



## DrumBeat: November 3, 2008

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Topic: [Miscellaneous](#)

[A Darker Future For Us](#): *It's not just the financial crisis: higher taxes, energy costs and health spending also threaten growth.*

A dilemma for the new president is how to reconcile the needs of the present with those of the future. The immediate need is to revive confidence—to rev up demand and spending, thereby absorbing the jobless and increasing the production of underutilized businesses. But the long-term problem is different. It is to mediate between all the competing demands on the nation's income and to expand the economy's capacity to produce the output that satisfies those demands. The closer the economy comes to stagnation, the more Americans will succumb to distributional struggles—not just between the rich and the poor, but also between the young and the old and between immigrants and natives.

Down that path lies "affluent deprivation." To use an old but apt cliché: people will fight over pieces of a fairly fixed economic pie rather than sharing ever-larger pieces of an expanding pie. The winners may be pleased, but the losers will feel short-changed—and so the conflicts may intensify, with yesterday's winners possibly becoming tomorrow's losers. Politics, which is often about rewarding some and punishing others, may become more so. Nor is this prospect merely theoretical. Already, Americans face far more claims on their incomes than can be easily met.

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## [The U.S. Economic Crisis: Three Growth Scenarios](#)

The third scenario's innovative growth calls for the trade deficit to shrink because the U.S. produces more innovative goods and services at home and exports them. In the 1990s, in fact, economists projected that exports of high-tech products would rise in step with the expansion of trade. The problems in recent years have come because exports fell short of forecasts, not because imports rose too high. No one anticipated that production of advanced electronics and pharmaceuticals—the crown jewels of American innovation—would be so quickly moved offshore, undercutting U.S. exports.

The innovative growth scenario benefits both the U.S. and the rest of the world, because it gives the U.S. something to sell. In order for it to happen, the enormous sums of research money already spent in areas such as biotech and nanotech have to start paying off in a big way. That means a breakthrough on the order of the semiconductor revolution—say, bioengineered bacteria that munch cellulose and efficiently turn out

ethanol. In addition, at least part of the associated production has to be kept in the U.S., rather than shipped overseas.

This third scenario won't be easy to achieve. But that's the one we should be aiming for. It gives us the best chance of a happy ending.

### [Oil and Money 2008: The New Realities of High-Cost Oil](#)

A variety of oil-related presentations available with free registration, including one by Matt Simmons.

### [Bangladesh and Burma in oil row](#)

Bangladesh says it will send diplomats to Burma to try to resolve a territorial dispute between the two nations in the Bay of Bengal.

Naval vessels from both countries are facing one another after the Burmese side reportedly began exploring in the area for oil and gas.

### [EnCana crews stop leak at bomb-damaged wellhead](#)

VANCOUVER, British Columbia (Reuters) - Repair crews have sealed the leak at a wellhead in northeast British Columbia that was sabotaged in the third bombing of a natural gas facility in the region in less than a month, EnCana Corp said Monday.

Police are still investigating the explosions near the communities of Dawson Creek and Tomslake, which may be linked to a letter sent to the area's news media last month calling on the energy industry to leave the region.

### [Climate disaster a significant possibility says Nobel price winner Steven Chu](#)

Since the IPCC report came out in 2007, new data point to even more alarming scenarios. We underestimate the risk and ignore the fact that the planet is threatened with 'sudden, unpredictable, and irreversible disaster,' says Steve Chu, one of the world's leading climate and energy experts.

Catastrophic damage to ecosystems because of global warming is 'a significant possibility.' We can expect 'disasters in orders of magnitude different from anything we've experienced thus far,' like abrupt, large-scale shifts in the climate system, collapse of ocean circulation and the West Antarctic Ice Sheet, and heat waves killing thousands of people. It is most likely that cities such as Tokyo, Mumbai, Buenos Aires, New York, and London must be protected behind sea walls because of rising sea levels and extreme weather.

### [It's relative: Contrasting hurricane theories heat up](#)

The study explores the relationship between sea surface temperature (SST) and seasonal hurricane activity, and show how differing interpretations of the observational record can imply vastly different futures for Atlantic hurricane activity due to global warming. The two interpretations arise from assumptions of whether it is the local SST in the Atlantic in isolation, or whether it is the SST in the Atlantic 'relative' to the rest of the tropics, that drives variations in Atlantic hurricane activity.

If one assumes the former (the local SST hypothesis), then by 2100, the lower bound on Atlantic hurricane activity is comparable to that of 2005, when four major hurricanes struck the continental United States, causing more than \$100 billion in damage. The upper bound exceeds 2005 levels by more than a factor of two. However, if one assumes the latter (the relative SST hypothesis), then the future is similar to the recent past, with periods of higher and lower hurricane activity relative to present-day conditions due to natural climate variability, but with little long-term trend.

### [New U.C. Report Finds Past and Future State Energy Policies Deliver Needed Economic Advantage](#)

As the country's financial worries reach new highs and the stock market new lows, a University of California study released today answers the question many Californians are now asking: How will the state's pioneering effort to address global warming impact its economy and consumer pocketbooks? The report examines historical data and finds that over the past thirty-five years, innovative energy efficiency policies created 1.5 million additional fulltime jobs with a total payroll of over \$45 billion. Looking forward, the report finds that if California improves energy efficiency by just 1 percent per year, proposed state climate policies will increase the Gross State Product (GSP) by approximately \$76 billion, increase real household incomes by up to \$48 billion and create as many as 403,000 new jobs.

### [Ford's U.S. sales fell 30 percent in October](#)

DEARBORN, Mich. - Ford said Monday its U.S. sales plunged 30 percent in October, with industry-wide results on track for 25-year low.

The world's biggest automakers are scheduled to report their October U.S. sales Monday amid slumping demand stemming from tough economic conditions and tight credit markets.

Analysts expect sales at most of the automakers to be down significantly from last year's levels. The automotive Web site Edmunds.com is projecting a 29 percent drop in sales to their lowest level since January 1992.

### [Ryanair plans cheap trans-Atlantic flights](#)

LONDON - Budget airline Ryanair is drawing up plans to offer trans-Atlantic flights as cheap as 10 euros (\$12.70) before taxes to several U.S. cities from Britain and Ireland, a company official said, according to a newspaper report Sunday.

### [Qatar LNG train delayed to 2010 from 2009-Conoco](#)

ABU DHABI (Reuters) - The start-up of a gas export facility in Qatar will be delayed to 2010 from 2009, a ConocoPhillips executive said on Monday.

A second facility would also be delayed, although would still start up in the planned year of completion in 2010, Ryan Lance, Conoco's head of exploration and production in Europe, Asia, Africa and the Middle East told reporters on the sidelines of an energy conference in Abu Dhabi.

### [1st Kazakh oil shipment goes through BTC pipeline](#)

The first shipment of Kazakh oil has been pumped through a strategic pipeline that bypasses Russia on its way to Western markets, an Azerbaijani official said Monday.

The shipment from the massive Tengiz field is a significant step toward connecting Central Asia's gas and oil resources to Western markets. Most of Kazakhstan's oil currently is shipped via a pipeline that goes through Russia, skirting the Caspian Sea's northern shores.

### [BizzEnergy becomes second power supplier to collapse in two weeks](#)

Concern about the future of independent electricity suppliers grew yesterday after BizzEnergy went into administration and its 40,000 small and medium sized business customers were "sold" for the princely sum of £87.50 each.

### [Oil executives, political leaders say decline in oil prices will not last](#)

ABU DHABI, United Arab Emirates (AP) — Oil executives and political leaders told a major petroleum conference Monday that the era of cheap energy is over, and warned of another price spike if investment in oil production is curtailed.

"Prices are falling, but they're falling for the wrong reasons: because of reduced demand and a consequence of reduced economic activity, not because we have increased supply or increased energy efficiency," BP PLC Chief Executive Tony Hayward said at the at

the Abu Dhabi International Petroleum Exhibition and Conference.

Even as demand continues to grow in booming parts of Asia, relatively low energy prices and an eventual rebound by the global economy will accelerate demand for oil again in the West, officials said.

"Increased demand will stretch the system to its limits, and this will cause another upward spike in the price," Hayward said.

### [Hints of Comeback for Nation's First Superhighway](#)

After decades of decline, commercial shipping has returned to the Erie Canal, though it is a far cry from the canal's heyday. The number of shipments rose to 42 so far this year during the season the canal is open, from 15 during last year's season, which lasts from May 1 to Nov. 15.

Once nearly forgotten, the relic of history has shown signs of life as higher fuel prices have made barges an attractive alternative to trucks.

"We anticipated we might have an increase in commercial traffic, but nowhere near what we're seeing today," said Carmella R. Mantello, director of the New York State Canal Corporation, a subsidiary of the New York State Thruway Authority that operates the Erie and three other canals.

### [French power cut shows southeast vulnerable-Govt](#)

PARIS (Reuters) - France must make power supply in its southeast more secure, the energy ministry said after a storm hit a high-voltage line between Marseille and Nice and caused a major three-hour power cut in the region on Monday.

Although the 1,500-megawatt outage was triggered by storms, it was the proof that the region suffered from a structural vulnerability, the ministry said in a press release.

### [Blame high oil prices for recession, CIBC says](#)

OTTAWA — Forget blaming the global recession on dubious mortgage practices in the United States - blame high oil instead, says Jeff Rubin, chief economist at CIBC World Markets.

"The recent spike in oil prices doesn't seem to get any credit for what's happening to the world economy now," he says in an analysis released Monday. "That's odd, because it should."

Blaming subprime mortgages for the crisis doesn't make sense, he argues, because those

loans don't have the scale to topple Japan, Europe and much of the advanced global economy.

"How do falling property values in Cleveland create a recession in Japan, and the Euroland economies, before they even create a recession in the U.S. economy?" Mr. Rubin asks. "And if Cleveland and its ilk are really the epicenter of all the world economies' ills, why is the rest of the world buying greenbacks?"

### [National companies in driving seat](#)

For almost a decade, oil-rich countries have watched the power of their national energy companies increase as oil prices rose from \$10 a barrel to a peak of almost \$150.

As international oil companies were failing to find new big fields, the shift in power between national and international oil companies became so stark that ExxonMobil of the US was the only international oil company to make the FT's 2007 list of the world's seven most important oil companies. The rest, led by Saudi Aramco, were national oil companies.

But many national oil companies face political and technical challenges so great that they are failing to exploit their countries' vast potential. The recent collapse in oil prices means countries struggling to increase their production will be left having to accept far lower revenues.

And as oil prices fall and companies such as Rosneft, Russia's national oil company, and Gazprom, its gas monopoly, struggle under the effects of the credit crunch, the task of boosting production will become even more difficult. This has led oil executives and even the Opec oil cartel to warn that the world may well find there is again not enough supply to meet demand once it recovers from the downturn.

### [Don't Put on the Black Dress The Patient Isn't Dead](#)

When crude oil prices hit \$60 a barrel and gas prices dipped below \$2, you could almost hear an audible sigh from those who never really believed the energy crisis was real and felt renewable fuel was just a fad. Here it was: proof that things would soon return to normal with cheap gas, cheap corn, and cheap food. Media, which had been skeptical of renewable energy all along, started running stories about how the American public was losing interest in renewable energy and how Wall Street investors were no longer interested in renewable energy stocks. But, before you declare the patient dead, you might want to take a closer look.

While it is natural to want to return to those "good ol' days," the reality is they are gone and are not coming back. For example, have you noticed that while the price of fuel and the price of corn have fallen dramatically in the past few weeks, the price of food has not? Those fuel surcharges delivery companies started putting on their bills have also not been removed. The reason is that energy has not suddenly gotten cheaper to produce nor has the supply of oil suddenly increased. What we are seeing is a dip in the



market, not a new golden age.

### [Refiners aim for lower Saudi prices; but eyes supply](#)

SINGAPORE (Reuters) - Lifters of Saudi crude hope the top oil exporter will cut prices for all its grades for December on the back of weakening products, but OPEC cuts and falling oil prices may put a floor to the cuts and even lead to rises.

Saudi Aramco should cut the price of all its crudes based on the poor performance of refined products last month, refiners said. But some traders said a rise in differentials could be on the cards to compensate for the expected reduction in Saudi output in line with its OPEC commitments.

"People are concerned about the effect of production cuts on the upcoming OSPs but our expectations are based on our situation. Fuel oil is not rosy," a trader with a term lifter said.

### [Saudi tells BPCL no cut in Nov - source](#)

NEW DELHI (Reuters) - Saudi Arabia, the world's biggest oil producer, will not cut crude supplies in November for refiner Bharat Petroleum Corp Ltd, a source at the state-run Indian firm said.

"Saudi Arabia has send us a general letter informing us about a cut in line with OPEC decision. They have applied no cut in November lifting for us but a decision on supplies for December is yet to be announced," a company official, who declined to be named, told Reuters.

### [Petrobras oil exports set new record in October](#)

SAO PAULO (Reuters) - Brazilian state-controlled oil giant Petrobras said Monday it shipped crude oil at a record rate of 574,000 barrels per day (bpd) in October, totaling 17.8 million barrels.

Almost two thirds of the oil was shipped to the United States, followed by China which bought nearly one quarter, and Europe and Latin America which both took around 5 percent.

### [Sacrifice theme returns to US politics: Both McCain and Obama cite the need for selflessness and service](#)

Previously, President Jimmy Carter hadn't fared well either when asking for sacrifice. When the 1979 energy crisis hit, he called it a "moral equivalent of war," famously donned a cardigan, and asked Americans to turn down their thermostats. He was not reelected.

"Sacrifice has kind of a bad name when it's applied to the American people. We like to remember that we've sacrificed ... – but in terms of asking people for sacrifice, that's the sign to a lot of people of a liberal," says Mark Leff, a historian at the University of Illinois at Urbana-Champaign. "But the political discourse seems to be shifting."

In his research, Mr. Zogby identifies what he calls "four meta-movements that separately and together are redefining the American dream." Top on the list is living with limits (followed by embracing diversity, looking inward, and demanding authenticity).

### [Resolved: state of emergency exists in rural Alaska](#)

ANCHORAGE, Alaska – Energy, its production and costs, and related legislation all featured as big issues at this year's conference of the Alaska Federation of Natives. And woven in with discussions about energy were concerns about the major shift of the Alaska Native populations from traditional villages into towns and cities across the state.

On Oct. 25, the last day of the annual conference of the Alaska Federation of Natives, the organization passed a resolution requesting that the state and federal governments declare a state of emergency for rural villages. AFN lists energy costs, lack of public safety and lack of economic opportunities among the reasons that rural Alaska is suffering. As a result, communities are losing residents at an unprecedented pace as they leave the villages for towns, and leave towns for cities.

### [Truckers Shut Down Nov. 3rd](#)

"The government is going to have to realize we are doing everything we can. The government is going to have either put refiners online, negotiate some more with OPEC, or give us a tax break," Chris Rice explains.

"Our federal government is subsidizing railroads, airlines, banks and farmers," he said. "Meanwhile, we're being taxed to death."

### [Having a rich life is still possible](#)

Older people are on the short end of the recessionary stick. According to the Center for Retirement Research, people older than 60 own nearly half of all equities. According to AARP, seniors accounted for 28 percent of mortgage delinquencies and foreclosures and nearly a quarter of bankruptcies last year. Of those 65 and older, more are working than



at any time in 38 years.

Sadly, stories abound about seniors having to decide whether to cut back on food, medications or home heating. Those not in such dire straits are looking for ways to cut expenses while riding out the uncertain crisis.

### [S/Korea offers to bail Nigeria out of energy crisis](#)

Nigeria's myriad of problems in the energy sector has been offered a lifeline by the South Korean Government.

Making the offer at the just concluded Korea-Africa Economic Cooperation Conference held in Seoul, South Korea, President, Korean Energy Economics Institute, Mr. Ki-Yual Bang, and President, Korean Electric Power Corporation, Mr. Jin-Sik Sim, asked Nigeria as well as other African countries to come forward with proposals and projects, where they needed assistance in a bid to fix their ailing energy industries.

### [Efficiency's Mark: City Glitters a Little Less](#)

Gone are the days when cheap electricity, primitive lighting technology and landlords' desire to showcase their skyscrapers kept floor after floor of the city's highest towers glowing into the night. Now, rising energy costs, conservationism, stricter building codes and sophisticated lighting systems have conspired to slowly, often imperceptibly, transform Manhattan's venerable nightscape into one with a gentler glow.

### [Utilities putting new energy into geothermal sources](#)

Not far from the blinking casinos of this gambler's paradise lies what could be called the Biggest Little Power Plant in the World.

Tucked into a few dusty acres across from a shopping mall, it uses steam heat from deep within the Earth's crust to generate electricity. Known as geothermal, the energy is clean, reliable and so abundant that this facility produces more than enough electricity to power every home in Reno, population 221,000.

### [Train travel gains favor with public, Congress](#)

WASHINGTON - After half a century as more of a curiosity than a convenience, passenger trains are getting back on track in some parts of the country.

The high cost of energy, coupled with congestion on highways and at airports, is drawing travelers back to trains not only for commuting but also for travel between cities as

much as 500 miles apart.

### [Nuclear-powered passenger aircraft 'to transport millions' says expert](#)

Nuclear-powered aircraft may sound like a concept from *Thunderbirds*, but they will be transporting millions of passengers around the world later this century, the leader of a Government-funded project to reduce environmental damage from aviation believes.

The consolation of sitting a few yards from a nuclear reactor will be non-stop flights from London to Australia or New Zealand, because the aircraft will no longer need to land to refuel. The flights will also produce no carbon emissions and therefore make no contribution to global warming.

### [Doing well by clearing the air](#)

Investing in carbon credits takes an appetite for risk and complexity. But this market is doing much better than most.

### [As temperatures rise, is there a future for movable homes?](#)

As a prototype for a real solution to overcrowding in cities, or anti-flood measures as sea levels rise, it has a long way to go — which at 60 metres an hour might take much longer. But the Danes are not the only ones giving serious thought to housing issues in a changing climate.

The idea of floating homes that rise and fall with the sea level, or houses built on stilts, have been built in all sorts of climates for centuries. The Dutch have perfected their designs for floating homes.

### [‘New faces’ struggle to pay utilities](#)

In an economy that has Americans scrambling to make ends meet, more people are putting off utility payments — usually considered a necessity. Many of those grappling to keep the lights and water working are members of the working class who’ve never had to ask for financial help before — or not to this extent.

“We’re talking about newly poor, the new faces of poverty,” said Yvonne Thomas, vice president of programs for the Fulton Atlanta Community Action Authority, which dispenses federal aid for heating starting in November. The group has already seen a 40 to 50 percent increase in the number of people calling for help since this time last year.

“These are people that have never asked for assistance before,” she said, referring to a

third of her callers. But with “downsizing and all that, they find themselves in a situation they thought they never would be in.”

### [The dawn of a disturbing new reality](#)

In the past month, the world has witnessed one of the largest financial and economic upheavals in a generation. The fallout may have been most immediately felt on Wall Street, but the effect on energy, and perhaps even the environment, will also be profound.

Christophe de Margerie, chief executive of Total, the French oil company, who usually argues for governments to get out of the way of those trying to bring enough energy to the market to satisfy demand, this week said recent events meant lawmakers needed to consider extending a helping hand to environmentally friendly energy sources and technologies made uneconomical by falling oil prices.

(If the link is behind a paywall, try [here](#))

### [Low oil price should not deter output expansion: UAE minister](#)

ABU DHABI (AFP) – Oil-producing nations should continue their investments to boost output capacity despite a slide in crude prices, the United Arab Emirates energy minister said on Monday.

"It is very important to continue investing to maintain and increase capacity in order to be prepared for the next (price) cycle," Mohammad bin Dhaen al-Hamli told reporters.

### [Will Green Progress Be Stalled or Speeded by the Bad Economy?](#)

Environmentalists can't decide whether to celebrate the recession or dread it. Conventional wisdom holds that the green movement will be one of the first casualties of the downturn. "The clean-tech industry is at risk because of a real lack of access to capital," says Paul Maeder, who runs the clean-tech fund for Highland Capital, the global venture capital firm that he co-founded. But in his next breath, Maeder explains why the current economic mess may end up being a boon to environmentalism — by forcing change. "We're in a crisis because of oil prices and climate change, and now we're in a crisis because of the capital markets," he says. "This is where innovation happens, where the existing power structure hits a crisis point. I'm really happy."

There's a fine line between optimism and denial. The WilderHill New Energy Global Innovation Index, which tracks the stock prices of clean-tech companies, is down about 80% since the beginning of September. (By comparison, the S&P Index lost about 25% of its value over the same time period.) The cost of oil, which has driven much of the investment in alternative energy in recent years, has halved since the summer. And

new industry, like wind farms and solar panel factories, are no less affected by the credit crunch than any other business.

[Will cheaper gas nix energy reforms?](#): *If prices keep dropping, the next president may find it harder to ease the US off foreign oil.*

Does the low cost of flying, transporting goods, and getting to the store mean that the biggest incentive for energy reform is evaporating?

"Falling gas prices takes a lot of starch out of the political rhetoric," says Austin-based energy journalist Robert Bryce, author of "Gusher of Lies."

### [Peak oil production again on hold](#)

As we have seen, the price of light oil went from \$100 a barrel at the start of the year to \$147 in July and is now back to around \$60 at end October. Long ago, I concluded that predicting oil prices was a mug's game, and in an article published in July 2007 ([Peak oil production again in the news](#)) I said the same about predicting the peak oil date.

The leading exponents on peak oil are Colin Campbell, founder of the *Association for the Study of Peak Oil and Gas*, and Jean Laherrère. They are also leading lights in *The Oil Depletion Analysis Centre* (ODAC), a UK charity established to promote the awareness of oil depletion. At some point, they have predicted the years 2000, 2007, 2008 and 2010 for peak oil. Colin Campbell's latest prediction is now 2010 and Chris Skrebowski, also a member of ODAC and the editor of *Petroleum Review*, has predicted 2010 plus or minus two years. We are close to the end of 2008 and the peak will certainly not occur this year. I will not criticise these gentlemen for being wrong once, twice or even thrice since that is a risk with all predictions. However, this consistency of being wrong, and pushing the date back each time a new prediction is made, removes all confidence in their predictions

### [OPEC Oil Output Falls in October: Survey](#)

OPEC oil supply fell in October for a second consecutive month as Saudi Arabia and Iran trimmed production and maintenance curbed supply in the United Arab Emirates, a Reuters survey showed on Monday.

The survey of oil firms, OPEC officials and analysts found that the Organization of the Petroleum Exporting Countries, excluding Iraq, is trimming output back to official target levels, in line with a Sept. 10 deal to prop up prices.

Supply from OPEC fell to 32.23 million barrels per day in October from 32.34 million bpd in September, according to the survey.

### [UAE keeps OPEC pledge to cut oil supply - oil min](#)

ABU DHABI (Reuters) - The United Arab Emirates has kept its pledge to cut oil supplies in line with its OPEC commitments, Oil Minister Mohammed al-Hamli said on Monday.

He said that while the global financial crisis had a big impact on the oil industry it was important for the Middle East to continue investing in the energy sector, even as the Oman oil minister warned that the crisis would lead to project delays.

"We have fulfilled completely our cuts," Hamli told Reuters at an oil and gas conference in Abu Dhabi.

### [Russian October oil output highest in year](#)

MOSCOW (Reuters) - Russian oil production in October rose to its highest in 2008, to 9.86 million barrels per day (bpd), data supplied by Russia's Energy Ministry showed on Monday.

### [Asia refiners puzzled by Saudi silence on OPEC cuts](#)

SINGAPORE - Saudi Arabia has yet to inform its customers of any cuts in November oil supply, trade sources in Asia said on Monday, raising questions about its resolve to quickly implement OPEC curbs agreed just 10 days ago.

While Kuwait, the United Arab Emirates and Nigeria have all told refiners and traders to expect less oil in both November and December, state oil firm Saudi Aramco has maintained radio silence since OPEC agreed on Oct 24 to a 1.5 million barrel per day (bpd) or 5 percent cut, meant to take effect from Nov. 1.

### [ANALYSIS - OPEC gears up for deep output cuts](#)

LONDON (Reuters) - OPEC members might have ignored output limits in the past, but they mean business now after oil prices shed more than half their value in three months and financial turmoil has crushed demand.

### [BP says US oil demand down 2 mln bpd on year](#)

ABU DHABI - Oil demand in top consumer the United States has fallen sharply from levels a year ago due to the credit crisis and slowing economy, BP Chief Executive Tony Hayward said on Monday.

‘According to our preliminary data, US demand was down 2 million barrels per day on the year over the last four weeks,’ Hayward said in a speech to an energy conference in Abu Dhabi.

### [Shell delays restart of Pernis oil units - sources](#)

LONDON (Reuters) - Royal Dutch Shell (RDSA.L: Quote, Profile, Research) has delayed the restart of oil units at its Pernis refinery in the Netherlands by about two weeks, trading sources said on Monday.

Shell shut about three refining units, including one crude distillation unit (CDU), in mid-September for planned maintenance.

### [Caltex feeling pain as falling dollar hits profits](#)

CALTEX will suffer "short-term pain" this year, flagging second-half losses.

Unprecedented falls in the dollar and the crude oil price wiped \$200 million off its full-year profit outlook.

### [Statoil Hydro profits cut in half](#)

Norwegian oil company Statoil Hydro has seen quarterly profits fall by more than a half because of higher taxes triggered by the strengthening dollar.

### [Chavez: Obama win could spur U.S.-Venezuela talks](#)

CARACAS, Venezuela — Venezuelan President Hugo Chavez is willing to talk with Barack Obama if the Democratic candidate wins Tuesday's election.

### [Military: Lebanese oil worker kidnapped in restive southern Nigeria](#)

PORT HARCOURT, Nigeria (AP) — A military spokesman says unidentified gunmen have kidnapped a Lebanese construction worker in Nigeria's restive southern oil region.

### [A strike against 'Iranophobia'](#)

On the eve of the United States presidential elections, a landmark visit to Tehran by the



head of Gulf Cooperation Council (GCC) has been widely regarded in the Persian Gulf region as a major diplomatic overture toward Tehran by the US-backed oil sheikdoms.

### [Myanmar's farmers pay for China's oil thirst](#)

BANGKOK - The largest island off Myanmar's west coast is emerging as another frontier for China's expanding plans to extract the rich oil and gas reserves of military-ruled Myanmar.

Initial explorations by a consortium, led by China National Offshore Oil Company (CNOOC), has left a deep scar on Ramree Island, which is twice the size of Singapore and home to about 400,000 people. "They have destroyed rice fields and plantations when conducting the seismic surveys and mining the island in search of oil," says Jockai Khaing, director of Arakan Oil Watch (AOW), an environmental group of Myanmar people living in exile.

"The local communities have been directly and indirectly affected," he said. "Hundreds of people have been forced to relocate as a result of the drilling conducted near their communities. The locals hate the Chinese; their world has become crazy after the Chinese arrived."

### [Many would pay higher power bills for better grid](#)

Half of Harris County voters would be willing to pay more on their monthly electric bill for a more reliable electric grid, according to a survey conducted for the Houston Chronicle.

Electric power has been a key issue in Houston following Hurricane Ike, which left 41 percent of the poll respondents without power for more than a week after it came ashore early on Sept. 13.

### [Energy 'independence' is easier said than done](#)

McCain and running mate Sarah Palin encourage rally audiences to join in chanting the mantra of "Drill, baby, drill" — asserting that private companies can get us there by tapping more domestic oil and natural gas reserves locked under U.S. land and water.

Obama and his running mate, Joe Biden, fire up the faithful with promises to spend billions in tax dollars to stimulate the commercialization of alternative fuels and plug-in hybrid vehicles.

But neither policy actually would wean the U.S. from foreign oil, says Lester Lave, an energy economist and professor in the Tepper School of Business at Carnegie Mellon University.

“Saying we’re not going to import oil is hogwash,” he says.

### [Australia: Get up early to ride free? Forget it](#)

THE Early Bird ticket, hailed by Premier John Brumby as a solution to overcrowding on morning trains, is failing dismally to attract commuters.

### [Business blowing in](#)

**FREEPORT** — The wind energy boom has blown good times into the Port of Freeport.

Even though the closest wind farms are hundreds of miles away in West Texas, the Brazoria County port is doing good business unloading ships loaded with wind turbines made in India, Brazil, Spain, China, Denmark and other countries.

The giant generators, 144-foot-long blades, tower tubes and other parts are stacked over a 60-acre area of the port. Freeport began bringing in ships loaded with turbines two years ago and expects that business to double next year.

### [Energy Dilemmas Call For A Breath Of Fresh Air](#)

Many Americans have begun to consider alternative forms of energy to our traditional coal and oil-based power grid. Whether you subscribe to the theory of Peak Oil, are concerned about issues related to global warming, or worry that international politics could interrupt the supply lines that bring us 60 percent of our national fuel supply, you can take a position on the front lines in the war for energy independence.

### [Xcel’s cutback of solar credit draws critics](#)

Tom Plant is unhappy about Xcel Energy Inc.’s decision to cut its financial support for residential solar systems by 22 percent.

Plant, director of the Governor’s Energy Office, said Xcel’s change will make it harder for homeowners to pay the higher upfront cost of the systems — and ultimately will make the systems more expensive.

### [Nukenomics No Longer Add Up - Expert](#)

(OneWorld) - Nuclear power is a risky source of energy that comes with many hidden costs, said an environmental analyst and long-time leader in the U.S. environmental

movement Tuesday.

Lester Brown, president of the Earth Policy Institute, said the "flawed economics" of nuclear power are placing unforeseen burdens on taxpayers: the costs related to the construction of nuclear plants, the disposal of nuclear waste, the decommissioning of old plants, and security in case of an accident all contribute to the price the world pays for nuclear power. Wind energy is a more economically sound option, said Brown.

### [New Algae Species Can Be Used to Produce Biodiesel](#)

Dr Leasing is confident that the algae can be effectively farmed for industrial biodiesel production as early as next April. She was also keen to stress that a KCU-S2 facility would not require much space. Quoting statistics from the US, she estimated that up to 136,900 litres of oil per hectare could be produced from the small green algae, compared with only 172 litres from corn.

### ['Superenzymes' Could Streamline Biofuels Refining](#)

Stain removers that make even the most stubborn spots on your clothes vanish in the wash may be powered by molecules known as enzymes. Agricultural Research Service (ARS) scientists at Albany, Calif., are in search of similarly strong, fast-acting enzymes. But the ones they want would be put to work not in your laundry room, but instead at biofuels refineries, where the enzymes' job would be to break down the cell walls of bioenergy crops such as switchgrass.

### [U.S. West's sea of oil will take time to tap](#)

A key issue in the Rocky Mountain West this political season is how to tap Western oil reserves that could be twice as large as Saudi Arabia's - but are encased in rock.

"At a time when Americans are screaming for energy independence, no policymaker can ignore that there are between 1 and 2 trillion barrels of oil shale and 800 billion barrels of oil equivalent to be recovered," says Bob Schaffer, a Republican and former congressman who is running for Colorado's open U.S. Senate seat.

His opponent, Democratic Rep. Mark Udall, calls for a go-very-slow approach, citing environmental concerns about shale extraction. Udall and fellow Democrats voted to delay federal rules to regulate shale's development - much to the chagrin of President Bush, who said in July that oil shale is key to economic recovery.

### [Canada may join U.S.-led energy, environment security project](#)

OTTAWA — Canada may join a new, U.S.-led effort to gather and share intelligence

about threats to energy and environmental security, a newly released document shows.

The project, spearheaded by the U.S. Energy Department's intelligence and counterintelligence unit, is billed as a "radically different" way of understanding security matters.

The Energy and Environmental Security Ecosystem, or EESE, will include a members-only website for governments, industry and experts to swap information and make contacts. There may also be face-to-face meetings.

### [A bounty sprouts in the city with MyFarm enterprise](#)

San Francisco's under-used, overgrown backyards are being turned into plots of green that will provide organically grown food.

### [China's food supply at risk from climate change](#)

By the middle of this century, climate change will be presenting major challenges for China in feeding its expanding population, says the UK's Department of Energy and Climate Change.

### [Carbon capture riddled with problems, report says](#)

CHARLESTON, W.Va. -- Equipment to control power plant greenhouse gas emissions is "emerging technology" that is saddled with many unanswered questions about scale, safety and cost, according to a new report from the Union of Concerned Scientists.

### [Fears mount as Arctic melt prompts historic methane rise](#)

ATMOSPHERIC concentrations of methane, "a greenhouse gas more than 20 times more potent than carbon dioxide", have risen for the first time in eight years, prompting concern about the pace of climate change.

...CSIRO senior climate scientist Paul Fraser said the data was in line with predictions that rapid melting of Arctic ice would create natural wetlands, one of the most common methane emitters. "This is not good news for global warming," he said.

### [World faces growing risk of conflict: US intelligence chief](#)

WASHINGTON (AFP) — The world faces a growing risk of conflict over the next 20 to 30 years amid an unprecedented transfer of wealth and power from West to East, the

US intelligence chief has said.

Michael McConnell, the director of national intelligence, predicted rising demand for scarce supplies of food and fuel, strategic competition over new technologies, and the spread of weapons of mass destruction.

"What I'm suggesting -- there's an increased potential for conflict," McConnell said in a speech Thursday to intelligence professionals in Nashville, Tennessee.

"During the period of this assessment, out to 2025, the probability for conflict between nations and within nation-state entities will be greater," he said.



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