



## DrumBeat: September 29, 2008

Posted by [Leanan](#) on September 29, 2008 - 10:15am

Topic: [Miscellaneous](#)

### [Oil plunges \\$10 as US bailout plan voted down](#)

NEW YORK - Oil prices tumbled more than \$10 a barrel Monday, dropping back below \$100 as a U.S. financial bailout failed to win legislative approval, raising fears of a prolonged economic downturn that could drastically erode global energy demand.

Light, sweet crude for November delivery sank \$10.52, or 9.8 percent, to settle at \$96.36 on the New York Mercantile Exchange, after earlier dropping as low as \$95.04.

The dramatic sell-off capped a week of frenzied volatility in oil markets.

### [7,500 Mexicans evacuate; flooding shuts oil wells](#)

MEXICO CITY (AP) - Mexican officials have evacuated 7,500 people and are keeping oil wells shut in Veracruz due to severe flooding from heavy rains along Mexico's Gulf coast.

The state's top civil protection official, Ranulfo Marquez, says large sections of the towns of Minatitlan and Hidalgotitlan are under 10 feet (3 meters) of water.

### [Price Gougers Wanted](#)

The Bush years are looking more and more like the Nixon years: a dishonest executive, a military quagmire, paranoia, upset hippies, ballooning size of government, and now...gas lines – at least if you live in the mountains of Western North Carolina. Last night on the way to the organic grocery store I counted 12 closed gas stations and one that was open.

What gas that is available is going for close to \$4/gallon, and people are angry. Some complain of “price gouging.”

I complain too: we don't have *enough* price gouging!

## [OPEC: Good is Bad - Bad is Good](#)

OPEC coordinates oil production policies to help stabilize the oil market and help oil producers achieve a reasonable rate of return on their investments. This policy is also designed to ensure that oil consumers continue to receive stable supplies of oil. Hence, OPEC is at its weakest point when it does not have excess capacity. With excess marketable capacity, OPEC can influence oil prices when they are increasing, but might not be able to influence prices when they are decreasing. As an old adage says “*adding fuel to fire*”; however OPEC defies the old adage and are adding fire by withdrawing fuel.

## [The Thunder Horse challenge: Optimize perforating performance in an HP/HT deepwater well](#)

The Thunder Horse field in 6,000 ft (1,829 m) of water in the Gulf of Mexico, has stacked consolidated sandstone reservoirs at 20,000 to 30,000 ft (6,096-9,144 m) subsea with pressures of 14,000 to 18,000 psi (96.5-124 MPa), temperatures of 190 to 270° F (88-132° C), and mean rock strengths of 4,000 psi. The wells normally are completed with a 7-in. (17.8-cm) liner and perforated with 3 3/8-in. (8.6-cm), high-shot-density (HSD) wireline guns with deep penetrating charges. However, as a result of drilling problems in one well, a 4 1/2-in. (11.4-cm) production liner was cemented in the 8 1/2-in. (21.6-cm) hole. The tight tolerance between the fired guns and the pipe ID created an additional challenge. After extensive analysis, design, and yard testing showed the well could be perforated safely using 2 7/8-in. (7.3-cm) HSD guns with new enhanced deep penetrating charges that could deliver better perforation performance than the original gun system. The results from the well’s cleanup program indicated an even better perforation efficiency than observed earlier.

## [Why We Can't Afford Cheap Gas](#)

With the cost of crude oil again nearing the \$100-a-barrel mark (even after last week’s financial meltdown) and this summer’s record gas prices in the rearview mirror, automotive executives and industry analysts are already heralding the return of gas-guzzling trucks and SUVs. Car makers are rolling out new truck models, and even Republican presidential candidate John McCain, in a new Michigan TV spot, promises to “spur truck sales.” Never mind that only months earlier, these same analysts, as well as auto executives and consumers alike, insisted that the future of the automotive industry lay in more fuel-efficient models like hybrid and electric cars. Now, however, it seems that many involved are slowly slipping back into the pre-\$100-per-barrel mindset that was so popular when pump prices were under \$4 a gallon and drivers of SUVs and trucks roared down the roads with clean consciences.

## [PDVSA’s Growing Presence](#)

CARACAS (IPS) - Central America, Cuba, the Dominican Republic and islands in the eastern Caribbean are receiving more and more oil from Venezuela, while major refineries are planned in South America -- at Pernambuco in northeastern Brazil, and at

[El Aromo, on Ecuador's Pacific coast.](#)

State oil company Petr leos de Venezuela S.A. (PDVSA) has a finger in all these pies. In turn, it has opened the region's largest oil reserve, the Orinoco Belt, to joint exploitation with other Latin American state-owned oil firms.

### [Ecuador rules out oil takeover, sets investment](#)

QUITO (Reuters) - Ecuador's leftist president, Rafaela Correa, Monday ruled out nationalizing oil companies but said he will "not allow" them to reduce investment levels.

### [Russia Q2 gas exports rise 12 pct yr/yr - c.bank](#)

MOSCOW (Reuters) - Russia's gas export monopoly Gazprom (GAZP.MM: Quote, Profile, Research, Stock Buzz) increased natural gas exports by 12 percent year-on-year in the second quarter of 2008 to 49.6 billion cubic metres (bcm), the central bank said on Monday.

### [Australia: Peak Oil \(Proof\)](#)

Tonight I speak about a serious concern of my constituents about the consequences of peak oil, which will have grave local and global impacts. The term "peak oil" refers to the stage when global oil production peaks and future oil production begins to decline. With the global demand for oil increasing rapidly, production declines are predicted to result in severe petrol price increases as buyers compete for supplies. Given the dependence on oil, including for energy, food, travel and consumer products, disastrous impacts on the global economy are expected. While some say peak oil has already hit and others say it will occur in 2030, it is essential that we prepare. New South Wales and Sydney's over-reliance on petrol makes us extremely vulnerable to impacts, and we must protect current and future generations. Given the consequences of peak oil and the serious threat of global warming leading to climate change, governments have a responsibility to urgently reduce our dependence on fossil fuels.

### [Highway stations to be well-stocked, says petrol dealers association](#)

KUALA LUMPUR: If you're looking for fuel, head for the highways. That is the advice of the Petroleum Dealers Association of Malaysia (PDAM) in view of a shortage in supply at some 100 stations around the Peninsula.

### [Asia Coal-Prices falls below \\$130 on demand concerns](#)

SYDNEY (Reuters) - Coal prices for power generators in Australia, a benchmark for

Asia, fell to a 5- month low of about \$129 a tonne in the latest week, amid worries of slowing demand in Europe and China.

Reports of growing coal stockpiles at Chinese ports and power stations as well as sharp falls in freight rates more than offset news of supplies disruptions.

### [India: KPCL importing coal for fuel security](#)

BANGALORE: In a move to ensure sufficient fuel supply for its power generating stations, the State-owned Karnataka Power Corporation Limited (KPCL) has started importing coal from Indonesia.

According to Karnataka Power Corporation Limited sources, coal is being imported for a week now to tide over the sudden coal shortage caused due to heavy rains which disrupted mining activities in the Western coal fields and Orissa.

### [No conspiracy lurks 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.

### [Why It is Important for Investors to Create A 'Wise Energy Use' Stock Portfolio](#)

Starting today – with the story right below this one on our Home Page – EnergyTechStocks.com is rolling out a new kind of stock index not to be found on Wall Street. The time has come for a “Wise Energy Use” index – a strictly informal stock index intended to start every investor thinking about building a portfolio of companies whose fundamental business is to save their customers money by saving them energy.

### [The Return Of King Ag](#)

"The greatest fear everyone in farming has is that prices will collapse and we'll be stuck with high costs for fuel and fertilizer," Horneck says. "Farming has never been cheap. But it has gotten vastly more expensive. Fortunately the prices are saving a lot of people, and it's high time that happened. We've had plenty of experience being on the bottom. I've been in this business since 1980 and there's never been a time when farmers have been able to call the shots like this."

### [What is Good for the Goose Should be Good for the Gander](#)

As I write, the Congress and the Administration are negotiating on a \$700 billion tax payer bailout of the nation's credit industry. I find it ironic that the very people who contributed to problem are the ones being trusted to come up with a fix. But that point aside, Republicans and Democrats, bureaucrats and bankers, candidates and the media, all agree a mass infusion of government money is needed to fix the problem. Gee, aren't these the same folks who just a few short weeks ago were criticizing the use of government tax credits to support the ethanol and bio-energy industry? They said it was bad policy to spend a few million dollars to subsidize the renewable energy sector. Now it is okay to spend close to a trillion dollars to cover the debts on home loans, car loans, credit card defaults and iTunes downloads. So why is this crisis different?

### [Japanese Honda Suppresses Alt Fuel GX Automobiles as Company Refuses to Sell CNG Cars to Spokane](#)

Japanese Honda is suppressing its own alternative fuel technology and denying its cars and home refueling devices to Americans eager to get off of oil. Honda, it seems, is going slow on its alt fuel vehicles, fearing the public will continue to abandon its more profitable gas guzzling SUVs such as the Honda Pilot. The Pilot is one of the most fuel inefficient vehicles on our nation's highway.

### [California took on energy crisis, now it faces water crisis](#)

Once a week, a truck brings drinking water to the small town of Bodega, just west of Santa Rosa. Without this delivery, the Bodega Water Company could not meet the needs of the town's 150 residents who normally rely on well water. The company expects to step up the trucked-in deliveries to twice a week and then daily as the state's drought worsens and groundwater supplies dwindle.

### [Gore's Rebellion](#)

Even if every U.S. coal plant were razed to the ground tomorrow, it wouldn't make any difference for global CO<sub>2</sub> while China expands.

### [Sour economy tied to psychology that fed gas panic](#)

NASHVILLE, Tenn. - As anxiety on Wall Street led banks and other investors to hoard cash last week, a different kind of market fear gripped cities across the Southeast.

A hurricane-related disruption in gasoline supplies prompted jittery drivers from Atlanta to Nashville to top off their fuel tanks more than usual, causing sporadic shortages and temporary shutdowns of stations. These closures only magnified the problem, of course, leading to more shortages, which sent local prices skyrocketing.

"It's a wonder people didn't go out and empty all of the grocery store shelves, too," said

Larry Lamb, of Nashville. "All you need to do when something like this happens is just calm down."

Perhaps — in hindsight — that is the sensible thing to do.

But economists and other experts say individuals — not just Americans — are hard-wired to respond quickly when they are scared, and in a way that is not always in their own, or their neighbors', best interests.

### [Oil falls to near \\$103 on global slowdown fears](#)

Oil prices fell to near \$103 a barrel Monday on concern that economic growth will slow across the globe despite a tentative agreement in Washington on a \$700 billion bailout package to stabilize the U.S. financial system.

By midday in Europe, light, sweet crude for November delivery was down \$3.50 to \$103.39 a barrel in electronic trading on the New York Mercantile Exchange. The contract fell Friday \$1.13 to settle at \$106.89.

### [Iran's central bank to inject \\$15bn from oil fund into banks](#)

Iran's new central bank governor said he would inject \$15 billion (Dh55.1bn) into the banking system to help them boost industrial production, a move economists have warned will stoke surging inflation.

Governor Mahmoud Bahmani said the funds would come from an oil reserve fund and by helping to boost production would ease price rises, echoing the government's line.

### [The tank isn't empty](#)

It is taken as an article of faith, thanks largely to a decades old prediction made by M. King Hubbert on American oil production, that the world is in imminent danger of running out of oil. Peak production, the day when oil production begins its irreversible slide, may be less than a decade away, say some experts, and the world economy could collapse overnight in response.

Except that isn't the truth, argues Robin D. Mills in *The Myth of the Oil Crisis: Overcoming the Challenges of Depletion, Geopolitics, and Global Warming*. He believes that the world is in little danger of running out of oil, that the world has enough conventional and unconventional sources of oil to last it many decades — even centuries. The peak oil arguments are based on faulty logic and science and assumptions which aren't grounded in reality.

## [Search for a strike](#)

Consumers in Hawaii and the nation need to brace for continued high gas prices until alternative energy sources can be developed on a commercial scale, warns a prominent university futurist.

"I think that we are long past the time when we could more or less effortlessly and painlessly transition from oil to alternative forms," said Jim Dator, director of the Hawaii Research Center for Future Studies at the University of Hawaii.

## [Consumerist society fuels rising oil prices: The time has come to question our 'need' for excess](#)

For some time it has been impossible to pick up a newspaper without reading about the soaring price of fuel. The increase has been truly dramatic due to a quadrupling of the cost of a barrel of oil since 2004. It is something that we all feel because of the impact that it has on our everyday lives.

What may be less obvious is that this same price increase has also been a major shock to the global supply chains that support commerce and bring most of the low cost products to the high street. Worryingly, the impact of the price hike is still working its way through those systems.

## [South Korea Seeks \\$90 Billion of Russian Natural Gas](#)

(Bloomberg) -- South Korea plans to import \$90 billion of natural gas from Russia via North Korea, with which it shares one of the world's most heavily fortified borders, to reduce its reliance on more expensive cargoes arriving by sea.

## [Russian govt plans more oil tax cuts for 2010](#)

While the Russian stock market was suspended, Russian government officials put together a plan that would help increase investment in the Russian oil sector. Kremlin economic advisor Arkady Dvorkovich said on September 19 said his country would propose more tax cuts for the oil industry this year and implement them in 2010.

## [The Rise of Natural Gas Populism](#)

What is interesting about the Pickens/Chesapeake twin campaigns is their direct, populist appeal. Most firms go to Washington to lobby for what they want, and there's not doubt Mr. Pickens and Chesapeake are doing their measure of that.

But they are also spending millions of dollars doing things the old-fashioned way: taking

their case over the heads of politicians and directly to the people — or more specifically, to consumers.

### [Congress' failure leaves energy policy up in air](#)

WASHINGTON — Few issues have been debated as long or as heatedly in Congress this year as energy policy — with so little result.

Inaction means the debate over offshore drilling, how much the federal government should offer in new alternative energy incentives and whether higher fuel economy standards are needed is left to next year. There won't be presidential politics then or members of Congress seeking re-election. That could increase chances for consensus.

### [Oil flowing from offshore spigot still years away](#)

WASHINGTON (AP) — The welcome sign is going out to oil and gas companies off the Atlantic and Pacific coasts.

v A quarter-century ban on offshore exploration expires in this coming week, but don't expect to see a chain of drilling platforms from the beaches anytime soon.

It will take a couple of years, at least, before any oil or natural gas leases are issued, years more before any oil is found and perhaps a decade before any of it begins to flow to refineries.

### [Dems fail to extend oil shale moratorium](#)

GLENWOOD SPRINGS, Colorado — Senate Democrats on Friday tried passing a bill that included language that would continue to prohibit the Bureau of Land Management from issuing final oil shale regulations.

But that effort failed when the financial stimulus package, which would have contained the oil shale ban, stalled in the Senate on a 52-to-42 vote.

### [Africa: Leaders Say Fuel, Food Crises Have Hit Nations Hard](#)

The soaring cost of fuel and basic foods over the past year has left many countries in sub-Saharan Africa unable to adequately fund critical activities, such as healthcare and provision of safe drinking water, their leaders told the UN General Assembly's annual high-level debate on Thursday.

Guinea-Bissau's President João Bernardo Vieira said the sharp rise in the cost of oil had



been particularly destabilizing on the economy of his country, which is already among the poorest in the world.

### [Wind power plans may be blown off course](#)

Problems in sourcing sufficient turbines, and in planning, construction and grid connection are hampering the “wind rush”. A recent report by a committee of MPs showed that in most of the remote locations where wind farms are being built, there is no access to the national grid. In some places, developers are facing 12-year delays before they can be connected.

There is also an urgent need to expand the industry’s skilled workforce and present opportunities for graduates. According to Brown, the resurgence of apprenticeships and the launch of the engineering diploma will help to plug the gap.

### [Ammonia Fuel—The Other Hydrogen Future](#)

It may indeed be the case that pure hydrogen will be one of the many solutions that can be harnessed to rescue us from our current reliance on imported oil. There is much promise in today’s research. But the technical challenges facing pure hydrogen today in economic production, storage, and transport put that piece of the puzzle years in the future—and we need answers right now.

What if this vision of a distant hydrogen energy future ignores a critical reality: that an alternative approach to hydrogen fuel is available immediately; that with minimal modifications we could convert the bulk of our gasoline and diesel internal combustion engines to an existing hydrogen based fuel, eliminating carbon emissions and reducing our dependence on foreign oil; that a proven technology exists to produce this hydrogen based fuel without carbon dioxide emissions; and that new and more efficient synthesis is already in coming online? What if we do not need to wait for the hydrogen future of the year 2030? What if our hydrogen future is within our grasp right now?

### [Pumping the biofuels, from Rio to the Humber](#)

Finding oil is one thing but when it comes to getting it to the market, the big challenges stem from the demand for cleaner and greener fuel. Refiners and distributors worldwide are facing new regulations to reduce the sulphur content of fuels and tighter government targets to cut carbon dioxide emissions.

In the “downstream” sector (the business of refining, production and distribution), gas-to-liquids technology that converts natural gas into diesel and other liquid fuels is “on the verge of commercialisation,” according to Al Troner, president of Asia Pacific Energy Consulting in Houston, Texas. “It could make a big difference.

### [PM finds he can't sell coal to Newcastle](#)

It was a city built on its steelworks and coal, but Prime Minister Kevin Rudd was confronted by a new breed of Newcastle residents committed to climate change.

### [Coal power plants 'must be clean'](#)

Coal-fired power stations must not be built unless they can capture and store CO<sub>2</sub>, the Environment Agency has warned.

### [Cities get too much blame for global warming: study](#)

LONDON (Reuters) - Cities often blamed for producing most of the world's greenhouse gas emissions actually generate just two-fifths or less, according to a study published on Friday.

U.N. agencies, former U.S. President Bill Clinton's climate change initiative and New York Mayor Michael Bloomberg have all said that 75 to 80 percent of total emissions come from cities, the paper in the journal Environment and Urbanization says.

But using data from the U.N. climate change panel, it estimates the correct figure at between 30 and 40 percent.

### [Scientists pressure Australian PM to step up carbon cuts](#)

SYDNEY (AFP) - Australia's leading climate change scientists Monday pleaded with Prime Minister Kevin Rudd to override his top adviser on the issue and drastically slash carbon gas emissions.

Professor Ross Garnaut, commissioned by the government to review Australia's response to the global problem of climate change caused by mounting carbon gases, has recommended a 10 percent drop from 1990 levels by 2020.

But 16 scientists, including Roger Jones, coordinating lead author of a United Nations' Intergovernmental Panel on Climate Change report, said emissions must decrease by 25 percent.

### [Europe warms fast: Med drier, north ever wetter](#)

OSLO (Reuters) - Europe is warming faster than the world average and governments need to invest to adapt to a changing climate set to turn the Mediterranean region arid

and the north ever wetter, a study showed on Monday.

Europe's mountains, coasts, the Mediterranean and the Arctic were most at risk from global warming, according to the report by the European Environment Agency and branches of the World Health Organization and the European Commission.



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