



## DrumBeat: October 17, 2008

Posted by [Leanan](#) on October 17, 2008 - 10:04am

Topic: [Miscellaneous](#)

### [The dark side of lower prices](#)

NEW YORK (CNNMoney.com) -- Stock prices have plunged in recent weeks. So have oil prices.

Most Americans probably see the former as terrible news and the latter as a ray of sunshine at a dark time.

But both could contribute to a growing concern among economists - deflation.

Simply put, deflation is the opposite of inflation: It's when prices for a wide range of products start falling, rather than rising.

And while consumers struggling with the high cost of gas and food might think the idea of deflation sounds attractive, economists almost universally agree that it would be very bad news.

### [Oil rises \\$4 on OPEC, global markets](#)

NEW YORK (Reuters) - Oil jumped \$4 to nearly \$74 a barrel on Friday, spurred by a broader rise across financial markets and expectations OPEC could cut output at an emergency meeting next week.

### [Co2 field could unlock Permian oil](#)

A massive carbon dioxide and helium field in western New Mexico soon could shore up oil production in southeastern New Mexico.

[A very bad year for restaurants](#): *Skyrocketing food costs, imploding stock market and high fuel prices are making 2008 the worst since 1980*

...Look for hip, new restaurants to continue their push into the suburbs.

"With traffic so bad each way, even those who can afford the gas don't want to be sitting

in traffic. Time is a commodity," says restaurateur Jason Chan. "So you are going to see more really good restaurants opening in the suburbs so couples can still have a night out close to home without hiring an all-night baby-sitter, or getting a hotel room in the city, or dealing with traffic each way."

### [John Michael Greer: The flight to abstraction](#)

The \$250 billion just poured down a Wall Street rathole, for example, could have been used instead to pay for the rebuilding of America's rail network, with dramatic positive effects that would have resonated throughout the economy. Any such project would hire hundreds of thousands of workers across the spectrum of skilled and unskilled trades; locomotives and rolling stock would have had to be built, countless miles of track laid and upgraded, stations repaired or built from scratch, and every dollar spent on all these things would ripple outward through the economy, supporting businesses of every kind and refinancing local banks with deposits rather than loans. Projects of the same kind played a large role in helping many countries in the 1930s begin to pull themselves out of the morass of the last Great Depression.

Instead, the \$250 billion has been assigned the task of making up for a portion of the largely imaginary wealth that has already evaporated from the balance sheets of banks. Abstraction has triumphed over economic realities, and the multiple impacts of that failure of imagination will be with us for a long time to come.

### [MMS: '77 Platforms Evacuated, 39.4% Of Gulf Oil Production Still Shut-In'](#)

Based on data from offshore operator reports submitted as of 11:30 a.m. CDT today, personnel are evacuated from a total of 77 production platforms, equivalent to 11.1% of the 694 manned platforms in the Gulf of Mexico.

There are no longer any evacuated rigs in the Gulf.

### [TNK-BP Comes Under More Pressure to Close Deal With Gazprom](#)

(Bloomberg) -- BP Plc's Russian venture TNK-BP came under more pressure to complete a deal with OAO Gazprom on the Kovykta natural-gas field after the Natural Resources Ministry threatened to withdraw the project's license.

### [Oil Field Investment Steadier Than Service Stock Rout Implies](#)

The six-year boom in oilfield services spending is over, but exploration and production budgets aren't being slashed to the degree plunging service company shares suggest.

## [Democrats Prove We Can Drill Our Way Out Of The Oil Problem](#)

Since I believe there is no reason to feel guilty about consuming what we produce (you can if you want to), we Americans should instead feel guilty only about our fifteen percent world oil consumption, rather than twenty-five percent world oil consumption.

However, if you work with the math, you will see that there should be no reason for any guilt because there is more than enough oil to go around for everybody. To begin with, American ingenuity now produces ten percent of the world's flowing oil supply while we sit upon only three percent of the world's reserves. If ten percent of the world's oil consumption can be produced by only three percent of the world's oil reserves, then one hundred percent of the world's oil consumption should be able to be produced by only thirty percent of the world's oil reserves, leaving a staggering seventy percent of the world's oil reserves for the future.

## [Cuba claims massive oil reserves](#)

The state-owned Cuban oil company says the country may have more than 20bn barrels of oil in its offshore fields - more than double the previous estimate.

Cubapetroleo's exploration manager said drilling in the offshore wells would begin as early as the middle of 2009.

Such reserves would place Cuba among the top 20 oil producing nations.

## [Cities, counties feeling economic pinch](#)

The city of Lawrenceburg is asking its employees to take voluntary layoffs over the holidays because of a shortage of funds.

Meanwhile, Columbia city employees are trying to conserve fuel, Murfreesboro is considering implementing a hiring freeze and Mt. Pleasant is expecting to receive fewer dollars from the state.

All across Middle Tennessee, cities — both tiny and large — are trying to deal with an economic crisis that has made its way from Wall Street to the corridors of city hall.

And a report released in September by the National League of Cities is forecasting the situation could remain volatile for at least the next two years. The report cited the outlook for the future as a perfect storm of “rising home foreclosures, declining home values and spiraling costs.”

## [Diesel fuel shortage could hit economy](#)

While trucks continue to roll down Saskatchewan highways, Rosseker said some truckers have had to reduce operations because of a shortage of fuel. Smaller trucking companies particularly are having trouble finding enough diesel fuel, Rosseker said.

The situation could have ramifications for Saskatchewan consumers, as slowdowns in trucking deliveries lead to a shortage of products on store shelves, Rosseker said.

### [Hunger eclipsed by financial crisis on World Food Day](#)

ROME (Reuters) - The world's leading crusaders against hunger voiced frustration on World Food Day on Thursday that the global financial crisis had overshadowed a food crisis tipping millions towards starvation.

The World Bank predicts that high food and fuel prices will increase the number of malnourished people in the world by 44 million this year to reach a total of 967 million.

### [A Quick, Easy Way to Lower World Food Prices](#)

While most of the solutions to the current crisis of high food prices will require substantial reworking of our global, fossil fuel-dependent food system to create a more localized and organic one, there is one relatively easy solution that could bring quick and significant reductions in world prices. Financial speculation in commodities' futures markets has increased dramatically in the last three to four years, and especially in the current year, artificially driving up prices of a host of commodities, from food crops like wheat, corn, soybeans, etc., to oil and natural gas, to metals and minerals. This marked increase was brought on by simple policy decisions and can be addressed by similar simple policies.

### [Pakistan: High prices of fertilisers, seeds](#)

MARDAN: Farmers have demanded of the government to check the rising prices and black marketing of various fertilisers and seeds in the market. Several local growers told this correspondent that farming had become nearly impossible in the face of rising prices of various fertilisers, seeds and pesticides.

Niamat Shah, a farmer, claimed the DAP was currently available for Rs3,200, Sona Urea Rs900, Nitrate Rs800 and Super Urea was available for Rs1,100 per 50-kilogram bag, which was out of the purchasing power of the poor farmers. He said most of the local farmers belonged to lower-middle class and could abandon farming owing to high prices of fertilisers and seeds.

### [Food promises give way to financial reality](#)

"It's understandable, I worry about it, too," Ms. Walsh said, referring to the stock market. "But we forget about the fact that in some places people aren't able to eat."

Added Ms. Plett, "We start worrying about our own wallets pretty quickly and it changes how we respond to other people."

### [Alberta to Maintain Oil, Gas Royalty Plan, Globe & Mail Reports](#)

(Bloomberg) -- Alberta plans to implement new oil and natural gas royalties even though commodity prices have declined and tight credit may put planned projects on hold, the Globe and Mail reported, citing Mel Knight, the Canadian province's energy minister.

### [UAE: Grim tidings for Christmas travellers](#)

Travel agents and airlines are warning expatriates in the UAE to book tickets as soon as possible if they want to guarantee flying home for Christmas – and expect prices to increase further between now and then.

A steep rise in global fuel prices and increasing demand have forced prices up by 30 per cent since last year and anyone hoping to make a late decision on whether to fly home should bear in mind that some flights are already selling out.

### [Lawmaker: Oil slump to eat \\$15b into Iraq budget](#)

BAGHDAD – An Iraqi lawmaker said Friday the government expects to cut its budget next year by \$15 billion because of falling oil prices.

Abbas al-Bayati, a senior lawmaker of the United Iraqi Alliance, the largest Shiite bloc in parliament, said the government still has one month to present its 2009 budget.

But he said the recent plunge in oil prices to below \$70 a barrel — a 14-month low — would cut into earlier budget estimates, which were made when crude was hovering around \$120 a barrel.

### [Nigeria cuts spending plans as oil price falls](#)

ABUJA, Oct 17 (Reuters) - Nigeria has cut back its spending plans for next year, Finance Minister Shamsuddeen Usman said on Friday, as falling global crude prices erode revenue forecasts in the world's eighth biggest oil exporter.

The 2009 budget in Africa's most populous nation had been expected to go before parliament last week, but a sharp drop in oil prices over the past three months has played havoc with the assumptions on which the spending plans are based.

### [Somalia smolders as pirates seize another freighter](#)

NAIROBI, Kenya — U.S. warships watched a hijacked vessel laden with tanks while other gunboats patrolled the dangerous waters off Somalia, but pirates still seized another freighter this week — and now hold about a dozen despite the international effort to protect a major shipping lane.

Military vessels from 10 nations are now converging on the world's most dangerous waters, but analysts and a Somali government official say the campaign won't halt piracy unless it also confronts the quagmire that is Somalia.

### [State of economic confusion mirrored perfectly in the steel sector](#)

The financial-market events of the last couple of months have shaken many market commentators and economists to the core.

They have also raised a number of questions: Why has a crisis associated primarily with a housing bubble in the US morphed into a global financial meltdown and credit crunch? What does it mean for the South African economy? Is it positive that oil prices are falling, but dragging down the prices of commodities that we sell?

### [Gas prices plummet but consumers still paying full whack](#)

Britain's energy companies were accused yesterday of profiteering by failing to pass on to consumers recent steep falls in wholesale gas prices.

Since the last round of retail price increases began at the end of July, wholesale gas prices have plummeted by nearly 19 per cent, after an even steeper drop in the price of oil. But none of Britain's big six energy companies has indicated that they might pass on any reductions to consumers.

### [UAE: Powerless, the north waits for dawn](#)

“When I came here in April the building was fully occupied,” he said. “People had moved their furniture in waiting for the power to be connected, but now everything has gone back. The owner told me to get the decorators in as the power would be connected by Oct 1 so I took a bank loan and invested Dh2 million (US\$545,000) in getting the



restaurant ready.

“But now I have been told there will not be any power for at least two years.”

### [Russian elite look to Kremlin as wealth dries up](#)

Analysts said the financial crisis could strain the unspoken pact between Putin and the tycoons, who have been allowed to prosper as long as they do not challenge his rule.

"They're going to be fighting to get money from the Kremlin, and behind the scenes, people inside the Kremlin will be fighting to get control of assets," said Peter Boone, an associate at the London School of Economics who studied the Russian economy for investment banks. "That's when the politics get tough."

### [Russia Has No Plans to Tap Reserve Oil Fund](#)

Russia has no plans to tap its Reserve Fund, which serves to cushion the budget from oil price shocks, due to the lower oil price in 2008 and the following three years, Finance Ministry said in a statement on Thursday.

### [Adequate response to external shocks, energy crisis control and economy competitiveness are main priorities of Kyrgyzstan, President says](#)

Mentioning energy issue the president said that the biggest challenge in this field will be “water factor”. Government should elaborate a long-term state strategy on water resources, which should protect national interests of the country and on the other hand provide regional stability.

### [McCain, Obama's visions differ on unleashing innovation](#)

For decades, the United States dominated the technological revolution sweeping the globe. The nation's science and engineering skills produced vast gains in productivity and wealth, powered its military and made it the de facto world leader.

Today, the dominance is eroding. In 2002, the nation's high-technology balance of trade went south, and it never came back. By 2007, the annual gap between high-tech exports and imports had grown to \$53 billion. The gap this year is expected to be the largest ever — approaching \$60 billion.

Both presidential candidates, in their careers and in their campaigns, have made detailed arguments for how the nation should deal with technology rivals, sharpen its competitive edge and improve what experts call its “ecology of innovation.”

### [US oil fears helped spark Iran uprising, says report](#)

THE Nixon and Ford administrations in the United States created conditions that helped destabilise Iran in the late 1970s and contributed to the country's Islamic revolution, says a report based on previously classified documents.

A trove of transcripts, memos and correspondence shows sharp differences developing between the Republican administrations and Shah Mohammed Reza Pahlavi over rising oil prices in the mid-1970s.

A report in the *Middle East Journal*, published by the Washington-based Middle East Institute, by the scholar Andrew Cooper, zeroes in on the role of White House policymakers - including Donald Rumsfeld, then a top aide to the president, Gerald Ford - hoping to roll back oil prices and curb the shah's ambitions. This is despite warnings by the then secretary of state, Henry Kissinger, that such a move might precipitate the rise of a "radical regime" in Iran.

### [Happy Anniversary: Thirty-Five Years After the Oil Embargo](#)

Thirty-five years later, the world is still on tenterhooks, waiting to see what OPEC does with the oil spigot. This time, though, an embargo isn't in the cards—just an old-fashioned cut in oil supplies. The oil cartel will meet next week in Vienna, and will cut at least one million barrels of oil production per day, Qatar's oil minister said. OPEC could cut further at its regular December meeting.

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

Well, what do you know?

Gas prices are back down again. The world is motoring along, some 6.6 billion of us, at about the same gasoline prices that people paid back in the mid-1980s, once today's prices have been adjusted for inflation.

But how can that be, given the prospect of a world running out of oil? How does it happen that a world whose population has gone up by nearly 2 billion people in 25 years — a world with seemingly fewer discoveries of oil fields than in years past and production declines in many countries — still sells gas at the pump for about the same price?

### [New US president likely to mark shift in oil policy](#)

The Arabs should be aware that pressure is mounting in the US to reduce dependence on Middle East oil - in other words, to reduce oil imports. Whoever wins next month's



presidential election, whether it is Barack Obama or John McCain, is bound to want to shape a new national policy, less dependent on imported oil, for energy and climate change. Both candidates have vowed to do so.

### [GM, Chrysler deal talks accelerate - report](#)

NEW YORK (CNNMoney.com) -- Merger talks between ailing automakers General Motors Corp. and Chrysler LLC. are reportedly picking up amid increased interest from lenders eager to close a deal.

### [World Oil Awards Winners Announced](#)

HOUSTON, TX (MARKET WIRE via COMTEX) -- World Oil(R) magazine announced the thirteen winners of the 2008 World Oil Awards at the seventh annual black-tie gala dinner last night in Houston, Texas. The event, attended by close to 350 industry leaders, benefited two universities that offer programs leading to careers in the petroleum industry.

### [Bill McKibben: Green Fantasia](#) (review of Thomas Friedman's *Hot, Flat, and Crowded*)

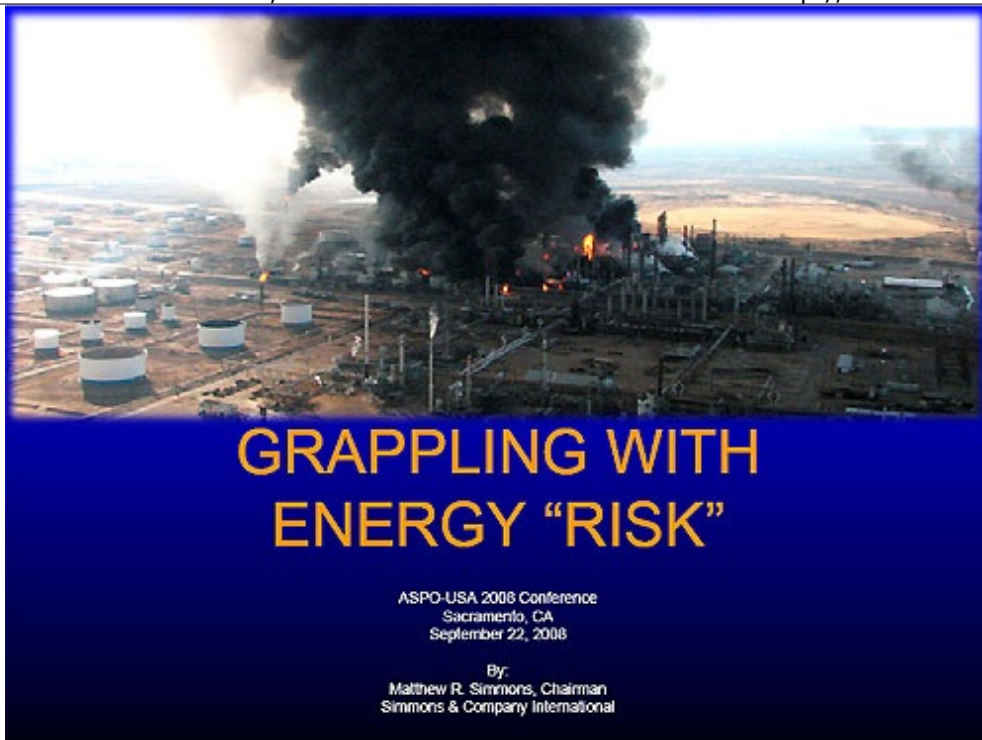
Friedman even comes up with one idea that I think will be new to many readers of the energy literature, as it was to me: to turn many existing office or institutional buildings into "dual-use" facilities (his example involves turning school kitchens into Domino's Pizza bakeries during idle hours). You could go farther still, and note that most American suburbs and rural areas already have a mass transit system — it's just painted yellow and goes nowhere on weekends.

### [Scientists: Next president needs to act on climate change](#)

Scientists say the next president must take action on climate change. McCain and Obama both say that the country will need to respond with a system to limit the pollution from heat-trapping gases, a plan known for short as "cap and trade."

While their approach sounds similar, the differences between the two candidates could produce very different outcomes because the task is so enormous. A plan to help stop global warming will require developing different sources of energy and a new system to use and pay for them. It also will reshape the nation's economy and security.

[Matt Simmons](#) has posted a couple of new presentations, including the one he recently gave at ASPO:



- *How To Survive And Thrive In A Post-Peak Oil World*
- *Grappling With Energy "RISK"*

### [Falling oil demand puts OPEC in a bind](#)

LONDON (Reuters) - For the last two years, analysts have argued about how far oil demand would respond to the rise in prices.

But in the past few weeks evidence of a sharp decline in demand has become incontrovertible, resulting in big cuts in forecast oil demand, and posing a sharp dilemma for OPEC about how to respond when ministers meet on Nov 18.

### [Oil at \\$70 still historically high: IEA](#)

PARIS (Reuters) - Crude oil prices remain high, despite a steady decline since the summer, and the oil market is still tight, the International Energy Agency's executive director told Reuters on Thursday.

"\$70 a barrel is still historically high," Nobuo Tanaka said in an interview. "Price volatility shows the market is still tight," he said.

### [Fuel your car with coal? Less likely now](#)

HOUSTON (Reuters) - When crude oil was more than \$145 a barrel and investors were flush with cash, building plants to turn coal into liquid fuel for cars and trucks looked like a winning bet.

But, as oil has fallen below \$70 a barrel amid a looming global recession and slowing fuel demand, plans to convert plentiful U.S. coal supplies into liquid fuels look less certain.

### [Plot thickens over oil in boom and bust saga](#)

They said it would never happen. Oil was not supposed to fall below \$70 a barrel, which is reckoned to be the minimum level at which producers in Canada's tar sands and in deep-water facilities off the west coast of Africa - the most expensive places in the world to pump oil - can make a profit. These are the so-called marginal cost producers and their economic models were meant to establish a floor on prices.

What is going on? The most straightforward factor is an old-fashioned shift in the balance between supply and demand as recession approaches; the latest inventory data from the US confirms stockpiles are rising. Colder economic breezes are also reaching Asia, where China has been the major source of new demand for oil in recent years.

### [China power consumption weakens on economic slowdown](#)

BEIJING (Xinhua) -- Power consumption in China weakened further in September because of slowing economic growth, according to the China Electricity Council on Friday.

Electricity use for the first nine months rose 9.67 percent to 2.627 trillion kwh from a year earlier. The consumption growth rate was down from 10.19 percent from January through August.

### [Kansai Electric to Trim Retail Power Price Increases](#)

(Bloomberg) -- Kansai Electric Power Co., Japan's second-biggest power utility, will scale back proposed increases in retail prices for the January-to-March period, acceding to a request from the trade ministry.

### [More sabotage feared after 2nd pipeline bombed in northern B.C.](#)

Canada's pipeline industry was on high alert Thursday after two acts of sabotage in less than a week targeted EnCana sour-gas pipelines about 50 kilometres southeast of Dawson Creek, B.C., near the Alberta border.

The latest case, discovered by pipeline workers around 9 a.m. MT Thursday morning, appeared linked to an explosion on the weekend and a threatening letter sent to local media last week, RCMP said.

### [Lester Brown: 'The great growth industry of the 21st century'](#)

On a conference call Wednesday, I asked Lester R. Brown, president of the Earth Policy Institute, whether the recent financial meltdown would effect the burgeoning solar, wind, and geothermal industries. He responded that while investment of all kinds will be more difficult, a renewable energy jobs program could provide the same kind of stimulus that the Works Projects Administration did in the 1930s if we slip into a deep recession or even a depression. But beyond that, it seems clear from his view of the current energy scene, that renewable energy will be "The great growth industry of the 21st century," as he put it, even out-performing the information revolution of the 1990s.

### [Amory Lovins on energy](#)

Overall, the U.S. could save half its oil and gas and three-fourths of its electricity at a cost equivalent to about an eighth of their price. RMI's latest \$30 billion worth of efficiency redesigns in 29 sectors have consistently found about 30 to 60 percent savings on retrofit, with two to three year paybacks, and about 40 to 90 percent savings in new facilities, with nearly always lower capital cost.

Moreover, energy-saving technologies keep improving faster than they're applied, so efficiency is an ever larger and cheaper resource. The big surprise is that integrative design -- not a technology, but a way of combining technologies -- can often make very big energy savings cost less than small or no savings. For more on how to achieve this, read my Stanford Engineering School lecture notes.

### [Cellulosic biofuels endanger old-growth forests in the southern U.S.](#)

Cellulosic biofuel is on its way. This second generation biofuel — so-called because it does not involve food crops — has excited many researchers and policymakers who hope for a sustainable energy source that lowers carbon emissions. However, some believe that cellulosic biofuel may prove less-than-perfect. Just as agricultural biofuels have gone from being considered 'green' to an environmental disaster, some think the new rush to cellulosic biofuel will follow the same course.

Scot Quaranda is one of those concerned about cellulosic biofuel's impact on the environment. Campaign director at the Dogwood Alliance, which he describes as "the only organization in the Southern US holding corporations accountable for the impact of their industrial forestry practices on our forests and our communities", Quaranda condemns cellulosic biofuels as dangerous to forests "by its very definition".

### [Protesters disrupt European biofuels summit](#)

Europe's largest conference on biofuels was brought to a halt this morning when environmental activists invaded the main hall and accused the industry of destroying rainforests, evicting communities, and increasing hunger and climate change around the world.

### [Red tape halts \\$300M wind farm](#)

A \$300-million wind farm planned near Goderich, Ont., has been cancelled three years after the developer, EPCOR Utilities Inc., was selected by the province to build it.

Call it death by delay.

### [Calif. mulls ads on road alert signs](#)

California's effort comes as many states look to make money from roads, selling or leasing highways and rest stops or charging to drive in congested areas. If the practice is approved, other states are likely to follow, said Ken Kobetsky, chief engineer of the American Association of State Highway and Transportation Officials.

"It's a cash cow. But are you concerned about earning money, or are you concerned about saving lives?" Kobetsky said. A flow of changing ads could endanger motorists by holding their attention on a sign instead of the road, he said.

### [Gazprom weighs up Romania gas link](#)

Russian gas giant Gazprom said today it is considering building a new gas pipeline via Romania, as Russia seeks more partners to join its South Stream pipeline project.

Gazprom said in a statement that its chief executive Alexei Miller had discussed gas co-operation with the head of Romanian state-owned gas pipeline operator Transgaz, Ioan Rusu, and the head of state-run gas producer Romgas, Francisc Toth, at a meeting in Moscow.

### [Edison May Buy Assets of Rivals Amid Credit Crisis](#)

(Bloomberg) -- Edison SpA, Italy's second-largest utility, may gain from the worldwide financial crisis if indebted rivals have difficulty getting credit and are forced to sell assets, Chief Executive Officer Umberto Quadrino said.

### [Bulgaria eyes LNG imports from Yemen](#)

SOFIA (Reuters) - Bulgaria will hold talks over the potential import of liquefied natural gas (LNG) from Yemen to diversify its gas supplies, the Bulgarian economy and energy ministry said on Friday.

### [Schlumberger 3Q revenue soars; leaner times ahead](#)

HOUSTON (AP) -- Schlumberger reported its revenues jumped 24 percent during the third quarter but the world's largest oilfield services company said Friday that the global economic crisis will undoubtedly take a toll.

### [Bewildered by peak oil economics](#)

A stunning aspect of the current economic crisis is that most economists didn't see it coming and remain bewildered by its causes. Treasury Secretary Paulson said just over a year ago that the business environment was the best of his career.

Paul Greenstein wrote recently that the crisis struck with little forewarning, as if unleashed by a "secret signal" sent out in 2007 that slammed the economy with soaring energy and food costs, and the free-fall of housing prices.

The current economic crisis was indeed unanticipated by most economists, but the trigger may be hiding in plain sight - peak oil. Oil engineer M. King Hubbert predicted in 1956 that U. S. oil production would peak in 1970 and then decline.

### [Oil jumps on expectation recession fears overblown](#)

SINGAPORE – Oil prices jumped above \$72 a barrel Friday in Asia from a 14-month low as investors bet fears that a severe global recession will devastate crude demand may be overblown.

Oil has fallen by about half since reaching a record \$147.27 on July 11.

"I think the market has been way oversold," said Gavin Wendt, head of mining and resources research at consultancy Fat Prophets in Sydney. "The sentiment has been dominated by fear and panic, and when people are scared, they just keep selling."

Light, sweet crude for November delivery was up \$2.80 to \$72.65 a barrel in electronic trading on the New York Mercantile Exchange by midafternoon in Singapore. The contract dropped overnight \$4.69 to settle at \$69.85, the lowest settlement price since Aug. 23, 2007.



## Oil Cos Ability To Tap New Sources May Have Peaked-BP

LONDON -(Dow Jones)- Oil companies' ability to tap hydrocarbon resources may have peaked because new reserves are found in more challenging environments and the industry is losing skills and know-how as a generation of experienced workers approaches retirement, said BP PLC's (BP) head of exploration and production Andy Inglis.

In a speech delivered at Rice University in Texas on Wednesday and posted on BP's Web site Friday, Inglis said: "I think it's true to say that we may have reached a period of peak capability, at least in the short term."

He said this peaking in the capability of companies to extract oil bears a far closer relation to the facts than peak oil, the theory that the amount of oil the earth is capable of yielding has peaked.

## Why low oil would not last long

Oil prices, which neared the \$150 mark just few weeks ago, fell back below \$70, mainly due to fears of slower global growth as the financial crisis deepens. Robert Ebel, a senior advisor to the US government on oil and energy issues, is holding firm to his prediction that oil could go back to \$90 by the next few weeks.

He believes that \$90 a barrel is a 'fair and acceptable' oil price for consumers. "Is \$90 per barrel acceptable to the American people? Of course it is compared to the \$147 dollars in July. That is very acceptable," he argues.

## OPEC Embarks on a Fool's Mission



When oil was consolidating near \$100 I thought that was it. It was plain to see that the global economy was slowing, and it was clear that fundamentals were not in favor of another move higher.

I should have known better, because that is not how trends end. Trends end when every disbeliever (or nearly every disbeliever because my tune never changed) gets religion and hops on the bandwagon in spite of rapidly changing fundamentals. The same thing happened in housing in 2005, and in the blowoff top in 2000 in the Nasdaq, and more recently in various currencies like the Australian dollar and the British Pound.

Indeed, we saw analysts who disliked oil at \$50 calling for it to rise to \$200 or even \$300. People who never heard the term "Peak Oil" before, and probably still do not understand what it means, suddenly found a new religion.

### [How Does the Financial Crisis Affect the Peak Oil Thesis?](#)

Michael Shedlock has a great post on the recent slide on oil prices. Shedlock has been predicting a deflationary scenario as a consequence of the credit bust even when commodities reached all-time record highs earlier in the year. Due to oil's rapid descent past his \$70 target, Shedlock is now predicting possible \$50 - \$60 oil.

What's interesting about Shedlock's call is that he fully acknowledges the possible reality of peak oil but does not think peak oil, alone, is enough to drive prices into the stratosphere irregardless of economic fundamentals. He also asserts that peak oil has already been priced in.

### [It's time to improve oil price debate](#)

The price of petrol paid by Kenyan motorists, like their fellow travellers elsewhere, has remained incredibly high in the past few months. But, who is to blame for these incredibly high levels of fuel at the pump?

### [Candidates off on oil by \\$350 billion ... or so](#)

WASHINGTON - It's an attention-grabbing claim: Americans each year are sending \$700 billion to unfriendly countries for oil, as much as the entire cost of the Wall Street bailout plan. In rare agreement, both presidential candidates use the number. But is it real?

"We have to stop sending \$700 billion a year to countries that don't like us very much," Republican John McCain said again Wednesday night during the candidates' final debate.

Democrat Barack Obama joined the refrain recently, declaring at a Wisconsin rally that a push for alternative energy "will stop us from sending \$700 billion a year to tyrants and dictators for their oil."

The claim, however, wildly exaggerates the amount of money going to unfriendly nations. It also significantly inflates spending in general on petroleum imports, especially

considering recent dramatic declines in oil prices.

### [Government doubling heating oil assistance](#)

WASHINGTON - The Bush administration on Thursday released \$5.1 billion in fuel assistance to states, nearly doubling federal money to help poor people cope with high home heating bills expected this winter.

Despite oil price drops in recent months, lawmakers from cold weather states said high energy prices and the slumping economy are leaving many families struggling to pay to keep warm.

### [ICI Offers Alternative to Pickens Plan](#)

Intelligent Communities President Barry Krusch says, "Not only does the Pickens Plan fail to provide a solid solution to curtail greenhouse gas emissions, but it also lacks the detailed analysis that any comprehensive plan should include. Briefly put, it is too much Pickens, and not enough Plan".

### [Palin says God blessed America with oil and gas](#)

ELON, N.C. – Republican vice presidential candidate Sarah Palin said Thursday that God blessed the nation with oil and gas resources and other forms of energy that should be tapped to reduce U.S. dependence on foreign suppliers.

The Alaska governor told supporters at Elon University that she and GOP presidential nominee John McCain will develop new energy sources.

"God has so richly blessed this land, not just with the oil and the gas, but with wind and the hydro, the geothermal and the biomass," Palin said. "We'll tap into those."

### [West Africa has potential to develop biomass: report](#)

ROME (AFP) – Bioenergy could become an "engine of growth" for several west African countries hard hit by the world food crisis and rising oil prices, the United Nations Foundation said Thursday.

Converting biomass to bioenergy should be encouraged under certain conditions in the West African Economic and Monetary Union, the UNF said in a report commissioned by the group, whose French acronym is UEMOA.

### [Transforming England's towns into green and pleasant land](#)

(CNN) -- To begin with, visitors to Todmorden, Yorkshire, might think it looks like any other small town in northern England.

But look closer and you will notice some unusual features that have placed the town at the forefront of a new food revolution.

There are herbs growing in flower boxes at the bus stop, raspberry canes on waste land, cabbages in the flower beds at the local park - and even beans between the graves in the local cemetery.

In fact, wherever you look food is growing, free for anyone to pick and take home to cook.

### [Gulf state rescues £3bn wind farm in the Thames Estuary](#)

The Government of Abu Dhabi has stepped in to help to fund the world's biggest offshore wind farm in the Thames Estuary after the withdrawal of Royal Dutch Shell from the project.

Masdar, a \$15 billion (£9 billion) clean-energy investment fund controlled by the Gulf state, said yesterday that it would buy a 20 per cent stake in the London Array project from E.ON, the German energy giant.

### [Falling oil prices and higher tax take add to BP's woes](#)

BP served up more bad news for investors yesterday in a third-quarter trading statement that showed production was down, refining margins had slumped and the company had paid more tax.

Profits for the quarter, when the figures are released, would show a \$2bn (£1.1bn) gain from asset sales, but the future looked tough as the global price of Brent crude fell yesterday to \$57.78, the lowest for nine months.

### [Goldman Advises Investors to Switch to Shell From BP](#)

(Bloomberg) -- Investors should switch to Royal Dutch Shell Plc from BP Plc as Europe's largest oil company has underperformed its rival the past month and will offer better cash-flow growth from 2010-13, Goldman Sachs Group Inc. said.

## [Energy: Time ripe for introducing fuel oil tax - Analysts](#)

With the global crude oil price continuing to drop, some analysts said the time is ripe for China to introduce the long-discussed fuel oil tax.

"I believe it is right to introduce the tax while the international oil price is below \$80 per barrel," said Zhang Peisen, a senior researcher with the Taxation Research Institute under the State Administration of Taxation.

## [Britain to cut carbon emissions by 80 percent: minister](#)

LONDON (AFP) – Britain will introduce a legally-binding pledge to cut carbon emissions by 80 percent by 2050, the minister for the newly-created Department for Energy and Climate Change said Thursday.

The promise, which involves amending soon-to-be approved legislation that requires Britain to cut carbon emissions by 60 percent on 1990 levels by 2050, came after a recommendation to do so from a government-appointed committee.

## [Australian leader holds firm on climate change](#)

CANBERRA, Australia – World leaders must deal with the threat of global climate change despite the spreading "cancer" of the global financial crisis, Prime Minister Kevin Rudd said Friday.

Rudd backed the majority view that the 27-nation European Union reached in Brussels on Thursday that deep cuts must be made in greenhouse gas emissions despite slowing world economies.



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