



DrumBeat: September 20, 2008

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[Goldman "super spike" analyst cuts oil forecast](#)

NEW YORK (Reuters) - Goldman Sachs energy equities analyst Arjun Murti, one of the first to predict \$100 a barrel crude, cut his 2009 oil price forecast to \$110 from \$140 a barrel this week due to global economic weakness.

"We have moderated our 2008 and 2009 oil price forecasts both to account for the recent pullback and better reflect oil demand uncertainty," Goldman Sachs said in a research note prepared by Murti and other Goldman analysts.

[For good neighbours, live in a quiet, car-free street](#)

New research, based on interviews with households on three Bristol streets, has found that people who live with high levels of motor traffic are far more likely to be socially disconnected and even ill than people who live in quiet, clean streets.

It confirms a study done by a British academic in San Francisco in 1969. This found the weight of traffic in urban areas largely determined people's quality of life and also identified a major erosion of community on busy streets. The Bristol study is the first time that research has been conducted in Britain.

[Cooking newbies turn to home dining to cut costs](#)

PITTSBURGH (AP) — Arnisha Keyes admits she's no Rachael Ray. Until recently, she spent \$30 a day to eat breakfast, lunch and dinner at restaurants.

But the high price of gas has her testing her cooking skills to save money, packing lunch for work and experimenting with dinner salads by microwaving frozen vegetables, mixing them with spinach and pouring ranch dressing on top.

[United may not be alone with fuel hedge loss](#)

Airline bets that oil prices would rise looked like a no-brainer this summer. But with oil prices falling, those hedges against rising fuel costs are getting expensive.

United Airlines said on Wednesday it is on track to lose \$544 million on fuel hedges this quarter. That included \$72 million in realized losses and another \$472 million in unrealized losses. Those positions forced United to put \$400 million into restricted cash for the parties on the other side of its oil price bets.

[Government: Gas mileage rise in 2008 vehicles](#)

WASHINGTON (AP) — The average fuel efficiency of the fleet of new cars and trucks rose only slightly in 2008, but the government said Friday an increase in the sales of smaller vehicles due to high gas prices could push the numbers higher.

The Environmental Protection Agency reported that the average performance of new, 2008 model cars and trucks was 20.8 miles per gallon in 2008, up 0.2 mpg compared to 2007 model year vehicles a year ago, and a 1.5 mpg increase since 2004.

The estimates, which the agency uses on vehicle window stickers on dealer lots, are based on a combination of pre-sale road tests and projections of likely sales of the new model vehicles. But with people buying smaller, more fuel efficient vehicles — and fewer SUVs and pickups — those fleet-wide projections were likely to be off the mark, the EPA acknowledged.

[USCG opens Houston Ship Channel to most ships](#)

HOUSTON (Reuters) - The U.S. Coast Guard on Friday lifted nearly all Hurricane Ike-related limits on tankers, freighters and other ships traveling the Houston Ship Channel, a spokeswoman said.

The channel reopened to 24-hour-a-day travel at full depth, 45 feet (13.7 meters), for 47 miles (75.6 km) from the Gulf of Mexico to Shell-Pemex Deer Park. The channel was at full depth, 40 feet, for the next 7 miles to Manchester Terminal.

[More fuel on the way to Nashville](#)

NASHVILLE, Tenn. (AP) - Pipelines supplying Nashville with gasoline were running at full capacity after a shortage that officials said was spurred by panic buying.

Gov. Phil Bredesen said in a news release on Friday that the pipelines supplying Nashville should continue at full capacity into next week.

Still, Bredesen urged Nashvillians to conserve fuel, saying the city could continue to see shortages for the next few days.

[North Carolina: Supply of gas remains tight](#)

Meals on Wheels in Asheville on Friday issued a plea for volunteers to deliver food and other supplies to homebound seniors.

“Due to the gas shortage, some volunteers have had to cancel their scheduled delivery days ... leaving many elderly clients hungry and alone,” said Terri Bowman, the development director for the agency, which serves more than 500 Buncombe County seniors each weekday.

[Tallahassee gas supply a week away from normal](#)

Inventory levels are improving. And it will stay on that path if motorists return to normal buying patterns, said Jim Smith, president of the Florida Petroleum Marketers & Convenience Store Association.

"As long as we don't see a repeat of what we saw (a week ago), we'll be OK," Smith said.

[Frustrated in Ohio: 5 days without power for some](#)

CINCINNATI (AP) — Facing a fifth day without power, the residents of a senior housing community in western Ohio took to the street with foam signs to protest the failure of Dayton Power and Light Co. to restore electricity.

"You would think that based on our abilities, our capabilities, residents here should draw some priority," resident Bob Williams, 80, told the Dayton Daily News.

Power outages are more than an inconvenience at the Fairwood Village retirement community where some residents depend on oxygen devices, 911 service and working elevators.

[Michael Klare: Palin's Petropolitics](#)

In the clinical terminology of political science, Alaska is a classic "petrostate." That is, its political system is geared toward the maximization of oil "rents"--royalties and other income derived from energy firms--to the neglect of all other economic activities. Such polities have an inherent tendency toward corruption because of the close ties that naturally develop between government officials and energy executives and because oil revenues replace taxation as a source of revenue (Alaska has no state income tax), insulating officials from the scrutiny of taxpayers. Ever since the discovery of oil in the North Slope, Alaska's GOP leadership has largely behaved in this fashion. And while

Governor Sarah Palin has made some commendable efforts to dilute her party's ties to Big Oil, she is no less a practitioner of petrostate politics than her predecessors.

[Sri Lanka: Fuel shortage threatens provision of drinking water in Vanni](#)

Sri Lanka's Ministry of Defence (MoD) has instructed the Sri Lanka Army (SLA) not to allow Humanitarian Convoys to the Internally Displaced Persons (IDPs) Ki'linochchi district with food items provided under the United Nations World Food Programme, as a "punishment" for the people of Ki'linochchi district for not "obeying" its instruction to leave Ki'linochchi to Vavuniyaa, according to an official attached to Vavuniyaa District Secretariat. Meanwhile, North East Secretariat on Human Rights (NESoHR) in a press statement issued on Saturday said fuel shortage has severely affected the provision of drinking water to the internally displaced civilians.

[Even a little oil floats town along for now](#)

An oil field is like a balloon, Moran says. If you poke a balloon with one pin, air rushes out the hole. If you poke it with ten pins, it deflates faster, with less pressure.

"If we didn't drill another well, production would decrease 10 percent a year," he says. "There's no question that in a few more years, we'll be needing more from other places.

"We will never be independent," he says. "In a few years, we'll be importing 70 or 80 percent of our oil."

[One heated debate](#)

SARATOGA SPRINGS - One local business has definitely found the silver lining to this year's skyrocketing fuel prices. From January to July, Saratoga Fireplace & Stove sold the same number of pellet-burning stoves as it did for all of 2007, and with autumn's chill in the air, demand is stronger than ever.

So strong, in fact, that there's a waiting list for stoves that some people might not get until after the Christmas and New Year's holidays.

"It's nuts!" manager Mike Thornton said about his store's high sales volume. "We started way back in early June. Typically, people don't start coming in until September."

[GM's long road back to electric cars](#)

Electric cars are not a particularly new idea. In fact, electricity seemed like a natural way to power early automobiles. The motors were quiet, clean and unlike gasoline or steam engines, they could be started with a button press.

The disadvantages were that electric cars lacked the range and speed of gas or steam cars, so they were marketed as the ideal choice for women since, it was said, they needed neither speed nor range just to run errands around town.

[What we don't know about biofuels](#)

BERKELEY – Alternately hailed as an energy source that will save us from global warming, or condemned as a pork-barrel payout to agribusiness, biofuels get mixed marks these days in the public mind. For Chris Somerville, director of the Energy Biosciences Institute (EBI), whether and how these futuristic fuels can be "truly positive" for carbon emissions and our energy supply is, as the saying goes, "in the details."

The institute he heads has a lot on its research plate: Which crops should be grown for biofuels? How would their large-scale cultivation affect land prices, food supply, and food prices? What's their impact on soils, waterways, the air, and nearby food crops? Under what conditions would farmers choose to grow biofuel crops? When all the energy involved in their production is accounted for, is there a net gain?

[Is bio-gas realistic in Bangladesh context?](#)

Environment Pollution Department had installed 152 plants at government's expenditure . Most of those plants which involved a cost of US \$ 160 each, went to relatively wealthy families. There is logic in this as to supply enough fuel for the cooking and lighting needs of a family of five, each plant needs about 10 kg of dung daily the output of at least four cows.

In Bangladesh a four-cow owning family is a wealthy family, one which can afford to buy its own fuel wood or cylinder gas. Such families usually do not bother to feed dung regularly into digesters. Thus the experience of biogas project of Ershad period was not all encouraging.

The case of China is different where seven million biogas plants were used as energy source as early as 1983 as the country had well established system of rural communes. It needs to be recalled here that in India 75,000 biogas plants did not function smoothly due to shortage of feeding materials in early 1980s.

[The coal conundrum](#)

Tim Flannery's acknowledgement that the world is too far down the path to dump coal as an energy source will surprise many who have followed his warnings on climate change.

[Brazil offered \\$1 billion to save Amazon forest](#)

BRASILIA, Brazil - Norway will give Brazil \$1 billion by 2015 to preserve the Amazon rain forest, as long as Latin America's largest nation reduces deforestation, Norwegian Prime Minister Jens Stoltenberg said Tuesday.

The promised donation is the first to a new Amazon preservation fund Brazilian officials hope will raise \$21 billion to protect nature reserves, to persuade loggers and farmers to stop destroying trees and to finance scientific and technological projects.

[Get set for \\$200 oil, says CIBC economist](#)

The fundamentals for oil are enormously strong, outspoken analyst Jeff Rubin told international business leaders Thursday -- warning those fundamentals may in fact be too strong as high energy prices spark inflation globally and a reordering of the world economy.

Speaking to the Global Business Forum in Banff, Rubin also argued indicators show the underlying cause of the crisis gripping U.S. and world financial markets linked to the credit crunch -- weakening U.S. home prices -- is close to an end.

[Alberta steps to the fore on global energy stage](#)

Alberta's role on the energy stage will only continue to grow as it becomes the dominant supplier to the United States, a leading oil strategist said Friday.

Daniel Yergin, who heads Cambridge Energy Research Associates, told the Global Business Forum that Americans are woefully oblivious to Canada's role as their lead energy supplier.

[Nigerian militants step up 'oil war' with sixth attack](#)

LAGOS (AFP) - Nigeria's main armed militant group Saturday said it had destroyed a key pipeline run by Royal Dutch Shell in the sixth attack in nearly as many days and vowed to reduce oil exports to "zero".

Shell reacted by declaring force majeure on its exports from the Bonny terminal to release it from contractual delivery obligations as a result of the latest attacks.

[Massive fire at oil depot at Sharjah's Port Khalid](#)

Sharjah: A massive fire broke out at a storage facility of an oil refining company located in Sharjah's Port Khalid at midnight.

At least two people have been injured.

Officials would only say on Saturday that Civil Defence was continuing to fight the blaze and that the cause is under investigation.

[Top Indonesia oil firm official resigns over policy](#)

JAKARTA, Sept 20 (Reuters) - The president of the board of commissioners at Indonesia's state oil and gas firm Pertamina has resigned over a dispute related to a hike in liquefied petroleum gas (LPG) prices, a company source and media reports said.

[Convert to LPG Aussies urged](#)

Former GM Holden engineer and safety campaigner Dr Laurie Sparke wants Australians to convert their cars and trucks to LPG and natural gas to avert what otherwise will be a catastrophe for the country - a shortfall of transport fuels.

Dr Sparke told a Society of Automotive Engineers conference across the Tasman that Australia was facing a supply crisis.

He said the danger to the economy was getting more urgent and called for a massive shift to LPG and natural gas. Oil depletion was arguably the most serious crisis ever to face Australian society, he said.

[Honduran leader says he turned to Chavez when U.S. didn't help](#)

TEGUCIGALPA, HONDURAS — President Manuel Zelaya said U.S. apathy toward deepening poverty in Honduras forced the longtime Washington ally to turn for help to Venezuela's leftist leader, Hugo Chavez.

Zelaya said rising food prices began hitting Hondurans hard six months ago and he asked the local business sector, the United States and the World Bank for help. But he said his pleas fell on deaf ears and so he "sought out Chavez."

"Allies, friends, did not help me when I asked for help," Zelaya said in a news release Friday.

['Kiss Your Gas Goodbye' Friday at First Unitarian](#)

A local church may be the last place you'd expect to learn more about how to save money on gas or buy an electric vehicle, but that's Friday night's entertainment at First Unitarian Church.

Long known for its social activism, the church's environmental ministry will host a new documentary film-screening and answer questions about fuel economy during "Kiss Your Gas Goodbye," aimed at helping anyone interested in moving beyond the current nail-biting Utahns experience at the gas pump.

[Review: Seven Years to Save the Planet](#)

Why are there only seven years to save "the planet"? (Strictly speaking, as McGuire acknowledges, the planet itself, qua big hunk of rock, isn't in any danger, just the distribution of life on it and our habits of civilisation.) Well, according to the Intergovernmental Panel on Climate Change estimates, world carbon emissions will have to start falling dramatically after 2015 to prevent catastrophic change. Given such a small window of opportunity, there is no point debating the merits of possible solution A versus possible solution B: we have, McGuire argues punchily, to do everything at once.

[Canada: Why Green Shift just won't work](#)

The Liberals' 44-page Green Shift policy has been faulted for being complex and difficult to explain, but that's a superficial criticism. Dealing intelligently with tax policy and climate change requires more than a comic book. The real problem with the Green Shift is not that it's complex, but that its tax incentives cancel each other out, its greenhouse gas emissions cut relies on wishful thinking, and it sucks billions of dollars from the productive economy for yet more social spending. On top of that, the Liberals haven't been entirely honest about the numbers.

[Thomas Homer-Dixon and David Keith: Blocking the Sky to Save the Earth](#)

Systems with lots of uncertainty and inertia are notoriously hard to control: we can't effectively predict their future behavior, and we can't quickly correct behavior we don't like. By the time we find out that the climate dice have rolled against us, inertia could make conventional responses like carbon taxes and wind power inadequate. Planning our response around what we currently think is the most likely outcome is therefore reckless. We must hope for the best while laying plans to navigate the worst.



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