



## DrumBeat: September 16, 2008

Posted by [Leanan](#) on September 16, 2008 - 10:10am

Topic: [Miscellaneous](#)

### [Oil at 7-month low on Wall Street woes](#)

*Crude futures fall more than \$4 a barrel as economic concerns fuel market fears that demand for energy will not recover any time soon.*

NEW YORK (CNMoney.com) -- Oil prices settled at a seven-month low Tuesday as the meltdown on Wall Street pulled the oil market's focus to the economic slowdown that has already been cutting away at demand for energy.

Lehman Brothers filed for bankruptcy Monday, Merrill Lynch agreed to be purchased by Bank of America over the weekend, and American International Group continued to be hit by downgrades even as it struggles to come up with capital.

Oil closed \$4.56 lower to \$91.15 a barrel, after reaching as low as \$90.51. Tuesday's settle was the lowest since Feb. 7, when oil closed at \$88.11 a barrel.

On Monday, oil traded down \$5.47, bringing the 2-day loss to \$10.03.

"The sheer rise of oil as a financial instrument through July of this year is what pushed it higher, and it's now showing the other side of the same sword, with prices pushing lower," said Peter Beutel of energy risk management firm Cameron Hanover.

### [Saudi Arabia Will Probably Cut Oil Supply, Riyadh Banker Says](#)

(Bloomberg) -- Saudi Arabia, the world's biggest crude oil exporter, will probably reduce supplies before the next OPEC meeting in December after the group pledged to respect output quotas, a Riyadh-based banker said.

The Organization of Petroleum Exporting Countries told its members on Sept. 10 to "strictly" comply with production quotas after oil prices fell 30 percent from a record. Prices have since slid another \$10 to \$92 a barrel in New York. OPEC next meets in Oran, Algeria, on Dec. 17.

"They will continue to reduce production until the December meeting," John Sfakianakis, chief economist at Saudi British Bank, said in an interview in London today. The kingdom will likely pump about 9.2 million barrels a day by the next gathering, he said, compared with 9.5 million last month.

### [Device exploded at Shell's Dublin office](#)

The 'bomb' was described as a "simple, improvised explosive device" and its remains are now being investigated.

Shell Ireland has reportedly described the incident as a "sinister development".

### [Opposition challenges Russia-Serbia energy deal](#)

A pro-Western opposition party says it is challenging a key gas and oil deal with Russia at Serbia's Constitutional Court.

The Liberal Democratic Party says in a statement that the deal was unconstitutional because it includes the sale of Serbia's state oil monopoly without a public bidding and gives away strategic resources to another country.

### [Venezuela says oil to settle at \\$90-\\$100 per barrel](#)

CARACAS (Reuters) - Volatile oil prices will settle from \$90 to \$100 per barrel, Venezuela's President Hugo Chavez said on Tuesday.

### [CenterPoint crews find ruined power system in Galveston](#)

Ike snapped power poles in half or washed them away. Downed power lines now dangle from splintered poles or crisscross streets littered with tree limbs, broken glass and other debris.

What appear to be high-tension lines and poles along FM 3005 on the city's hard-hit West End lay toppled and broken for miles.

Water and electricity have been restored in some spots, but officials said it could take weeks for power to return to the entire island.

### [Arctic sea ice melt comes close, but misses record](#)

WASHINGTON - Crucial Arctic sea ice this summer shrank to its second lowest level on record, continuing an alarming trend, scientists said Tuesday.

[Expert: Rebalancing global economy means more energy to developing economies](#)

LONDON (Xinhua) -- A profound rebalancing of the global economy requires increasing levels of energy and amounts of raw materials for developing countries, Pierre Gadnonneix, head of World Energy Council said here on Tuesday.

Speaking at the opening ceremony of the two-day FT-WEC Energy Leaders Summit, the WEC chairman said: "The IMF estimates that by 2012, developing countries will be producing more than 50 percent of global growth, which requires increasing levels of energy and amounts of raw materials for developing countries to support their growth."

This shift is so rapid that it has created lasting tensions on energy prices because capacity has not kept up with demand, the WEC chief said.

Each day there are 200,000 more people on the earth, and these people want to live a better life than their parents, which helps make energy demands to increase by up to 50 percent between now and 2030, Gadnonneix said.

[Peak Oil, or Just Peak Oil Prices?](#)

This summer, as oil prices set record after record, many in the "peak oil" camp were thumping their chests. The massive price spikes in the space of a few months underscored their warnings that global oil supplies weren't keeping up with global oil demand, and that things could only get worse.

Plenty of analysts figured \$200 oil was inevitable; at the very least, \$100 would be the "new norm." The era of permanently high and rising oil prices were going to spark an energy revolution in the U.S. and the rest of the industrialized world. Oil prices rose so much so fast, Congress all but started replaying tapes of Jimmy Carter's cardigan speech to get in the "energy independence" mood again. SUVs became instant highway pariahs. Tire pressure came to dominate part of the presidential debate nationwide. Californians decided offshore oil drilling wasn't so bad, after all.

So what happened? Since hitting its peak in July, crude has fallen 38%. This month alone, two hurricanes have hammered the Gulf Coast's oil and refining infrastructure —driving oil *down* another 20%.

[Damage for drillers 10-20 pct of Katrina-Tidewater](#)

SAN FRANCISCO (Reuters) - The damage wrought by the latest two hurricanes on Gulf of Mexico energy operations is no more than a fifth of what they suffered after Hurricane Katrina, according to the chief financial officer of Tidewater Inc.

"What I'm hearing is that the damage from Gustav and Ike is nothing near the catastrophic situation we had after Katrina three year ago," CFO Keith Lousteau told investors at a Bank of America conference in San Francisco on Monday.

### [Petrobras goes for Argentine goal](#)

Brazilian giant Petrobras has given the green light to a \$90 million development on the company's first ever discovery in the Argentine province of Santa Cruz, with a production target of 6000 barrels per day.

### [Depression economics](#)

Among worthy spending projects, I'd put a decent national rail system on the top of the list, combined with major buildout of rail systems in major cities. Whether for "peak oil" reasons, general environmental reasons, or just general urban pleasantness reasons, trains are by far the superior solution. We should have a train system at least as good as that of France, and why not a few steps better while we're at it.

### [Ice Core Studies Confirm Accuracy Of Climate Models](#)

An analysis has been completed of the global carbon cycle and climate for a 70,000 year period in the most recent Ice Age, showing a remarkable correlation between carbon dioxide levels and surprisingly abrupt changes in climate.

The findings, just published in the online edition of the journal Science, shed further light on the fluctuations in greenhouse gases and climate in Earth's past, and appear to confirm the validity of the types of computer models that are used to project a warmer climate in the future, researchers said.

### [Study: Health care begins to feel economic impact](#)

Rising oil prices affect the cost of goods made from petroleum-based materials such as plastics, says the report called Navigating the Perfect Storm: Understanding the Steep Rise in Supply Chain Commodity Costs.

That cost also impacts the price of natural latex rubber, which is affected by the demand for man-made rubber. Also, the production price for steel — used to make surgical instruments, needles and other items — jumped 26.5 percent since May 2005. The price for bulk paper and pulp — used for patient and surgical gowns and masks — also has increased.

### [Australia: Bus system heading for a crash](#)

BUSES have quietly plied their way around the leafy northern suburbs of Sydney

without too much trouble for the past two decades. But that is set to change drastically if petrol prices continue to rise, according to an alarming new report by the University of Sydney.

In a worst-case scenario, where the price of petrol soars by \$1 per litre each year to 2017, the number of people trying to climb aboard a Forest Coach Lines bus between St Ives and the city would climb 1600 per cent.

Instead of carrying about 1500 commuters in the morning peak each day, the buses would have to transport more than 24,000 - an almost impossible task. While Forest currently has 70 buses in service, it would need 480 vehicles for this route alone.

### [Valero: most of Texas City refinery has power](#)

NEW YORK (Reuters) - Valero Energy Corp said on Tuesday that power has been restored to most production units at its 245,000-barrel-per-day Texas City, Texas, oil refinery in the wake of Hurricane Ike.

Company spokesman Bill Day said in an email the company is working to restore power at its 295,000-bpd Port Arthur, Texas, refinery. Power has been restored to most production units at the 130,000-bpd Houston, Texas, refinery.

"All three refineries remain shut down," Day said.

### [Chevron says some platforms toppled by Hurricane Ike](#)

"Reconnaissance flights indicate that some platforms have been affected, with several reported as toppled in the eastern and western shelf areas," the company said in a press release.

### [North Carolina: Fuel shortage could hurt school bus service](#)

RALEIGH -- North Carolina school districts are being warned that there's a shortage of fuel available that could potentially force cuts in school bus service.

The vendors who provide the diesel to operate the state's public school buses say they're not getting fuel due to Hurricane Ike, according to Derek Graham, section chief for transportation services for the state Department of Public Instruction. Some school districts have not received their loads of diesel fuel as a result.

### [Noble GOM Fleet - 3 Semisubs with Mooring Damage](#)

Noble Corporation reports that in the wake of Hurricane Ike the Company has concluded an aerial survey and preliminary on board evaluations of most of its active U.S. Gulf of Mexico units. The Noble Paul Romano and Noble Amos Runner experienced mooring failures and drifted from their original respective locations, but have been boarded and power has been restored. In addition, the Noble Lorris Bouzigard has experienced damage to its mooring system but has remained in the area of its primary location.

### [Tennessee: EMS Services, Police Take Steps To Save Gas](#)

GALLATIN, Tenn. - Some Middle Tennessee stations are still out of gas.

Fortunately the shortage has not shut down emergency crews.

But some agencies are considering back up plans just in case.

### [Why Is Gas So Expensive At Some Stations, But Not Others?](#)

You see gas for \$5.35 at one station, yet it's \$3.69 a gallon just down the road. What's the deal?

### [Analyst: Gas prices should settle close to \\$4](#)

Motorists will continue to pay more at the gas pump through September but could see some significant relief in coming months, an oil industry analyst said Monday.

Gas prices, which surged during the weekend as refineries in the Gulf of Mexico shut down for Hurricane Ike, should settle to about \$4 per gallon of regular, said Tom Kloza, publisher and chief oil analyst at the Oil Price Information Service in Wall, N.J.

"You can expect to see some of the highest prices, around \$5 per gallon, to drift lower. You can expect to see the lower prices to drift up," Kloza said.

### [Gas stations' owner denies price gouging](#)

"I didn't price gouge anybody and I've got the invoice to prove it," said Joe McCaskill, owner of Mac's Gas, a local chain of gas stations that attracted attention last week for charging \$5.17 per gallon for fuel.

As proof, McCaskill's offered a receipt from Denver-based fuel distributor TransMontaigne showing a purchase Friday of 8,000 gallons of fuel at cost of \$4.77 per gallon. With tax and freight costs added, McCaskill said he was selling his gas at cost.

McCaskill said Mac's prices across the region were higher than normal because the corporate gas stations like Shell, Exxon, BP and others received better deals from their distributors. With reports percolating last week that oil production would be stalled for up to 12 days, McCaskill bit the bullet and paid TransMontaigne \$39,000 for his fuel allotment.

"It was a really bad decision," he said. On Monday, McCaskill dropped his price to \$3.67, a loss of more than \$1 per gallon on the shipment.

### [Georgia: School week may get shorter](#)

The high price at the gas pump has the Muscogee County School District preparing for the possibility of a shorter school week.

During a board meeting Monday night, interim Superintendent John Phillips said school districts and city governments across the state are dealing with the rising cost of diesel fuel in the wake of Hurricane Ike.

Phillips said he wouldn't be surprised if Gov. Sonny Perdue cut a few school days to save fuel, saying it's happened before in times of emergency.

### [South Carolina: Fuel shortage leads to state restrictions](#)

Gov. Mark Sanford and the state Budget and Control Board asked state agencies Monday to restrict nonessential travel for the week because of fuel shortages caused by Hurricane Ike.

The board also curbed deliveries between government offices statewide and pickup of surplus government items.

### [Fuel prices put brakes on driver profits](#)

On any given Monday you can find a parking lot full of taxi drivers willing to talk about what a pain fuel prices are. But this week, its full of cabbies who now remember \$3 a gallon gas as the good ole' days.

### [Gas prices, gouging and crude regulation](#)

In fact, although it's unlikely to deter Messieurs Harper, Layton, Dion and their colleagues from wringing their hands and musing darkly of the evil oil companies can do, industry experts say the recent rise in gas rates is no more inexplicable than the coming – and likely equally substantive – drop in pump prices will be.

### [No conspiracy behind gas prices](#)

Federal party leaders who muse about how oil companies might be gouging consumers - - which comes as gasoline prices rose despite the per-barrel price of oil dropping -- should remember Ockham's principle. They should also reacquaint themselves with the basic facts of economic life, such as the effect of shortages on price.

### [ADB warns against another food shortage in Asia](#)

Even if governments begin to invest in the agricultural sector, it will still take several years of good harvests to rebuild dwindling global grain stocks, said the Manila-based development bank.

"To do this, the prices that farmers receive for their produce must stay high, particularly since input costs have risen with oil prices. Fertilizer prices, for example, have soared and transport and other fuel-related costs for farm machinery are also up," said the economist.

### [Nigerian militants sabotage oil facilities](#)

PORT HARCOURT, Nigeria (Reuters) - Nigerian militants attacked two oil installations in the heaviest fighting in the Niger Delta in two years, security sources said on Tuesday.

### [OPEC Emergency Meeting Would Be Premature, Iran Says](#)

(Bloomberg) -- OPEC needs to study the effects of its production cuts before considering an emergency meeting, Iran's OPEC governor said as prices fell to a seven-month low.

"Ministers need at least September and October data to see the impact of OPEC's decision on the market," Mohammad Ali Khatibi told Bloomberg in a phone interview from Tehran today. "We cannot be in a hurry -- an emergency meeting would be a judgment in a rush."

### [Venezuela eyeing China as oil buyer](#)

BEIJING: China is set to expand its influence right into the heart of the American continent with the help of the Venezuelan president Hugo Chavez, who recently expelled the United States envoy from his country.

Chavez is going to visit Beijing in search of buyers for Venezuelan oil, which he has



stopped selling to the United States.

### [Pakistan: GIs on cross-border raids will be shot](#)

ISLAMABAD, Pakistan - Pakistan's military has ordered its forces to open fire if U.S. troops launch another air or ground raid across the Afghan border, an army spokesman said Tuesday.

The orders, which come in response to a highly unusual Sept. 3 ground attack by U.S. commandos, are certain to heighten tension between Washington and a key ally against terrorism.

### [The deepening auto recession](#)

For the past several months, industry executives had expected to see an improvement in their business prospects in 2010, when new models arrive, the economy brightened and a lower-wage union contract kicked in. But doubts are creeping into the forecast that could push recovery further into the future.

For instance, Ford's highly touted new small cars from Europe, the Fiesta and the Focus, may encounter resistance from consumers who are not used to paying premium prices for subcompact and compact cars.

### [Environmentalists target oil sands investors](#)

CALGARY — Environmental group Greenpeace Tuesday launched a new attack on Alberta's oil sands, claiming that energy companies BP PLC and Royal Dutch Shell have underestimated the potential risks to investors of oil sands development.

### [Renewables push](#)

MEPs confirmed the 20% EU-wide target for renewables and made no changes to those for individual countries, which range from 10-42%, reflecting each one's starting point and the effort it has already made. These mandatory targets would be buttressed by indicative interim objectives for 2015, and would be enforced by the threat of financial penalties of up to €110 per megawatt for laggards and incentives of €30-40 per mw for those that surpass them (an idea that raises some hackles in the Council of Ministers).

### [Aussie Web site urges moms to swap, not shop](#)

SYDNEY - Why shop when you can swap? An Australian bartering Web site is targeting moms keen to live the good life despite the economic slowdown, and their children.

### [Brazil turns down OPEC invitation](#)

SAO PAULO, Brazil (AP) -- Top Brazilian energy officials say they have declined an invite from Saudi Arabia to join OPEC, explaining that Brazil plans to refine, not export, crude oil from recently discovered deep water reserves.

Brazilian state news agency Agencia Brasil on Monday cited Mines and Energy Minister Edison Lobao, who said the invitation was extended recently.

Paulo Roberto Costa, a high-ranking executive with the state-run Petroleo Brasileiro SA oil company, confirmed that Brazil had turned the offer down because it plans to refine crude at home in order to export costlier petroleum products.

### [EPA Approves Third Hurricane-Related Fuel Waiver For Texas](#)

Washington, D.C. (AHN) - With fuel supplies disrupted by Hurricanes Gustav and Ike, the EPA has approved a waiver of certain Clean Air Act requirements on selling low emission diesel fuel in Texas to ensure there is enough fuel there.

This is the third in a series of fuel quality waivers to make sure that there is flexibility for the fuel distribution systems in affected areas and, the EPA said in a statement emailed late Monday night.

### [Sheetz Says Fuel Shortages in MD, NC Won't Hit PA Pumps](#)

Fuel shortages caused by Hurricane Ike are hitting Sheetz gas stations in Maryland, Virginia and parts of North Carolina.

The Altoona-based company says some of its convenience stores began running out of gas over the weekend due to the shutdown Thursday of a major southeastern distribution artery run by the Georgia-based Colonial Pipeline Company. Sheetz spokeswoman Monica Jones says she doesn't know when they will be resupplied. But Jones says the gasoline supply in Pennsylvania should be unaffected.

### [Cincinnati: Stores, Gas Stations Running out of Supplies](#)

The big blackout is causing problems for the gas stations that have power. Several local stations are beginning to run out.

The BP at the intersection of Beechmont and Five Mile Road in Anderson Township is completely out. Signs warn customers about the shortage. The station has been out of gas since at least 10 o'clock last night.

*(Though Ike was "only" a tropical storm when it passed over Ohio, the winds still did a lot of damage. The fuel shortages are partly due to widespread power outages that mean fuel can't be pumped from storage tanks.)*

### [In Praise of Economic Pain](#)

No one likes a recession. The truth is, though, that most of us need to be jolted out of a fossil-fueled consumerist binge that's gobbling up the planet. While the latest downturn hurts, America has much to gain from it, not the least of which is sanity—a break from the soul-numbing, environmentally devastating addiction to ever more stuff.

### [Saudi Talk and Production Bring Down Oil Price](#)

What seems clear, however, is that whatever the reason, the King of Saudi Arabia has wanted oil prices to go back down for a number of months, so much so that he called an unprecedented global meeting of oil ministers to foster lower oil prices. Until the Khursaniyah field came on stream recently, the King had limited ammunition to get prices down. It seems like his decision to reduce production in 2007 to about 7.5 mb/d, down from the prior 8.4 mb/d may have been designed to reflate the pressure of certain fields so that he could later increase output from those fields when the new Khursaniyah capacity came on stream during the summer/fall of 2008 in order to assure low oil prices prior to the U.S. election. Now that the Saudi's are pumping out 9.5 mb/d, lower prices are the result.

### [Nigeria oil output dips around 100,000 bpd](#)

ABUJA (Reuters) - Nigeria, the world's eighth largest oil exporter, is pumping around 2.1 million barrels per day, down from last week after a fresh wave of militant attacks, a senior oil official said on Tuesday. "Production had been at around 2.2 million barrels per day. We are now at 2.1 (million)," a senior official with the state-oil firm NNPC told Reuters.

### [Sinopec rebate cut as refining nears break-even](#)

HONG KONG (Reuters) - China will cut a key tax rebate for oil firm Sinopec this quarter, just as the tumbling oil price begins to return its refining operations to profit, a company source said on Tuesday.

"Based on discussions with the government, the tax rebate rate on crude imports will be cut to 40 percent in the third quarter from 75 percent in the second quarter, meaning

the government rebate will be roughly halved," the company source said.

### [Florida increasingly takes to McCain's view on offshore drilling](#)

At a Hess gas station on the mainland near Caladesi, Gerald Walker said he used to be against extracting oil off the Florida coast, until gasoline prices soared. "Drilling? At \$3.64 a gallon, I'm all for it," said Walker, a 60-year-old accountant.

"Drill, baby, drill!" is now the rallying cry of the Republican Party, and the party's presidential candidate, Senator John McCain of Arizona, is gaining support with that cry, even in this coastal swing state.

### [Pakistan: People furious over loadshedding; set seven vehicles alight](#)

KARACHI - Angry citizens on Monday set as many as seven trawlers on fire here on Sharah-e-Pakistan in protest over prolonged and unscheduled power outages in District Central, Federal B Area, Liaquatabad, Jamsahaid Road and other parts of the metropolis.

Enraged protesters came on to the roads after prolong loadshedding gripped various areas of the city and pelted stones on the passing vehicles and also burnt seven trawlers carrying goods.

### [Venezuela's Chavez to visit China later this month](#)

BEIJING (AP) — Venezuelan President Hugo Chavez will hold talks with Chinese President Hu Jintao when the leader of the oil-rich Latin American nation visits China later this month, the government said Tuesday.

### [Lower oil production is the real story](#)

While Exxon Mobil boosted production from fields in West Africa and the North Sea, the gains weren't enough to offset declines from aging oil fields, the company said.

The company blamed the decline in part on its contracts with oil-producing countries, which allow those countries to claim a larger share of oil volumes as prices rise. In other words, the higher prices go, the less oil Exxon Mobil gets.

As those countries benefit from higher prices, living standards rise and, as I mentioned last week, their own demand for oil increases. That, in turn, means less oil for companies such as Exxon Mobil over the long term.

The problem isn't unique to Exxon Mobil.

Other major oil companies also offered a stark production picture. BP's was unchanged from a year earlier. Shell reported a gain only because it boosted natural gas production, which offset lower oil output. ConocoPhillips reported an increase but attributed it to its 20 percent stake in Russia's Lukoil.

With national oil companies now holding most of the world's reserves, companies like Exxon Mobil are left with few places to look for new production.

### [Oil prices sink briefly under \\$90](#)

LONDON (AFP) - World oil prices dipped briefly beneath 90 dollars a barrel Tuesday on growing economic gloom that was likely to further dampen demand for energy in the months ahead, traders said.

OPEC on Tuesday cut its world oil demand growth forecast for 2008 to 1.02 percent from 1.17 percent previously, in the face of falling demand already occurring in the United States, the world's biggest consumer of energy.

The price of crude oil has now plunged by almost 40 percent since striking record highs above 147 dollars per barrel in July.

### [OPEC cuts 2008 oil demand growth](#)

OPEC on Tuesday cut its forecast for global growth in oil demand in 2008 for the sixth time this year, the latest sign that slowing economies are eroding fuel consumption.

The exporter group also said oil output in line with its decision last week to trim supply to agreed levels will be more than enough to meet demand ahead of winter and contribute to an above-average rise in inventories.

### [Weak oil and debt markets may bedevil oil sands plans](#)

CALGARY, Alberta (Reuters) - A double whammy of tumbling crude prices and shaky credit markets could force some companies to delay multibillion-dollar Canadian oil sands projects, cutting the country's overall output forecast.

Most at risk are developments that are in the design phase but have yet to start construction. Some have already been delayed due to surging costs, a tight labor market and stricter regulatory scrutiny.

"It's starting to weigh on people's minds as to what is the break point," FirstEnergy Capital Corp analyst William Lacey said.

### [Credit crisis hurting clean energy sector: bankers](#)

LONDON (Reuters) - The renewable energy sector will see a 21 billion euro (\$29.43 billion) shortfall in debt finance by 2020, following the credit crisis and a brake on lending, a senior banker said on Monday.

Investors at a renewable energy finance conference in London tried to digest the implications of a banking hiatus following Lehman Brothers' filing for bankruptcy and Bank of America's acquisition of Merrill Lynch.

### [See You Later, Speculator](#)

It was said to be the year of speculators gone wild. Seemingly everyone in Washington, including Barack Obama and John McCain, decided that oil prices were soaring because profiteers and middlemen were manipulating the futures markets. "Speculators" were spotted everywhere this side of the grassy knoll.

The only problem is that there's no evidence to support the conspiracy theories -- and sure enough, federal regulators dismantled this Beltway consensus late last week. In one of the broadest and most authoritative studies to date, the Commodity Futures Trading Commission has offered hard statistical data that financial trading hasn't been driving price moves. The CFTC conducted an unprecedented Wall Street data sweep and scrutinized millions of transactions worth billions of dollars between January and June of this year.

### [Save the Environment: Drill, Baby, Drill](#)

THE audience's mantra at the Republican National Convention — “drill, baby, drill” — reflected deep frustration with Washington's decision to lock down tens of billions of barrels of oil under American territory in an era of \$4-a-gallon gasoline. Whatever the merits of his argument, Barack Obama's response that “drilling is a stop-gap measure, not a long-term solution” won't make the sting go away as long as it costs \$100 to fill the tank of a pickup truck.

### [Iran's Elite Military Unit To Patrol Gulf](#)

(AP) Iran announced Tuesday that it has put the elite Revolutionary Guards in charge of defending the country's territorial Persian Gulf waters in what appeared to be a hardening of its stance in the vital oil route.

### [Experts: 'Irrational' behavior drives gas prices more than Ike](#)

(CNN) -- Gas prices across the Southeast and Midwest soared over the weekend, and while many would blame Hurricane Ike, human nature may be a more likely scapegoat.

Experts say that when a perception exists that gas is limited -- warranted or not -- consumers flock to the pumps even if officials implore them to stay calm.

It's a combination of fear, desire, distrust and protectionism, experts say.

### [Angola Crude Exports Will Fall 10% in November to 9-Month Low](#)

(Bloomberg) -- Angola, which overtook Nigeria as Africa's oil biggest producer this year, will cut daily crude exports in November by 10 percent to the lowest in at least nine months.

### [Nigerian militants say Shell pipeline destroyed](#)

LAGOS (AFP) - A Nigerian rebel group said Tuesday it had blown up and destroyed a Royal Dutch Shell pipeline in the latest attack in its "oil war" on western firms.

### [BP says Mad Dog derrick toppled by Hurricane Ike](#)

NEW YORK (Reuters) - BP said the drilling derrick on its Mad Dog oil platform in the Gulf of Mexico was toppled and resting on the sea floor after Hurricane Ike.

### [Conoco says to get 1 mln bbl SPR oil for Ill. plant](#)

NEW YORK (Reuters) - ConocoPhillips said the U.S. Department of Energy approved its request for 1 million barrels of crude oil from the Strategic Petroleum Reserve for its refinery in Wood River, Illinois.

### [Why the U.S. wants wind power](#)

One of the attractions of pairing wind energy and plug-in hybrid cars is that it would not require new infrastructure. Indeed, a study by Pacific Northwest National Laboratory points out that the existing grid, using its off-peak capacity to recharge cars, could provide electricity for more than 70 percent of the U.S. fleet if all cars were plug-in hybrids.

With peak oil on our doorstep, the prices of oil and gasoline are projected to continue rising. While gasoline prices are probably headed to \$5 to \$10 a gallon, the wind-

generated-electricity equivalent of a gallon of gasoline costs less than \$1.

We are now in a position to launch a crash program to convert to plug-in hybrids on a massive scale and at wartime speed.

### [All-electric vehicles no magic bullet: scientist](#)

ARGONNE, Illinois (Reuters) - A future of all-electric cars coasting along streets and highways may be illusory, given that their range may be cut in half by aggressive drivers speeding along with the air conditioning blasting, U.S. scientists said on Monday.

That may not be a bad thing, as it will persuade consumers to choose the best blend of electric- and gas-powered hybrid vehicle to suit the type of driving they do.

### [Lithium battery for many vehicles seen a ways off](#)

ARGONNE NATIONAL LABORATORY, Illinois (Reuters) - Vast improvements are needed to extend the life and lower the cost of lithium batteries before they can efficiently power vehicles, a U.S. government official who tracks high-power battery development said on Monday.

### [As Oil and Gas Prices Rise, Wood Stoves Gain Converts](#)

JEFFERSON VALLEY, N.Y. — Fire Glow Distributors Inc., a store in this hamlet in the Westchester County suburb of Yorktown Heights, has pellet stoves on back order. Tree trimmers for the utility company in Orange and Rockland Counties, used to scavengers in pickup trucks, have spotted Mercedes-Benzes trailing their crews to load logs into their (carefully lined) trunks.

And in Spring Valley, a village in Rockland County, landscapers like John Wickes are being pestered for the scrap branches they had to pay to dump just a few months ago.

“There are wood wars,” said Mr. Wickes, a third-generation co-owner of Ira Wickes, a family arborist business founded in 1929. “People are desperate to look for ways to heat their homes cheaply.”

### [A disruptive time of profound change](#)

At the small town of Schwarze Pumpe in eastern Germany, the Swedish energy group Vattenfall has built a power plant that would have bemused an earlier generation of electrical engineers.



The heat source is conventional: lignite, brown coal. What is new is that the coal is burned in pure oxygen, and the carbon dioxide that is the principal exhaust gas is captured, compressed and liquefied, and pumped into tankers. The trucks then drive the liquid CO<sub>2</sub> to an exhausted gas field, also in Germany to be pumped 3.5km below the surface.

### [Carbon regulation could hit 1 million U.S. firms: study](#)

WASHINGTON (Reuters) - The prospect of U.S. regulation of climate-warming carbon dioxide has sparked a pre-emptive outcry from the Chamber of Commerce, which warned of bureaucratic gridlock if proposed limits are put in place.

In a report to be released on Tuesday, the pro-business organization projected such regulation would affect more than 1 million U.S. businesses and create such a regulatory backlog that it could stall economic development.

### [Air NZ to fit winglets to cut fuel and emissions](#)

WELLINGTON (Reuters) - National carrier Air New Zealand Ltd is to fit winglets to its Boeing 767-300ER planes to cut fuel consumption and reduce carbon dioxide emissions, the airline said on Tuesday.

The airline said it expected the modifications would save more than NZ\$7.5 million (\$4.9 million) in fuel costs and cut CO<sub>2</sub> emissions by around 16,000 tonnes a year.



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