

The Week That Was: 2012-10-06 (October 6, 2012)
Brought to You by SEPP (www.SEPP.org)
The Science and Environmental Policy Project

#####

Quote of the Week: *"The great tragedy of Science - the slaying of a beautiful hypothesis by an ugly fact."* Thomas Huxley [H/t Tim Ball]

#####

Number of the Week: 1,667 times

#####

THIS WEEK:

By Ken Haapala, Executive Vice President, Science and Environmental Policy Project (SEPP)

Secret Letter: Climategate bulldog Steve McIntyre has been pursuing a reference by Thomas Stocker, co-chair of the UN Intergovernmental Panel on Climate Change (IPCC) for Working Group I (WGI), which covers the scientific basis of the various declarations of global warming / climate change. The letter was referenced in note threatening UK scientists with dire consequences if the letter is released to the public. Equally tenacious Christopher Horner of the Competitive Enterprise Institute (CEI) apparently obtained the letter from Thomas Peterson of the US National Oceanic and Atmospheric Administration (NOAA), a Climategate correspondent. McIntyre amusingly asks if Stocker will retaliate against the US, and American scientists. The US is a major funder of the IPCC and climate research in the US and other countries.

The letter, which went to all AR4 Lead Authors, Coordinating Lead Authors and Review Editors, contains some disturbing statements as to the direction of IPCC science. In its Third Assessment Report (AR3) published in 2001, especially in the *Summary for Policymakers*, the IPCC attempted to suppress climate history, particularly the Medieval Warm Period and the Little Ice Age with the discredited hockey-stick. In the Fourth Assessment Report (AR4) published in 2007, the IPCC largely ignored or dismissed climate history. The letter states that Working Group I will remain firmly behind the findings of AR4.

After a decade of the IPCC suppressing climate history, increasingly, discussions of the Medieval Warm Period and the Little Ice Age are appearing in the literature. If the upcoming Fifth Assessment Report (AR5), due out in 2013, fails to address climate history, its science will be biased and unreliable. Please see links under Climategate Continued.

Secret Email Addresses: The correspondence of US government officials and employees, when acting in an official capacity, is part of the public record, which legally must be preserved. The law applies to email correspondence as well as physical correspondence. The letter discussed above is an example of NOAA adhering to the law. In the past, some government officials and employees have failed to adhere to the law. The determined Christopher Horner has discovered that a number of government agencies / employees keep secret email addresses where they conduct official business. NASA's Goddard Institute for Space Studies (GISS) is one such organization. The director of GISS, James Hansen, is a political activist in global warming alarm and energy policy.

These activities are disturbing because the historic temperature record produced by GISS has been repeatedly changed to the point that the 1930s warm period and the cooling from about 1940 to

1975, which gave alarm of an impending new Ice Age, barely exist. See Global Temperatures: http://data.giss.nasa.gov/gistemp/graphs_v3/

Please see links under Suppressing Scientific (or Public) Inquiry. Please note that, whenever possible, TWTW avoids politically or ideologically slanted links and believes the public disclosure laws apply to all regardless of political party or ideology.

North Atlantic Climate Change: Last week, TWTW linked to a study taken in Svalbard, an archipelago north of the Arctic Circle. The study asserted that the current warm period is warmer than previously warm periods. Since the results are inconsistent with a large body of evidence across Greenland and North America, TWTW suggested that it may be an outlier or part of a cycle. Several readers asserted it was and send examples of prior studies. Euan Mearns referenced a study by Bond, et al, "Persistent Solar Influence on North Atlantic Climate During the Holocene", Science 294 (5549): 2130–2136. Kenneth Towe sent a study by Kenneth Drinkwater showing a dramatic North Atlantic climate shift in the 1920s and 1930s based on temperatures, fish stocks, spawning areas, food biomass, etc.

This week's NIPCC Reports links to a study reporting on climate change in Iceland for the past 10,200 years (the Holocene). The study indicates there is nothing unusual about the current warm period or the rate of warming.

In addition, past TWTWs have linked to changing Svalbard temperatures especially the December 17, 2011 which linked to an article showing a relationship between the solar cycle and Svalbard temperatures and predicting that the temperatures will decline in the future:

<http://arxiv.org/abs/1112.3256>

Also, as linked in the September 24, TWTW, the Antarctic Peninsula appears to undergo cyclical warming and cooling. Please see links under Changing Climate and NIPCC Reports.

Measurement Issues: Roy Spencer reports that he and John Christy are seeing that the Aqua satellite they most depend upon for their temperature monitoring is experiencing increasing noise. They will have to adjust the datasets for this noise, which they hope to accomplish within a few weeks. No doubt, the adjustments will receive intense outside scrutiny and some will declare the instrument noise makes the satellite data unreliable. But those who wish to examine the adjustments will be able to do so before and after they are done. This is in contrast with NASA-GISS historic temperature data which are modified without public announcements. Please see links under measurement issues.

Climate Sensitivity: The amount the earth will warm with a doubling of atmospheric carbon dioxide (CO₂) has been a major issue for years. Classical theory indicates that it will be about 1.1 deg C (2 deg F). The IPCC, its models, and the climate establishment insist warming will be more than this because the warming will cause an increase in atmospheric water vapor (the major greenhouse gas) which will amplify the CO₂-caused warming, a net positive feedback. Other climate scientists, such as Richard Lindzen, have stated that based upon their empirical research the warming will be dampened by other climate effects, a net negative feedback. New research indicates that the warming will be 1.1 deg C +/- 0.4 deg C – the same as the classical theory.

The controversy will continue. But, what is interesting is the wide range of estimates of climate sensitivity with the median estimates ranging from 0.7 deg C to 8 deg C. Until this issue is empirically resolved, model projections are simply sophisticated speculation. Please see links under Climate Sensitivity.

Additions and Corrections: Reader William Dwyer corrected TWTW when he pointed out the correct title for the magazine that reported deficiencies in Fisker’s automobile, Karma, was Consumer Reports not Consumers Report. As always TWTW deeply appreciates additions and corrections.

Unintended Movie Humor? Several blogs have noted that the new movie “Promised Land”, this is strongly against hydraulic fracturing is financed, in part, by the government of Abu Dhabi, the capital of the United Arab Emirates (UAE). The UAE is one of the Persian Gulf oil states and in June produced about 2.6 million barrels a day, much of it for export.

<http://www.bloomberg.com/news/2012-07-15/abu-dhabi-exports-first-pipeline-oil-to-pakistani-refinery-1-.html>

The bloggers suggested that investing in the movie was motivated by something other than an investment diversification plan. Negative marketing (a form of propaganda) can be a prudent investment.

Number of the Week: 1,667 times. Last week TWTW linked to an article on the results from the US Geological Survey (USGS) testing of water wells near Pavillion, Wyoming, which the EPA had declared were contaminated by hydraulic fracturing. The EPA announced that the USGS findings were consistent with the EPA’s earlier findings. According to a UPI, report the USGS findings showed the presence of hydrocarbon benzene, which is considered to be carcinogenic to be within 3 percent of the EPA recommended limit for well water. The EPA had reported that it had found benzene to be 50 times the recommended limit. Thus, the proportion of benzene found in the water by the EPA is 1,667 times the proportion the USGS found. The word consistency has a different meaning to the EPA than to most of us.

It should be noted that the natural gas wells in Pavillion are not deep underground wells in dense shale, but are shallow wells apparently in the Wind River formation which is largely composed of claystone, siltstone, and sandstone, which are far less dense.

<http://tin.er.usgs.gov/geology/state/sgmc-unit.php?unit=WYTwdr%3B0>. Any adverse findings cannot be logically applied to hydraulic fracturing of shale. Please see links under EPA and other Regulators on the March.

#####

ARTICLES:

For the numbered articles below please see this week’s TWTW at: www.sepp.org. The articles are at the end of the pdf.

1. Opening Statement of the Honorable Joe Barton

Chairman Emeritus, Committee on Energy and Commerce, The American Energy Initiative, Sep 20, 2012 (No URL)

[SEPP Comment: Embraces the work of Fred Singer.]

2. The EPA's Pebble Beaching

Rewriting the Clean Water Act to kill an Alaska mining project.

Editorial, WSJ, Sep 30, 2012

http://online.wsj.com/article/SB10000872396390443989204577603311958126108.html?mod=ITP_opinion_2

3. Bakken Crude Prices Rise as Railroad Reach Grows

By Ben Lafebyre, WSJ, Oct 4, 2012

http://online.wsj.com/article/SB10000872396390443635404578036631081423440.html?mod=WSJ_Energy_leftHeadlines

4. Cuomo's De-Fracking

New York's Governor favors rich greens over the upstate poor.

Editorial, WSJ, Oct 3, 2012

<http://online.wsj.com/article/SB10000872396390443635404578034451214517808.html>

5. India Oil Firms Buy Stake in Carrizo's Colorado Asset

By Rakesh Sharma, WSJ, Oct 4, 2012

http://online.wsj.com/article/SB10000872396390443768804578036142920495454.html?mod=WSJ_Energy_leftHeadlines

#####

NEWS YOU CAN USE:

Climategate Continued

Will Stocker Retaliate against the U.S?

By Steve McIntyre, Climate Audit, Oct 4, 2012

<http://climateaudit.org/2012/10/04/will-stocker-retaliate/>

The 'secret' IPCC Stocker WG1 memo – found!

By Anthony Watts, WUWT, Oct 4, 2012

<http://wattsupwiththat.com/2012/10/04/the-secret-ipcc-stocker-wg1-memo-found/>

[SEPP Comment: Link to the letter.]

Suppressing Scientific (or Public) Inquiry

The Cyber Bonfire of GISS's Vanities

By Chris Horner, WUWT, Oct 4, 2012

<http://wattsupwiththat.com/2012/10/04/the-cyber-bonfire-of-giss-vanities/#more-71977>

The Liberal War on Transparency

By Andrew Montford, Bishop Hill, Oct 5, 2012

<http://bishophill.squarespace.com/blog/2012/10/5/the-liberal-war-on-transparency.html>

Czars, Lies and Email: What Information Is the Left Trying to Delete From History?

By Christopher Horner, The Blaze, Oct 2, 2012 [H/t Cooler Heads]

<http://www.theblaze.com/contributions/czars-lies-and-email-what-information-is-the-left-trying-to-delete-from-history/>

Challenging the Orthodoxy

New Paper “An Empirical Study Of The Impact Of Human Activity On Long-Term Temperature Change In China: A Perspective From Energy Consumption” By Li And Zhao 2012

By Roger Pielke, Sr, Climate Science, Oct 1, 2012

<http://pielkeclimatesci.wordpress.com/2012/10/01/new-paper-an-empirical-study-of-the-impact-of-human-activity-on-long-term-temperature-change-in-china-a-perspective-from-energy-consumption-by-li-and-zhao-2012/>

[SEPP Comment: Measured temperature increases are closely related to local energy consumption, an indicator of increased human activity.]

International research group shows that the aging of organic aerosols is caused by OH radicals

Climate models need to be updated

Press Release, Johannes Gutenberg-Universität Mainz, Oct 4, 2012 [H/t WUWT]

http://www.uni-mainz.de/presse/15768_ENG_HTML.php

[SEPP Comment: As an amusing sidelight, published hiking guides of the Blue Mountains of Australia state the blue haze is caused by natural organic aerosols. For years, environmentalists in the US have been claiming the Great Smokey Mountains got its name steam coming off the mountains after a thunderstorm and that the haze of the Blue Ridge was caused by automobiles – as if the pioneers who named it had automobiles.]

Throwing Money at Climate Lies

By Alan Caruba, Warning Signs, Oct 1, 2012

<http://factsnotfantasy.blogspot.com/2012/10/throwing-money-at-climate-lies.html>

Environmentalists Create Another False Claim About Climate Change

By Tim Ball, A Different Perspective, Oct 3, 2012

<http://drtimball.com/2012/environmentalists-create-another-false-claim-about-climate-change/>

[SEPP Comment: Contrary to the claims of the global warming / climate change alarmist, there is nothing unusual in the rate of current climate change.]

Europe’s Media Goes Completely Deaf & Dumb When It Comes To Record High Antarctic Sea Ice

By P Gosselin, No Tricks Zone, Oct 2, 2012 [H/t GWPF]

<http://notrickszone.com/2012/10/02/europes-media-goes-completely-deaf-dumb-when-it-comes-to-record-high-antarctic-sea-ice/>

Defending the Orthodoxy

Humans added plenty greenhouse gases before industrialisation

By Staff Writers, Paris (AFP), Oct 03, 2012

http://www.terraily.com/reports/Humans_added_plenty_greenhouse_gases_before_industrialisation_999.html

UN official: Climate skeptics are losing

By Ben Geman, The Hill, Oct 1, 2012

<http://thehill.com/blogs/e2-wire/e2-wire/259525-un-official-sees-climate-skepticism-falling>

[SEPP Comment: “Christiana Figueres, the United Nations’ top climate change official” at conference by the International Emissions Trading Association.]

Ocean acidification emerges as new climate threat

By Juliet Eilperin, Washington Post, Sep 30, 2012

http://www.washingtonpost.com/national/health-science/ocean-acidification-emerges-as-new-climate-threat/2012/09/30/8457e6e8-08b8-11e2-aff-d6c7f20a83bf_story.html

[SEPP Comment: The headline encapsulates the rigor of the thinking in the story.]

A pinch of salt for new carbon storage modeling

By Freya Roberts, Carbon Brief, Sep 27, 2012

<http://www.carbonbrief.org/blog/2012/09/saltmarshes-seagrasses-dont-quite-solve-climate-change>

Can we estimate the tipping point into irreversible climate change? We assess the One Hundred Months campaign

By Roz Pidcock, Carbon Brief, Oct 4, 2012

<http://www.carbonbrief.org/blog/2012/10/can-we-define-the-tipping-point-into-reversible-climate-change>

Questioning the Orthodoxy

Southern Hemisphere becoming drier

By Staff Writers, e Science, Oct 3, 2012

<http://esciencenews.com/articles/2012/10/03/southern.hemisphere.becoming.drier>

Hey, School Teachers: Those Greenhouse Effect Experiments Are Junk

By Roy Spencer, His Blog, Oct 2, 2012

<http://www.drroyspencer.com/2012/10/hey-school-teachers-those-greenhouse-effect-experiments-are-junk/>

Questioning European Green

Three years until the lights go out

By Andrew Montford, Bishop Hill, Oct 5, 2012

<http://bishophill.squarespace.com/blog/2012/10/5/three-years-until-the-lights-go-out.html>

Power shortage risks by 2015, Ofgem warns

Britain risks running out of energy generating capacity in the winter of 2015-16, according to the energy regulator Ofgem.

By Staff Writers, BBC, Oct 5, 2012 [H/t Bishop Hill]

<http://www.bbc.co.uk/news/business-19842401>

[SEPP Comment: Wind power will be no help on cold, still winter nights.]

Offshore wind prospects hit by grid costs

By Gerard Wynn, WAtoday, AU, Oct 3, 2012 [H/t GWPF]

<http://www.watoday.com.au/environment/climate-change/offshore-wind-prospects-hit-by-grid-costs-20121003-26y5b.html>

[SEPP Comment: It costs money to connect electricity generated by off-shore wind power to on shore consumers?]

Wind farms given £34m to switch off in bad weather: Households stung by secretive payments

By Sam Greenhill and Graham Grant, Mail Online, Sep 30, 2012 [H/t GWPF]

<http://www.dailymail.co.uk/news/article-2210986/Wind-farms-given-34m-switch-bad-weather-Households-stung-secretive-payments.html>

Questioning Green Elsewhere

The Limits of Wind Power

Very high wind penetrations are not achievable in practice due to the increased need for power storage, the decrease in grid reliability, and the increased operating costs

By William J. Korchinski and Julian Morris, Reason Foundation, October 4, 2012

<http://reason.org/studies/show/the-limits-of-wind-power>

Green-energy policy hurts America

By Diana Furchtgott-Roth, Market Watch, Oct 3, 2012 [H/t Cooler Heads]

http://articles.marketwatch.com/2012-10-03/commentary/34227582_1_energy-policy-green-energy-green-energy

Expanding the Orthodoxy

Council of war gathers for world's biodiversity crisis

By Staff Writers, Paris (AFP), Oct 05, 2012

http://www.terradaily.com/reports/Council_of_war_gathers_for_worlds_biodiversity_crisis_999.html

[SEPP Comment: Efforts to save Earth's natural resources? "Nearly half of amphibian species, a third of corals, a quarter of mammals, a fifth of all plants and 13 percent of the world's birds are at risk of extinction, according to the "Red List" compiled by the International Union for Conservation of Nature (IUCN)."]

Interior Department seeks climate change advisers

By Ben Geman, The Hill, Oct 3, 2012

<http://thehill.com/blogs/e2-wire/e2-wire/259959-interior-department-seeks-climate-change-advisers->

Problems in the Orthodoxy

Kyoto: The last rites

Where better than the Qatari capital to perform the last rites over the Kyoto Protocol?

By Peter Glover, Commentator, Oct 1, 2012

http://www.thecommentator.com/article/1727/kyoto_the_last_rites

Al Gore Walks Away From Green Energy

By Bill Gunderson, The Street, Oct 4, 2012 [H/t GWPF]

<http://www.thestreet.com/story/11727215/1/al-gore-walks-away-from-green-energy.html>

Seeking a Common Ground

Can we predict the duration of an interglacial?

Perspective by William McClenney on the paper of the same title, WUWT, Oct 2, 2012

<http://wattsupwiththat.com/2012/10/02/can-we-predict-the-duration-of-an-interglacial/>

“Understanding The Impact Of Dam-Triggered Land Use/Land Cover Change On The Modification Of Extreme Precipitation” By Woldemichael Et Al 2012

By Roger Pielke Sr, Climate Science, Oct 5, 2012

<http://pielkeclimatesci.wordpress.com/2012/10/05/understanding-the-impact-of-dam-triggered-land-useland-cover-change-on-the-modification-of-extreme-precipitation-by-woldemichael-et-al-2012/>

[SEPP Comment: Large scale dams and irrigation can intensify rainfall.]

Rebuilding public trust in science for policy-making: Japan perspective

By Judith Curry, Climate Etc, Oct 2, 2012

<http://judithcurry.com/2012/10/02/rebuilding-public-trust-in-science-for-policy-making-japan-perspective/#more-10127>

[SEPP Comment: Among the important omissions in the given list is that the products from models that have not undergone rigorous testing are speculation, not scientific knowledge and that difference must be emphasized.]

A Canadian View: Language Matters in Global-Warming Debate

By Tom Harris, The Epoch Times, Oct 3, 2012

<http://www.theepochtimes.com/n2/opinion/a-canadian-view-language-matters-in-global-warming-debate-299275.html>

Climate Sensitivity

Climate sensitivities in various papers

By Lubos Motl, Reference Frame, Oct 6, 2012

<http://motls.blogspot.com/2012/10/climate-sensitivities-in-various-papers.html#more>

Asten 2012

By Andrew Montford, Bishop Hill, Oct 6, 2012

<http://bishophill.squarespace.com/blog/2012/10/6/asten-2012.html>

New paper on climate sensitivity estimates 1.1 ± 0.4 °C for a doubling of CO₂

By Anthony Watts, WUWT, Oct 5, 2012

<http://wattsupwiththat.com/2012/10/05/new-paper-on-climate-sensitivity-estimates-1-1-%C2%B1-0-4-c-for-a-doubling-of-co2/#more-72012>

Climate sensitivity and the Stern report

By Andrew Montford, Bishop Hill, Oct 1, 2012

<http://bishophill.squarespace.com/blog/2012/10/1/climate-sensitivity-and-the-stern-report.html>

Communicating Better to the Public – Exaggerate, or be Vague?

What have the Romans ever done for us?

By Simon, Australian Climate Madness, Oct 4, 2012

<http://www.australianclimatemadness.com/2012/10/what-have-the-romans-ever-done-for-us/>

Want to make a paper more alarming and appealing to coverage? Blame the Romans for climate change

By Anthony Watts, WUWT, Oct 4, 2012

<http://wattsupwiththat.com/2012/10/04/want-to-make-a-paper-more-alarming-and-appealing-to-coverage-blame-the-romans-for-climate-change/>

Sea-level study shows signs of things to come

By Staff Writers, Washington DC (SPX), Oct 05, 2012

http://www.terraily.com/reports/Sea_level_study_shows_signs_of_things_to_come_999.html
[SEPP Comment: Irreversible global warming will drown us – eventually.]

Not a problem for your children, or theirs (recurring)

By Lewis Page, The Register, Oct 3, 2012, [H/t GWPF]

http://www.theregister.co.uk/2012/10/03/sea_level_rise_barely_30cm_by_2100/
[SEPP Comment: See link immediately above.]

Great Barrier Reef coral halved in 27 years: study

By Staff Writers, Sydney (AFP), Oct 2, 2012

http://www.terraily.com/reports/Great_Barrier_Reef_coral_halved_in_27_years_study_999.html

Communicating Better to the Public – Make things up.

1 Billion To Die By 2030: Global Warming's Deadly Rampage!

By William Briggs, His Blog, Sep 28, 2012 [H/t GWPF]

<http://wmbriggs.com/blog/?p=6257>

Climate hype via Hogwarts Lab

By Peter Foster, Financial Post, Oct 1, 2012

<http://opinion.financialpost.com/2012/10/01/peter-foster-climate-hype-via-hogwarts-lab/>

Not So Hot

The new climate-change study getting all the headlines is deliberately misleading. Too bad so many in the media got fooled.

By Bjorn Lomborg, Foreign Policy, Sep 28, 2012

http://www.foreignpolicy.com/articles/2012/09/28/not_so_hot

A Classic Tale of Global Warming Alarmism

By Patrick Michaels, World Climate Report, Oct 5, 2012

<http://www.worldclimaterreport.com/index.php/2012/10/05/a-classic-tale-of-global-warming-alarmism/#more-555>

[SEPP Comment: Why a New York Times journalist should be reported to the UN's High Commission on Data Torturing!]

Climate: Scepticism highest in US, Britain - poll

By Staff Writers, Paris (AFP), Oct 04, 2012

http://www.terraily.com/reports/Climate_Scepticism_highest_in_US_Britain_poll_999.html

[SEPP Comment: It is the belief that before human emissions of carbon dioxide, climate was stable that is unscientific.]

Climate skeptics gaining ground in media

By Anthony Watts, WUWT, Oct 5, 2012

<http://wattsupwiththat.com/2012/10/05/climate-skeptics-gaining-ground-in-media/>

[SEPP Comment: More survey silliness. A good link for a detailed critique of the ridiculous 97%.]

Models v. Observations

RS Workshop on Handling Uncertainty in Weather & Climate Prediction. Part I

By Judith Curry, Climate Etc, Oct 2, 2012

<http://judithcurry.com/2012/10/02/rs-workshop-on-handling-uncertainty-in-weather-climate-prediction-part-i/#more-10086>

[SEPP Comment: May have interesting results, hopefully.]

Measurement Issues

UAH V5.5 Global Temp. Update for Sept. 2012: +0.34 deg. C

By Roy Spencer, His Blog, Oct 5, 2012

<http://www.drroyspencer.com/2012/10/uah-v5-5-global-temp-update-for-sept-2012-0-34-deg-c/>

UAH Global Temperature Update for September, 2012: +??.? deg. C

By Roy Spencer, His Blog, Oct 4, 2012

<http://www.drroyspencer.com/2012/10/uah-global-temperature-update-for-september-2012-deg-c/>

What Is the Sound of 130 Wind Turbines Turning?

Researchers record undersea sound at offshore wind farm site

By Kate Madin, Oceanus, Oct 5, 2012

<http://www.whoi.edu/oceanus/feature/cape-wind>

[SEPP Comment: What may become an important experiment, taking measurements of the area before, during, and after construction of the wind farm.]

Changing Weather

Dr. Ryan Maue releases new hurricane frequency data showing a negative trend in the last 30 years

By Anthony Watts, WUWT, Oct 1, 2012

<http://wattsupwiththat.com/2012/10/01/dr-ryan-maue-releases-new-hurricane-frequency-data-showing-a-negative-trend-in-the-last-30-years/>

Changing Climate

The regime shift of the 1920s and 1930s in the North Atlantic

Kenneth F. Drinkwater, Institute of Marine Research and Bjerknes Center for Climate Research, P.O. Box 1870 Nordnes, N-5817 Bergen, Norway, Progress in Oceanography, Feb-March 2006
[H/t Kenneth Towe]

<http://www.sciencedirect.com/science/article/pii/S0079661106000036>

Antarctic Peninsula Warming, Time After Time

By Doug Hoffman, Reproduced by GWPF, Sep 24, 2012
<http://www.thegwpf.org/doug-hoffman-antarctic-peninsula-warming-time-after-time/>
[SEPP Comment: More on research reported previously.]

Changing Seas

Venice Lagoon research indicates rapid climate change in coastal regions

By Staff Writers, Southampton UK (SPX), Oct 05, 2012

http://www.terradaily.com/reports/Venice_Lagoon_research_indicates_rapid_climate_change_in_coastal_regions_999.html

[SEPP Comment: Driven by urban heat island effect.]

Sea Level Fall Defies Climate Warnings

By Staff Writers, The Australian, From GWPF, Sep 29, 2012

<http://www.thegwpf.org/sea-level-fall-defies-climate-warnings/>

Changing Sea Ice

The 2012 Arctic Ice Melt – An Unusual Year

By David Whitehead, GWPF, Oct 2, 2012

<http://www.thegwpf.org/the-2012-arctic-ice-melt-an-unusual-year/>

Arctic Ice Confounds Models

By Doug Hoffman, Resilient Earth, Sep 30, 2012 [H/t GWPF]

<http://theresilientearth.com/?q=content/arctic-ice-confounds-models>

Cold Hard Fact: Antarctic Sea Ice is at Record High

By Art Horn, Energy Tribune, Sep 28, 2012

<http://www.energytribune.com/articles.cfm/11760/Cold-Hard-Fact-Antarctic-Sea-Ice-is-at-Record-High>

According to NOAA data, all time Antarctic sea ice extent record was set on Sept 22nd, 2012

By Anthony Watts, WUWT, Sep 29, 2012

<http://wattsupwiththat.com/2012/09/29/according-to-noaa-data-all-time-antarctic-sea-ice-extent-record-was-set-on-sept-22nd-2012/>

[SEPP Comment: All time since satellite measurements started in 1979.]

Review of Recent Scientific Articles by NIPCC

For a full list of articles see www.NIPCCreport.org

The Mass Balance of the Karakoram Glaciers

Reference: Gardelle, J., Berthier, E. and Arnaud, Y. 2012. Slight mass gain of Karakoram glaciers in the early twenty-first century. *Nature Geoscience* 5: 322-325.

<http://www.nipccreport.org/articles/2012/oct/2oct2012a1.html>

Northern Scandinavian Summer Temperatures of the Past Two Millennia

Reference: Esper, J., Buntgen, U., Timonen, M. and Frank, D.C. 2012. Variability and extremes of northern Scandinavian summer temperatures over the past two millennia. *Global and Planetary Change* 88-89: 1-9.

<http://www.nipccreport.org/articles/2012/oct/2oct2012a3.html>

The Holocene Climate of the North Atlantic Region

Reference: Larsen, D.J., Miller, G.H., Geirsdottir, A. and Olafsdottir, S. 2012. Non-linear Holocene climate evolution in the North Atlantic: a high-resolution, multi-proxy record of glacier activity and environmental change from Hvitarnvatn, central Iceland. *Quaternary Science Reviews* 39: 14-25..

<http://www.nipccreport.org/articles/2012/oct/3oct2012a2.html>

Better Models Needed to Link Extreme Weather to Global Warming

Reference: Editorial (18 September 2012): Extreme Weather. *Nature* 489: 335-336
doi:10.1038/489335b.

<http://www.nipccreport.org/articles/2012/oct/3oct2012a5.html>

[SEPP Comment: The call for better models ignores the most critical missing element in IPCC climate science – the need to understand climate history and what caused changes long before major emission of greenhouse gases.]

Cap-and-Trade and Carbon Taxes

CO2 Credits and China

By Donn Dears, Power for USA, Oct 5, 2012

<http://dddusmma.wordpress.com/2012/10/05/co2-credits-and->

[SEPP Comment: Unlike California, in China economic growth is more important than CO2 emissions.]

Deutsche Bank Closes Down Climate Casino

By Administrator, GWPF, Oct 3, 2012

<http://www.thegwpf.org/deutsche-bank-shuts-down-climate-department/>

Subsidies and Mandates Forever

The bogus debate over fossil-fuel subsidies

By Peter Foster, Financial Post, Oct 4, 2012

<http://opinion.financialpost.com/2012/10/04/peter-foster-the-bogus-debate-over-fossil-fuel-subsidies/>

Subsidizing Big Wind: The Real Costs to Taxpayers

By Robert Bryce, Manhattan Institute, Oct 2012

http://www.manhattan-institute.org/html/ir_25.htm#.UG2kclH5Xrq

EPA and other Regulators on the March

New House Bill Seeks to Reform EPA's Science Advisory Board

By Sonel Patel, Power News, Oct 4, 2012

http://www.powermag.com/POWERnews/5038.html?hq_e=el&hq_m=2535577&hq_l=9&hq_v=5e660500d0

[SEPP Comment: A much needed effort.]

Less chemicals found in Wyo. fracking zone

By Staff Writers, UPI, Sep 28, 2012

http://www.upi.com/Science_News/2012/09/28/Less-chemicals-found-in-Wyo-fracking-zone/UPI-83601348861324/

New data out from Wyo. gas field with theorized fracking-pollution link, but no smoking gun

By Mead Gruver, AP, Sep 27, 2012

<http://www.greenfieldreporter.com/view/story/49b6bc2dd50e49c5b1a53ae9359b0661/US--Fracking-Groundwater-Pollution>

Giving in to fears of fracking

By Staff Writer, ACSH, Oct 2, 2012

<http://www.acsh.org/giving-in-to-fears-of-fracking/>

[SEPP Comment: Dr Gilbert Ross states that traveling from western New York towns into Pennsylvania is a bit like traveling during the cold war from East Germany to West Germany – one area is economically stagnant the other prosperous.]

Energy Issues – Non-US

The Shale Gas Boom: How Scared is the Kremlin?

By Jen Alic, Oil Price, Oct 4, 2012

<http://oilprice.com/Energy/Natural-Gas/The-Shale-Gas-Boom-How-Scared-is-the-Kremlin.html>

[SEPP Comment: The US has overtaken Russia as the world's largest natural gas producer, and has also overtaken Russia as the world's second largest oil producer. The Sierra Club is opposed to expansion of all non-conventional production of oil and gas in the US. However, the Sierra Club does not have much political clout in Russia.]

Next cold war? Gas drilling boom rattles Russia

By Staff Writers, AP, Sep 30, 2012

<http://online.wsj.com/article/APa101793a7eb4445dad3f3f797b5faa45.html>

Spain Adds \$32 Billion Power-System Bailout to Bank Rescue

By Ben Sills, Bloomberg, Oct 1, 2012 [H/t GWPF]

<http://www.bloomberg.com/news/2012-10-01/spain-adds-32-billion-power-system-bailout-to-rescue-of-banks.html>

Energy Issues -- US

Liberating the Energy Economy: What Washington Must Do

By Mark P. Mills, Manhattan Institute, Sep 2012 [H/t Marita Noon]

http://www.manhattan-institute.org/html/pgi_02.htm#.UGyEUIH5Xrp

America's booming energy industry has emerged as the no. 1 job-creating sector of the U.S. economy

Mark J. Perry, Carpe Diem, via AEI, Oct 1, 2012

<http://www.aei-ideas.org/2012/10/americas-booming-energy-industry-has-emerged-as-the-no-1-job-creating-sector-of-the-u-s-economy/>

[SEPP Comment: The statistical techniques used are less than rigorous.]

Two visions for energy: Smugness or prosperity?

By Diana Furchtgott-Roth, Washington Examiner, Oct 2, 2012 [H/t Randy Randol]
http://washingtonexaminer.com/two-visions-for-energy-smugness-or-prosperity/article/2509613?custom_click=rss#.UGxGMU01_cg

U.S. Policies And Economic Doldrums Fuel Chinese Energy and Tech Grabs

By Larry Bell, Forbes, Oct 2, 2012

<http://www.forbes.com/sites/larrybell/2012/10/02/u-s-policies-and-economic-doldrums-fuel-chinese-energy-and-tech-grabs/>

US bars China wind farm deal on security grounds

By Staff Writers, Washington (AFP), Sept 28, 2012

http://www.winddaily.com/reports/US_bars_China_wind_farm_deal_on_security_grounds_999.html

Oil and Natural Gas – the Future or the Past?

The Natural Gas Revolution: Creator And Destroyer

By Al Fin, GWPF, Sep 30, 2012

<http://www.thegwpf.org/the-natural-gas-revolution-creator-and-destroyer/>

Energy Independence from Fracking

By Donn Dears, Power for USA, Oct 2, 2012

<http://dddusmma.wordpress.com/2012/10/02/energy-independence-from-fracking/>

Even with fewer drill rigs, shale gas production continues to rise

By Andrew Maykuth, Philadelphia Inquirer, Oct 3, 2012

http://articles.philly.com/2012-10-03/business/34219187_1_gas-production-shale-gas-pennsylvania-s-marcellus-shale

Washington's Control of Oil and Gas

Obama drilling chief: 'Time-out' might be needed as industry takes on more risk

By Ben Geman, The Hill, Oct 2, 2012

<http://thehill.com/blogs/e2-wire/e2-wire/259759-obama-drilling-chief-timeout-may-be-needed-as-industry-pushes-into-tougher-climates>

[SEPP Comment: Another drilling moratorium in the making at the behest of the environmental industry?]

Return of King Coal?

Coal Will Continue to Build America

By Frank Clemente, Energy Facts Weekly, Oct 3, 2012

<http://us1.campaign-archive1.com/?u=29bc7d5d85828d574f86c157a&id=a1b334de5f&e=>

Brattle Report Projects Doubled Coal Retirement Estimates Ascribed to Low Gas Prices

By Sonel Patel, Power News, Oct 4, 2012

http://www.powermag.com/POWERnews/5036.html?hq_e=el&hq_m=2535577&hq_l=4&hq_v=5e660500d0

[SEPP Comment: Two issues: will the natural gas prices remain low and will EPA still force closing of coal plants?]

Oil Spills, Gas Leaks & Consequences

Canadian oil company ordered by EPA to intensify river cleanup

By Zack Colman. The Hill, Oct 3, 2012

<http://thehill.com/blogs/e2-wire/e2-wire/260063-epa-orders-greater-oil-sands-cleanup-as-enviros-make-keystone-link>

[SEPP Comment: Ownership of a 60 year old pipeline continues to hurt Enbridge, which desired to build a much needed Keystone XL pipeline.]

Chevron Brazil Oil Spill Fallout Warning For All

By Andrés Cala, Energy Tribune, Oct 3, 2012

<http://www.energytribune.com/articles.cfm/11774/Chevron-Brazil-Oil-Spill-Fallout-Warning-For-All>

[SEPP Comment: Balancing the need to protect public welfare (environment) with the need attract capital and expertise necessary to expand oil development that enhances public welfare is challenging to bureaucrats of Brazil.]

Nuclear Energy and Fears

Restricting nuclear power has little effect on the cost of climate policies

By Staff Writers, Potsdam, Germany (SPX,) Oct 05, 2012

http://www.nuclearpowerdaily.com/reports/Restricting_nuclear_power_has_little_effect_on_the_cost_of_climate_policies_999.html

[SEPP Comment: Another Made As Instructed numbers game. Restrict CO2 emissions, then calculate the GDP losses with or without nuclear power. The maximum cost of no nuclear is about 20% of climate policy costs. The article does not mention GDP losses from erratic alternative energy, which is considered a substitute for base-load, reliable nuclear.]

Nuclear safety upgrade needed 'nearly everywhere' in Europe

By Staff Writers, Brussels (AFP), Oct 04, 2012

http://www.nuclearpowerdaily.com/reports/Nuclear_safety_upgrade_needed_nearly_everywhere_in_Europe_999.html

Swiss energy strategy relies on imports and gas

By Staff Writers, WNN, Oct 1, 2012

http://www.world-nuclear-news.org/NP-Swiss_energy_strategy_relies_on_gas-0110127.html

[SEPP Comment: Costs of phasing out nuclear.]

Construction of Japanese reactor to resume

By Staff Writers, WNN, Oct 1, 2012

http://www.world-nuclear-news.org/NN-Construction_of_Japanese_reactor_to_resume-0110124.html

Green Jobs?

Has the time come for us to rethink green jobs policies?

By Diana Furchtgott-Roth, Daily Mail, Oct 3, 2012 [H/t GWPF]

<http://furchtgottroth.dailymail.co.uk/2012/10/the-futility-of-green-jobs-policies.html>

\$1.3 billion for 288 jobs: The failure of government-subsidized renewable energy: Another reason why government shouldn't pick winners and losers in the economy

By Andy Mathews, Nevada Business, Oct 1, 2012

<http://www.nevadabusiness.com/2012/10/1-3-billion-for-288-jobs-the-failure-of-government-subsidized-renewable-energy-another-reason-why-government-shouldnt-pick-winners-and-losers-in-the-economy/>

Alternative, Green ("Clean") Solar and Wind

Why Can't We Get All Our Electricity from Wind?

By Marlo Lewis, Global Warming, Oct 4, 2012

<http://www.globalwarming.org/2012/10/04/why-cant-we-get-all-our-electricity-from-wind/>

Quote from Shakespeare that applies to wind power: "When Shakespeare's Owen Glendower boasted, 'I can call spirits from the vasty deep,' Henry Hotspur replied: 'Why, so can I, or so can any man; but will they come when you do call for them?' Like Glendower's spirits, the winds answer to no man."

Bigger wind turbines make greener electricity

By Staff Writers, Washington DC (SPX), Oct 05, 2012

http://www.winddaily.com/reports/Bigger_wind_turbines_make_greener_electricity_999.html

Glut of Solar Panels Poses a New Threat to China

By Keith Bradsher, NYT, Oct 4, 2012

http://www.nytimes.com/2012/10/05/business/global/glut-of-solar-panels-is-a-new-test-for-china.html?_r=1&pagewanted=all

[SEPP Comment: Given the promotion of alternative energy in the US by the Times, this article is strange.]

Alternative, Green ("Clean") Energy -- Other

Are the days of the European biodiesel industry numbered?

By Sonja van Renssen, European Energy Review, Oct 4, 2012

http://www.europeanenergyreview.eu/site/pagina.php?email=ken@haapala.com&id_mailing=315&toegang=ad13a2a07ca4b7642959dc0c4c740ab6&id=3878

[SEPP Comment: Leak drafts of a report that was due in 2010 indicate Biofuels may not be the future. The food v. fuel and reports the CO2 emissions are not reduced may spell trouble.]

Biofuels industry lauds automakers for approving higher ethanol fuel blend

By Zack Colman, The Hill, Oct 2, 2012

<http://thehill.com/blogs/e2-wire/e2-wire/259785-biofuels-industry-lauds-automakers-for-approving-higher-ethanol-fuel-blend>

[SEPP Comment: Forget car owners and damage to existing cars, full speed ahead.]

Alternative, Green ("Clean") Vehicles

Electric cars 'pose environmental threat'

Electric cars might pollute much more than petrol or diesel-powered cars, according to new research.

By Staff Writers, BBC, Oct 4, 2012

<http://www.bbc.co.uk/news/business-19830232>

Electric Cars Are Far Too Expensive'

By Staff Writers, Spiegel, Oct 2, 2012

<http://www.spiegel.de/international/germany/german-press-review-on-disappointing-sales-of-electric-cars-a-859172.html>

"The electric car is a good idea, even if the automobile industry doesn't seem to think so..." "If we don't create incentives, then the whole thing is going to fail," the [Green] party said in a statement.

[SEPP Comment: Politicians and bureaucrats in Washington are not alone in ignoring consumer sensibility.]

Oh Mann!

Huffington Post Alarmist story featuring Mann and Climate Central full of errors and omissions

By Joseph D'Aleo, Weatherbell.com, Oct 6, 2012

http://icecap.us/index.php/go/joes-blog/huffington_post_story_featuring_mann_and_climate_central_full_of_errors1/

Other Scientific News

Misconduct Widespread in Retracted Science Papers, Study Finds

By Carl Zimmer, NYT, Oct 1, 2012

http://www.nytimes.com/2012/10/02/science/study-finds-fraud-is-widespread-in-retracted-scientific-papers.html?nl=todaysheadlines&emc=edit_th_20121002

Too Little Nitrogen May Restrain Carbon Storage Capability Of Plants

By Staff Writers, Minneapolis MN (SPX), Oct 04, 2012

http://www.seeddaily.com/reports/Too_Little_Nitrogen_May_Restrain_Carbon_Storage_Capability_Of_Plants_999.html

Tree rings go with the flow of the Amazon

By Staff Writers, Leeds UK (SPX). Oct 05, 2012

http://www.terraily.com/reports/Tree_rings_go_with_the_flow_of_the_Amazon_999.html

[SEPP Comment: Can growth rings in certain tropical trees be used to estimate changes in precipitation?]

#####

BELOW THE BOTTOM LINE:

The Matt Damon movie that blasts fracking was partly funded by Abu Dhabi

Joshua Berlinger, Business Insider, Oct 4, 2012

<http://business.financialpost.com/2012/10/04/the-matt-damon-movie-that-blasts-fracking-was-partly-funded-by-abu-dhabi/>

Scaling down: Warming will make fish smaller

By Staff Writers, Paris (AFP,) Sept 30, 2012

http://www.terraily.com/reports/Scaling_down_Warming_will_make_fish_smaller_999.html

[SEPP Comment: See link immediately below.]

Shrinking Nemo – global warming to make fish smaller

By Anthony Watts, WUWT, Sep 30, 2012

<http://wattsupwiththat.com/2012/09/30/shrinking-nemo-global-warming-to-make-fish-smaller/>

[SEPP Comment: Taking on a study that claims that warming oceans will lead to less dissolved oxygen therefore smaller fish. Yet, the ocean acidification fans claim that the oceans that are warming will contain more dissolved carbon dioxide, thus poison fish.]

#####

ARTICLES:

1. Opening Statement of the Honorable Joe Barton

Chairman Emeritus, Committee on Energy and Commerce, The American Energy Initiative, Sep 20, 2012 (No URL)

[SEPP Comment: Embraces the work of Fred Singer.]

**Opening Statement of the Honorable Joe Barton
Chairman Emeritus, Committee on Energy and Commerce
Subcommittee on Energy & Power
“The American Energy Initiative”
Day XXVIV
H.R. 6172
September 20, 2012**

Thank you, Chairman Whitfield for having this hearing today to discuss H.R. 6172. This bill, presented by Mr. McKinley, prohibits the U.S. Environmental Protection Agency (EPA) from finalizing any rule imposing any standard of performance for carbon dioxide(CO₂) emissions from any existing or new source that is a fossil fuel-fired electric utility generating unit unless and until carbon capture and storage is found to be technologically and economically feasible.

This is another effort brought forth by this administration to bankrupt the coal industry, as President Obama promised he would do. The EPA is asking for new coal fired power plants to have carbon capture and sequestration (CCS) in their plans when it is not yet feasible. And why are they asking for this? Because of global warming? Because they think that carbon dioxide is a harmful pollutant?

Let’s talk about this. Is the planet warming? This is a question that has been asked and answered by many scientists. The climate has warmed since the last Ice Age. Isn’t that a good thing? It has also warmed since 1850, in recovery from the little Ice Age (roughly 1400-1800AD). But it has not warmed since the Medieval Period of 1000 years ago or since the Holocene Optimum, which reached even higher temperatures 5000-8000 years ago. Nor has it warmed during the past decade.

Just for grins, let’s look at the last 100 years. We saw a warming trend between 1910 and 1940, but this was not caused by human activities. Scientists overall agree that the Earth’s surface cooled between 1940 and 1975, even though CO₂, a greenhouse gas, steadily increased during this period. Surface weather stations report a modest increase in temperature up to the year 2000. But, these land based weather stations appear to be reporting *only* local temperatures, not global temperatures. This is part of the problem. Much of this information is skewed, lending opportunities for errors in reporting on a global scale.

The EPA has been attempting to prove to themselves and the public, by manipulated scientific modeling proof, that carbon dioxide is a pollutant. A pollutant, by definition, must produce harmful effects.

Carbon dioxide is a natural constituent of the atmosphere. It is non-toxic, invisible, and has no known physiological effects, even at high concentrations. The EPA's definition as a pollutant relies entirely on its 'alleged' causation of significant global warming and on the additional assumption that a warmer climate is damaging.

Without CO₂ plants/crops would not survive, nor would the human species. The EPA has been trying to prove that higher levels of CO₂ would be damaging to human health and welfare. Dr. Fred Singer, world renowned environmental scientist and atmospheric physicist, and world renowned Yale economist Robert Mendelsohn, believe that more CO₂ and additional warming would actually be beneficial globally, and I happen to agree.

No, this administration's EPA has waged a political war on coal with conveniently manipulated models to bankrupt an industry and subsequently a nation with its over-burdensome regulations. Other examples of this include Utility MACT, utilizing 'co-benefits' only to overregulate, and Cross State Air Pollution Rule, using modeled data when no proof from monitored data was good enough to make their claims.

There is no basis for which CCS should even be a consideration at the moderate level by which our carbon dioxide level has risen and will continue to rise over the next 100 years. I agree that any and all new technologies and advancements should be looked at but, at the expense of a nation's use of inexpensive coal reserves for no tangible health benefits, loss of jobs, and increased costs of electricity, it simply makes no sense. The EPA's policy on carbon dioxide as a harmful pollutant is deeply misguided. I support Mr. McKinley's bill, and with this I yield back.

2. The EPA's Pebble Beaching

Rewriting the Clean Water Act to kill an Alaska mining project.

Editorial, WSJ, Sep 30, 2012

http://online.wsj.com/article/SB10000872396390443989204577603311958126108.html?mod=IT_P_opinion_2

Lisa Jackson's Environmental Protection Agency keeps losing in court, but that doesn't mean she's at all deterred from expanding her authority. Witness her agency's assault on an Alaska mining project before the developers have even submitted their plans for government approval.

The Pebble Partnership—a joint effort by Anglo-American and Northern Dynasty Minerals—has spent a decade and \$132 million exploring the potential to dig North America's largest copper and gold mine on state-owned land in southwest Alaska. The deposit is vast and could be among the world's largest supplies of both minerals, creating upwards of 1,000 high-paying jobs.

The Partnership is planning to apply for permits later this year, and in the normal course this would trigger extensive state and federal reviews. The federal review is done by the U.S. Army Corps of Engineers, which under the Clean Water Act has primary authority for deciding whether

to issue permits for wetlands. The EPA can later review and revoke the Corps-issued permits with cause.

And there is the regulatory rub. The EPA has long chafed at this secondary role in permitting, though it has learned to use its veto threat to extract concessions from developers along the way. In the Pebble case, however, Mrs. Jackson is moving to supersede the Army Corps and make the EPA the only regulator, notwithstanding the plain language of the Clean Water Act.

Specifically, the EPA launched a preliminary study of what a mine would do to the Bristol Bay watershed, a spawning ground for sockeye salmon. Our sources say the EPA has never before undertaken such an exercise, for the simple reason that it is impossible to determine the environmental impact of a project before it has been proposed.

But Mrs. Jackson's EPA is nothing if not creative. The agency invented a hypothetical Pebble mine, with its own engineering standards that industry claims are antiquated and show limited concern for the environment. Voila, the EPA found that its nonexistent mine would harm the watershed. The clear message: Don't even bother submitting a proposal, because even if it passes Army Corps review, the EPA will kill it.

The problem is that Mrs. Jackson's study has been roundly ridiculed—not least by the EPA's own peer-review experts. In a public meeting in August, the 12 peer reviewers lambasted the study for its rushed, "unsatisfactory" and "hypothetical" nature, and for numerous errors. One reviewer, University of Idaho hydrology expert Charles Slaughter, called some of the study's key parts "pure hogwash."

The EPA's response? It may go even further and veto the Pebble mine before the Army Corps does its assessment. Asked specifically by House Oversight Chairman Darrell Issa if the EPA is contemplating a pre-emptive veto, EPA Associate Administrator Arvin Ganesan didn't deny it in a May letter. He said the statute gives Mrs. Jackson "broad authority" to prohibit a project "whenever" necessary—including "prior to the submittal of an application."

The courts are unlikely to agree. This spring a federal court in D.C. slammed the EPA for revoking an Army Corps permit four years after it was issued for a West Virginia mining project. District Judge Amy Berman Jackson noted that the EPA's view that it could "unilaterally modify or revoke" a Corps permit "at any time" was a "stunning power for an agency to arrogate to itself when there is absolutely no mention of it in the statute."

The EPA's actions with Pebble are no less stunning and are likely to be economically damaging. The Brattle Group, a consulting firm, estimates that some \$220 billion in U.S. investments—resource extraction, farming, energy, manufacturing and more—go through the Corps permitting process. Were the EPA to seize power to wall off entire areas to development—before projects are even proposed—much of that investment would go outside the U.S.

The EPA's power grab is an insult to the Army Corps and especially to the state of Alaska, which has every reason to evaluate the Pebble project carefully so it doesn't damage the state's lucrative fishing and tourism industries.

Under Mrs. Jackson, the EPA has become less a regulator following the law and more an ideological vanguard that will push its limits-to-growth agenda as long and as far as the courts and Congress allow. Watch out in a second Obama term.

3. Bakken Crude Prices Rise as Railroad Reach Grows

By Ben Lafebyre, WSJ, Oct 4, 2012

http://online.wsj.com/article/SB10000872396390443635404578036631081423440.html?mod=W_SJ_Energy_leftHeadlines

HOUSTON—The rapidly growing crude-oil flow out of North Dakota has broken out of its transportation bottleneck thanks to an expanding railway network, lifting prices for the crude and profits for those who pump it.

The growing availability of the North Dakota crude demonstrates how new sources of crude unleashed by hydraulic fracturing are rapidly changing the U.S. oil market and could help drive down the need for oil imports at refineries along the coasts.

Hess Corp, EOG Resources and others had until recently produced more oil out of North Dakota's Bakken shale formation than pipelines and rail cars could haul, leading to a regional supply glut and discounted prices for the crude. Most Bakken crude that did travel through pipelines wound up at the Cushing, Okla., oil storage hub, which is under its own glut because of the recent boom in U.S. oil production resulting from hydraulic fracturing.

The average Bakken discount since November 2011 was \$7 below U.S. crude benchmark West Texas Intermediate, and reached \$28 in February, according to Platts data.

But in September, Bakken oil prices traded at a premium to WTI for the first time in nearly a year, and some analysts say the premium could continue for another year. Although this might bruise the profit margins for some Midwest refiners, it could offer relief at the pump for drivers along the coasts whose fuel depends on more expensive, imported crude.

Much of the credit goes to the newly developed system of rail lines and terminals built by Tesoro Corp., EOG, Statoil, ASA and others, which have started hauling the crude from its geographically isolated source to refineries all over the country.

"Rail terminals are enabling shipments to St. James [Louisiana], East Coast and West Coast terminals, avoiding the traffic jam" at Cushing, said Rusty Braziel, president of energy consulting firm RBN Energy. "This has pulled some barrels out of the pipelines and resulted in an overall tightening of the supply-demand balance."

Oil production from the shale formation reached 675,000 barrels a day in July, an all-time high and more than twice as much as could be carried by pipeline, according to the latest data from the North Dakota Department of Mineral Resources.

But as more rail lines and terminals have been built in North Dakota and surrounding states, Bakken oil has still become available to more buyers, boosting its price. Statoil said in August it is leasing more than 1,000 railroad cars to carry crude oil from North Dakota to refiners across

North America. Railroad crude-takeaway capacity has more than doubled in the past year, to about 400,000 barrels a day, according to Raymond James analysts.

Its wider reach is benefitting coastal refiners that had been dependent on more expensive imported crude, but dull the edge for those in the Midwest that had depended on its formerly steep discounts to WTI to pad their profit margins.

"We have a big flexibility built into these crude-by-rail systems," said Bill Thomas, president of EOG Resources, which produced 56,400 barrels of oil equivalent a day in the Bakken last year and has spent three years building rail systems out of North Dakota. "We really take most of our crude mostly from the Bakken to the Gulf Coast and get a really good price," he said in a conference call with investors.

The Bakken premium will likely last until late 2013, when TransCanada Corp., Enterprise Products Partners LP and other pipeline companies finish projects that will expand the amount of crude oil flowing out of the Cushing oil hub, according to a recent Raymond James report.

Once pipelines are in place, WTI will flow more efficiently to the U.S. Gulf Coast refining hub, and Bakken crude prices will fall back while producers search for other markets for their crude, said Raymond James energy analyst Stacey Hudson. At that point, Bakken crude will once more have to fight for room in the marketplace.

"The question is, where do you want to send your Bakken barrels once Cushing gets fixed?," Ms. Hudson said.

More-expensive Bakken crude eats into the advantage some refiners with ready access to it had. Tesoro, whose refineries in Mandan, North Dakota, and Anacortes, Wash., use the crude extensively, is especially apt to see its profit margins shrink as the Bakken price rises.

"There are a few refiners like Tesoro's Mandan refinery that are not enjoying as big a discount as they were last year," RBN Energy's Mr. Braziel said.

But Valero Energy Corp. and other refiners still prefer it to the more expensive coastal crude, yet another grade of oil and one which can still cost up to \$20 more than Bakken.

"There's still incentive to run it," said Bill Day, spokesman for Valero, which runs 140,000 barrels a day of Bakken crude at its refinery in Memphis, Tenn.

4. Cuomo's De-Fracking

New York's Governor favors rich greens over the upstate poor.

Editorial, WSJ, Oct 3, 2012

<http://online.wsj.com/article/SB10000872396390443635404578034451214517808.html>

New York Governor Andrew Cuomo fancies himself Presidential material, but he isn't helping his 2016 credentials with his pusillanimity on natural gas fracking.

A state moratorium has blocked hydraulic fracturing since 2010, but a four-year environmental review was supposed to pay off with new rules to allow drilling this November. The Cuomo Administration has instead announced it will restart the process, with more studies, more hearings and more years of delay.

Put another way, the man who would be President is ducking the premier energy debate of our time. Green elites have made fracking their *bête noire*, and they've more or less ordered Mr. Cuomo not to move ahead with drilling in even a few upstate counties. The Governor knows this would cost jobs and investment, so he's taken the brave stance of cueing the bureaucrats and deciding not to decide.

This is a giant loss for New York, which holds an estimated 20% of the reserves in the Marcellus Shale formation. A 2011 Manhattan Institute study estimates that the typical Marcellus well generates more than \$5 million in economic benefits and \$2 million in tax revenue. If fracking were allowed, the study notes New York would already be on its way to creating more than \$11 billion in economic output and more than 15,000 jobs by 2020. That's already happening in neighboring Ohio and Pennsylvania.

The shale bonanza is also sparking a surge in manufacturing investment to exploit cheaper energy. Egypt's Orascom Construction announced last month it plans to build a \$1.4 billion fertilizer plant in Iowa, while Dow Chemical in April announced a \$1.7 billion ethylene production plant in Texas—all thanks to shale gas.

Upstate New York desperately needs this economic jump-start. The New York Department of Labor's September jobs statistics showed that the 52-county upstate region's private jobs growth rate over the past year was less than half (0.9%) the downstate rate (2.3%), and one-third of New York City's (2.9%). Yet Big Apple elites—and apparently Mr. Cuomo—prefer to keep upstate in pastoral poverty for their second homes and antique shops.

Mr. Cuomo says further study will produce better rules to ward off a legal challenge. Yet the Governor knows that the green left will sue to block anything he proposes, and the sooner that process begins, the sooner it ends. Our sources say Mr. Cuomo wants the political cover of a big investment commitment from a big gas driller. Yet New York's first draft regulations, issued earlier this year, were so stringent that many producers doubt they could turn a profit.

Mr. Cuomo could learn from former Pennsylvania Governor Ed Rendell, a Democrat who understood that the economic benefit was worth taking grief from the left. Even President Obama is trying, for re-election purposes, to take credit for the natural gas boom he's had nothing to do with.

Mr. Cuomo has bent to the left on a big tax increase, caved to unions on education reform and pensions, and given cultural liberals their top priority of gay marriage. His fracking delay is a gift to the green lobby, which hopes to forestall drilling long enough to enable a second Obama Administration to complete a federal regulatory takeover that makes fracking far more costly and ends the boom. The question for Mr. Cuomo is what has he done for New York's economy?

If Mr. Cuomo wants to kill fracking, he should kill it. Otherwise, he owes it to his state to give it the opportunity to build a new future with the shale boom. That would at least give Mr. Cuomo the credibility to run as a Democratic jobs candidate in 2016. Right now he's the Democratic nothing candidate.

5. India Oil Firms Buy Stake in Carrizo's Colorado Asset

By Rakesh Sharma, WSJ, Oct 4, 2012

<http://online.wsj.com/article/SB10000872396390443768804578036142920495454.html?mod=W>
[SJ Energy leftHeadlines](#)

NEW DELHI—State-run explorer Oil India Ltd. and refiner Indian Oil Corp. said Thursday they will acquire a 30% stake in Carrizo Oil & Gas Inc.'s Niobrara shale-oil acreage in Colorado for \$82.5 million, gaining entry to America's booming shale industry.

Indian companies are scrambling to buy oil and gas assets overseas to meet energy demand in Asia's third-largest economy, which relies on imports for about four-fifths of its crude oil and about a quarter of its gas needs.

Shale gas finds in the U.S. have led to a supply glut and depressed prices, prompting companies like BHP Billiton, BP PLC and Encana Corp. to write down the value of their assets. Several explorers have looked for joint ventures or asset sales to salvage their weak balance sheets, making valuations attractive and igniting the interest of energy hungry countries like India.

India's state-run companies are eyeing assets in politically stable nations like the U.S. after suffering setbacks in countries such as Libya, Sudan and Syria, where production has been hit by unrest.

Indian Oil and Oil India will invest another \$230 million over the next three or four years to develop the Niobrara shale-oil acreage, Oil India's director of finance, T.K. Ananth Kumar, said at a news conference Thursday.

Oil India, which has cash reserves of 130 billion rupees (\$2.5 billion), will raise \$100 million in debt overseas for the acquisition, as the cost of raising funds abroad is cheap, Mr. Kumar said.

Oil India and Indian Oil already hold stakes in oil and gas blocks overseas, including in Gabon, Iran, Libya, Nigeria, Yemen, Timor Leste and Venezuela. Oil India, which has a majority of its producing fields in northeast India, accounted for 10% of the country's oil and about 6% of its natural-gas output in the financial year through March.

Indian Oil is the country's largest refiner by capacity, owning 10 of the country's 22 refineries. It has been scouting for oil assets overseas to meet rising demand.

Carrizo's Niobrara shale acreage is producing about 2,000 barrels of oil equivalent a day and output is expected to touch 6,000 barrels a day in the next few years, Mr. Kumar said.

Carrizo, which is based in Houston, last year sold a 20% stake in its Eagle ford acreage in South Texas to state-run GAIL (India) Ltd. and in 2010 sold a 20% stake to privately held Reliance Industries Ltd. in its Marcellus shale acreage in Appalachia.

#####