in Russia today for a sit-down with his counterpart, Vladimir Putin. Near the top of the agenda: Japan's insatiable appetite for natural gas, which Russia has in abundance. Lurking in the background is China, which has a complicated history with both nations, and an intensifying need for natural gas imports of its own.

Japan is the world's biggest importer of natural gas, and its needs have only grown since the nuclear crisis at Fukushima led to the shutdown of 48 of the nation's 50 commercial nuclear reactors. Even if some of those power plants resume operations later this year as proposed, Tokyo is under pressure to find alternative sources of energy to replace nuclear power, which generated around 30% of Japan's electricity before the tsunami.

### [BP seeks \\$1.5 bn incentive for deep sea gas](#)

NEW DELHI: Europe's second-biggest oil firm BP plc has asked Prime Minister Manmohan Singh for a \$1.5 per mmBtu additional "incentive" for deep-sea fields over and above the near doubling of domestic gas price suggested by the Rangarajan Committee.

### [Exxon Mobil's Baytown Refinery Facing Labor Deadline, Union Says](#)

Exxon Mobil Corp. and union steelworkers at the company's Baytown, Texas, refinery and chemical plant face a June 15 strike or lockout after failing to agree on a contract at the largest petroleum and petrochemical complex in the U.S., United Steelworkers said today.

### [Problems choke India's coal industry](#)

MUMBAI // India's coal industry is choking under a heap of problems, including inefficiency, corruption and environmental concerns.

With coal being India's main source of power, these issues pose substantial risks to the country's economic growth, analysts warn.

### [Norway oil industry rapped by Eva Joly](#)

MEP Eva Joly castigated oil nation Norway when she spoke at environment Party De Grønne's congress in Oslo, Saturday.

Amongst other things, Norwegian-French Joly pointed out the lack of coherence between Norway's rainforest commitment on the one hand, and its Sovereign Wealth Fund and Norsk Hydro's investments in Brazil on the other.

### [600 hectares covered with oil wastes in Mangistau oblast](#)

600 hectares of land are covered with oil wastes in Mangistau oblast in western Kazakhstan, Lada writes. According to the regional Akim (Governor) Alik Aidarbayev, 2.2 million tons of oil wastes are scattered across the territory.

He called oil companies to take better care to solve ecological problems. "Subsoil users have to deal with the issues of utilization not through some pilot project, but use solid approach and construct highly-effective units for soil treatment," Aidarbayev said.

### [BP's Ula Oil Leak Could Have Been 'Major Accident,' Norway Says](#)

Norway said an oil and gas leak at BP Plc's Ula field could have been a major accident with loss of life and substantial damage, and ordered the company to review maintenance procedures after discovering "serious breaches."

The estimated 125 barrels of oil and 1,600 kilograms (3,520 pounds) of gas that leaked at the North Sea site last year was due to the fracture of corroded bolts on a valve in a separator outlet, the Petroleum Safety Authority Norway said today in a statement. While no one was injured, output closed for 67 days.

### [UK ministers consider offering communities fracking sweeteners](#)

(CNN) -- The government is proposing to bribe communities with cheaper energy bills in exchange for dropping opposition to local fracking projects as part of plans to push ahead with shale-gas extraction.

Several options to cajole rural England to accept the contentious drilling schemes are being discussed as ministers prepare to announce that the UK's shale-gas reserves are much larger than previously estimated.

### [EPA report on methane further divides fracking camps](#)

PITTSBURGH — The Environmental Protection Agency has dramatically lowered its estimate of how much of a potent heat-trapping gas leaks during natural gas production, in a shift with major implications for a debate that has divided environmentalists: Does the recent boom in fracking help or hurt the fight against climate change?

Oil and gas drilling companies had pushed for the change, but there have been differing scientific estimates of the amount of methane that leaks from wells, pipelines and other facilities during production and delivery. Methane is the main component of natural gas.

### [Keystone Pipeline Support Enlists Oil Firms to U.S. Jews](#)

Almost 50 groups representing everything from oil companies to American Jews have stepped up their Washington spending as the proposed Keystone XL oil pipeline proves to be a bonanza for lobbyists.

The American Petroleum Institute, a Washington-based oil industry trade group, increased its lobbying spending on all issues, including Keystone, to \$2.1 million in the first three months of the year from \$1.8 million during the same period a year earlier, Senate records show. The American Jewish Committee lobbying costs rose to \$40,000 from \$30,000.

### [China cracks down on military use of luxury cars](#)

HONG KONG (CNNMoney) - Top military officials in China might soon be forced to trade in their luxury cars for something a little less flashy.

China has banned the use of military license plates on expensive cars, according to official state media. The new guidelines were issued by the Central Military Commission, and are the latest anti-corruption measures undertaken by the image-conscious government of President Xi Jinping.

### [Hyundai pulls ad that plays suicide for laughs](#)

NEW YORK (CNNMoney) - Korean automaker, Hyundai, has apologized for an advertisement that featured a man attempting to commit suicide with exhaust fumes from one of its SUVs.

The ill-conceived punch-line was that the SUV, an iX35, runs on hydrogen and, therefore, emits only water vapor, so the man can't kill himself.

### [6 greenest cars made in America](#)

Buyers who want "green" cars carefully read the fine print pertaining to emissions and gas mileage, choosing between battery-powered electrics (EVs) and gas-electric hybrids. Buyers who worry about job creation in the U.S. pay attention to where the car was built.

### [Future-Proofing Energy Markets](#)

In energy markets there are few more contentious theories than that of peak oil.

The idea was first posited by M. King Hubbert, a geologist for what was then known as Shell Oil—he asserted that oil discovery, and therefore production, would follow a bell-shaped curve.

### [Long-term focus needed for India's improved energy security](#)

There are several dimensions to India's energy challenge. First of all, they have a great issue with access. Making sure that people have access to reasonably affordable energy is a very high priority for India, of course. They have a rapidly growing economy. They have an increasing energy demand in general. They have quite a large number of infrastructure investment needs, so they need to invest a lot of money into their energy system, regardless of what kind of system they're looking for. We believe that fundamentally to keep and, even worse, to grow their dependence on coal in the long run is fundamentally unsustainable.

### [In Abu Dhabi's energy oasis, setbacks and progress](#)

FORTUNE -- The last time we visited Masdar -- the green city being built in the desert sands of Abu Dhabi -- the project wasn't much more than an architect's scheme. Fast-forward and what you'll find is an operating university, the Masdar Institute, and nearby the energy-saving Middle East headquarters tower of Siemens, plus various shops and restaurants -- including a sushi joint, a bookstore, and an organic supermarket. To date, Masdar's buildings reduce energy demand by 56% and potable water demand by 54% compared to traditional Middle Eastern structures. What's perhaps most impressive is that the small city is currently powered 100% by renewables. Electricity is generated by a 10-megawatt solar PV plant located on-site and a rooftop solar PV installation totaling 1 megawatt.

### [Turkey to say in days who will build 2nd nuclear plant](#)



(Reuters) - Turkey's energy minister said Ankara will announce by the weekend which country will construct its second nuclear power station, a project expected to cost around \$22 billion.

Turkey, likely to overtake Britain as Europe's third-biggest electricity consumer within ten years, plans to build several nuclear plants over the next decade to reduce its dependence on imported oil and gas.

### [West Virginia: Lawmaker wants kids to work for 'free lunch'](#)

"I think it would be a good idea if perhaps we had the kids work for their lunches: trash to be taken out, hallways to be swept, lawns to be mowed, make them earn it," said Ray Canterbury, a Republican from Greenbrier and a member of the West Virginia House of Delegates, during debate over Senate Bill 663, also known as the Feed to Achieve Act.

The bill — the first of its kind in the nation — would create a partnership between private donations and public funds to make breakfast and lunch available for free to every student, kindergarten through high school senior, in West Virginia. It's based on a model program in Mason County that's improved attendance and decreased discipline problems, according to the school district's food service director.

### [When One Man's Game Is Also a Marauding Pest](#)

In 1990, fewer than two million wild pigs inhabited 20 states, according to John J. Mayer, the manager of the environmental science group at the Savannah River National Laboratory in Aiken, S.C., who tracked the state populations. That number has now risen to six million, with sightings in 47 states and established populations in 38 — "a national explosion of pigs," as Dr. Mayer put it.

The swine are thought to have spread largely after escaping from private shooting preserves and during illegal transport by hunters across state lines. Experts on invasive species estimate that they are responsible for more than \$1.5 billion in annual agricultural damage alone, amounting in 2007 to \$300 per pig. The Agriculture Department is so concerned that it has requested an additional \$20 million in 2014 for its Wildlife Services program to address the issue.

### [Carbon Markets Drive China, India Climate Efforts, Center Says](#)

Carbon markets are a key driver for investment in the biggest emerging nations' greenhouse-gas reducing efforts, and allowing them to collapse would be a "disaster," according to the Center for American Progress.

The United Nations carbon market has spurred \$356 billion of investment in emission cuts, encouraging climate-protection policies in at least 10 nations including China, India and Brazil, the Washington-based policy institute said in a study, citing UN data. More than 3,000 projects in China supported \$202 billion in investment and seven pilot carbon markets.

### [PR smokescreen cannot hide the holes in climate teaching proposals](#)

The new national curriculum provide a less in-depth introduction to climate change, and misses out vital information about risks.

### [What's climate scientist James Hansen's legacy?](#)

Just a few weeks ago, one of the biggest names in climate science made one of the biggest announcements possible. Dr. James (Jim) Hansen said that he will "retire" from his duties at NASA to focus his energies elsewhere. This is a "retirement" that is anything but. Dr. Hansen has made clear that he will become more engaged in communicating climate science to the general public and he will continue to carry out the high-quality work which he is known for.

What does this mean for climate science and the future of the Earth? It is impossible to know now but instead of looking forward, I want to shine a light on what Jim has done for climate science, what he signifies to the larger public, and how he is viewed by current and upcoming scientists.

### [Along N.J. bay, rising sea draws ever closer](#)

The night Meghan Wren got stranded by floodwaters and had to sleep in her car, she knew it was time for a reckoning.

She had been driving to her waterfront home along the Delaware Bay in South Jersey. As she crossed the wide marsh in the dark, the water rose quickly. It became too deep - ahead *and* behind. She had to stop and wait.

To her, no longer were climate-change predictions an abstract idea. Sea level has been rising, taking her waterfront with it.



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