



Drumbeat: May 22, 2013

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[Oil-Fixing Probe Accelerates as EU Asks Traders for Help](#)

The investigation into possible oil-price fixing gathered pace as trading houses from Glencore Xstrata Plc, the \$70 billion mining firm, to Gunvor Group Ltd. were asked to provide information to European regulators.

Glencore Xstrata, Gunvor and Vitol Group, which aren't under investigation, along with other firms with offices in Switzerland, are assisting the European Commission with the inquiry, said three people familiar with the situation, who asked not to be identified because the matter is private. The commission announced last week that it's probing whether oil companies colluded to distort prices.

[Indonesia re-arrests Chevron exec amid tension with Big Oil](#)

(Reuters) - Authorities have bypassed a court order and re-arrested an executive at Chevron Corp's Indonesian unit in a graft case that highlights growing tension with big oil companies in a country struggling to reverse a decline in oil production.

The attorney general's office said on Wednesday it had re-arrested Bachtiar Abdul, an executive at PT Chevron Pacific Indonesia, despite a Nov. 27 court order that cleared him of any wrongdoing and released him from detention.

[China's SUV Fleet to Drive Oil Demand Growth, Bernstein Says](#)

China's growing fleet of sport utility vehicles will offset gains in fuel efficiency and continue to drive oil-demand growth, according to Sanford C. Bernstein Research.

Chinese oil consumption will increase at an average annual pace of 5 percent to reach 12.9 million barrels a day in 2018, from 9.6 million barrels a day in 2012, the investment research company said in a report e-mailed today. Its forecast is higher than the International Energy Agency's outlook for a 4 percent average annual increase for the same period.

[China Net Gasoline Exports Stay Remain Year High as Demand Slows](#)

China's net exports of gasoline remained near the highest level in a year amid the nation's weakest domestic oil demand in eight months.

Overseas sales of gasoline exceeded imports by 468,553 metric tons in April, according to data e-mailed by the General Administration of Customs in Beijing today. That's equivalent to 132,360 barrels a day. In March, net gasoline exports were 506,110 tons, the most in a year.

[WTI Crude Drops a Second Day as U.S. Supplies Gain a Fourth Week](#)

West Texas Intermediate fell for a second day after industry data showed U.S. inventories rose for a fourth week, the longest run of gains since February. China's oil stockpiles climbed for a second month.

Futures slid as much as 0.9 percent in New York after a report from the American Petroleum Institute showed crude stockpiles increased 532,000 barrels last week. Government figures today are projected to show a 1 million-barrel decline, according to a Bloomberg News survey of analysts. The API also indicated gains in gasoline and distillate-fuel supplies, including heating oil and diesel.

[Crude and Product Stockpiles Gained Last Week, API Says](#)

Oil supplies advanced 532,000 barrels to 390.7 million, the American Petroleum Institute said.

Distillate fuel inventories rose 459,000 barrels to 118.4 million, the API's weekly report showed. Gasoline stockpiles also increased, gaining 3.03 million to 219.5 million.

[Gasoline Falls on Speculation Tornado Didn't Affect Inventories](#)

Gasoline fell on speculation that the deadly tornado near Oklahoma City may not have affected refinery operations in the area.

[Northwest Gasoline Tumbles on Tankers, as Shell Restores Output](#)

Spot gasoline in the U.S. Pacific Northwest dropped by the most against futures since February as tankers carried oil products to the region and a Royal Dutch Shell Plc (RDSA) refinery recovered from a power failure.

[Coal's Record Slump Poised to End on Output Cuts](#)

European coal's longest slump in at least eight years is poised to end as imports from the

U.S. fall and further declines trigger production cuts at mines in Russia and Poland.

[When oil forecasts get it wrong](#)

The famous Danish physicist Niels Bohr once humorously observed, "Predictions are very difficult, especially about the future." And so, as the world considers yet another rosy oil supply forecast, this time from the Paris-based International Energy Agency (IEA), it is worth reviewing the agency's record.

[The Coming Deluge of Oil](#)

It came without warning: A flood of oil. Just a few years ago we were talking about peak oil, the slow, painful demise of crude. Now there's talk about a shock wave of new oil supply from North America that's about to slam into global markets.

We're in the early stages of a new oil boom here in North America. The tar sands of Canada started the rumble. Now it's set to be the shale oil from North Dakota, South Dakota and Montana that will make the U.S., in five years or less, the largest oil producer in world, even greater than Saudi Arabia. By 2018, according to the International Energy Agency (IEA), there'll be more oil produced than cars can burn.

[Is peak oil never going to happen?](#)

You can make a coherent, logical argument for cars that don't burn gasoline without once mentioning global petroleum supply. You can talk about international relations and the power of gasoline exporters (just read the first three paragraphs of this for a bit of history). You can talk about climate change. You can talk about the health effects of CO₂ in the air. But the fact remains that gasoline (or diesel) remains the go-to fuel for almost every passenger vehicle on the planet, so the question of how much black gold is out there is an important one. The answer, though is not so clear.

[Has the EIA Killed Peak Oil?](#)

A number of factors have changed the face of peak oil. Low U.S. growth, increased oil production and more fuel efficient modes of transportation have dampened the effects of rising energy costs. Peak oil is still a real phenomenon, but in the medium term it looks like it will affect the economy through subtle means.

Peak oil conjures up images of mile-long lines at gas stations and whole nations experiencing Cuban-like economic collapse. Recent data suggests that in America, peak oil may be mainly manifest through strong inflation that decreases the average worker's real income.

[Ben Bernanke sees the great slowdown in technological progress](#)

The great slowdown is a *historical* fact, an important event still occurring. We can see a few of its effects, such as how it contributes to the multi-decade stagnation of real wages for most American households.

How long will it last? Almost everybody sees this as the slowdown as a *pause*, not an *end* to progress. The subtitle to Tyler Cowen's *The Great Stagnation* is "How America (Eventually) Will Feel Better Again."

[Soaring energy costs make Europeans poor](#)

Over the past few years Europeans have seen their energy costs locked into an upward spiral, deteriorating the competitiveness of European businesses and putting more households at risk of energy poverty.

Across Europe, average electricity prices for households and industries have increased by 29% between 2005 and 2011. Over the same period of time electricity prices in the USA increased by only 5% and in Japan by 1%.

[Ipic seeks \\$4bn return for building key oil pipeline](#)

The International Petroleum Investment Company (Ipic) is in talks with the Government to receive US\$4 billion in cash for building a strategic oil pipeline bypassing the Strait of Hormuz.

Ipic executives said in an investor call this week that the investment company expected to be reimbursed for the cost of building the pipeline in several payments over the coming year, Reuters reported.

[Turkey eyes oil, gas deals with Iraqi Kurdistan](#)

(Reuters) - Turkey is looking to sign commercial contracts this year with Russian and U.S. companies operating in northern Iraq for joint oil and gas exploration, Turkey's Energy Minister Taner Yildiz told Reuters.

Turkish Prime Minister Tayyip Erdogan last week discussed U.S. concerns about Turkey's deepening energy ties with Iraqi Kurdistan during meetings in Washington with President Barack Obama.

[Myanmar to pump oil and gas to energy-hungry China](#)

An hour's drive outside the Yunnan provincial capital Kunming, at a vast construction

site, building work is nearing completion on a Dh7.35 billion pipeline that will ship oil and gas from Myanmar to energy-hungry China.

With a capacity of 440,000 barrels of crude a day and 12 billion cubic metres of natural gas, the pipelines, which will run from this construction site in south-western China all the way to the Indian Ocean at the Bay of Bengal in Myanmar, are central to Chinese efforts to improve energy security as its economy continues to expand.

[Russia's Yamal LNG to fully market LNG from project, take FID regardless of export rights](#)

Paris (Platts) - The Novatek-led Yamal LNG consortium's marketing of LNG from the project and final investment decision are not dependent on whether the Russian government would allow companies other than Gazprom to export gas from the country, representatives from Yamal LNG and Total said Tuesday.

[French-Asian firms reveal LNG contract in Canada](#)

A consortium comprising French, South Korean and Chinese companies has won a contract for a liquefied natural gas project in Canada, the French partner Technip said on Wednesday.

The other partners are Samsung of South Korea and Huanqiu of China.

[Poland Shale Boom Falter as State Targets Higher Taxes](#)

Poland's shale gas boom is threatened even before it gets started after some wells failed and the government sought to increase taxes on profits.

Of 39 wells planned for 2013, just two were drilled by May, Environment Ministry data show. The government plans to require that explorers take a state-run company as a production partner. It has also proposed raising taxes to almost 80 percent of profit, according to Ernst & Young estimates. The measures, announced in October, haven't become law.

[Arctic Refuge Oil Targeted by Alaska Amid U.S. Reluctance](#)

Alaska's government proposed investing its own cash in an assessment of oil reserves in the U.S. Arctic National Wildlife Refuge, seeking to prod the federal government to consider drilling in the protected area.

[Canadian Pacific Spills Most Oil in Three Months in Saskatchewan](#)

Canadian Pacific Railway Ltd. rail cars spilled 545 barrels of crude oil near Jansen, Saskatchewan, in the company's third and largest oil spill in as many months.

[Japan Atomic Blasts Regulator on Ruling That Keeps Reactor Shut](#)

Japan Atomic Power Co., which has Tokyo Electric Power Co. as its largest shareholder, said a decision by the regulator that will keep one of its nuclear reactors off line is "unacceptable."

The Nuclear Regulation Authority, set up after the Fukushima disaster, today approved a report by its advisory board that said the No. 2 reactor at Japan Atomic's Tsuruga plant has been built on an active earthquake fault.

[Tesla's Glory Days Will Be Few As Bigger Competitors Are Already Catching Up](#)

Despite this big drawback though, Elon Musk's plan for the company seems to be going exceptionally well. It started from expensive cars for affluent early adopters and car enthusiasts and is working its way down to the masses with more affordable models. And currently Tesla is two or three models before the "available to the masses" stage, Model X included.

However, investors in Tesla should be extremely cautious. Although the company is way ahead of its competitors in the electric car market, this may prove to be an advantage with an extremely tight expiring date.

[To harness the sun, first break it into little pieces](#)

In a region that derives its electricity from sprawling power plants that generate millions of kilowatts every day, it is little surprise that the advance of solar power is measured in utility-scale arrays.

Abu Dhabi kicked off a trend that will involve huge swaths of desert being covered with solar equipment over the coming decades when it inaugurated the Shams-1 plant in March.

[Ban Ki-moon: World on course to run out of water](#)

Ban Ki-moon has warned the world is on course to run out of freshwater unless greater efforts are made to improve water security.

Speaking on the UN's International Day of Biological Diversity, Ban said there was a "mutually reinforcing" relationship between biodiversity and water that should be harnessed.

[Forget peak oil—start worrying about peak water](#)

A report released today by the US Geological Survey (USGS) today shows that Americans are sucking dry the aquifers that irrigate their crops and supply their drinking water. Between 1900 and 2008, the US lost 1,000 cubic kilometers (240 cubic miles) of groundwater. That's twice the volume of the water in Lake Erie.

It gets worse. The rate of groundwater depletion is accelerating, according to the study of 40 major US aquifers. Between 1900 and 2008, the US lost an average of 9.2 cubic kilometers of groundwater annually as the growth of cities and industrial agriculture tapped underground reserves. But between 2000 and 2008, groundwater depletion jumped 171% to an average of 25 cubic kilometers a year. In just those nine years, the amount of water pumped from the Ogallala aquifer, which supplies a large swath of the US, was equivalent to 32% of the water that was depleted from the Ogallala during the entire 20th century.

[Subsidies urged to help power stations move away from coal](#)

HUGE coal-fired power stations such as Drax and Eggborough could “switch off” if the Government does not provide the necessary subsidies to support their conversion to burning wood, an MP has warned.

Dan Byles, the Tory chairman of the All Party Parliamentary Group for the environment, and a member of the Commons energy and climate change committee, said the UK “cannot afford” not to use biomass as a key source of energy over the coming years.

[Deadly Moore Tornado Tops the Scale at EF-5](#)

Complete and utter destruction in some parts of Moore, Okla., in the wake of yesterday's deadly tornado confirms the twister was a rare EF-5 — the top of the tornado rating scale, the National Weather Service announced today (May 21).

[Deadly Tornadoes Drive Up Storm-Shelter Demand](#)

In Bill Stegman's office on the eastern side of Dallas, the phone is ringing and ringing and ringing again, with only short breaks between callers. It goes on for some 30 minutes, virtually uninterrupted. He says it's been like this for hours.

The powerful and deadly tornadoes that have torn through Granbury, Texas, and Moore, Okla., in the last week are fueling this activity. What these dialers have in common is the hope that Stegman, the owner of storm-shelter installation company American Tornado Master, can keep them from being the next victim. He's been in this business 36 years, and he says he's never seen interest this high.

[Does Climate Change Impact Tornadoes? The Scientific Jury Is Still Out](#)

There's no debating the devastation of the two-mile-wide tornado that leveled much of Moore, Oklahoma, yesterday, May 20. The Oklahoma City suburb, situated right in the heart of Tornado Alley, suffered unimaginable loss of life and destruction: 24 deaths, including nine children, and an untold number of pulverized buildings, including schools and hospitals.

But, is this particular type of extreme weather caused by climate change?

Short answer: Depends on whom you ask and how you ask it.

[Fossil fuel divestment campaign's victory in Australia will be a moral one](#)

Divestment campaigns historically have never been about economic pressure. The effectiveness of the South African apartheid divestment campaigns were due to the moral pressure they placed on governments and businesses. They made toleration of apartheid in the USA, Britain and other countries (including Australia) impossible. University campuses were the hubs of much of the campaign activities, engaging not just students but academics and the trustees of university administered funds.

The divestment by the University of California Berkeley's divestment of \$3 billion in 1986 was later credited by Nelson Mandela as a catalyst for the collapse of the apartheid government.

Unfortunately, there's every indication that the big fossil fuel companies targeted by McKibben — like Exxon, BP, Chevron and BHP Billiton — are less concerned than Apartheid South Africa was in global public opinion. For example, BP has managed to bounce back from the Gulf of Mexico oil spill.

[Plan to protect community from sea level rise](#)

Lake Macquarie Council has started work on a plan to protect Marks Point and other lakeside suburbs from flooding as a result of rising sea levels.

Council says it has begun the community consultation process on the adaptation plan which will take 18 months to complete.

[Climate Policies Must Break Free From Big Oil](#)

The big “green” story here in Brussels lately hasn't been the perilous state of the planet but the problems befalling the EU's emissions trading scheme. Although the scheme has proven to be disastrous in terms of mitigating climate change, it has helped entrench the idea that heat-trapping gases should be considered as a tradable commodity. Because

there are people out there who stand to make millions from carbon transactions, it's not surprising that they want to salvage the Union's scheme.

[Climate-change disasters worry UN](#)

New York: The world needs to wake up to the risk of a spike in natural disasters linked to climate change and strive to find ways to cut the human and economic cost, the United Nations warned yesterday. "We live in a time of huge natural disasters which are made worse by climate change," the UN's deputy secretary-general, Jan Eliasson, told reporters at the start of a three-day conference on risk reduction in Geneva.

"Natural disasters are not only becoming more frequent but are becoming more vehement," he warned.



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