



DrumBeat: September 9, 2008

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Topic: [Miscellaneous](#)

[Oil ends at 5-month low on OPEC talk](#)

Crude futures decline amid expectations cartel won't officially cut production, and as Hurricane Ike appears set to miss the Gulf production fields.

NEW YORK (CNNMoney.com) -- Oil prices fell Tuesday, as investors believed OPEC will keep production at current levels, and as Hurricane Ike lost strength over Cuba.

U.S. crude for October delivery settled down \$3.08 to \$103.26 a barrel, the lowest close since April 1, when oil ended the day at \$100.98 a barrel.

[Green activists 'are keeping Africa poor'](#)

Western do-gooders are impoverishing Africa by promoting traditional farming at the expense of modern scientific agriculture, according to Britain's former chief scientist.

Anti-science attitudes among aid agencies, poverty campaigners and green activists are denying the continent access to technology that could improve millions of lives, Professor Sir David King will say today.

Non-governmental organisations (NGOs) from Europe and America are turning African countries against sophisticated farming methods, including GM crops, in favour of indigenous and organic approaches that cannot deliver the continent's much needed "green revolution", he believes.

[Gunmen seize oil vessel in Nigeria - security source](#)

LAGOS (Reuters) - Unidentified gunmen in Nigeria's oil-producing Niger Delta hijacked an oil industry supply vessel with five foreign workers and eight Nigerians on board on Tuesday, a private security contractor said.

The contractor said the vessel, H.D. Blue Ocean, was attacked at about 2:30 p.m. (1330 GMT) at the entrance of the Sambreiro River in the delta, a vast network of mangrove creeks which is home to Africa's biggest oil industry.

[Bolivian troops guard gas lines](#)

The army in Bolivia is sending in troops to guard gas pipelines to guarantee exports to neighbouring Brazil and Argentina.

The move comes amid growing anti-government protests in the east, where most gas fields are situated.

[Iran in talks with CNPC and ONGC on Caspian](#)

VIENNA (Reuters) - Iran is in talks with the Chinese National Petroleum Company (CNPC) and India's Oil and Natural Gas Corp (ONGC) to develop oil and gas reserves in the Caspian Sea, Oil Minister Gholamhossein Nozari told Reuters on Tuesday.

"We have an agreement on some projects but it is not finalised yet," Nozari said declining to provide more details.

[It's Not Over Yet For Enron](#)

It looks like Enron is back from the dead.

On Monday, the Fifth Circuit Court of Appeals in New Orleans ruled that fraud cases previously brought in a Texas state court against Enron's former leaders and more than a dozen financial institutions accused of playing a role in the company's collapse should be allowed to proceed.

[Cost of filling car, heating home easing, government says](#)

WASHINGTON (Reuters) — The cost of filling the car or heating the home is retreating although prices remain well above last year's levels, the U.S. Energy Information Administration said Tuesday.

Heating oil prices are expected to average \$4.13 a gallon this heating season, down from last month's forecast \$4.34 a gallon but well above last year's price of \$3.31 a gallon, the agency said in its monthly Short Term Energy Outlook.

Gasoline prices are expected to average \$3.61 a gallon this year against \$2.81 a gallon last year. But for the final quarter of the year gasoline prices are to average \$3.70 a gallon, down from the previous forecast of \$3.81 a gallon.

[Power bills 'bad news' warning](#)

Consumers face "appalling news" when increases in electricity and gas prices are announced on Wednesday, Northern Ireland's utility regulator has warned.

Iain Osborne said people were facing a very serious situation this winter.

He warned it would be "deeply improbable" that fossil fuel prices could drop back to previous levels.

[Gauging the value of a gallon of gas](#)

Those Canadians — they're a sneaky bunch.

Consider: They'll sell you a pint of beer and a 12-ounce steak, but when you go to fill your gas tank, they'll charge you, not by the gallon, but by some arcane calculation called "cents per liter." They say it's based on the metric system, but I'm beginning to think it's actually part of a nefarious plot to get unwitting Americans to fork over more money without realizing it.

[Four projections for what's going to happen in the markets: Plus, four reasons why this may be the worst crisis since the 1930s.](#)

The clear and present danger is that we are now using several times more oil than we are discovering. The world currently produces about 310 billion barrels of oil per decade. That amounts to about three times the current discovery rate of 100 billion barrels per decade.

According to the Peak Oil calculations, we have already used about half of the energy stored over the last 100 million years. Against that, we have a steady increase in demand emanating from population growth and economic development, especially in Asia. This, coupled with the dearth of major new discoveries, assures that energy markets will remain at high prices, for the foreseeable future. The current big drop from almost \$150 to \$110 has happened from a slowing economy and from some conservation at the extreme high gas pump prices, but the long-term view is that the lack of reasonable alternatives to petroleum argues for continued higher prices returning to the previous peak in the year ahead.

[The real cost of a free ride](#)

More evidence came Monday that Gov. Rod Blagojevich's efforts to buy off the electorate voter by voter come at a real, significant cost. The Chicago Transit Authority announced it will eliminate 80 more jobs. Fare increases and service cuts could be on tap

for next year.

Why? Several reasons. But here's a big one: Blagojevich insisted that the CTA and other state transit agencies give away their services to certain people.

[Richard Heinberg: Is Peak Oil "A Misleading Concept?"](#)

George Soros has just published an interesting article in the New York Review of Books for September 25, titled The Perilous Price of Oil. In the course of explaining the recent spike in the barrel price of petroleum he writes that "the cost of discovering and developing new reserves is increasing, and the depletion rate of aging oil fields is accelerating." The discussion of these worrisome facts, he notes, "goes under the rather misleading name of 'peak oil,' a phrase that implies that "we have approached or reached the maximum rate of world output."

Soros goes on to point out that "some of the most accessible and most prolific sources of oil in places like Saudi Arabia and Mexico were discovered forty or more years ago and their yield is now rapidly falling." But, tellingly, he reassures his readers that "[Peak oil] is a misleading concept because higher prices make it economically feasible to develop more expensive sources of energy."

Soros is far from being alone in this opinion. There is a veritable cottage industry of economists and statisticians (including Daniel Yergin, Bjorn Lomborg, Peter Huber, and Michael Lynch) who tirelessly implore their readers not to panic over oil prices because The Market will always come to the rescue. As easy conventional oil depletes, tar sands, oil shale, and biofuels become more economic to produce. Even coal-to-liquids becomes feasible on a large scale. And, as everyone knows, there is an endless amount of coal.

[Donations Sought For Winter Heating Assistance](#)

With energy costs rising, officials expect this winter will place unprecedented demand on the state's heating aid programs.

"We really need everyone's help," said the executive director of Operation Fuel, Patricia Wrice, recounting the story of an elderly man in eastern Connecticut who received aid for the first time last winter. "The following week, he called to say he'd taken a hot shower for the first time in two months."

[South Korea May Give N. Korea \\$20 Million Food Aid](#)

(Bloomberg) -- South Korea is considering providing \$20 million in food aid to North Korea through the United Nations World Food Program, the Dong-a Ilbo reported, citing a government official it didn't identify.

...North Korea's worst food shortage in a decade may continue until next year's harvest as poor availability of fuel and fertilizer threaten to lower production in the current growing season, the United Nations said on July 30.

[Pakistan: Power consumers get inflated bills in Multan](#)

MULTAN: Majority of businessmen, especially the shopkeepers of Multan, Bahawalpur, Rahimyar Khan, Vehari and Dera Ghazi Khan have received double amount of electricity bills in the month of September as compared to the amount of bills received in August.

[India: Malls, hotels shell out more to fight power cuts](#)

CHENNAI: It is not just residents who having to sweat it out during the daily power outages. Shopping malls, hotels, hospitals and other establishments in the city too are hugely affected by these scheduled power cuts. The administrators of these facilities state that this is mainly due to the large amount spent on running generators and shortage of diesel.

[Gas prices: Down 11% from July high](#)

NEW YORK (CNNMoney.com) -- Gasoline prices fell yet again, according to a nationwide survey of gas station credit card swipes. The decline comes as focus turns toward Hurrigan Ike -- expected to hit the central to southern coast of Texas by the end of the week.

[Sounding Like 'Peak Oil' Advocate, Toyota Warns World Faces 'Supply Shortages and Resource Exhaustion'](#)

The phrase "liquid peak" would appear to be a more dire warning of the potential for motor fuel shortages than the warnings encompassed in the term "peak oil." While peak oil refers specifically to oil production reaching a physical limit insufficient to satisfy demand, the term liquid peak suggests that not just oil but also biofuel and nonconventional fossil fuel production could reach maximum output and there would still not be enough liquid transportation fuel for some 1.5 billion cars and trucks.

[Cruise lines change course to cut fuel](#)

Royal Caribbean International and other cruise lines have begun charting a new course in search of routes that eat up less fuel. Already one of the industry's biggest costs, record fuel prices have cut heavily into the bottom line.

[Australian coal seam gas production hits new high](#)

Australia's booming coal seam gas (CSG) sector has reported record production in the 2007-08 fiscal year, while petroleum trade deficit continued to soar.

According to the latest figures released by energy advisory firm EnergyQuest, CSG production jumped to 132.9 petajoules in the year, up 39 per cent on the previous year.

[Serbia's Parliament Ratifies Energy Deal with Russia](#)

Serbia's parliament ratified an accord on Russian investment in the Balkan country's oil and gas industry by a vast majority on Tuesday.

The deal clears the way for Russian gas giant Gazprom to build a pipeline in southern Serbia and an underground gas storage facility in northern Vojvodina province, and to buy the Serbian oil monopoly NIS.

[Folly of the progressive fairytale](#)

Russia – rich, nationalist and authoritarian – has made a mockery of our leaders' pretensions. The west is no longer in charge.

[Storm Warning: Ike's Impact Could Go Far Beyond Hurricane Season](#)

While armchair meteorologists are plotting Hurricane Ike's path into the Gulf of Mexico, trying to divine what could happen to vulnerable Gulf oil installations and oil prices, the real problem isn't short-term price spikes or even refinery outages that drive up the price of gasoline.

The real problem is that thanks to hurricanes, the Gulf of Mexico will never live up to its promise as a mother lode of U.S. domestic oil production, leaving the country even more vulnerable to imports. Then the question becomes—imports from where?

That's the argument [laid out in a new report](#) from Jeff Rubin at Canadian investment bank CIBC World Markets, the guys who earlier this year [projected \\$200 oil](#). Hurricane damage in the Gulf isn't limited to evacuated rigs or shut-in refineries; the real damage from increasingly brutal storm seasons is the long-term delay in getting new oil fields up and producing.

[China pleads India-like nuke deal for Pakistan](#)

NEW DELHI — The Chinese government has advocated a nuclear deal for Pakistan similar to the one being worked upon for India. China made the case for Pakistan in a veiled statement, saying it hoped the Nuclear Suppliers Group (NSG) would 'equally address the aspirations of all parties.' A number of analysts have taken the phrase 'of all parties' to mean a reference to its ally Pakistan.

[Sino-Pak nuclear deal not possible: US](#)

New Delhi: The US Ambassador to India, David Mulford, on Wednesday stated that a nuclear deal between China and Pakistan is not possible as the 45-member Nuclear Suppliers Group won't grant a waiver to Islamabad.

[Kyrgyzstan launches negotiations with Kazakhstan about electricity purchasing](#)

"Kyrgyzstan has launched negotiations with Kazakhstan about possible electricity purchasing," Yury Danilov head of the fuel and energy sector committee of the Parliament of Kyrgyzstan said in an interview with the German Deutsche Welle today.

"The issue of energy crisis in Kyrgyzstan will be raised in the Parliament soon. It is expected that lawmakers will demand government and the Premier Chudinov answer whose fault is that and what to do next? Our committee prepares answers and comments," Danilov noted.

[Will rising fuel costs reverse globalization?](#)

As much as we would like it to be, the world is never a stable place for very long. After the technology bubble and the terrorist attacks of 9/11 in the early years of this decade, we managed to eke out about five years of relative economic stability. Now we understand that the U.S. was only incubating its current credit crisis, and that rising commodity prices - especially for oil and food - are raising the spectre of inflation once again.

A subject of lively debate among economists and business analysts today is the effect of rising oil prices on globalization. Rising oil prices translate into higher fuel costs, and that in turn drives up shipping costs. Ninety per cent of global demand for crude is based on the need for transportation fuels. In a world of triple-digit oil prices, could it cost less to manufacture products more expensively at home rather than ship cheaper products half way around the world? Could rising oil prices slow, stall, or even reverse the trend of globalization?

[A race to use less gas in the long haul](#)

With energy crisis on full bore, fuel-efficient cars are scarce. But a new breed of driver is

stretching what you can squeeze out of a tank.

[California pay-as-you-drive insurance program pushed by Poizner](#)

WHEN it comes to traffic reduction, California needs all the help it can get. And sometimes the only thing to finally get people out of their cars is to offer them cold, hard cash.

The proposal for a voluntary pay-as-you-drive, or PAYD, insurance program for California drivers, being pushed by Insurance Commissioner Steve Poizner, might be a carrot that actually works. The draft proposal would let drivers have the option of buying auto insurance plans that are based on the number of miles they drive.

[Energy protests pulled in 70 percent of House GOP](#)

Nearly 70 percent of House Republicans returned to Washington during the August recess to speak out on energy policies.

The GOP initiative to deliver energy speeches on the House floor — even though the lower chamber was officially adjourned — started spontaneously with a couple of members.

But it quickly became a scheduled daily event as 136 House Republicans tag-teamed in their call for Democrats to commit to votes on drilling.

[Pickens not surprised by supportive Chesapeake ads](#)

T. Boone Pickens says he's not surprised by new television ads sponsored by Chesapeake Energy Corp. that support his "Pickens Plan" for energy independence.

The ads, featuring Chesapeake Chairman and Chief Executive Officer Aubrey McClendon, began running last week as part of what the Oklahoma City-based company said is a public education campaign called "CNG Now."

The ads tout increased use of compressed natural gas, or CNG, as a transportation fuel. Chesapeake is the largest producer of natural gas in the U.S.

[Survey: Public transit pressures could hurt riders](#)

Cash-strapped public transit systems are cutting services and raising fares even as more Americans ditch their gas-guzzling cars for trains and buses, a survey of transit agencies out Tuesday finds.

People took 2.8 billion rides on public transit from April through June, up 5.2% over that period last year, reports the American Public Transportation Association (APTA), which represents transit agencies.

The increase marks the highest ridership for that period in half a century, says William Millar, APTA president. "We're seeing record ridership, but it is a double-edged sword," he says. "We're going to see more (fare) increases and more service cuts at a time when the nation is trying to encourage people to use public transit."

Of the 115 agencies that responded, 61% are considering fare hikes to make up for budget shortfalls, while 35% say they may cut services.

Only about one-third of costs are covered by fares, APTA says, so transit agencies rely in part on public funding. Funds tied to the health of the economy, such as sales taxes, have been drying up, Millar says. Gasoline prices also are hurting providers.

[Saudis imply OPEC will hold production steady](#)

VIENNA, Austria - OPEC powerhouse Saudi Arabia suggested on Tuesday that a meeting of oil ministers of the 13-nation organization will decide to keep crude production steady, despite their concerns over rapidly falling prices.

With the Saudis accounting for about a third of the output of the Organization for Petroleum Exporting Countries, their views often are adopted by ministerial meetings deciding on whether to boost, keep steady, or cut oil production. Therefore, the comments by Oil Minister Ali Naimi suggested that the ministers would opt for the status quo.

[OPEC to cut real output by 500,000 bpd](#)

VIENNA (AFP) - OPEC will agree to cut its real output by up to 500,000 barrels per day at its meeting on Tuesday while leaving its official production policy unchanged, energy consultancy PFC Energy said, citing unnamed sources.

"PFC Energy has learned that OPEC has in principle agreed to trim production from current levels above official output targets," said the respected Washington-based group.

"PFC Energy understands that a cut in actual production could be in the order of 500 (thousand barrels per day), but that the communique text will likely focus on the need to abide by agreed-upon production targets rather than on numerical targets for cuts," it added.

[Could 100-dollar oil become a new OPEC price floor?](#)

VIENNA (AFP) - With the oil market falling rapidly, questions have been raised at a gathering of OPEC producers in Vienna this week about whether 100-dollar oil should be a minimum price to defend, analysts say.

[Russia minister may intervene in BP deal](#)

IRKUTSK, Russia (Reuters) - Russia's Natural Resources Ministry will intervene if BP's venture TNK-BP fails to close a deal to sell control of the Siberian Kovykta gas field to Russia's Gazprom by the year's end, the minister said.

[Norway oil fund exits Rio Tinto on ethical grounds](#)

OSLO (Reuters) - Norway on Tuesday excluded iron ore miner Rio Tinto from its \$375 billion sovereign wealth fund due to environmental concerns over its activities in Indonesia, as part of its drive for ethical investment.

[Rough Seas Ahead?](#)

Underlying my expectation of long term rising oil prices is the ever-dangerous idea that, "This time it's different." The difference, of course, is Peak Oil. Peak oil is different partly because it has never happened before despite having been predicted frequently and because we don't have "peaks" in other commodities. There is no "Peak Wheat" or "Peak Copper". So the idea of Peak Oil is hard for many commodity experts to accept.

[The Business of Water: Shrinking Water Supplies and Growing Energy Demands—an Emerging Strategic Headache](#)

The links between energy and water have significant strategic implications for many businesses and will affect companies outside the energy and utility sectors. The future development of these interrelationships begs the question: Do businesses fully recognize the wider strategic risks posed by water scarcity, the impact of climate change and the implications for energy production and availability? In most cases, the answer is no.

[iPhone Hits the Road with Avego's Shared Transport Application: Avego combines GPS and Mobile Technology to Unlock Millions of Wasted Seats](#)

Debating at DEMOfall, Mapflow Ltd. today announced Avego, a new technology designed to reduce wasted seat capacity in cars and dramatically expand commuting options. Avego [pronounced a-vay'-go] pairs passengers and drivers through an easy-to-use system using iPhones and other mobile devices.

A cross between carpooling, public transport and eBay, Avego matches a driver's wasted

seat capacity-those seats which are unoccupied-to passengers, reducing commute costs for all participants. Avego automatically apportions the cost of the commute, providing a key financial incentive to commuters frustrated by high gasoline prices.

[Register now at St. Lawrence College: Food Sustainability](#)

This new 13 week course examines the causes and consequences of mounting global food shortfalls and price hikes: peak oil, ethanol, peak water, peak soil, meat eating, export-bans, speculation, climate change, etc. We will calculate the costs of our own eating habits with special guest grocers and farmers and explore the history of famines around the world.

[Town launches its own currency to encourage residents to shop locally](#)

A historic county town was today launching its own currency in a bid to encourage residents to shop locally.

More than 70 local traders in Lewes, East Sussex, have agreed to accept the Lewes Pound as a complementary currency to pound sterling.

[Google sees energy solution in the math](#)

SAN FRANCISCO--Google CEO Eric Schmidt outlined an energy plan Monday to reduce America's dependence on oil and create green jobs.

..."It's just a math problem," Schmidt said to a crowd of executives here at the Fairmont Hotel.

He said that, if by 2030, the U.S. were to adopt renewable energy sources for 100 percent of its power generation, replacing energy production from coal-fired plants, and replace at least half of its cars with plug-in hybrids, then it could cut carbon emissions by half. (And potentially avert a global warming crisis.)

No easy feat. But if the plan is adopted, Schmidt calculated that the U.S. would save 97 percent of \$2.17 trillion in energy spending over the next 22 years. So expenditures would only be \$600 billion; or assuming an 8 percent discount rate (factoring interest rates), the government could save even more in that time.

[The Flying Dutchman solves global warming](#)

If mimicking a massive volcanic eruption by spraying sulfur dioxide into the air or flying thousands of mirrors into space to shade Earth to halt climate change doesn't cut it for

you, how about this? A fleet of 1,500 automated ships, dubbed "albedo yachts," spewing saltwater into the sky to make denser clouds that reflect more sunlight—and cool the world.

[Research Links Allergies to Climate Change](#)

Dr. Clifford Bassett, of Allergy and Asthma Care of New York, says ragweed allergies affect more and more people; he says that over the past three years, he has seen about 50 percent more new allergy patients.

"We're really looking at an epidemic of new patients, children and adults alike, with allergies, as well as asthma coming in for the very first time," Bassett told ABC News.

Some scientists believe they can explain why allergy season is the worst yet: climate change.

[Hot air at UN to curb global warming a success](#)

UNITED NATIONS - Hot air at the United Nations has been so successful that more is on the way.

Secretary-General Ban Ki-moon raised the temperature in offices at U.N. headquarters by 5 degrees during August and announced he would be wearing lighter suits.

Many male staff members doffed their jackets and ties while women chose sleeveless attire as thermostats went up from 72 to 77 degrees in offices and 72 to 75 degrees in conference rooms.

['Emissions-free' coal plant pilot fires up in Germany](#)

BERLIN (AFP) - One of Europe's biggest power companies inaugurates on Tuesday a pilot project using a technology that it is presenting as a huge potential breakthrough in the fight against climate change.

But green campaigners have denounced the project as a cosmetic operation that does not really address the problem of global warming.

[Climate inaction 'costing lives'](#)

Failure to take urgent action to curb climate change is effectively violating the human rights of people in the poorest nations, an aid charity warns.

A report by Oxfam International says emissions, primarily from developed countries,

are exacerbating flooding, droughts and extreme weather events.

As a result, harvests are failing and people are losing their homes and access to water, the authors observe.

They say human rights need to be at the heart of global climate policies.



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