



## Drumbeat: May 10, 2013

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### [At Least 9 More Decades for North Sea Oil](#)

Oil and gas production in the UK North Sea can continue until the end of this century provided the right government policy decisions are made, according to Scottish Energy Minister Fergus Ewing.

..."In domestic terms, the [Scottish] industry is having a second major opportunity with a huge number major new developments going ahead, some of which are extensions of existing developments. For example, the Clair Ridge field has the potential to produce oil until 2055 according to BP."

..."The Clair field was actually discovered in 1977, and that's ironic because we were told by London that the oil would run out in the 90s, and then in the 90s that it was going to run out in the Noughties," Ewing said.

"I think it's a theme that's losing credibility because if BP comes along and says the Clair Ridge field will continue to produce until 2055 it's a bit liberal to say the oil is going to run out because it ain't."

### [Saudi Arabia Seeks Stable Crude Prices, Minister Al-Naimi Says](#)

Saudi Arabia, the world's biggest crude exporter, welcomes additional supplies from other producers that may help to stabilize prices, Oil Minister Ali Al-Naimi said.

"New supplies are welcome," Al-Naimi said today in a speech in Istanbul, where he traveled to meet Turkey's energy minister Taner Yildiz. "They will add depth and, I hope, greater stability to world markets."

Saudi Arabia "remains committed to its role as a stable and reliable supplier" that has consistently stepped up production to offset any shortfalls, Al-Naimi said.

### [WTI Drops a Second Day; Goldman Sees Brent Gap Narrowing](#)

West Texas Intermediate crude fell a second day, reversing a third weekly gain, as rising supplies countered signs of economic growth.

Futures slid as much as 1.8 percent, extending yesterday's 0.2 percent drop, as the

dollar gained versus the euro, damping the appeal of commodities priced in the U.S. currency. Brent crude retreated 1.5 percent, leaving its premium versus WTI at \$8.24 a barrel. Goldman Sachs Group Inc. said in a report today that spread may narrow to \$5 in the third quarter.

### [OPEC Crude Production Rises to Five-Month High on Saudi Increase](#)

OPEC boosted crude output in April to the highest in five months as Saudi Arabia increased production, helping lower oil prices amid concern that global economic growth is slowing.

The Organization of Petroleum Exporting Countries produced 30.46 million barrels a day last month, up from 30.18 million in March, the group's Vienna-based secretariat said today in its Monthly Oil Market Report. That's the most since November. The estimates are based on secondary sources.

### [OPEC, before meeting, sees higher oil demand in second half](#)

LONDON (Reuters) - OPEC will need to pump slightly more oil than it thought in 2013 and expects global consumption to be much higher in the rest of the year, signs of a stronger market that argue against any calls for supply restraint when the group meets on May 31.

The Organization of the Petroleum Exporting Countries in a monthly report on Friday forecast 2013 demand for its crude will average 29.84 million barrels per day (bpd), up 90,000 bpd from the previous estimate.

### [Mideast Gasoline Imports Shrinking on Refinery Boom](#)

The largest-ever expansion of Middle Eastern oil-refining is poised to curb the region's imports of gasoline, reducing dependence on shipments from India and Singapore and sapping margins for European and Asian processors.

Saudi Arabia, the region's biggest gasoline importer, will add enough processing capacity to cut purchases of the fuel 50 percent by this time next year, according to a Bloomberg survey of four traders and analysts based on data from state-owned Saudi Arabian Oil Co. The United Arab Emirates expects to become self-sufficient in gasoline when it starts units at the Ruwais plant in 2014, Sultan Al Mehairi, the head of refining at Abu Dhabi National Oil Co., said April 22, while Kuwait, Qatar, Bahrain and Oman are also developing operations.

### [Shale gas could curb Gazprom prices: EU commissioner](#)

(VILNIUS) - The development of shale gas in Europe could help the continent obtain better deals from its current key supplier, the Russian giant Gazprom, EU Energy Commissioner Guenther Oettinger said on Friday.

"I am sure (that) to have some shale gas option is a good instrument for our long-term negotiations (with) Gazprom and Russia", Oettinger told journalists in the Lithuanian capital Vilnius.

Success with shale gas in the United States has encouraged exploration in several EU states including Britain, Poland and Hungary. Lithuania is also considering an exploration deal with Chevron.

### [Availability of oil in the long term is dubious, as oil prices could in fact retreat, helping the tanker market](#)

The finite supply of oil could result in a highly unstable market environment if the oil market reaches its peak. According to a recent report from market analyst's Poten & Partners, "conservationists and industry have been at odds over the ability of crude oil to continue to serve as a primary conduit for meeting the energy needs of an ever-expanding population and associated economic output almost since the inception of commercial-scale crude oil production. Although preceded by other doomsayers, the theory of "peak oil" is most frequently associated with "Hubbert's peak," which argues that oil production rates generally follow a bell-shaped curve, tapering off once infrastructure investment reaches a point of diminishing returns and the resource begins to be depleted. While production has struggled in some regions (notably in the North Sea), a common argument among commodity analysts of late has been that we are approaching not "peak oil" in a supply sense, but rather "peak demand", the report stated.

### [Peak Oil Revisited - Oil Limits Are Now Debt Limits](#)

Oil and energy limits are more complex than what we have imagined so far. The crossover from OECD Old World dominance of oil market demand, to Rest Of World dominance was more than 7 years ago, but the perception of what this means has been slow. Very slow.

### [Fracking and Shale May Keep the Price of Oil Low Forever](#)

Good news is here for consumers who hate high gasoline prices. There is something at work that may keep the price of oil from rising too much, but the price may not fall too much either. A fresh report from ETF Securities is underpinning oil at \$80 and also putting \$100 as the implied peak oil price for the foreseeable future.

### [California Postpones Oil, Gas Lease Auctions](#)

California's Monterey Shale is continuing to be the talk of the industry after the U.S.

Bureau of Land Management (BLM) recently announced plans to postpone upcoming federal lease auctions in the state. The prolific play, that holds more shale oil than anywhere else in the country, has the potential to pull the state out of its downward debt spiral but has been caught in a tug of war between proponents and environmentalists since the shale boom occurred in the nation.

### [India Says Canada Investment Rules May Cut LNG Spending](#)

Changes to Canada's rules governing investment by foreign state-owned enterprises may discourage Indian oil companies from participating in projects to ship natural gas from the North American country, India's top diplomat in Ottawa said.

Indian state-controlled energy companies, seeking to meet domestic demand for the heating and power-plant fuel, want to source natural gas from Canada, Admiral Nirmal Verma, India's high commissioner said today at a conference in Calgary. Revisions to the Investment Canada Act may stop companies from buying stakes in export projects, Verma said.

### [U.S. Should Export Natural Gas, Not Coal](#)

President Barack Obama's suggestion last weekend that he may favor greater U.S. exports of liquefied natural gas is a welcome sign. More exports would spur more domestic production and help balance U.S. trade.

LNG exports could also help counter the unsettling increase in American exports of coal to Europe. In 2012, the U.S. sent about 66.4 million short tons (60.2 million metric tons) of coal across the Atlantic, 23 percent more than the year before. Exporting coal works against the progress the U.S. has made in lowering its own greenhouse-gas emissions by replacing coal power with cleaner-burning natural gas.

### [Apache to Divest \\$4 Billion in Assets and Buy Back Shares](#)

Apache Corp., this year's third-worst performing oil and natural gas producer on Standard & Poor's energy index, plans to sell \$4 billion in assets by yearend and buy back shares as first-quarter profit missed analysts' estimates.

### [China's CNOOC to pay more for BP Indonesia gas](#)

(Reuters) - China National Offshore Company, China's largest offshore oil and gas producer, will increase the price it pays for gas from BP's Tannguh project in Indonesia, the head of Indonesia's energy regulator said on Friday.

The existing 25-year supply deal, under which CNOOC ships around 2.6 million tonnes of liquefied natural gas (LNG) annually from Indonesia's West Papua province to China's second LNG terminal in Fujian, was signed in September 2002.

## [US Imposes Ban on 2 Firms over Trade with Iran](#)

TEHRAN (FNA)- The US Treasury Department blacklisted two companies for their trade with Iran irrespective of Washington's unilateral sanctions against Iran's oil sector.

## [Source: Patients from Syria being tested for chemical weapons](#)

(CNN) -- The Turkish government is treating around a dozen patients who have exhibited unusual symptoms suggesting they were exposed to a chemical weapons attack, a Turkish source said.

"They were not injured by any kind of conventional arms. Tests showed excessive results which produced findings to let us make that statement," a Turkish source with access to Turkish government findings told CNN, on condition of anonymity due to the sensitivity of the allegations.

## [5 reasons Syria's war suddenly looks more dangerous](#)

(CNN) -- While the world's attention was focused on Boston and North Korea, the conflict in Syria entered a new phase -- one that threatens to embroil its neighbors in a chaotic way and pose complex challenges to the Obama administration.

What began as a protest movement long ago became an uprising that metastasized into a war, a vicious whirlpool dragging a whole region toward it.

## [Ex-Enron workers: Keep Skilling in prison](#)

NEW YORK (CNNMoney) News that former Enron Chief Executive Jeffrey Skilling may get out of prison early isn't sitting well with some of the company's former employees.

Skilling has cut a deal with the Justice Department that could see his 24-year sentence for his role in Enron's collapse cut by almost 10 years.

For some employees -- who collectively lost more than \$2 billion in retirement funds -- that just isn't right.

## [Senate Republicans Block Committee Vote on Obama EPA Nominee](#)

Republicans on the Senate Environment and Public Works Committee blocked a vote on confirming Gina McCarthy to head the Environmental Protection Agency by boycotting a meeting called to consider the nomination.

## [Foes Suggest a Tradeoff if Pipeline Is Approved](#)

WASHINGTON — President Obama’s first major environmental decision of his second term could be to approve the Keystone XL pipeline, profoundly disappointing environmental advocates who have made the project a symbolic test of the president’s seriousness on climate change.

But could some kind of deal be in the offing — a major climate policy announcement on, for example, power plant regulation or renewable energy incentives — to ease the sting of the pipeline approval?

## [Chevron Wins Suit Against U.S. Over California Oil Field](#)

Chevron Corp. is entitled to unspecified damages against the federal government in a contract dispute over oil deposits in California worth \$37 billion, the U.S. Court of Claims ruled.

The Department of Energy “repeatedly and materially violated” two agreements governing determination of equity interests in oil and gas deposits located in the Elk Hills Reserve of California, Judge Susan Braden in Washington wrote in a 90-page ruling.

## [N.Y. Senate Fracking Backer Tied to Firm With Gas Lease](#)

Senator Tom Libous, a champion of fracking in the New York Legislature, is blocking a bill that would delay drilling for natural gas for at least two more years. Passage of the measure would harm the prospects of a real-estate company founded by Libous’s wife and run by a business partner and campaign donor.

The donor, Luciano Piccirilli, operates Da Vinci II LLC, which owns 230 acres near Oneonta, west of Albany. Da Vinci II’s rights to underground natural gas are leased to a drilling company, property and corporate records show.

## [Russia plowing \\$32 billion into nuclear over next two years](#)

When a country sits on the world’s largest proven natural gas reserves, possessing nearly a quarter of the known total, it plans an energy future dominated by natural gas plants, right?

Not if the country is Russia. The vast land with 47.6 trillion of the planet’s 208.4 trillion cubic meters of the stuff is plowing 1 trillion rubles - \$32 billion - into nuclear power development, state-owned news agency Itar-Tass reports. And that’s just through 2015.

## [Aquino Sweats to Solve Mindanao Power Failure: Southeast Asia](#)

Shrinking water levels threaten to cut Mindanao's power supply by as much as a third just as President Benigno Aquino seeks to convince voters he's reducing electricity shortages in the Philippines' second-biggest island.

The water elevation at Lanao Lake, which powers the 700-megawatt Agus hydroelectric plant, may decline this month and require state-run National Power Corp. to cut output from the facility supplying more than a third of the island's electricity, it said on April 8. Factories and shops must shut May 13 to ensure voting precincts have power for nationwide elections, Energy Secretary Jericho Petilla said May 8.

## [The market 'bubble' you've never heard of](#)

FORTUNE – Following the collapse of U.S. home prices in 2007, analysts and economists have been eager to spot the next big bubble. There's been talk of a bond bubble. And as U.S. stocks hover near a five-year high, many have wondered if a bubble is in the works. There have also been worries over the market for student loans in which defaults have recently risen.

Then there's apparently a new bubble that few have ever heard about: America's farmlands.

## [Freeloading Yeast Make Unstable Communities](#)

Cooperation is common in nature, but there will always be some who cheat the system. A new study on yeast shows that cheaters can persist in populations but put the entire group at greater risk for extinction.

A colony of yeast (*Saccharomyces cerevisiae*) survives by breaking down sugar (sucrose) into simpler sugars. Freeloading yeast that survive by mooching off others can exist at ratios as high as 90 percent of the population, but a shock to the environment could wipe out the whole population, the new study reported.

## [Goats to clean up at Chicago's O'Hare International](#)

And while goats are new to O'Hare Airport, environmentally conscious efforts to operating an aviation facility are not.

“The CDA strives to be the most sustainable airport in the country,” said Pride.

O'Hare already has a soil-free, aeroponic garden in one terminal growing vegetables and herbs that are used by many airport restaurants and sold to travelers at a kiosk. There

are also beehives on property and a host of other good-for-the earth initiatives underway.

### [Flood alarms threatened by budget cuts](#)

WASHINGTON (CNNMoney) - The U.S. flood alarm system is about to get smaller.

On May 1, the U.S. Geological Survey began turning off some 150 stream gauges that monitor water levels on the nation's rivers and streams, thanks to the federal spending cuts, also known as sequester.

It's a one-two punch for the flood monitoring system -- the agency could be turning off another 200 gauges because of funding cutbacks at states, cities and towns that are struggling with their own budget crises.

### [Why You Can't Talk About Fixing The Electric Grid Without Talking About Climate Change](#)

This morning, CAP Senior Fellow Daniel J. Weiss testified before the Subcommittee on Energy and Power of the Committee on Energy and Commerce about electric grid reliability. He made a strong case for confronting the elephant in the room –the impact climate change has on the reliability and security of the electric grid. The other elephant in the room is the effect that burning fossil fuels for electricity has on our climate.

### [Carbon Champions Undeterred by Kyoto Dead-End, EU Envoy Says](#)

Carbon-market supporters from China to California will push for emissions trading even as they prepare for the end of the United Nations Kyoto Protocol in seven years, Europe's top climate negotiator said.

Nations including China and New Zealand and some U.S. states have formed an informal group, "kind of the champions of the carbon market," Artur Runge-Metzger said in a May 2 interview in Bonn, Germany. "It's that club that's going to set international standards" rather than UN talks, he said.

### [UN Carbon Has Biggest Jump Since 2011 as EU Factories Tap Quota](#)

United Nations Certified Emission Reduction credits had their biggest one-day gain since Dec. 20, 2011 amid speculation factories and utilities are using the carbon offsets to meet European Union pollution targets.

CERs for December rose 18 percent to close at 40 euro cents (\$0.52) a metric ton on the ICE Futures Europe exchange in London. The contract has jumped 33 percent since May 3 and is heading for its biggest-ever weekly increase.

## [Does Obama Have a Secret Plan to Combat Climate Change?](#)

The Clean Air Act gives the Environmental Protection Agency the duty to regulate carbon dioxide emissions, and the Obama administration has been using this authority in a number of important ways over the years. What it hasn't yet done are promulgate regulations on *existing sources of climate pollution* rather than on hypothetical new sources. One reason it hasn't done that is that for a long time nobody could really think of an economically feasible way to do this. Just shutting down random power plants would be extremely disruptive. But back last winter I wrote about a very clever strategic outline from the Natural Resources Defense Council that paints a path forward for using this power in a way that would give states more flexibility in terms of how to reduce emissions, while still making huge progress on climate issues.

Jon Chait has recently revived interest in this issue among generalist pundits by arguing that Obama not only can but probably will do this.

## [Alberta's oil sands crude: the science behind the debate](#)

Canada's oil sands have been called "dirty oil," a "carbon bomb," and "game over" for the world's climate. But beyond the caustic descriptions of one of the world's biggest oil resources, almost everyone agrees that production from Alberta's oil sands takes more energy to extract and process than conventional oil – thereby producing more greenhouse gas emissions. How much more is the focus of widespread study and debate, as researchers assess the oil sands industry's impact on climate.

## [Shale gas: green groups condemn methane flaring plans for wells](#)

The two companies exploring for shale gas in the UK have confirmed that they intend to flare methane gas from their wells in a move that has been condemned by environmentalists. It is likely to be the most visible sign of the fracking revolution that many in business and government would like to bring to the UK.

## [When it comes to climate change, Shell is backing the wrong horse](#)

'Shell faces up to climate change challenge' ran the headline in this paper last week. I wish it were true but the company has a credibility problem when it comes to the issue. It is betting everything on the presumption that we will keep burning the fossil fuels that it keeps pulling up out of the ground.

It is hard for Shell to be talking climate one minute and a new "golden age of gas" the next. It is a major player in the energy game and that cannot but affect how it sees our energy future.

## [Greenland's Glacial Melt May Slow, Study Suggests](#)

Greenland's galloping glaciers will likely slow their rapid retreat in the coming century, scientists project based on a new computer modeling study.

In the study, published today (May 8) in the journal *Nature*, researchers resolve one of the biggest uncertainties about Greenland's future contributions to sea-level rise: the behavior of its outlet glaciers. These massive ice rivers drain to the ocean, adding both surface runoff water and icebergs to the sea. The researchers discovered that Greenland's outlet glaciers retreat in episodic pulses, which account for the past 10 years of dramatic ice loss.

## [Studies of the Past Show an Ice-Free Arctic Could Be in Our Future](#)

There are still pieces to the climate puzzle that need to be filled in. The study shows that unusually warm temperatures in the Arctic seemed to persist even as glaciers we're begin to expand in the Northern Hemisphere. But studies like this one help us understand just how changeable our climate—so secure during the history of human civilization—has been in the past, and underscores just how momentous our impact on the planet through the burning of fossil fuels is likely to be. We are well into uncharted territory.

But there's something about the sheer scale of what's happening that makes it hard for us to really comprehend. The same day the *Science* paper came out, a new Yale University poll came out showing that the percentage of Americans who believed global warming had dropped to 63% from 70% in the fall—a change that pollsters blamed on the unusually cold winter and spring that hit parts of the country. That's not surprising—belief in climate change has usually been broad but deep, easily affected in either direction by passing weather events. But as the deep past show us, the climate works on time scales far bigger than a single season. It's something we may have to experience before we can ever understand it.



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