



## DrumBeat: October 4, 2008

Posted by [Leanan](#) on October 4, 2008 - 10:25am

Topic: [Miscellaneous](#)

### [Can these countries survive exit of cash?](#)

LONDON — As western investors dump emerging assets, the fate of the sector's major economies will hang on whether Brazil, Russia, China and others such as Gulf Oil producers have built up enough funds to survive the storm.

Just months ago, many analysts argued the fast-growing sector had “decoupled” from the developed world. But a Wall Street-led rout has since hit stock markets from Lusaka to Bombay as western banks failed or needed bailing out.

### [Saved - America finally rescues banks and now petrol could fall to 74p a litre](#)

THE world's economy was saved from total disintegration last night when the United States Congress finally agreed the biggest banking bail-out of all time.

The £397billion package means that struggling US banks will be shored up, with massive knock-on effects for the financial markets and, ultimately, hard-pressed families in Britain.

In separate good news, supermarkets embarked on another petrol price war led by Asda and Morrisons, who will today cut pump prices by up to 2p a litre. At the same time, analysts forecast that the price of a barrel of oil could fall to as low as \$30 by next year, which would see petrol plummet to around 74p a litre.

### [Georgia's gas shortage exposed fragile system](#)

On Aug. 28, Gov. Sonny Perdue officially designated September as “Preparedness Month.” The state, Perdue said, had developed an “ambitious and proactive” campaign with a name that bespoke vigilance: Ready Georgia.

Two weeks later, however, Georgians learned just how unprepared the state was for a rapidly emerging crisis in auto-centric metro Atlanta: a gasoline shortage.

## [Reducing Work Commutes Not Easy In Some Cities, Study Suggests](#)

Shorter work commutes are one way to reduce gasoline consumption, but a new study finds that not all cities are equal in how easy it would be to achieve that goal.

Research suggests that Atlanta and Minneapolis may be the U.S. metropolitan areas that would find it most difficult to reduce the miles that workers commute each day.

Meanwhile, Las Vegas and Miami may be the metro areas where it would be easiest to reduce commuting miles.

## [Iran to extend the oil credit facility to Sri Lanka](#)

Colombo: Sri Lanka will receive the Iranian oil credit facility for another three months at a concessionary interest rate to meet its crude oil requirements, the government said today.

The Iranian government has agreed to give an extension of three months as the interest-free oil credit facility to purchase the country's crude oil requirement is to end soon.

## [Iran: Gas conference proof US pressure ineffective](#)

A high-profile natural gas conference sponsored in part by two of Europe's largest energy companies opened Saturday in Tehran - evidence, Iran said, that US Pressure was ineffective in preventing the country from developing its vast oil and gas resources.

## [The Killing Horizon: Capitalism At The Expense Of All Life](#)

Humanity faces a real crisis - one that threatens not only Wall Street, but all life on Earth. Call it Global Warming, call it Peak Oil, call it running out of water on a global scale, call it the collapse of industrial agriculture. call it fisheries collapsing, call it mass extinction. Call it the potential of planetary death. Call it what is inside the Black Hole made visible, palpable in its meaning. Call it the real event horizon. Call it the Killing horizon. It's every bit as complex in all of its intersections as the financial "crisis," but, unlike the financial "crisis," it's real.

And what happens?

Nothing. No significant action. At all.

There's no \$700 billion plan to save the Earth - which sustains us all.

[Crude](#): *How Wall Street investment banks manipulated oil prices to try to save their hides, screwing American consumers and the rest of the world and breaking the economy anyway*

James Howard Kunstler, author of *The Long Emergency* and creator of the popular blog Cluster\*\*\*\* Nation, believes that the effect from the speculative market is “basically witch-hunt stuff.” A peak oil theorist, Kunstler, on the phone from his home in Saratoga Springs, says he believes that the root of the problem lies in our global dependence upon a commodity that is quite simply disappearing.

American scientist M. King Hubbert predicted in the 1950s that American oil production would peak by the early 1970s. His predictive model was the basis for peak oil theory, which, when applied to the global market, indicates that the world may hit peak oil production within the next 20 years or sooner. Kunstler says that “the biggest thing that’s going on right now is the oil export problem or crisis.

“What that means,” he adds, “is the countries that we depend on for imported oil are less and less able to send it out and they’re using more of their own oil even as they’re in depletion. Two of the biggest cases of this are Mexico and Venezuela.”

[Alaska: costs prompt exodus to cities](#)

With growing evidence of an Alaska Native exodus from villages to the city, Mayor Mark Begich and Schools Superintendent Carol Comeau sent a letter to Gov. Sarah Palin on Monday asking her to organize an emergency task force to find ways to stem the migration.

Anchorage and the state "cannot stand by and tolerate the deterioration of rural Alaska," the letter said.

[On the edge of the abyss](#)

SACRAMENTO, CALIFORNIA – The backdrop of a financial crash on Wall Street cast a shadow over this year’s Association for the Study of Peak Oil – USA conference in Sacramento in late September. Speakers talked of an ominous parallel between the financial crisis and another graver crisis in the making – the coming rapid decline of worldwide oil production, which has stalled after reaching an all-time high more than three years ago.

[Decatur schools urging gas conservation](#)

Here’s the latest twist to the gas crunch: Decatur city school officials are asking teachers to telecommute for an in-service day this month and they’re floating the idea of asking neighborhood gas stations to send school employees to the front of the pump during dry

spells.

### [NEPAL: Food insecurity intensifies in the wake of floods](#)

KATHMANDU (IRIN) - Nepal's precarious food security situation is being tested after heavy flooding over the past two months in both the east and west of the country left almost 250,000 people displaced.

...The floods hit when the country was already reeling from drought-led crop failures, spiralling food and fuel prices, political strikes and road blockades, according to government officials dealing with disaster relief.

### [Egypt struggles to meet demand growth for natural gas](#)

LOS ANGELES -- Egypt has awarded a drilling contract to the recently formed Egyptian Offshore Drilling Co. (EODC), a joint venture of Toyota Tsusho 50%, Egyptian Natural Gas Holding Co. 35%, and Ganoub El-Wadi Petroleum Holding Co. 15%.

The award comes as Egypt is stepping up efforts to increase its output of natural gas to meet growing domestic demand, as well as hoped-for exports to neighboring Arab countries and the European Union.

### [Nigerian gunmen kidnap 6 Filipinos in delta attack](#)

Gunmen in Nigeria kidnapped six Filipino workers during an attack on an oil service vessel in the Niger Delta, security sources said today.

### [US drilling continues to wind down](#)

HOUSTON -- US drilling activity continued to decline, down by 16 rotary rigs to 1,979 working this week, vs. 1,755 during the same period a year ago, said Baker Hughes Inc.

All of the decline was on land, down 25 units with 1,887 still working. That was partially offset by an increase of 6 rigs to 20 drilling inland waters. Offshore drilling showed a net increase of 3 to 72 rotary rigs in federal waters, including a rise of 4 to 69 in the Gulf of Mexico.

### [Suspected U.S. strike kills 20 in Pakistan: Foreign Taliban fighters believed among casualties](#)

DERA ISMAIL KHAN, Pakistan - Militants on Saturday buried the bodies of Arab

comrades who were among at least 20 people killed when suspected U.S. missiles hit a house near the Afghan border, Pakistani officials said.

The United States has launched a flurry of strikes in recent weeks against suspected al-Qaida and Taliban targets in northwestern Pakistan, straining ties between the two anti-terror allies.

### [Cincinnati wants more vegetation on Ohio rooftops](#)

CINCINNATI, Ohio (AP) -- Officials want to see more green roofs on building tops in Cincinnati.

The City Council on Wednesday became the first in Ohio with a plan to channel grants and loans to residents and businesses to replace tar and shingles with vegetation.

### [A last refuge for life remained after extinction](#)

During the worst apocalypse the planet has ever known, somehow, life found a way to survive. But how? Scientists now think they have an answer: a nurturing refuge in the shallow continental shelf waters of northwestern Pangea.

During the end of the Permian era 250 million years ago, global warming ran rampant on Earth, extinguishing 95 percent of life in the ocean, and 70 percent of life on land.

Through the darkest days, the planet was a barren wasteland. Ocean circulation, so vital to our modern climate, had shut off. Huge algal blooms sucked the seas dry of oxygen. Poisonous hydrogen sulfide built up to lethal concentrations in the water and may have even been belched into the atmosphere, suffocating organisms on shore.

### [Ethiopia ends fuel subsidy, increases pump prices](#)

ADDIS ABABA (Reuters) - Ethiopia removed an annual \$800 million fuel subsidy on Saturday and said the money would be used to stabilise rising food prices.

"The \$800 million which the government was spending on fuel subsidies will be channelled to ease the spiralling cost of food grain during the current harvest season," the Ministry of Trade and Industry said in a statement.

### [China`s road to energy security](#)

BEIJING (Xinhua) -- At the station, the oil nozzles were left idle -- the supply of diesel had run out and the new delivery wouldn't come until after midnight.

"We have no oil here. Don't wait any more. Please go to another place," clerks at the Sinopec station shouted to the drivers, some of whom responded that their vehicles were out of fuel and couldn't go any further.

When the delivery came, it would not be enough, a driver said. The limited stock would be sold on ration. Most vehicles would be partly filled and some would have waited in vain. The same situation was also seen at other stations, and it had been like that for days, the driver added.

### [Pakistan: Home appliances major cause of power crisis](#)

ISLAMABAD: The addition and use of some 30 million energy-intensive electric home appliances in the country was the major reason for the 3,570MW power shortfall that resulted in the recent power crisis in the country and not only the higher economic growth, reveals an official report of the Pakistan Electric Power Company (PEPCO).

### [Malaysia: Ensure enough fuel](#)

PETALING JAYA: Oil companies have been instructed to ensure that petrol stations outside the Klang Valley have adequate supply for those returning to the cities from their kampungs after the Hari Raya break.

Domestic Trade and Consumer Affairs Minister Datuk Shahrir Abdul Samad said he sent out instructions yesterday, adding that he would not accept any excuse on this matter.

### [Bus fares to be increased, public to get concession](#)

The Macau government is planning to spend 250 million patacas a year in order to achieve a win-win situation of increasing bus fares whilst offering up to 50 percent concession to the majority of the population.

### [Georgia Officials Debate Response to Gas Crisis](#)

ATLANTA (AP) -- Georgia leaders are debating whether to revise the state's emergency fuel plan and are considering ways to bolster gas supply in the aftermath of the abrupt shortage of gas that sent some motorists into a frenzy.

### [Gouging laws deepen shortage, expert says](#)

ATLANTA --- Laws prohibiting gas retailers from exorbitantly raising prices after hurricanes disrupt supplies are supposed to help hold fuel costs in check.

But as fuel supplies neared empty recently, a theory emerged suggesting the laws might keep drivers from finding gas.

"You do exacerbate the shortage. You don't solve things, you make it worse," said David Mustard, an associate professor of economics at the University of Georgia.

### [Budget forces Des Moines to weigh cuts in service](#)

The projected shortage is in the general fund that pays for departments such as fire, police, parks, community development and the city manager's office and accounts for about 22 percent of the roughly \$610 million overall budget.

Fuel costs are the wild card. Clark said the cost to keep city vehicles such as police cruisers and snowplows on the road could outpace what is currently budgeted by \$1 million or more.

### [General Motors to Keep Compact-Car Factory Running Overtime](#)

DETROIT -- General Motors Corp., still unable to meet demand for fuel-efficient small cars, will keep its sole U.S. compact-car factory running on overtime for the remainder of 2008, the auto maker said Friday.

### [GM closing Ohio SUV assembly plant](#)

MORaine, Ohio (AP) -- General Motors Corp. said Friday it will shut down its SUV assembly plant in Moraine, Ohio, on Dec. 23 as the company shifts focus to smaller vehicles.

### [Oil firms troubled over fading Mexican oil reforms](#)

International energy companies' hopes of tapping Mexico's oil reserves are dimming as President Felipe Calderon's oil reform proposal faces dilution by opposition parties in Congress.

Energy companies had hoped to gain a toehold in Mexico's unexplored but potentially prolific deepwater territory in the Gulf of Mexico by partnering with state oil company Pemex, but congressional hearings on the reform package point to a more modest overhaul of energy legislation.

### [India: Reliance refinery set for test run](#)

“We could reach full capacity within days of starting production. We will do it in phases. If everything goes well, we hope to repeat the first refinery’s commissioning which was done in days because we did not have any problem,” the official said. The first refinery was commissioned in 1999.

### [Naphtha beats LNG as cheaper fertiliser fuel](#)

NEW DELHI: For the first time, fertiliser companies have begun paying a higher price for spot LNG (liquefied natural gas) than for naphtha. September prices for spot LNG in India have registered a hike of almost \$3 per mmBtu (million metric British thermal unit) compared to naphtha price.

### [Senators McCain & Obama: We Need Clean Energy, Not "Clean Coal"](#)

Last night in the Vice Presidential debate, you heard both Senator Biden and Governor Palin touting their support for "clean coal". Today, President Bush signed a \$700 "bailout" bill passed by Congress that provides important tax credit extensions for renewable energy and energy efficiency measures--but also gives \$25 billion in tax credits to the coal industry.

Both presidential campaigns and our Congress are missing the point: Conventional coal-burning power plants are the leading cause of global warming pollution in the United States.

### [Revised July oil demand lowest in 11 years: EIA](#)

WASHINGTON (Reuters) - U.S. oil demand in July fell to the lowest level for the month in 11 years, with consumption 736,000 barrels per day less than previously estimated and down 1.335 million bpd from a year earlier, according to the U.S. Energy Information Administration.

Crude oil and gasoline prices hit record highs in July, and U.S. motorists reduced driving for the ninth month in a row.

Based on final numbers released this week, U.S. oil demand in July was revised down 3.7 percent from the EIA's early estimate of 20.148 million bpd to the agency's final demand figure of 19.412 million bpd, down 6.4 percent from 20.747 million bpd a year earlier.

### [Colonial Shuts Its Only Fuel Pipeline to Northeast After Damage](#)

(Bloomberg) -- Colonial Pipeline Co., the world's largest operator of petroleum-product pipelines, said a pipeline that carries fuel into the U.S. Northeast is shut after a contractor damaged the line earlier today.

## [The Case Against Nukes](#)

While we tend to agree with Dr. Patrick Moore, founder of Greenpeace, and many others, that nuclear power development is a choice worth considering, what follows is a thoughtful financial analysis of the nuclear option that comes to a very different conclusion.

## [An energy solution that's worth another look](#)

THERE may be a workable way to solve most of America's energy problems, end dependence on foreign oil and dramatically cut greenhouse gas emissions with little pain.

Remarkably, while proposals for renewed offshore oil drilling, new atomic power plants, expanded carbon trading and other proposed tactics abound in this year's presidential campaign, no one mentions the single-most promising technique.

This may be because its name contains the word "reactor." Combined with the fact that it depends on a sophisticated form of nuclear technology, that appears to make the notion of power plants using the Integral Fast Reactor anathema to today's politicians.

## [Rice in India, may not sign nuclear deal](#)

NEW DELHI (Reuters) - U.S. Secretary of State Condoleezza Rice arrived in India on Saturday after Congress ratified a historic nuclear pact, but was unlikely to sign the deal during her visit because of a bureaucratic "glitch."

U.S. State Department spokesman Sean McCormack said an enabling legislation had not yet been formally "enrolled" in the U.S. Congress - a required step before the pact is sent to President George W. Bush for signing into law.

## [Peru studies climate riddle as the world heats up](#)

LIMA (Reuters) - Scientists are using everything from a yellow submarine to weather balloons and special airplanes to solve a climate conundrum: why is Peru getting colder while the rest of the world heats up?

## [US presidential race: Is there a green candidate?](#)

The high cost of energy in the US has been used to argue for more domestic drilling and the lifting of bans on offshore oil exploration, often couched in terms of easing dependence on imported oil for the benefit of national security.

Soaring energy costs, however, also provide an effective argument for pursuing alternative energy sources – but although there has been some progress, the case for renewables has not yet been supported by policy.

It is likely we will see increased efforts on energy efficiency and conservation. And while clear and consistent policy on climate change would be preferable to the vagaries of the market (automobile fuel efficiency also climbed quickly following the 1973 energy crisis, then did not move much for 30 years), cutting energy waste will benefit the planet as well making US companies more competitive.

### [Filling Up the Backyard With a Gas Station](#)

He said he could sell the Mae West pump for three times what he spent and a faded metal sign for Mobil oil for about five times the \$300 he paid for it at a swap meet three years ago. But that, he said, is not why he collects petroliana.

“You know why people like stepping back in time?” he said. “Those times were fun. People love history, and they love to step back into it.”

### [Behind the Bluster, Russia Is Collapsing](#)

To be sure, the skylines of Russia's cities are chock-a-block with cranes. Industrial lofts are now the rage in Moscow, Russian tourists crowd far-flung locales from Thailand to the Caribbean, and Russian moguls are snapping up real estate and art in London almost as quickly as their oil-rich counterparts from the Persian Gulf. But behind the shiny surface, Russian society may actually be weaker than it was even during Soviet times. The Kremlin's recent military adventures and tough talk are the bluster of the frail, not the swagger of the strong.

While Russia has capitalized impressively on its oil industry, the volatility of the world oil market means that Putin cannot count on a long-term pipeline of cash flowing from high oil prices. A predicted drop of about one-third in the price of a barrel of oil will surely constrain Putin's ability to carry out his ambitious agendas, both foreign and domestic.

### [Matt Simmons: America's Gasoline Shortage is a Bigger Threat Than Wall Street Crisis, and Much Harder to Bail Out](#)

"Congress should realize we have two diseases crippling America today," warned Matthew R. Simmons, Chairman of Simmons & Company International. "While the financial crisis is like asthma or tuberculosis to the economy, a gasoline supply crisis

could be terminal cancer," Simmons argues. "The government can print more money but gasoline is a hard asset. If we drain the pipelines, we won't be able to drive; if we don't ban driving we could run out of food within 5-6 days and face the greatest crisis in the history of the United States," Simmons said on WorldEnergy.TV, where he focused on the current financial crisis, the price of oil, the gasoline shortages, and the upcoming presidential election.

### [Iran says oil under 100 dollars is 'unsuitable'](#)

TEHRAN (AFP) - Iranian Oil Minister Gholam Hossiein Nozari said on Saturday that a price of under 100 dollars for a barrel of crude oil is "unsuitable."

"An oil price of less than 100 dollars is unsuitable for anyone, either for producers or for consumers," Nozari told reporters on the sidelines of a gas export conference.

The minister did not elaborate.

"Unfortunately despite decrease in oil prices we have not seen any signs of a decrease in the costs" of oil production, he added.

### [US threatens to steal Iraq oil money](#)

Washington has threatened to seize Iraqi assets and oil money if Baghdad rejects a controversial US-proposed security pact, Iraq says.

### [Gunmen release Briton in Nigerian oil city](#)

PORT HARCOURT, Nigeria (Reuters) - Gunmen in Nigeria on Saturday released a Briton kidnapped more than two weeks ago in the oil hub Port Harcourt, a military spokesman said.

### [Why an oil producer turned into an importer](#)

Indonesia's petroleum production has plummeted by almost half in the past decade, and its ageing oil fields are not all that is to blame.

The tangle of red tape faced by oil companies, coupled with rising local demand, have helped turn the country from oil producer to net oil importer.

### [ESPO oil pipeline section opened in Russia's Far East](#)

TALAKAN (Yakutia), October 4 (RIA Novosti) - A 1,100 km leg of the East Siberia-Pacific Ocean (ESPO) oil pipeline was opened Saturday in Russia's Far Eastern republic of Yakutia.

### [Offshore Exploration & Production Policy](#)

Peak oil situation will definitely impact Bangladesh like any other country. Its developing economy will require substantial oil, gas & coal to keep the engine of economy running. It must create required incentives for oil majors and reputed mining companies with proper licensing and fiscal policies. At the same time it has to gradually but carefully adjust its domestic price of energy so that the expensive future energy does not create imbalance in the energy market. It is highly unlikely that Bangladesh will soon achieve its own capacity to make significant investment in exploration.

### [Myanmar Plans Offshore Oil Exploration With Vietnam](#)

YANGON (AFP)--Myanmar's state oil company is to explore offshore oil and gas in a joint venture with two Vietnam companies, state media reported Saturday.

It allows the companies to explore supplies in the Gulf of Martaban, south of Myanmar in the Andaman Sea.

### [Shell sets agenda](#)

Asia, where demand has been a big factor in soaring oil prices, will continue to be the centre for oil and gas consumption going forward, although demand for energy may not exceed 4% per year over the next 20 years, says a senior industry executive.

"Our current projection is that the total oil and gas demand is unlikely to exceed 4% over the next 20 years, although prices would depend upon the cost of exploration and production," said Jeroen van der Veer, the chief executive of the world's second largest oil and gas exploration company, Royal Dutch Shell.

### [Study: Make diesel, jet fuel at ND refinery](#)

BISMARCK – Developers of a proposed oil refinery near Williston say it should produce mostly diesel and jet fuel instead of gasoline, and that it needs new pipelines to export refined petroleum products.

Air Force bases in North Dakota, South Dakota and Montana are potential customers for jet fuel, and the refinery should assure North Dakota farmers, truckers and oil producers of a ready supply of the diesel fuel they need, said Mel Falcon, chief executive officer of Northwest Refining Inc. of Williston.

### [First Nations, Enbridge reach deal over pipeline](#)

On Friday afternoon, chiefs from Treaty 4 and Treaty 6 First Nations and representatives from Enbridge Pipelines Inc. participated in a pipe ceremony near Regina to formalize what the chiefs are describing as "a new alliance." The two groups as well as representatives from the provincial and federal governments met Thursday to settle a dispute over the construction of the pipeline through traditional territory.

### [Tata Motors Scraps Factory for World's Cheapest Car on Protests](#)

(Bloomberg) -- Tata Motors Ltd., India's biggest truckmaker, abandoned its newly built factory for the world's cheapest car because of violent protests by farmers, hampering plans to start selling the \$2,500 vehicle this year.

### [California's Number One Inland Oil Polluter in Trouble Again](#)

SAN FRANCISCO, California, October 3, 2008 (ENS) - An oil company that state and federal officials have called California's number one inland oil polluter has failed to meet multiple deadlines to clean up leaks from settling ponds on one of its leases, so the U.S. Environmental Protection Agency this week took over partial cleanup operations to ensure they are completed before the rainy season.

### [ConocoPhillips official sees boon for gas in next year's CO2 debate](#)

No matter who wins the presidential election, the natural gas industry already is a winner because both candidates and Congress are intent on getting legislation passed limiting U.S. carbon dioxide emissions.

James Duncan, director of market analysis for ConocoPhillips Gas & Power Marketing, made that observation Oct. 2 during a meeting of the National Energy Services Association in San Antonio.

### [WWF bemoans attempts to water down EU's green targets](#)

BRUSSELS (AFP) - Europe's plan of action to tackle climate change is being undermined by pressure from industry and may no longer achieve its original green goals, the environmental group WWF said Friday.

### [Richard Leakey: It's the end of the world as we know it](#)

Can we sustain 7 billion people on the planet? Almost certainly not. Could there be an epidemic that could wipe out half the world's population? Certainly yes. When will it happen? Probably soon.



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