



DrumBeat: November 18, 2008

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Topic: [Miscellaneous](#)

[Credit crisis dims the lights for power industry](#)

GREAT FALLS, Montana: As workers scramble to build an \$800 million coal-fired power plant on a patch of farmland here, a crisis that began on faraway Wall Street threatens to stretch America's power supplies to the brink — driving up prices and laying the stage for future shortages.

The power industry is under extraordinary financial pressure just five years after North America suffered its worst blackout ever, when rolling outages turned out the lights on 50 million people. Even before the extent of the global credit crisis was fully known, the nation's largest power providers warned of even bigger blackouts to come with the power grid under ever growing strain.

[Alternative energy bulls face bear market](#)

NEW YORK (MarketWatch) - While some hail the election of President Barack Obama as a boon for alternative energy down the road, the renewable sector remains stalled compared to the flurry of deal making earlier this year.

Although legislators in Washington are laying out an ambitious energy agenda for the coming year, the credit crises and cheap gasoline have dealt a double-blow to the prospects for biofuel, solar and wind energy champions.

[General hints China's navy may add carrier](#)

BEIJING: A high-ranking Chinese military official has hinted that China's fast-growing navy is seeking to acquire an aircraft carrier, a move that would surely stoke tensions with the United States military and its allies in Asia.

[Missing Radioactivity In Ice Cores Bodes Ill For Part Of Asia](#)

COLUMBUS, Ohio – When Ohio State glaciologists failed to find the expected

radioactive signals in the latest core they drilled from a Himalayan ice field, they knew it meant trouble for their research.

But those missing markers of radiation, remnants from atomic bomb tests a half-century ago, foretell much greater threat to the half-billion or more people living downstream of that vast mountain range.

It may mean that future water supplies could fall far short of what's needed to keep that population alive.

[Bark beetles kill millions of acres of trees in the American West](#)

Foresters say the historic outbreak has several causes. Because fires have been suppressed for so long, all forests are roughly the same age, and the trees are big enough to be susceptible to beetles. A decade of drought has weakened the trees. And hard winters have softened, which allows the beetles to flourish and expand their range.

Hoping to keep their forests from completely dying, to earn money by selling dead and infected trees and to mitigate fire risks, landowners are scrambling to cut the pines. If enough are cut — up to 75 percent — it might leave some behind that, with less competition for water, can survive. Still, for many landowners, cutting most of the forest where they have they built their homes is painful. "I've literally had people in my office crying," said Gary Ellingson, a forestry consultant for Northwest Management.

[As children starve, world struggles for solution](#)

(CNN) -- Some mothers choose what their children will eat. Others choose which children will eat and which will die.

... Raj Patel, author of "Stuffed and Starved: The Hidden Battle for the World Food System," says the right to food should be seen as a human right. But, he says, powerful corporate food distributors control too much of the world's food supply to ensure a robust global food supply.

Patel says "2008 was a record year in terms of harvest. There's more food per person in 2008 than there's ever been in history. The problem is not food, but how we distribute it."

Other causes for the rise in global hunger have been documented. They include:

- Surging oil costs have made it more expensive to harvest, fertilize, store and deliver food.
- The rise in droughts and hurricanes worldwide has wiped out crops and made farming more difficult.
- The world is running out of the raw materials -- water, oil, good farmland -- needed to

keep the food system intact.

[Report urges fuel revolution](#)

LONDON, England (CNN) -- The International Energy Agency has called for a global energy revolution to ensure future supplies and to stem the rise of greenhouse gas emissions.

In its annual report -- 2008 World Energy Outlook (WEO) -- published last week, the agency describes the world's energy system as being "at a crossroads" and calls for traditional supply and consumption methods to be overhauled.

[OPEC to seek non-members' help to shape market-Iran](#)

TEHRAN (Reuters) - OPEC will discuss talks with non-member oil producers on cooperating to manage the oil market when the exporter group meets in Cairo this month, IRNA news agency quoted Iran's oil minister as saying on Tuesday.

[Chevron declares Nigeria oil exports force majeure](#)

ABUJA (Reuters) - U.S. oil major Chevron declared on Tuesday a force majeure on its Escravos crude oil exports in Nigeria, through the end of the year, due to a pipeline breach last week, a company spokesman said.

[Obama vows to engage world on climate change](#)

LOS ANGELES (AFP) -- US president-elect Barack Obama on Tuesday vowed he would "engage vigorously" in global climate change talks and that denial was no longer an acceptable response to global warming.

Obama said in a surprise video message to a summit of US state governors on climate change here that he would show new leadership on the issue as soon as he takes office in January.

[Qatar oil min sees tough 2009 for oil market-agency](#)

DUBAI (Reuters) - Next year will be a tough one for the oil market as the global economic slowdown eats into demand, Qatar's state news agency QNA quoted the country's oil minister as saying.

U.S. crude CLc1 has fallen over \$90 from its July peak over \$147 a barrel as the world's big oil consumers burn less fuel due to slowing economic activity. "I expect 2009 to be a difficult year. All the indicators affirm a large decline in demand during the last quarter of the current year and the first quarter of 2009," QNA quoted Oil Minister Abdullah al-Attiah as saying late on Monday.

[Top oil exporters' ship plans unchanged after hijack](#)

DUBAI (Reuters) - Three of the Middle East's top oil exporting nations, Saudi Arabia, Iran and Kuwait, have no immediate plans to alter their crude oil shipping operations despite an increased threat from pirates off East Africa.

Somali pirates over the weekend hijacked a Saudi supertanker with a cargo of two million barrels of oil and the U.S. navy said on Tuesday it was now anchored off Somalia.

[Danish oil ship briefly seized off Nigeria](#)

COPENHAGEN, Denmark (AP) -- A Danish shipping group says one of its vessels has been released after being hijacked for nearly 30 hours in Nigeria's southern oil region.

[Petrobras' Oil Production Grows 8.3% in October](#)

Petrobras' average oil production in Brazil reached the mark of 1,872,970 barrels in October, an 8.3% increase over a year ago. The natural gas production, also in the domestic fields, topped-out at 53.711 million cubic meters/day, 26% more than the 42.589 million cubic meters produced in October 2007.

[Real Price of Gas Approaches a Historic Record-Low](#)

Feeling nostalgic for the days of 17 cent gas in 1931, 20 cent gas during WWI, the gas below 30 cents during the first half of the 1950s, or the \$1.40 gas of the early 1980s? If so, you'd be suffering from "money illusion," the tendency to confuse nominal and real (inflation-adjusted) prices. Gas is cheaper today in real dollars than any of those past prices.

[Petrovietnam, Iraq in Talks to Revive Oil Deal](#)

State-run Vietnamese oil company Petrovietnam is holding talks with the Iraqi Oil Ministry to revive a contract it signed with Iraq during former president Saddam Hussein's rule, a source close to the negotiations said Monday.

Petrovietnam originally signed a \$300-million deal with Iraq in March 2002, to develop the Amara oil field in southern Iraq, with an estimated prewar capacity of 80,000 barrels a day.

[BP Solar to Shut Sydney Production Plant to Cut Costs](#)

(Bloomberg) -- BP Plc, Europe's second-biggest oil company, said it will close its solar power equipment manufacturing plant in Sydney at the end of March to focus operations on lower-cost locations.

[Jordan: Fuel shortage persists](#)

AMMAN - The fuel crisis continued unabated in most major cities on Monday for the second day, with long queues of vehicles at gas stations waiting to refill their empty tanks while traffic police were still handling the resulting traffic jams.

Meanwhile, gas station owners said the problem might persist till the weekend, noting that their daily sales of oil derivatives doubled during the past two days, blaming the Jordan Petroleum Refinery Company (JPRC) for failing to meet their demands in due time.

[Zimbabwe: Experts Declare Farming Season A 'disaster'](#)

FOOD shortages are set to worsen next year as most farmers will fail to plant this season due to a critical shortage of farming inputs attributed to poor planning by the government.

Agriculture experts warned that even if Zimbabwe receives normal rainfall this season another poor harvest cannot be avoided because of the acute shortage of seed, fertiliser and diesel for tillage as well as continued farm disruptions.

[Afghanistan Seeks Electricity, Fuel](#)

Afghanistan's President Hamid Karzai paid a visit to Iran's Embassy in Kabul, requesting the Islamic Republic to help his country by supplying electricity.

He also sought Iran's assistance in supplying the fuel required by Kabul power plants, Fars News Agency wrote.

[How Ford Lost Focus](#)

For a decade, Bill Ford Jr. talked up fuel economy while his company peddled gas-guzzling SUVs and monster trucks. Is it too late for the automaker to shift gears to alternative fuels?

[Philippines: Lack of low-cost tickets to Middle East decried](#)

FILIPINOS PLANNING to work in the Middle East are suffering from a shortage of low-cost plane tickets, the only type of airfare that Middle Eastern employers are willing to provide potential workers.

But Philippine Airlines (PAL) said local carriers could not compete with Middle Eastern carriers, which offer lower fares since they have access to cheaper fuel.

[Big Oil: We told you so](#) - *With prices sharply lower from the summer's highs, Big Oil's decision to hold off on new production now seems rather wise.*

NEW YORK (CNNMoney.com) -- It would be tempting to say they told us so.

Back when oil prices were going nowhere but up, public officials, consumer rights groups and newspaper editorials chastised the major oil companies for not investing enough in new production. Big Oil, they argued, was simply lavishing shareholders with massive stock buybacks and dividends at the expense of the motoring public.

[T. Boone Pickens: Our energy future](#)

Three critical issues face the Obama administration in 2009: first, the collapsing U.S. economy; second, our national security; and, finally, our escalating and costly dependence on foreign oil.

Addressing our perilous dependence on foreign oil is a sure way to solve the economic and security threats. We cannot be complacent and buy into the notion that collapsing oil and gasoline prices have solved the problem. They have added to it. Though prices have dropped, we continue to import nearly 70 percent of the oil we use. The longer we fail to develop a national will and a national energy plan, the worse our national economic and security threats will become.

[Wholesale prices plunge](#)

NEW YORK (CNNMoney.com) -- Wholesale prices fell more than expected in October as energy costs continued to decline, government figures showed Tuesday.

[FACTBOX - Financial crisis hits global energy investment](#)

Reuters) - The growing financial crisis and plunging energy prices have forced companies to scale back spending and delay projects, with expensive ventures in the Canadian oil sands hardest hit.

Below is a list of energy projects that have been delayed or scaled back in recent months, as well as other related news.

[Oil and gas to offer new investment opportunities](#)

Foreign direct investment (FDI) in regional energy companies is still limited but further opportunities could emerge with potential future oil and gas listings and changes to capital market legislation, says a Morgan Stanley report released yesterday.

The study, called "Middle East: Short Gas, Long Demand – A New Role for IOCs", says the extent and range of exposure to oil and gas in the region is set to increase.

[American, United Struggle to Sell Idle Jets as Used-Plane Market Crumbles](#)

(Bloomberg) -- American Airlines, United Airlines and Continental Airlines Inc., stung by fuel costs and a drop in traffic, face a new challenge: what to do with planes valued at \$2 billion now idled or set to be grounded through 2009.

With virtually no U.S. buyers for the 276 mostly older, less-efficient jets, the carriers are shopping the aircraft in emerging markets such as Russia while prices tumble and frozen debt markets damp sales, analysts and marketers say.

[Western Australia Premier Ends Ban on Uranium Mining](#)

(Bloomberg) -- Western Australia, the state with as much as 10 percent of the world's known uranium reserves, ended a six-year ban mining the radioactive metal after a new government was elected.

[A Southward Thrust for China's Energy Diplomacy in the South China Sea](#)

China and Vietnam have outlined new steps to resolve their long-running territorial disputes in the South China Sea in an effort to avert further conflict and put their relations on a steadier footing for the future. Although both countries are ruled by Communist parties and share extensive land and sea borders, they have had a tense relationship. But they now face political challenges at home as their export-oriented

economies and investment slow under the impact of global financial turmoil and deepening recession. They have evidently decided to give primacy to strengthening bilateral party, trade and investment ties to offset the wider economic downturn.

[Saudi Says Terrorists May Target Water Resources](#)

JEDDAH - Prince Khaled Bin Sultan, assistant minister of defence and aviation for military affairs, has urged Arab countries to take precautions against possible terror attacks on water resources.

["Get Coal Out of the System"](#)

To reduce greenhouse-gas emissions enough to avert the worst effects of climate change, "we have to get coal out of the system." That succinct bottom line was delivered yesterday by Henry Jacoby, professor of management at MIT's Sloan School and codirector of MIT's Joint Program on the Science and Policy of Global Change, in a keynote talk at a conference in Washington, DC. Jacoby didn't mean that coal can't be used--just that its carbon-dioxide emissions will need to be removed and disposed of by underground burial. The good news, he said, is that although the scale of the enterprise would be massive, there is no apparent technology obstacle: "We can solve the technology. We can solve the storage." But the roadblocks ahead are monstrous: uncertainty over whether the Obama administration and Congress will institute a carbon cap-and-trade policy, unclear economics of installing CO2 capture and storage technologies, and widespread public ignorance.

[Up in Smoke: Europe's \\$14 Billion Clean-Coal Venture Fails to Win Backers](#)

(Bloomberg) -- A European proposal to spend 11 billion euros (\$14 billion) testing how to pump greenhouse gases underground is itself getting buried.

The plan to subsidize 12 pilot plants that capture and store carbon dioxide blamed for global warming won initial approval by a European Parliament committee on Oct. 7. Germany, Spain, Poland and at least three more countries have since decided to oppose the project, officials said in interviews. Chris Davies of the U.K., who sponsored the proposal in parliament, said it needs to be changed to win a final vote that's not yet scheduled.

[Peak-a-boo, I don't see you?](#)

The WSJ blog reprints an incredibly dumb "You can't handle the truth!" memo from uber-peaker Robert Hirsch.

Yes, the author of the seminal 2005 study [PDF] funded by the Bush Energy Department on "Peaking of World Oil Production" has written a memo "To The Peak Oil

Community," recommending that group "minimize its effort to awaken the world to the near-term dangers of world oil supply."

[Russian oil firms may cut output if unprofitable](#)

TARKO SALE, Russia (Reuters) - The world is heading toward a sharp deficit of oil production capacity and Russian companies could cut output and exports should they become unprofitable, Russia's energy minister said on Tuesday.

"Oil companies should decide themselves. If it's unprofitable, then they could decide to lower production," Sergei Shmatko told reporters in the northern Yamal-Nenets autonomous region when asked if Russia could join OPEC's oil output cuts.

Shmatko, speaking to journalists on a trip to a West Siberian oil town to open a gas processing plant, also said he believed the price of oil should be higher than \$60 a barrel to suit both consumers and producers.

"Almost all OPEC members... probably with the exception of Saudi Arabia, are seriously unhappy about the current oil price levels... The situation today is that many countries are on the brink of production profitability," he added.

[Crude Oil Falls to 22-Month Low in New York on Demand Concerns](#)

(Bloomberg) -- Oil slid to the lowest in almost 22 months before a report forecast to show that U.S. crude inventories increased for an eighth week as a recession erodes demand worldwide.

[UK: Inflation slides to 4.5 percent in October](#)

LONDON (AFP) – Annual inflation fell more sharply than expected to 4.5 percent in October from a 16-year high point of 5.2 percent in September as oil prices weakened, official data showed on Tuesday.

Economists said that the drop in inflation was likely to herald a period of deflation -- a protracted general fall in prices.

[‘Rules of the road’ set for oil shale drilling](#)

WASHINGTON - The Bush administration gave energy companies steep discounts in the royalties they will be required to pay as it established the groundwork Monday for commercial oil shale development on federal land.

Interior Department officials said the 5 percent royalty rate during the first five years of production was needed to spur drilling while still giving taxpayers a fair return. But that rate is much lower than the 12.5 percent to 18.8 percent the government collects from companies harvesting conventional oil and gas on public lands.

[Russia, China to resume \\$25 billion loan talks](#)

MOSCOW (AP) -- Russia will resume talks with China within days to secure \$25 billion in loans for cash-strapped energy companies in exchange for long-term crude oil deliveries, a news agency reported Tuesday.

Talks on the loan had reportedly broken down last week after disagreements over interest rates and state guarantees.

[Iran ready for gas venture with Russia, Qatar](#)

TEHRAN (Reuters) - Iran is ready to set up a joint firm with Russia and Qatar but has no plans to export Iranian gas to Qatari plants so that it could be turned into liquefied natural gas (LNG), IRNA news agency reported on Tuesday.

[Gazprom adjusts downwards gas export forecast for 2008](#)

MOSCOW (RIA Novosti) - Russia's Gazprom has revised its 2008 gas export forecast to 161 billion cu m from over 163 billion cu m, Alexander Medvedev, deputy chairman of the company's management committee, said on Tuesday.

[Owner of Saudi tanker working for crew's release](#)

DUBAI, United Arab Emirates -- Owners of a Saudi oil supertanker hijacked by Somali pirates grappled with how to respond Tuesday, as navies patrolling the region said they would not intervene to stop or free the captured vessel.

With few other options, shipowners in past piracy cases have ended up paying ransoms for their ships, cargos and crew.

[Hijacked Supertanker Nears Somalia](#)

JIDDA, Saudi Arabia — A hijacked Saudi-owned supertanker carrying more than \$100 million worth of crude oil is approaching Somali waters where it is expected to anchor so that negotiations can begin on the release of the vessel and its 25 crew, United States

Navy officials said Tuesday.

[Dubai Vulnerable to Lower Oil Prices, Citigroup Says](#)

(Bloomberg) -- Dubai, the second largest of the seven sheikhdoms in the United Arab Emirates, is the most vulnerable place in the Gulf to lower oil prices as real estate prices and debt refinancing pose "real risks," Citigroup Inc. said.

[Conservation should be a priority despite cheaper gas prices](#)

Ridership on Asheville buses climbed dramatically in September when the gas shortage peaked and the good news is that it appears to be holding.

The system provided almost 7,300 rides on Sept. 24. That's the highest ridership in recent memory, including during a fare free period in the second half of 2006.

The gas lines are gone – at least for the moment – and the price of gas is hovering just over \$2, less than half the record average of \$4.31 in mid-September. But bus ridership has remained high even though it usually drops when the weather gets colder and people don't want to wait in the cold.

[Nissan Plans to Start Selling Electric Cars in China by 2012](#)

(Bloomberg) -- Nissan Motor Co., Japan's third- largest automaker, intends to begin offering electric cars in China by 2012 as the country seeks to boost sales of fuel-efficient vehicles to cut pollution and oil usage.

"The government is interested in our plan because the environmental issues are becoming a critical issue in China," Yasuaki Hashimoto, president of Nissan Motor (China) Ltd., told reporters at the Guangzhou auto show today. "China is one of the most important markets for electric cars."

[Nuclear plant problems push British Energy into the red](#)

British Energy, the nuclear power company being taken over by French energy group EDF, has reported a second quarter loss of £39m after loss of output at two of its plants. It made a second quarter profit of £64m in the same quarter last year.

[North Dakota OKs spraying oil wastewater on roads](#)

BISMARCK, N.D. – North Dakota's health department will allow salty oil field

wastewater to be sprayed on roads as a deicer or for dust control even though oil companies and environmental groups have questioned the practice.

The Health Department said Monday that its studies found the briny water left from oil production was no more toxic than commercial road salt when applied to state highways.

[Brazil says ethanol production won't harm Amazon](#)

SAO PAULO, Brazil – Expansion of vast sugarcane plantations across Brazil to meet growing worldwide demand for ethanol won't harm the Amazon, a top Brazilian official said Monday.

Speaking at the start of a five-day international conference on biofuels, presidential chief of staff Dilma Rousseff said Brazil will soon unveil an agricultural zoning plan to specify where crops across Latin America's largest nation can be grown for fuel and food.

[Experts warn of severe water shortages by 2080](#)

KUALA LUMPUR, Malaysia - Half the world's population could face a shortage of clean water by 2080 because of climate change, experts warned Tuesday.

Wong Poh Poh, a professor at the National University of Singapore, told a regional conference that global warming was disrupting water flow patterns and increasing the severity of floods, droughts and storms — all of which reduce the availability of drinking water.

[Water vapor confirmed as major player in climate change](#)

Water vapor is known to be Earth's most abundant greenhouse gas, but the extent of its contribution to global warming has been debated. Using recent NASA satellite data, researchers have estimated more precisely than ever the heat-trapping effect of water in the air, validating the role of the gas as a critical component of climate change.

Andrew Dessler and colleagues from Texas A&M University in College Station confirmed that the heat-amplifying effect of water vapor is potent enough to double the climate warming caused by increased levels of carbon dioxide in the atmosphere.



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