



## DrumBeat: February 4, 2008

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### [Kunstler: Serial Bubbles?](#)

Eric Janszen of iTulip.com has made a splash in the mainstream media with his Harper's Magazine cover story on the "The Next Bubble." His thesis is that a new tidal wave of investment will shortly roll toward "infrastructure and alternative energy." By this Janszen means a revived nuclear power push, refurbishing highways, bridges, and tunnels, "high-speed rail," solar and wind power, and alternative liquid fuels. This coming boom, he says, would be driven by political fear about energy security.

On the face of it, Janszen's proposition seems more promising and intelligent than the previous engineered boom in suburban houses. But it raises a lot of questions and flags.

### [Oil Rises After Turkish Planes Attack Suspected Kurdish Bases](#)

(Bloomberg) -- Crude oil rose after Turkish planes attacked suspected Kurdish insurgent bases and the Houston Ship Channel reopened following an 18-hour shutdown for fog.

### [US Crude Outlook-Refinery restarts seen supportive](#)

NEW YORK (Reuters) - The restart of major units at two large Gulf Coast refineries

should help offset some of the recent weakness in crude oil demand on U.S. cash crude markets this week, traders and brokers said Monday.

The Shell/Pemex 334,000 barrels per day Deer Park, Texas refinery began restarting units including the fluid catalytic cracker after a major turnaround on Sunday, according to a filing with Texas regulators.

### [United to charge fliers checking 2 bags](#)

The charge will generate more than \$100 million in revenue and cost savings each year, the UAL Corp. carrier said. The change takes effect with travel starting on May 5 and applies to tickets purchased on or after Monday.

Investors have urged airlines to pass on the higher costs of fuel onto passengers through ticket-price increases or similar surcharges.

### [France, Japan, US cooperate on nuclear reactors](#)

France, Japan and the United States agreed Friday to cooperate in making prototypes of so-called "4th generation" nuclear reactors, according to statements released by each country's energy ministries.

These sodium-cooled reactors, which would not come on line until mid-century, produce more energy per unit of fuel than nuclear reactors currently in operation.

But early prototypes have been plagued with problems. The liquid sodium cooling agent is highly volatile, bursting into flames if it comes into contact with air, and exploding if it comes into contact with water.

### ['Green collar' jobs seen as prosperous](#)

By 2030, nearly a half-million new jobs could be created in green industries.

### [Enbridge to lead carbon dioxide storage project](#)

CALGARY — — Enbridge Inc., Canada's largest oil and natural gas pipeline company will lead a group of 19 energy industry participants in the Alberta saline aquifer project, or ASAP.

Under the project, the first of its kind in Canada, participants will seek, design and expand sites to store carbon dioxide in deep saline aquifers.

### [OPEC accelerating plans to increase oil production](#)

LONDON (Thomson Financial) - OPEC is attempting to speed up plans to bring more oil production to market due to rapidly rising demand from China and India, according to experts gathered at international think tank Chatham House for a conference on Middle East energy supplies.

"OPEC plans to increase output by 3 mln bpd by 2012. They are accelerating their plans to cope with rising demand and to provide a spare capacity cushion for the market," one speaker said.

Earlier at the conference, speakers warned that oil prices will rocket should rising demand and shrinking oil fields lead to a shortfall in supplies.

They underlined that global crude demand is set to soar on the back of Chinese and Indian economic development.

### [Analysis: Putin to head Gazprom?](#)

WASHINGTON (UPI) -- As the world's attention increasingly focuses on Russia's March 2 presidential election, speculation is rising about what President Vladimir Putin will do in the aftermath.

While it's a foregone conclusion in Russia that First Vice Prime Minister Dmitry Medvedev will most likely replace Putin, various theories have been floated, several of which seem to have Putin's support -- that he would take the post of prime minister under a Medvedev presidency, or continue discreetly to exercise power behind the scenes. Now the newspaper Pravda has put forth an intriguing scenario -- that Putin would replace Medvedev as chairman of the board of directors of Russia's natural gas giant Gazprom.

### [Ukraine makes first step to eliminate Russian natural gas middlemen](#)

KIEV, Ukraine: The Ukrainian government on Saturday announced its first formal step toward eliminating a partly Russian-owned intermediary company from its natural gas purchase deals.

Prime Minister Yulia Tymoshenko said the country's National Security and Defense Council on Friday instructed the government to break up the contracts between the Ukrainian natural gas distribution monopoly Naftogaz and the Swiss-based trading company RosUkrEnergo because "they contain elements of corruption and are unprofitable."

### [China needs to cut energy reliance on coal - official](#)

BEIJING (Reuters) - Power and coal shortages in China should serve as a wake-up call for the country to increase power production from nuclear and wind plants, and reduce its reliance on coal-fired generators, a leading energy official said.

### [Asia coal prices at record high](#)

Coal prices at Australia's Newcastle port, a benchmark for Asian coal prices, jumped to a fresh record of more than \$US115 a tonne (\$127.25), as a global supply crunch worsened after a series of supply disruptions in key coal exporting nations.

### [Let us make billions or the lights will go out, warns energy industry](#)

THE trade body for the energy industry says recent allegations of profiteering are a "fallacy" and warned that the alternative to price rises would be power cuts.

### [Bangladesh: Govt mulling gas import from Myanmar](#)

Chief adviser's Special Assistant Dr M Tamim yesterday said the government is considering importing gas from Myanmar even if it might require sharing fertiliser with that country.

### [Japan, China study splitting gas profits](#)

TOKYO (Reuters) - Japan and China are considering splitting profits from gas fields in disputed waters in the East China Sea, a Japanese daily reported on Monday, as the two sides race to resolve a row over resources ahead of a visit by Chinese President Hu Jintao in the spring.

### [Fire Shuts Down Norwegian Oil Platform](#)

OSLO, Norway - A gas turbine fire shut down production from the 20,000 barrel per day Norwegian offshore oil field Njord A on Monday, without causing injury to the platform's 91 crew, the StatoilHydro ASA oil company said.

### [Rebels claim Nigerian oil delta attack](#)

LAGOS (Reuters) - A prominent Nigerian militant group said on Monday it carried out an armed raid on a navy outpost protecting an oil pipeline hub which killed three soldiers on Saturday.

### [Zimbabwe: 'Mother of All Poor Seasons' Forecast](#)

Their projection: the harvest may only amount to 30 percent of the total national maize requirements.

The experts blame the crisis on poor agricultural planning by the government and the excessive rains which have been falling since last December.

Most farmers failed to plant on time because they could not access seed, fertilizer and fuel, among other vital inputs.

### [Kenya: Acute Fuel Shortage Persists in Western Region](#)

Fuel consumers in western Kenya are to continue paying dearly following prolonged disruptions of supply as the region grapples with an acute shortage of the commodity in the wake of political turmoil.

Triton Petroleum company which operates eight retail stations in Eldoret, Nakuru and Kisumu had all its premises affected by the post election violence and loss estimated at 60 per cent.

### [Armed escort to secure fuel supply](#)

Kenya Shell, a major oil industry player, has discounted fears that fuel supply to the neighbouring landlocked countries of Uganda, Rwanda, Burundi and the Democratic Republic of Congo will be permanently affected by last week's resurgence of violence in parts of the country.

The firm's brand and communications manager, Ngaari Mwaura, said the government's move to provide free security escorts to trucks transporting fuel to Uganda helped ensure oil supply was not badly disrupted.

### [Shell Says No Damage to Nigeria Pipeline After Attack](#)

(Bloomberg) -- Royal Dutch Shell Plc's Nigerian venture said a pipeline manifold was undamaged and no production was affected following a gun battle in which three naval personnel were killed.

### [Dutch Gas Guzzler Tax Hammers Exclusive Cars](#)

AMSTERDAM - Buying a Hummer just became 19,000 euros (US\$28,000) more expensive in the Netherlands.

A new "guzzle tax" came into force on Friday, penalising cars that exceed a limit on emissions of the greenhouse gas carbon dioxide as the Netherlands seeks to reduce its contribution to global warming.

### [Australian Annual Inflation Gauge Jumps 3.9%, TD Says](#)

Surging fuel costs and soaring home rents drove a pickup in inflation that may prompt Reserve Bank Governor Glenn Stevens to add to last year's two interest-rate increases. Price pressures are building as China's demand for Australian commodities prompts miners to hire workers, worsening a skills shortage that is stoking wages and consumer spending.

### [Pakistan: CNG crisis](#)

Long queues of vehicles can be seen at the CNG stations throughout the country with vehicles returning back without fuel. The closure of the Sui purification plant following a rocket attack has been cited as the reason for the gas shortage and low pressure. Over 700 CNG stations in the country have been affected by the gas shortage along with domestic consumers, factories and power plants. The situation has resulted in a blame game with the distribution companies questioning the reason of connecting the CNG stations to the domestic network. All Pakistan CNG Association has threatened to observe a countrywide strike against the suspension of gas supply to the CNG stations. About 400 CNG stations have been closed down due to low gas pressure in Punjab and the NWFP.

### [Pakistan: Many industrial units on the verge of closure due to severe energy crisis](#)

"We desire uninterrupted power supply for sufficient time to ensure completion of most production processes and adherence of the load shedding schedule control on unscheduled break downs", he said. He was of the view that the government should launch a campaign in the media to give true picture of the electricity situation to the masses so that undue usage of power could be controlled. He said severe energy crisis was beginning to take its toll as hundreds of industrial units have so far closed their production and many more are on the verge of closure. He called for measures to control line losses and improve the efficiency of the system.

### ['Dean of Oil Analysts' Maxwell: Oil Shortages Start in 2010; Peak Oil Hits 2012-2015](#)

It all boils down to this, Maxwell told EnergyTechStocks.com: We live in a world where there is only about 1.2% more oil available each year, not enough to keep up with 1.5%

annual demand growth. Between now and 2010, this supply shortfall will be made up through a drawdown in inventories, helped out by a slowdown in demand in 2008 and 2009 due to a recession or near-recession in the U.S.

But in 2010, Maxwell said, the shortfall will become greater than can be made up by what's still in inventory, and thus will begin a long period of global oil scarcity that will get worse starting in 2012 or 2013, which is when Maxwell foresees a "peak" in conventional oil production. It gets even worse in 2015, which is when he expects a peak in the production of all liquids, a category that includes condensates, tar sands oil and biodiesel.

### [Latin American energy crisis](#)

Strange things happen in the world of Latin American energy. In Argentina, the government decrees clocks must be put forward to counter the threat of blackouts. In Ecuador, where oil output is dropping, the government demands compensation from foreigners in return for protecting the environment by not drilling for oil.

The result is a developing regional crisis. In Argentina, price controls aimed at curbing inflation have boosted energy consumption while discouraging investment. In a recent analysis, Eurasia Group, a risk consultancy, highlighted the role of Latin American citizens' apparently low tolerance of inflation, but high tolerance for state intervention. That encourages populist politicians to court favour in the short-term with price controls and, given high global energy prices, resource nationalism. No wonder Repsol of Spain is selling off bits of its ill-fated investment in YPF, Argentina's domestic energy giant, to local buyers. Better regional political connections might help lift some price caps.

### [ICBC Deposits Citigroup as Chinese Banks Rule in New World Order](#)

(Bloomberg) -- There's a new world order for banks, and the Chinese, for the first time, are the biggest, with a market capitalization that has made perennial No. 1 Citigroup Inc. a distant also-ran behind Industrial & Commercial Bank of China Ltd., China Construction Bank Corp. and Bank of China Ltd.

"The tables have been completely turned," said Daniel Yergin, the Washington, D.C.-based chairman of Cambridge Energy Research Associates Inc. during an interview at the World Economic Forum in Davos, Switzerland.

### [Uranium prices seen "choppy" on low output](#)

CAPE TOWN (Reuters) - Spot uranium prices are likely to remain choppy in the face of "anaemic" production and will remain so for the near term, the head of a consulting firm that publishes uranium prices said on Monday.



Kazakhstan has so far been the strongest producer of the silvery white metal used as the basic fuel for nuclear power, but current world production is estimated to last about 3 to 5 years, leaving a potentially big gap in the market.

### ['Shocking' report finds radioactive vegetables](#)

The newspaper said tests on asparagus, oats and onions produced in the Gerhard Minne wetlands showed that the level of radioactive substances was three times higher than the safe permissible level for human consumption.

Pointing out that intensive gold mining takes place in the area -- and that uranium as a by-product is found in mine dumps there -- the news report said large tracts of land in the area of the Wonderfonteinspruit were 150 times more radioactive than the permitted level.

### [Investment Guru Jim Rogers: U.S. Economy 'Pretty Terrifying,' But It's Not End of the World](#)

Still, Rogers made a point of saying he doesn't think this is the end of the world. There should be pockets of prosperity in the U.S. even during the hard times, he said, adding that farmers in Iowa and oilmen in Oklahoma likely will fare well. While the owner of a lake house in Massachusetts will be hurting, he added, the owner of a lake house in Iowa won't be.

### [Eco-Heat in Vermont Schools](#)

It's a cold winter's day in the University of Vermont's Jericho research forest, but the discussion amongst the group there is heating up over how trees are being used to heat schools across the state. More than 30 Vermont schools are relying on wood chips as their primary heating source. Wood chip heating systems saved Vermont taxpayers an estimated \$760,000 in energy costs during the 2005-2006 heating season.

### [What communities need to do to survive climate change](#)

Many scientists agree that we have waited too late to address climate change and are now going to suffer some consequences. What is debatable is how severe those consequences will be.

### [Russian economy succumbs to the oil curse](#)

This is the curse of commodity wealth, the "Dutch Disease" that eats at the competitive foundations of an economy and incubates a parasite culture. No doubt Russia's scientists,



engineers, and cyber talent, will enrich the country, but first it must overcome the toxic effects of oil at \$90 a barrel.

"We can no longer afford to buy Russian equipment," said Yevgeny Ivanov, head of Polyus Gold.

"The prices here are one and a half times higher than abroad so we're having to break our rigid rule and turn to foreign-made machinery. It is bad news for Russian firms. The commodity super-cycle is catching up with us through higher prices. It is a disheartening picture," he said.

### [Do high commodity prices speak for themselves?](#)

Stunning new highs in some world commodity prices have catastrophists of all types tapping out SOS in their sleep.

There was, of course, the rise of oil which started 2007 at \$50 a barrel and rose above \$100 on the first trading day of this year, an all-time high. Wheat which began 2007 at around \$5 a bushel reached \$10, another all-time high, before retreating slightly. Soybeans which started last year around \$6.50 a bushel ended the year above \$12 and went on to set an all-time high last month just above \$13. And, gold, that quintessential barometer of fear, rose from about \$640 an ounce to above \$900 recently, shattering its old highs.

### [UK: Price of food soars to all-time record high](#)

FAMILIES already struggling to make ends meet are being hit by soaring food prices.

Figures yesterday revealed that costs have rocketed by 12 per cent in the last year alone, with the nation's weekly shopping bill £15 higher than two years ago.

### [So That's Why Those Bottles Are There...](#)

Thousands of plastic water bottles - approximately 600 pounds worth - sat in Alumni Mall Thursday giving observers a sip of reality: These bottles represent less than a week's worth of LMU's bottled water consumption. And this doesn't even account for bottles thrown into regular trash bins.

### [Keep consuming!](#)

What's most fascinating is the mistaken assumption that the developing world is righteously indignant about America's unimpeachable lifestyle. The reality is that most

global citizens want to be like Americans, with all the luxury, excess and environmental impacts that go with it.

### [A modest proposal](#)

Instead of listening to this doom-and-gloom nonsense, I propose that we stay the course, that we continue on with the way of life we have cultivated and justly deserve thanks to our unique ability as humans to extensively impact the environment and ecosystems around us. If we have the ability to shape the earth's outputs to our needs, why waste time preserving what "used to be"? Nostalgia for the good old days does not translate to sound survival strategies.

### [Huntington Beach Mayor makes a run for congress](#)

Cook is a member of the board of directors of the Association for the Study of Peak Oil and Gas and serves as Chair of the Energy and Environment Committee for the Southern California Association of Governments.

### [Drillers eye huge Appalachian gas field](#)

STATE COLLEGE, Pa. - More than a mile beneath an area of Appalachia covering parts of four states lies a mostly untapped reservoir of natural gas that could swell U.S. reserves.

Geologists and energy companies have known for decades about the gas in the Marcellus Shale, but only recently have figured out a possible — though expensive — way to extract it from the thick black rock about 6,000 feet underground.

### [Raymond J. Learsy: Exxon Rakes in Record \\$10 Billion Quarterly Earnings While Cheering OPEC's Readiness to Cut Production](#)

The Exxon earnings are not only obscene they are an outrage in that these are not profits that are earned in a competitive marketplace but simply by tailgating OPEC's manipulation. Exxon barely lifted a finger to earn its additional billions other than go along with prices that were the result of collusion by a cartel, and hardly a reflection of a free and unfettered international marketplace. The oil industry apologists are already lining up. To quote one of the spokesmen for the chief peak oil prankster, and cheerleader for ever higher oil prices, Matt Simmons, "A lot of these larger companies are challenged to grow production. That's one of the reasons that oil prices aren't necessarily expensive at \$90 a barrel..." Much like Willy Sutton saying he has to hold up another bank because he needs a new getaway car.

### [OPEC will consider all options at March meeting](#)

LONDON (Thomson Financial) - Qatari Oil Minister Abdullah bin Hamad al Attiyah said that all options were open for OPEC's meeting in March, despite some ministers hinting at cutting or increasing oil output.

### [Ryanair warns of profits 'storm'](#)

Ryanair has warned that its profits could be halved this year as fuel costs rise and as the UK pound weakens.

The warning came as the budget airline reported that net profit dropped 27% to 35m euros (\$52m; £26m) during the October to December quarter.

The drop was its first quarterly decline in a more than a year.

Chief executive Michael O'Leary said that the weakening profits were part of a cyclical downturn in the industry and a "perfect storm" may be lying ahead.

### [Oil expo thrives amid weakening economy](#)

HOUSTON - Recession? What recession? When thousands of wheeler-dealers gather downtown this week to buy, sell and trade oil and gas projects, they'll be ready to shell out millions of dollars, perhaps tens of millions.

### [10,000-car backup as ice shuts Chinese road](#)

BEIJING - Railway service inched back to normal Sunday in southern China, a day after one person died in a stampede by frustrated train passengers who were stranded for days because of snow ahead of an important holiday.

More than 10,000 vehicles were backed up on an icy section of a highway in central China's Hunan province, the official Xinhua News Agency said. The vehicles were backed up for nearly 45 miles, even though workers were removing ice from the roads Sunday, it said.

### [Kuwait to upgrade vital energy sector](#)

The Gulf state of Kuwait plans to spend 51 billion dollars over the next five years to upgrade its vital energy sector which generates 95 percent of its revenue, a top oil executive said Monday.

### [Gazprom's Oil Unit Plans to Double Output, Invest \\$70 Billion](#)

(Bloomberg) -- OAO Gazprom Neft, the Siberian oil company once owned by billionaire Roman Abramovich, plans to double crude production by the end of next decade through developing Arctic fields and investing \$70 billion.

The oil unit of natural-gas producer OAO Gazprom wants to pump as much as 90 million metric tons by 2020, Chief Executive Officer Alexander Dyukov said in an interview published in the Moscow-based Kommersant newspaper today. His spokeswoman, Natalya Vyalkina, confirmed his comments to Bloomberg News.

### [CSIRO-Monash Uni biofuel method allays green concerns](#)

AUSTRALIAN scientists say they have developed a greenhouse-friendly way of turning green waste into fuel.

The Furafuel bio-crude oil process, developed by CSIRO and Monash University, can be used to produce petrol and diesel from forest thinnings, crop residues and waste paper, most of which are normally dumped in landfill or burned.

### [UK's first emissions zone begins](#)

The most heavily polluting lorries are facing charges of £200 per day to enter Greater London as Britain's first low emission zone (LEZ) comes into force.

The £49m scheme uses cameras to check all lorries over 12-tonnes entering the zone against a database of vehicles certified as meeting EU exhaust limits.

Firms whose vehicles are not on the database will be told to pay up.



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