



## Drumbeat: October 22, 2012

Posted by [Leanan](#) on October 22, 2012 - 9:12am

### [After the Boom in Natural Gas](#)

“The country has stumbled into a windfall on the backs of these entrepreneurs,” said Edward Hirs, a finance professor at the University of Houston who contributed to a report that estimated that the nation’s economy benefited by more than \$100 billion last year alone from the lower gas prices.

But while the gas rush has benefited most Americans, it’s been a money loser so far for many of the gas exploration companies and their tens of thousands of investors.

The drillers punched so many holes and extracted so much gas through hydraulic fracturing that they have driven the price of natural gas to near-record lows. And because of the intricate financial deals and leasing arrangements that many of them struck during the boom, they were unable to pull their foot off the accelerator fast enough to avoid a crash in the price of natural gas, which is down more than 60 percent since the summer of 2008.

Although the bankers made a lot of money from the deal making and a handful of energy companies made fortunes by exiting at the market’s peak, most of the industry has been bloodied — forced to sell assets, take huge write-offs and shift as many drill rigs as possible from gas exploration to oil, whose price has held up much better.

---

### [Oil Advances; Keystone Pipeline Set to Start](#)

Oil advanced from a two-week low in New York on speculation last week’s losses were excessive. TransCanada Corp. planned to start its Keystone pipeline today after a second delay.

Futures climbed as much as 0.8 percent after falling the most in more than two weeks on Oct. 19. Prices also advanced after the White House denied a New York Times report that administration officials agreed to one-on-one talks with Iran’s government over its nuclear program. TransCanada originally planned to resume operations Oct. 20 on the line that runs from Alberta to the main U.S. oil-storage hub in Cushing, Oklahoma.

### [Gas prices drop as demand tapers off](#)

The average price for a gallon of regular gasoline in the United States fell more than 8

cents during the past two weeks, weighed down by the drop in crude oil prices and low seasonal demand, according to a widely followed survey released on Sunday.

...Lundberg said further declines in retail gas prices are expected if the cost of crude oil does not rise substantially. She added that in California, gasoline prices could have a "dramatic crash" after refinery problems caused a spike two weeks ago.

### [Thanksgiving 2012: Cheaper Gas, Higher Airfares](#)

Finally... Gas prices are coming down in most parts of the country and the near future looks brighter for motorists. "I think it's good news for folks that are traveling on Halloween but particularly good news for Thanksgiving time," says Tom Kloza with The Oil Price Information Service. He says gas will drop by about 35 cents a gallon by Thanksgiving, and other analysts agree. "Supply is expected to begin increasing, coupled with an expected drop in demand which we're already seeing. Equals lower prices," says Patrick DeHaan, a senior petroleum analyst at Gasbuddy.com. "We should see relatively smooth sailing with the national average in the low to perhaps the mid \$3 a gallon range." The Energy Department's weekly survey is expected to show another drop when the numbers are released today. However, AAA says gas prices remain 25 cents above year-ago prices, and 39 cents below the record high set back in July 2008.

### [OPEC rivalries to hamper agreement over top post](#)

DUBAI/LONDON (Reuters) - OPEC is likely to find reaching a consensus difficult in talks this week on selecting its new secretary general, delegates to the producer group said, due to rivalry between Saudi Arabia and Iran over its top administrative post.

### [US policy uncertainty delays LNG supply growth: BG Group](#)

SINGAPORE: Uncertainty about the volume of gas exports the United States will allow could be delaying gas development elsewhere in the world and may contribute to a supply crunch in Asia, a senior executive of British gas company BG Group said on Monday.

A shale gas boom in the United States has sparked plans for a large liquefied natural gas (LNG) export industry, but fears that exports could feed energy prices have spurred a strong lobby to limit gas exports.

### [Rosneft Buys BP's TNK-BP Stake for \\$26 Billion in Cash, Shares](#)

OAO Rosneft (ROSN) agreed to buy BP Plc's half of the TNK-BP venture for about \$26 billion in cash and shares in the biggest acquisition by a Russian company.

BP will sell its 50 percent stake in Russia's third-largest oil producer for \$17.1 billion in cash and 12.8 percent of Rosneft's shares, according to a statement today. BP will

reinvest \$4.8 billion in the government's shares of Rosneft, leaving it with \$12.3 billion in cash, 19.75 percent of the state-backed company and two board seats.

### [Putin blesses full takeover of TNK-BP by Rosneft](#)

NOVO-OGARYOVO, Russia (Reuters) - Russian President Vladimir Putin on Monday blessed a full takeover by state oil major Rosneft of Anglo-Russian oil venture TNK-BP, calling it a good deal at a good price.

### [Unhappy families](#)

CHANGING partners in Russia can be a fraught affair, to which the tribulations of Anna Karenina are as good a guide as any. But sometimes there is no choice. BP's relationship with a group of oligarchs who owned half of TNK-BP, the company's Russian joint venture, had broken down so completely that it was only a matter of time before one side or the other was forced to quit. In the event both seem to be getting out, to be replaced by the firm at the root of the trouble between them, Rosneft, Russia's state-controlled oil giant.

### [Malawi oil: A blessing or a curse?](#)

A discovery would turn one of the world's poorest countries into a multi-billion dollar economy, but who would benefit?

### [Saudi refinery eyes Europe diesel exports](#)

A new refinery in Saudi Arabia, that is a joint venture of Saudi Aramco and France's Total, is likely to start diesel exports from the second quarter of next year and is targeting the European market, industry sources said yesterday.

### [Iran cuts Turkmen gas imports by 52 percent](#)

Imports of natural gas from Turkmenistan into Iran have decreased by 52 percent over the first half of the current Iranian year compared to the same period last year, which began on March 20, National Iranian Gas Company's managing director Javad Owji said, IRNA reported on Oct.22.

### [White House Says No Agreement Reached on Talks With Iran](#)

The White House hasn't agreed to direct one-on-one talks with Iran's government over its nuclear program, even as it remains open to such negotiations, National Security Council spokesman Tommy Vietor said.

### [Instability grips Libya a year after Gaddafi's fall](#)

BENGHAZI/TRIPOLI (Reuters) - Insecurity blights Libya, where militias still call the shots a year after they toppled Muammar Gaddafi, keeping foreign investors wary and clouding the oil-producing country's future.

Last month's attack on the U.S. consulate in the eastern city of Benghazi, in which U.S. ambassador Chris Stevens and three other Americans died, underlined the fragility of a state struggling to emerge from the legacy of Gaddafi's 42-year rule.

### [Petronas Rejection Casts Doubt on Cnooc \\$15.1 Billion Bid](#)

Canada's rejection of a bid by Malaysia's state oil company for Progress Energy Resources Corp. casts doubt on Beijing-based Cnooc Ltd.'s \$15.1-billion takeover of Nexen Inc. and raises questions about the openness of Prime Minister Stephen Harper's government to foreign investment.

### [Romney and Obama Ignore Coal's Dark Side](#)

How can we "continue to burn clean coal," when we've never done so before?

### [Sierra Club Fight Over Radioactive Waste Heats Up](#)

The Sierra Club is suing Waste Control Specialists over its radioactive-waste site near Andrews, Tex. The company says the site is safe, and the county now is getting involved to end the legal claims.

### [Rising Energy Costs May Usher in U.S. Freight Rail Revival](#)

Rail built America in the 19th century and now it may be poised for a massive resurgence in the 21st century as high fuel prices make it competitive again.

### [Fueling the Fleet, Navy Looks to the Seas](#)

Scientists at the U.S. Naval Research Laboratory are developing a process to extract carbon dioxide (CO<sub>2</sub>) and produce hydrogen gas (H<sub>2</sub>) from seawater, subsequently catalytically converting the CO<sub>2</sub> and H<sub>2</sub> into jet fuel by a gas-to-liquids process.

### [The big question mark over gasoline from air](#)

Last week, Air Fuel Synthesis (AFS), a company in Stockton, UK, revealed the first successful demonstration of an idea that dates back to the oil crisis of the 1970s: that carbon, hydrogen and oxygen can be plucked from carbon dioxide and water in air to be converted into methanol and then morphed into gasoline.

However, amidst the headlines, some media coverage overlooked the key point: the energy efficiency of the process has yet to be demonstrated. This matters because the technique uses electricity for key stages. It should not require more energy input than is gleaned from burning the fuel it produces.

### [Obama's alternative energy bankruptcies](#)

So just how many federally-funded energy companies have failed?

Of the companies that received significant funding from the Department of Energy, a total of five have gone bankrupt, according to the House Committee on Energy and Commerce. The five bankruptcies occurred in two DOE programs, which in total funded 63 firms. The other 58 are still in business. That's a failure rate of about 8%.

### [At One With His Trowel \(Sort Of\)](#)

The dirty, squishy part of our straw bale house construction project is in full swing. Last month a dump truck poured a pile of reject sand next to the house. Reject is the dirt left over at a gravel pit, and its name says a lot about how valuable it is to gravel manufacturers.

### [Freelancer growth giving rise to 'slasher' careers](#)

America isn't just the "land of the free" any more. We're rapidly becoming the land of the freelancer.

In an increasingly virtual work world, an estimated one-third of U.S. workers — more than 42 million men and women — no longer report to traditional 9-to-5 jobs. Instead they belong to a growing freelance segment of the labor force, an often skilled class of career jugglers and independents who create mosaic incomes from contract gigs, projects, part-time jobs, temp work, moonlighting and consulting. This freelance nation fills the gaps that corporate America no longer wishes to cover with full-time salaried employees.

### [Pesticides could be the culprit in bee drop-off](#)

Pesticides kill bumblebees and make colonies vital for pollination likely to fail, a study has found. Scientists have been baffled by the plummeting numbers of bees, mainly in North America and Europe, in recent years.

### [Thirst for groundwater caused fatal earthquake](#)

On 11 May 2011, nine people were killed and dozens injured by a magnitude 5.1 earthquake near Lorca in southern Spain. Now it seems that the earthquake was triggered by human activity. What's more, it may have been shallower, and thus more destructive, than if it had happened following a slow, natural build-up of stress.

### [Is Maine experiencing more 'extreme' precipitation?](#)

ELLSWORTH, Maine — According to a Maine-based environmental advocacy group, there is evidence that Maine has been experiencing warmer temperatures and more “extreme precipitation” events in recent years.

### [The public benefit in saving beaches?](#)

Do we fight or flee?

Rising tides have taken homes in some areas. Replenished sand simply has been washed away by the waves.

Millions of dollars are at stake. Replenishing sand is expensive. Buying out beach homes is expensive too.

A basic question is one of fairness: Who should pay?

### [Rice Agriculture Accelerates Global Warming: More Greenhouse Gas Per Grain of Rice](#)

"Our results show that rice agriculture becomes less climate friendly as our atmosphere continues to change. This is important, because rice paddies are one of the largest human sources of methane, and rice is the world's second-most produced staple crop," said Dr Kees Jan van Groenigen, Research Fellow at the Botany Department at the School of Natural Sciences, Trinity College Dublin, and lead author of the study.

### [Adapting suburbia to face up to climate change](#)

Over 80% of people in England live in suburbs and they will experience warmer, drier summers and wetter winters in the future. By working with local authorities and residents the SNACC project recommends effective and practical adaptation measures for different types of English suburbs.

### [Localised sunshade could stop Arctic melting](#)

If we have to hack the planet, we could at least do it with some finesse. Some of the problems with geoengineering could be fixed by targeting specific regions of the planet, rather than cooling everywhere equally.

### [Antarctica losing 190 million tonnes of ice a day, study finds](#)

Antarctica is shedding an average of 190 million tonnes of ice every day, according to a landmark study that used satellites to "weigh" the vast land mass.

Although parts of east Antarctica are growing, glaciers in west Antarctica are melting faster, leading to a net loss of ice across the continent, according to the study published in the journal *Nature*.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).