



## DrumBeat: December 31, 2007

Posted by [Leanan](#) on December 31, 2007 - 9:59am

Topic: [Miscellaneous](#)

### [Kunstler: Forecast for 2008](#)

One thing the public doesn't get about the housing debacle is that it is not just the low point in a regular cycle -- it is the end of the suburban phase of US history. We won't be building anymore of it, and those employed in its development will have to find something else to do. Now, unfortunately the whole point of the housing bubble was not really to put X-million people in so many vinyl and chipboard boxes, but rather to ramp up a suburban sprawl-building industry as a replacement for America's dwindling manufacturing economy. This stratagem ran into the implacable force of Peak Oil, which not only puts the schnitz on America's whole Happy Motoring / suburban nexus, but implies a pervasive trend for contraction in everything from the daily distances we can travel to the the very core idea of regular economic growth per se -- at least in the way we have understood it through the age of industrial capital.

### [Paul Maidment On Energy](#)

#### **The Misplaced Assumption**

That high energy prices are stimulating real investment in new supply. There is less to the apparent surge in oil and gas investment in recent years than meets the eye. Drilling, material and personnel costs in the industry have soared, so that in real terms investment has been broadly flat since 2000. The back of the envelope calculation is that \$20 trillion needs to be spent on energy-supply infrastructure of the next quarter-century.

### [Russia Intensifies Arctic Exploration](#)

A year-long Russian mission to study the dynamics of Arctic ice is underway. Given Russia's claiming of the North Pole earlier this year, the results could have many political and economic consequences as they do political.

### [BP Texas City refinery to miss restart goal](#)

Delays to the restart of a crude unit at BP Plc's (B.P.L) Texas City, Texas, refinery will cause it to miss its goal of raising crude oil processing rates at the refinery to 400,000 barrels per day by the end of 2007, a source familiar with refinery operations said Monday.

The company now expects to reach the 400,000 bpd rate by mid-February and will ramp up to its full capacity of approximately 470,000 bpd by the middle of the second quarter of 2008, the industry source said.

### [Coal-to-Chemicals Projects Boom in China](#)

For years China has been a magnet for the chemicals industry, attracting European and American companies with its cheap production costs and growing market.

Now China has another attraction for the energy-intense chemical industry: vast supplies of coal that can replace oil and natural gas as raw materials for chemical production.

### [China will tax grain exporters](#)

China is to introduce taxes on grain exports in the latest attempt to rein in food-driven inflation that reached an 11-year high in November.

Exporters of 57 types of grain, including wheat, rice, corn and soya beans, will have to pay temporary taxes of between 5 and 25 per cent, the country's Ministry of Finance said on Sunday.

### [Illegal logging concern rises with timber value](#)

WHITESBURG, Ky. - The crime scene — a once-wooded landscape marked by tire tracks and tree stumps — makes the victim, Verna Potter, feel physically violated.

"It's just like someone cut your heart out," says the 77-year-old Potter, who lost an estimated \$50,000 worth of generations-old oak trees, which were taken from her property and sold, without permission, while she was away.

### [Energy security and America](#)

Energy security is a front-of-mind issue for the people of the world. We face the difficult fact that the current market environment is a tough one, and the energy industry is working hard to keep the energy flowing. The oil price is close to the real-term record

set in 1979. Every geopolitical event causes a spike in the price, but these spikes only happen because the underlying market is itself tight. Strong demand is coming mostly from the developing world, led by China, and it is a lesser known fact that rising demand is also coming from oil and gas producing nations themselves, many of which are using their booming oil revenues to invest in their own economies.

Oil supplies have not already peaked. There are, at the very least, 40 years of proved oil reserves left, at current rates of production, and over 60 years of natural gas. Unfortunately, political and technical obstacles hinder bringing these reserves to market, and become more challenging all the time. For the medium term, the era of cheap energy is behind us.

### [Shanghai's first fuel store to cost \\$71 mln](#)

Shanghai's first emergency fuel storage facility will cost 520 million yuan (71.2 million U.S. dollars) to build, nearly double the original budget, the Shanghai Chemical Industry Park said at the weekend.

...The project, to be built by the Bailian Group, will include 18 oil tanks with a combined storage capacity of 200,000 cubic meters. Some 30,000 tons of refined oil products, mainly diesel, will be stored, the equivalent of five to seven days of Shanghai's needs, ready to be used in the event of any disruption of supplies.

### [Islamabad residents witness another difficult day](#)

The federal capital Sunday witnessed another hard day, as most people were unable to buy food or petrol, with most shops, fuel stations remaining closed.

Weekly bazaars, which are the main attraction for the residents of Islamabad to buy daily use items, were also not open, adding to hardships for the people.

### [Pakistan: Children on an empty stomach on empty streets](#)

At a time when all the commerce in Karachi is facing a shutdown and there is an acute shortage of basic necessities in the city like food and fuel, no one is finding the going tougher than the street-children of Karachi.

### [Noodles, chips and biscuits make the main course for hostel-dwellers](#)

“For the past one year, I have been living independently in an apartment in Clifton. I usually eat out and hardly keep any food at home. I even buy items like bread, eggs and milk on a day-to-day basis, depending on what I feel like eating.” Needless to say, Aslam

was completely unprepared when Benazir Bhutto died and all he had in stock at home were packets of instant noodles and a few crackers.

“I did manage to buy a few food items from a nearby general store but even there, the choice was quite restricted as only a few items were available. All the shops are apparently running low on stock due to the closure of petrol pumps and the imminent threat of vandalism,” he said.

### [Nigeria: NLC Restates Opposition to Fuel Price Hike](#)

President of the Nigerian Labour Congress, Abdulwaheed Omar yesterday restated the labour union's opposition to plans by the Federal Government to increase the price of petroleum products in 2008.

### [Some ethical investments](#)

Kunstler's premise — what he calls the Long Emergency — is that our economy, fueled by cheap energy and over-extended credit, will eventually crash, taking Western civilization with it into a Dantean hell that will make Cormac McCarthy's "The Road," seem tame.

I decide not to share this with the Waterhouse guy, and I let him off the hook so he can daydream undisturbed of his mythic Fiji. Then I print out Kunstler's benediction and give it to my wife so we can discuss our investment strategy from his sober perspective.

### [The new energy crisis](#)

We are absolutely at a fork in the road with the energy requirements of this nation. At a time of phenomenal technological progress and unprecedented growth in onshore and offshore markets, leaders in the contract drilling business, and indeed throughout the entire energy industry, face crucial decisions.

### [What the Tar Sands Need](#)

For each barrel of oil produced from the tar sands, between two and 4.5 barrels of water is needed. The water is used in the process of extracting bitumen from the naturally occurring the tar sand. The bitumen is later "upgraded" into synthetic crude oil.

In 2007, the government of Alberta approved the withdrawal of 119.5 billion gallons of water for tar sands extraction, of which an estimated 82 per cent came from the Athabasca River. Of that, extraction companies were only required to return 10 billion gallons to the river.

### [Divorce Is Easy in Cuba, but a Housing Shortage Makes Breaking Up Hard to Do](#)

After 21 years of marriage, Pedro Llera and his wife, Maura, decided to call it quits. Their divorce took 20 minutes, but Mr. Llera compares what came next to “more than a year of open war in the house.”

Sleeping in the same bed and sharing a single room with their 14-year-old daughter, they battled in Cuba’s courts over who should stay in their second-floor, two-bedroom apartment in the Vedado district here.

### [Brazil's oil 'blessing' is no energy panacea](#)

A recent report by the Acende Brasil Institute, a private sector energy think tank, warned that the shortage of gas and water could cause blackouts similar to those in 2001 and stunt growth and force up prices.

"We are going to be strongly dependent on rain in 2008," says Acende Brasil president Claudio Sales. "There will be an increasing risk of rationing."

### [US Stalks Gulf of Mexico Oil Wealth](#)

Bush then said exactly: "We will strengthen our own energy security and shared prosperity of the world economy collaborating with our allies, trading partners and energy producers." Mexico gathers the three qualities mentioned by Bush: it is a political and ideological ally of the United States, trading partner in the North America Free Trade Agreement (NAFTA) and traditional supplier of oil to the imperial nation.

The "collaboration" between the US and Mexico was established in the Alliance for Security and Prosperity of North America, also formed by Canada.

### [Bangladesh: Coal, not gas, dependable source of energy. Gas reserves exhaust by 2011. Serious energy crisis looming](#)

The country's proven gas reserves of 8.39 TCF are likely to be exhausted by 2011 and the probable reserves of 13.6 TCF by the end of the year 2015, indicating the possible shutdown of 90 percent gas-run-power plants, demonstrating the looming of serious energy crisis if its substitute, coal, as energy is not extracted from the mines or new gas fields are not discovered.

### [Indonesia making headway on higher oil and gas production](#)

Upstream oil and gas regulator BPMigas says it is upbeat about achieving next year's oil production target, although this year's output expectations will not be achieved.

BPMigas deputy chairman Abdul Muin said recently that next year's target of 1.034 million barrels of oil per day was achievable on the back of an expected increase in the production of the country's major oil producer, Chevron, and the coming onstream of new oil fields.

### [Vietnam: Ministry mulls fund to hedge spikes in petroleum prices](#)

Importers of refined petroleum products would be required to contribute to a fund to hedge against volatility in global prices, under a draft regulation being circulated by the Ministry of Finance.

The director of the ministry's Pricing Management Department, Nguyen Tien Thoa, said the regulation would mandate importers contribute a part of their profits to the fund during times when import petrol prices are low. When world prices climb, they would receive rebates from the fund in return for keeping a lid on domestic retail prices.

### [19 Reported Dead in Chinese Mine](#)

Nineteen miners died in a coal mine blast in a northeast Chinese province -- the latest casualties in another deadly year in the world's most dangerous mines, state-run media said Monday.

An explosion rocked the Shunfa Coal Mine on Saturday and the bodies of the 19 miners were recovered after a two-day rescue operation, the official Xinhua News Agency reported.

### [Nose-to-Nose With Bill Richardson](#)

The book concludes with the chapter "2020 Vision." Richardson pictures a world magically transformed by his policies. Energy efficiency soars while energy prices fall. Carbon levels in the atmosphere drop while alternative energy investments actually pay for themselves. Oil dependence becomes a thing of the past. America is loved and admired again as other countries follow in our greentastic path.

### [Does the Future Need a Legal Guardian?](#)

Given the human tendency to favor current needs over future risks, some environmental and legal scholars are proposing that governments at various levels appoint a "legal guardian of future generations" to consider the impact of policy choices

on citizens yet unborn.

### [Baggage Ban on Batteries Begins](#)

To help reduce the risk of fires, air travelers will no longer be able to pack loose lithium batteries in checked luggage beginning Jan. 1, the Transportation Department said Friday.

...The Federal Aviation Administration has found that fire-protection systems in the cargo hold of passenger planes can't put out fires sparked in lithium batteries.

### [Oil above \\$96, eyes biggest gain this decade](#)

Oil rose above \$96 a barrel on Monday, heading for its biggest annual gain this decade as dwindling fuel stocks and growing concern over political turmoil offset the impact of a softening U.S. economy.

...With prices starting the year at around \$61, oil is now up almost 58 percent. It hit an all-time high of \$99.29 on November 21 as a falling U.S. dollar and thinning inventories stoked investor interest.

Oil's rally is entering its seventh year, more than quadrupling its market value of below \$20 at the start of 2002.

If prices hold, they will register their best performance for a front-month contract since 1999, when oil prices more than doubled from a \$10 low.

### [Peak Oil: A Crude Awakening](#)

Ask most people, and they'll probably tell you global warming is our greatest global obstacle. Some will even say something like terrorism or illegal immigration. Frankly, I thought I was pretty damn clever spotting the global credit bubble, and believed it to be the greatest global crisis we'd face in our lifetimes (i.e., something on order of five times larger than the S&L crisis). Even if I'm right about that number, I'm far from being right about the significance of the event.

I rented a movie this weekend, A Crude Awakening (2006), from Netflix. You have to see it; it changed my thinking in 90 minutes.

### [New Zealand Green Party: Peak oil acknowledgement a breath of fresh air](#)

The Green Party is welcoming Prime Minister Helen Clark's acknowledgement that the

Earth may have already reached peak oil production or that this point is very near.

"Helen Clark is the first New Zealand Prime Minister to grasp this fundamental driver of our future, and I commend her for this. Still, New Zealanders continue to wait with bated breath for some real action on this issue," Green Party Co-Leader Jeanette Fitzsimons says.

### [BP critic writes to lawmakers on new Alaska incident](#)

A boiler at BP PLC's Alaska oil and gas operations suffered a short mid-December, the latest of a string of incidents at the company's local operations, according to a letter written last week by a BP critic to U.S. lawmakers.

### [Kirkuk Oil Flow To Ceyhan Stopped; 5.15 Million Bbl Stored](#)

Oil shipments through a pipeline from Iraq's Kirkuk oil fields into the Turkish Mediterranean export terminal Ceyhan halted Thursday night a local shipping agent said Monday, and haven't yet resumed.

### [For car sales, this year may mark worst in 10](#)

Holiday discounts failed to bring consumers out of their funk, and December sales are expected to fall around 4 percent, which would bring the full-year total for U.S. auto sales to 16.1 million vehicles, the lowest volume since 1998.

Sales have been hurt by consumer anxiety over gas prices, the housing crunch and the overall weakening economy.

### [Uganda: New Strategy for Energy Crisis](#)

The new strategy is tackling electricity demand head-on instead of the old approach of chasing demand forecasts from behind. This is through attracting local, foreign, public and private investors into the sector.

...Already the Norwegian firm, Jacobsen Electro AS, has started work at Namanve to build a 50MW heavy-fuel oil thermal plant that is expected to deliver power in August 2008.

Uganda's first local independent power producer, Electro-Max, will also build a 20MW heavy-fuel oil thermal plant in Tororo. Initial power is expected in June next year.



[All fired up](#)

Joe Shear, owner and operator of Northeast Chimney in Poughkeepsie, said he has also seen a steady rise in people using wood to heat their homes since the year 2000, and a particularly significant increase over the last three years.

"I would say right now that probably almost 40 to 50 percent of the people that come through my showroom are looking for ways to cut fuel costs. Five years ago that figure was more like 10 to 15 percent. I think people are, some of them at least, just fed up. Some people that have the money are simply saying, 'No, I don't want to pay that cost.'"

[New England can lead the new energy boom](#)

AMERICA NEEDS to shake its dependence on foreign oil. Our entire economic infrastructure is built on cheap energy, and with oil prices touching \$100 a barrel, it is clear how vulnerable we have become. The global oil extraction rate is approaching an all-time peak, and global warming is at the top of the international agenda. The world is looking to America for leadership and New England is leading the nation.



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