ENERPO NEWSLETTER

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Week in Review

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Energy News Blog

Dakota Access Pipeline Being Built in Iowa, By Carl Wycoff CC BY 2.0

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Energy New Blog

Dakota Access Pipeline: Locals Could Suffer More From Protesters Than From Actual Pipelines

– Glenda Pavon

The Dakota Access Pipeline (DAPL) would connect the Bakken pipeline with major markets in Illinois. The proposed path is almost 2,000km through North Dakota, South Dakota, Iowa, and Illinois. In the case of Bakken crude, the DAPL is crucial for transport. Bakken crude is volatile, which has led to explosions and train derailments. Without the pipeline, the less safe transport methods of rail and truck will continue to be used. The pipeline passes through areas that are sacred in the American Indian tradition. There are concerns, like the Keystone Pipeline before it, that it could impact not just sacred tribal areas but also the water supply. Pipeline projects like the DAPL and Keystone are becoming increasingly difficult to complete due to strong opposition.

What are the incentives to protest the Dakota Access Pipeline? With hundreds of protestors camping out in Southern North Dakota in protest of the pipeline, one wonders if virtue is enough to get someone to face not so polite treatment by police and live outdoors. As it turns out, virtue may not be the only incentive. From crowdfunding to ads on Craigslist offering payment to protest, protesting is a business for protestors. These incentives to protest are attracting all kinds of people that may just be looking for something to do. There are around 2,500 protestors living in different camps throughout the area. There are many news stories about accusations of inhumane treatment by police but perhaps there is another reality to the Dakota Access Pipeline protests- that those incentivized to protest for the wrong reasons are growing more belligerent and are a harm to residents and animals of the surrounding areas.

A Craigslist ad offering payment for those willing to protest the Dakota Access Pipeline at the Standing Rock protest campsite was discovered by North Dakota law enforcement and media outlets last week. The ad offered US$ 1,000 to anyone who could prove they quit their job to protest, $50 cash for each adult and $20 for each child that arrived the first night of the ad, as well as reimbursed travel and food expenses. According to law enforcement documents, the source of the money is various crowd-funding websites set up for by those who are affiliated with or sympathize with the Standing Rock Tribe. Not only has the general fund for the camp raised more than $750,000, but there are other fundraising web sites in support of the camp, including an Amazon Wish lists, support groups such as the Winterize Water Protectors, and Stand for Standing Rock. In Cannonball, North Dakota, crowd funding has gained $1,000,000. The fund started by a protestor asking for $5,000 and has increased as the number of protestors climbed in recent months. What does the money pay for? For 670 people to eat, bail money, tiny houses, composting toilets, solar and wind generators, as well medical supplies. The protests, which have been ongoing since late summer, are increasingly violent and are putting both protestors and law enforcement in danger.

Local landowners, ranchers, and farmers in Southern North Dakota claim that protestors of the Dakota Access Pipeline are wreaking havoc on livestock. The latest plea against protestors is from enrolled Standing Rock Sioux tribal members, who claim that around 30 of their buffalo are missing due to being killed and eaten, or irresponsibly let loose by protestors. Other buffalo are simply running in circles and collapsing into one another after violent outbursts between protestors and police. Locals feel that protestors have ignored pleas for peaceful protests and that protestors are no longer welcome. The local livestock association has offered rewards on information regarding the shooting, butchering, chasing, and burning of dozens of horses, cows, and bison. Locals feel that the more belligerent protestors are responsible for the deaths, but peaceful protestors are also threatening the livestock because of the undue stress. They add that many of the female buffalo will not have new calves due to the stress the protests have caused. Roadblocks will also prevent buyers from reaching the ranches. With the Obama administration delaying a decision on the final permit for the pipeline, locals can expect weeks or months more of damage caused by protestors.

Standing Rock solidarity march in San Francisco, November 2016 by Pax Ahimsa Gethen - Own work, CC BY-SA 4.0,

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UN Climate Talks in Marrakesh

The Conference of Parties, COP22 took place recently in Marrakesh. The participants of the meeting discussed the way forward after the Paris conference a year previously. At the same time, a group of climate-sceptics has gathered in Washington, D.C. to discuss the future of the US climate policy. The Energy Post comments, "The publication of the WEO this week couldn't have been more timely and relevant. As it happens, the WEO presents three scenarios of our energy future (up to 2040) that exactly reflect the three dominant visions on energy in the world. It has a Trump scenario (business as usual unhindered by climate commitments), a Paris scenario (what will happen if all countries do what they have promised to do in Paris, but no more) and a 2-degrees scenario (what should be done to keep global warming limited to 2 degrees)".

Karel Beckman, 2016. IEA in the Age of Trump: policies will determine where we go from here. Energy Post. 16 November, 2016

Green Expansion is the Largest Challenge to Traditional Energy Business?

Oil and gas producers risk being left behind as the world is going through the process of energy transition. Producers are not investing enough in green technology. Reports from OPEC and the IEA, have said that even though demand for oil will be growing until at least 2040,"peak demand" could come within the next 15 years. There are some exceptions: Total of France, which has invested US$ 2.5bln in battery and solar companies, is among the leaders in diversification along with Statoil of Norway, which has expanded into offshore wind power. They were both among 10 oil and gas companies which committed this month to jointly invest $1bln over the next 10 years on clean energy technology. Others taking part in the Oil and Gas Climate Initiative include Royal Dutch Shell, BP, and Saudi Aramco. However, these measures are considered "baby steps" and more investment will be needed into green technologies. The absence of ExxonMobil and Chevron highlights the US majors' greater caution on the issue compared with their European counterparts. In any case, all companies are facing a dilemma. As Paul McConnell, director of global trends for Wood Mac argued,"Moving too quickly could leave money on the table... but too slowly, and they could miss their window of opportunity".

Andrew Ward, 2016. Oil groups not investing enough in green energy. Financial Times. 18 November, 2016

November is the Month for WEO, OPEC and Other Outlooks

This week a series of outlooks were published. The general expectation in all of them: fossil fuels are here to stay. IEA in their World Energy Outlook put forward an important message: even if the Paris climate agreement were fully implemented, demand for oil would keep rising in the medium term. OPEC agrees. The Energy Research Institute of the Russian Academy of Sciences expects a hostile environment for Russian fuel and energy complex even though the world is still going to need its oil and gas.

International Energy Agency. World Energy Outlook 2016.

OPEC. World Oil Outlook 2016.

Energy Research Institute of the Russian Academy of Sciences. Global and Russian Energy Outlook to 2040 [in Russian].

US Gas Production Projected to Slow Down

The US Energy Information Administration lowered its projections for natural gas production for the current quarter and the next, as well as for the full-year 2016, predicting the annual output average would show a decline for the first time since 2015, before rebounding in 2017. Lower projections for US gas demand had an impact on these projections.

Maya Weber, 2016. EIA lowers short-term projections for US gas production, demand. 8, November, 2016.

Will the US Halt Exploration of the Arctic?

Barack Obama has announced that oil exploration in some parts of the Artic will be halted until 2022. The decision stipulates that no new requests of oil exploration will be accepted for investigation in the seas of Chukchi and Beaufort in the next five years. According to the secretary of the Interior, Sally Jewell, this is due to the unique and threatened environment in these areas that is further endangered by the activities of the petroleum industry. This measure is expected to protect the crucial zones where animals find their food, and the whole Artic marine ecosystem. However, the decision is likely to be modified when the new Republican president accedes to power next year. Donald Trump, who will take office on the 20th of January, 2017, is expected to favor the expansion of oil and gas extraction in the United States.

Olivier Milman, 2016. Artic, Obama puts Artic Ocean off limits for drilling in last-ditch barrier to Trump? The Guardian. 18 November, 2016.

Africa's Offshore Exploration Goes Deep Down

Recent data has shown that the number of offshore oil rigs in Africa has dropped to more than a decade record low of only 9, compared to 48 in 2014. In the last two years, only two successful deepwater explorations were conducted per year with numbers around 11 for the previous five years. Such a decline trend will cause a huge drop of 46% in African oil production by 2030. National budgets of Angola and Nigeria are expected to be hit the hardest. Deepwater exploration is a capital intensive affair and with current oil prices very few IOC's choose to take high risks, especially when the region's many countries political stability is undermined by declined oil revenues. Recent instabilities in the Niger Delta add more uncertainty to the pot. Only change in sub-Saharan countries investment climate can improve the situation, experts say.

Paul Burkhardt, 2016. Oil Wildcatters Flee African Deep Water to Weather Rout. Bloomberg. 18 November, 2016

Mozambique to Enter the International LNG Market with Help from ENI

Eni has approved investment for the Coral South phase one development in the deep waters of the Rovuma basin off the shores of Mozambique. The project involves the construction of six subsea wells connected to a FLNG i.e. floating LNG terminal with a capacity of over 5 bcm/a. The Coral field were discovered in May 2012 and defined in 2013 and contains about 450 bcm. Eni is the operator of Area4 with 50% owned indirectly by Eni East Africa (EEA). The other investors are Galp Energia (10%), KOGAS (10%) and Empresa National de Hidrocarbonetos (10%). CNPC owns 20% indirect interest in Area4 through EEA. Eni is still waiting for the consent of its partners to give the green light to the final investment decision. This is the first project of developing the Coral Field and one of the most important projects in Mozambique, especially as BP agreed on buying all Coral LNG output for a 20-year period.

Mark Smedley, 2016. Eni Approves Coral FLNG Investment, But FID Yet to Come. Natural Gas World. 18 November, 2016.

World Oil, 2016. Eni approves investment for Mozambique's Coral FLNG development. World Oil. November 18, 2016.

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Russia-Japan: A Pipeline to Broker Peace

Japan is considering to bring back a plan for a US $6.7bln pipeline to bring gas from Russia. This move could be considered as a preparatory step to welcome Putin's visit to the country, planned for next month. The projected pipeline should be 1,500 km long, and it could link Sakhalin island and Tokyo. This development is also seen as a peace offer from Japan to Russia regarding the 70 years old dispute over four islands in the Hokkaido area. Better relations with Russia are very auspicial for Japan so that it may diversify its energy supply. Russia should be keen as well to gain a good export market such as Japan, particularly in these times of low oil prices, and possible shale gas competition in Europe. The pipeline could transport up to 25 bcm/a of gas to Japan, which is the biggest buyer of LNG in the world at the moment. The Japanese market is worth 85 MT of gas at $53bln. Russia so far has accounted for about 8.9% of these imports and is keen to improve its position. Both countries seem to have a strong interest to build this pipeline. However, the political scenario behind this deal is set to be difficult with Japan likely insisting on regaining ownership over all the four islands.

Tsuyoshi Inajima and Emi Urabe, 2106. Japan Lawmakers Moot $6.7 Billion Russia Gas Pipe to Greet Putin. Bloomberg. 9 November, 2016.

Smizu LNG Unloading Arm and Mt. Fuji by Tnk3a - Own work, CC BY-SA 3.0

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