



DrumBeat: November 19, 2008

Posted by [Leanan](#) on November 19, 2008 - 9:42am

Topic: [Miscellaneous](#)

[Oil falls; Americans cut driving by 90B miles](#)

SIOUX FALLS, S.D. – Oil slipped below \$54 a barrel Wednesday as stock markets across the globe fell and yet another U.S. government report illustrated the disarray in the housing market.

U.S. motorists, stung by record gasoline prices, job losses and falling home prices, left the roadways in droves, logging almost 11 billion fewer miles in September, according to the Transportation Department.

Governments, businesses and consumers have slashed energy expenditures, which has halved the price of crude since record highs in July.

[Melting ice now main driver of rising sea levels: study](#)

PARIS (AFP) – Runoff from ice caps in Antarctica and Greenland along with melting mountain glaciers have replaced expanding oceans as the main driver of rising sea levels, according to a new study.

The rate at which the global ocean water mark rises could have a devastating impact on hundreds of millions of people living in low-lying areas around the world.

[Kuwait revamps repo amid \\$12bn bourse plan](#)

KUWAIT CITY/DUBAI: Kuwait's central bank revamped monetary policy tools yesterday by introducing new repurchase agreements as Gulf Arab oil producers stepped up efforts to boost bank liquidity and bolster investor confidence.

In the latest move by Gulf states to unthaw credit markets, Kuwait's central bank said it would offer repo agreements with maturities of one day and one month from Wednesday, in addition to the one-week repo it had offered previously.

[Alberta cuts royalty hikes because of economy](#)

EDMONTON, Alberta: Canada's oil-rich province of Alberta is rolling back a large portion of the its royalty hikes that were to take effect in January, in order to encourage drilling in the province's sagging energy industry.

Premier Ed Stelmach said Wednesday the province is reacting to the global economic crisis in order to protect thousands of jobs in Alberta's energy industry.

[Gulfsands discovers oil in Syria](#)

Gulfsands Petroleum, the oil and gas production, exploration and development company with activities in Syria, Iraq and the US, has announced an oil discovery at the Yousefieh-1 well in the Gulfsands' operated Block 26, Syria.

[The Hops Shortage and Eating Locally](#)

Much like the way in which the gas shortage of the seventies and the recent high prices we have seen at the pump have begun to change our view on energy consumption, the hops shortage made brewers take a closer look at their supply chains. This has led to a movement toward localization for many craft breweries, including partnerships with local farmers to grow hops and grain in close proximity to their operations. This adjustment lowers the effect of price fluctuations, reduces the impact of transportation and allows breweries to have better quality control regardless of their relative size. It turns out there are great hop growing climates throughout the country that have gone unused as the model shifted toward large multinational producers. Now, with prices on the rise and scarcity threatening the brewing of great beers, the local grower is starting to look better and better.

[Dingell loses early bid to retain chairmanship of energy committee](#)

WASHINGTON -- In a stunning setback for Rep. John Dingell of Michigan, the Democratic Steering and Policy Committee voted Wednesday for his rival to be the next chairman of the House Energy and Commerce Committee.

Dingell got 22 votes while rival Henry Waxman got 25 votes.

The final decision will be made in a vote by all House Democrats Thursday. The Steering group's nomination carries great weight historically.

[OPEC Output Cut Could Push Crude Over \\$80 a Barrel](#)

(Bloomberg) -- A "significant" reduction in OPEC's oil production may drive the

average price of crude back above \$80 a barrel next year, aiding the Russian economy, according to OAO Lukoil.

Russia should support any decision by the Organization of Petroleum Exporting Countries to cut output, Leonid Fedun, deputy chief executive officer of the country's largest non-state producer, said today in an interview broadcast by Vesti-24.

[Possible outcomes of Venezuela regional elections](#)

(Reuters) - Venezuela votes on Sunday in elections for governors and state mayors that will test support for President Hugo Chavez's left-wing reforms in one of the United States' most important oil suppliers.

[Remarks by the Director of National Intelligence Mr. Mike McConnell \(PDF\)](#)

By and large, it says that the potential for conflict over the next 15 to 20 years is going up not down. That's because of the competition for resources. That's because of the explosion in global population. Over the next 15 years, we'll add another 1.4 billion people. It just so happens that number, 1.4 billion, also coincides with a number of people in 36 countries that will not have access to water – water for drinking or water for agriculture. During this period of time, the price of food will go up 50 percent.

Production of oil in most of the countries that produce oil is currently on the decline. We will see a shift away from oil. But most likely, what we will see a shift to is coal and natural gas, unless there is a technological breakthrough that we don't know about currently. So the pressure across the globe is going to change in the context of competition for natural resources. We're going to see not only government groups compete for – governments compete for resources – we're going to see nongovernmental organizations, businesses, and terrorist groups also have something to say about it.

[Gas falls to half of record high](#)

NEW YORK (CNNMoney.com) -- Gasoline prices dropped to below half of the record high Wednesday, declining for the 63rd straight day in a national survey.

[\\$500 Oil Coming Part 1](#)

Matt Simmons spent his career in the oil business. He was such an oil insider he helped the Bush campaign's comprehensive energy plan in the 2000 election. For over 35 years his investment bank, Simmons & Co., has financed much of the United States oil services industry.

Simmons changed from an industry expert to an A-list pundit by his book in 2005 “Twilight in the Desert: The Coming Oil Shock and the World Economy,” The book points out that Saudi Arabia’s oil supplies are much more limited than they claim.

Since the book Simmons has moved to the forefront of the “Peak Oil” movement. Experts who believe in the “Peak Oil” theory believe we are near the point where oil production will not meet world demand. Simmons believes we have already passed that peak. While we are not going to run out of oil in the next number of years, easy to find oil is over.

Part 2 is [here](#).

[More trouble for auto bailout](#)

NEW YORK (CNMoney.com) -- Auto industry executives were back on Capitol Hill Wednesday morning to ask for a federal bailout but they once again faced an uphill battle in winning the necessary support from Congress.

[Snapshot: Carbon stores](#)

A newly updated atlas from the US Department of Energy shows how North America might store its excess carbon dioxide — if it could figure out how to do so.

[U.S. Fuel Use in First 10 Months Fell Most Since 1981, API Says](#)

(Bloomberg) -- U.S. fuel demand fell 5.2 percent in the first 10 months of this year, the biggest drop since 1981, the American Petroleum Institute said.

Deliveries of petroleum products, a measure of consumption, averaged 19.6 million barrels a day in the period, down from 20.7 million barrels a day a year earlier, according to a report from the industry-funded API.

“Not only have higher prices for much of 2008 been altering consumers’ behavior, but more recent economic uncertainties have increasingly been putting a damper on demand,” said Ron Planting, an analyst with the Washington-based institute, who helped prepare the report.

[Petrobras Says It's Too Early to Decide on Oil Plans](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, said it's too early to decide whether the decline in oil prices and the worldwide credit crunch will require a revision of exploration and output plans.

[Braskem, Endesa Chile Face Refinancing 'Trouble' as Yields Soar](#)

(Bloomberg) -- Braskem SA, Brazil's biggest petrochemicals company, and Empresa Nacional de Electricidad SA, Chile's largest electricity provider, may have "trouble" repaying \$2.5 billion of debt in the next 15 months, according to analysts at RBC Capital Markets.

[Halliburton says it's well-positioned for downturn](#)

Oilfield services company Halliburton said Wednesday it is well-positioned to ride out the economic downturn and sharply lower crude prices, even saying that it's open to potential acquisitions.

[ExxonMobil enters Black Sea with exploration agreement in Turkey](#)

Exxon Mobil Corporation announced its affiliate, ExxonMobil Exploration and Production Turkey B.V., has signed an agreement with Turkish national oil company, Türkiye Petrolleri Anonim Ortaklığı (TPAO), to explore in two large deepwater blocks offshore Turkey, marking ExxonMobil's entry into Black Sea exploration.

[Moore's Curse and the Great Energy Delusion](#): *It is delusional to think that the United States can install in 10 years wind and solar generating capacity equivalent to that of thermal power plants that took nearly 60 years to construct.*

"Energy transitions" encompass the time that elapses between an introduction of a new primary energy source (oil, nuclear electricity, wind captured by large turbines) and its rise to claiming a substantial share (20 percent to 30 percent) of the overall market, or even to becoming the single largest contributor or an absolute leader (with more than 50 percent) in national or global energy supply. The term also refers to gradual diffusion of new prime movers, devices that replaced animal and human muscles by converting primary energies into mechanical power that is used to rotate massive turbogenerators producing electricity or to propel fleets of vehicles, ships, and airplanes. There is one thing all energy transitions have in common: they are prolonged affairs that take decades to accomplish, and the greater the scale of prevailing uses and conversions the longer the substitutions will take. The second part of this statement seems to be a truism but it is ignored as often as the first part: otherwise we would not have all those unrealized predicted milestones for new energy sources.

[Consumer prices in record decline](#)

Inflation falls by a record 1% in October, worrying economists that falling prices will become a disturbing trend.

[Byron King: Unsustainable Energy Trends](#)

Just over the horizon, things are about to become dicey. This week, the International Energy Agency (IEA) will release a new report on the future of world energy. In its World Energy Outlook, the IEA will state categorically that "Current global trends in energy supply and consumption are patently unsustainable."

There's not much wiggle room in that statement. According to the IEA, despite the recent fall in oil prices, the medium- and long-term outlooks for energy supply are grim. Conventional oil output is destined to decline. Demand will still grow, however, especially in the developing world. And the twain shall only meet by prices rising to clear the market. "It is," as our Arab friends like to say, "written."

[Russia: Electricity Providers Face Bankruptcy](#)

Electricity suppliers across the country are cracking down as the number of delinquent private and corporate customers surges. They have little choice.

The dilapidated industry is mired in debt linked to unpaid consumer bills and the multibillion-dollar investment programs that investors signed onto when they acquired electricity assets from the state during the privatization of Unified Energy System, which wrapped up just weeks before the financial crisis struck. A chunk of the industry also operates on a system of short-term loans — funds that have dried up in the crisis.

[Kyrgyzstan: Energy Crisis Threatens Country's Stability](#)

It is the main topic of conversation at every dinner table in the country. After nine months of erratic blackouts and broken government promises, the Kyrgyz are growing restless. Many are even saying the situation is worse than before the Tulip Revolution in 2005.

[Jordan: Cabinet addresses fuel crisis](#)

AMMAN - The Cabinet on Tuesday looked into alternatives to the controversial pricing mechanism of oil derivatives, which was adopted after fuel subsidies were removed in February, a government official told The Jordan Times after the Cabinet's weekly meeting.

He added that the government discussed the current crisis in the local market due to a severe fuel shortage that prevailed over the past few days, adding that authorities are considering feasible solutions and alternatives "to neutralise the profits and losses of gas station owners" when updating fuel prices.

[Owners of hijacked tanker in ransom talks-Saudi FM](#)

ROME (Reuters) - The owners of a hijacked Saudi supertanker with a \$100 million oil cargo are in negotiations over a possible ransom payment, Saudi Arabia's foreign minister said on Wednesday.

[With gas prices dropping, commuters get back in their cars](#)

The Metropolitan Transportation Authority just released their statistics for October ridership: with the exception of the subway, ridership fell slightly from September as gas prices began their free-fall.

[Medvedev Warns Crisis Is Spreading](#)

MOSCOW -- President Dmitry Medvedev warned that the crisis gripping Russia's banks and capital markets has spread to the real economy and pledged to use the Kremlin's still-massive oil wealth to provide more state aid for stricken industries.

His comments, his frankest on the subject yet, came as the World Bank cut its growth forecast for Russia next year by more than half because of the country's acute dependence on oil prices. The bank said it expects the ruble to keep softening as it tracks oil prices lower.

[Ruble May Slide 13% Against Basket on Oil Decline, Survey Shows](#)

(Bloomberg) -- The ruble may weaken 13 percent by the end of next year as the plunging price of oil and the erosion of Russia's current-account surplus compels the central bank to devalue the currency, a survey of analysts and investors showed.

[Oil prices fall below \\$54 a barrel](#)

VIENNA, Austria – Oil prices slipped further Wednesday, dipping below \$54 on fears of global economic weakness that have sent crude down more than 60 percent in four months.

But analysts suggested that prices might be bottoming out as they moved closer to the psychologically significant \$50 mark.

[Consumer Prices in U.S. Probably Tumbled as Spending Slumped](#)

(Bloomberg) -- The cost of living in the U.S. probably slid in October by the most in almost six decades as fuel costs plummeted and retailers discounted merchandise to entice shell-shocked customers, economists said before a government report today.

Consumer prices probably dropped 0.8 percent last month, the most since 1949, after being unchanged in September, according to the median estimate in a Bloomberg News survey. Excluding food and energy, so-called core prices may have risen 0.1 percent for a second month.

[Shell, Aramco, Petrobras Speed Project Spending Cuts](#)

(Bloomberg) -- The biggest oil companies including Saudi Aramco, Royal Dutch Shell Plc and Petroleo Brasileiro SA are accelerating spending cuts and delaying projects as the world enters a recession, said Morgan Stanley & Co.

As many as 44 projects have been delayed and faced cuts in investments as of Nov. 18, compared with 19 in a Nov. 5 report, analysts Theepan Jothilingam and James Hubbard said in a note today.

[Aramco projects unscathed by crisis](#)

"All our projects are long-term projects and not short-term ones therefore we don't see an impact," Abdullah Naim, vice president for petroleum engineering and development at the state-run conglomerate told Al Arabiya television.

"We don't think this crisis would be a long one. It will be a short one. It will pass like previous ones did," he added.

[Petrobras postpones 28 rig tenders](#)

Brazilian state oil company Petrobras has postponed construction tenders for 28 deep-sea drilling rigs to the coming year.

The rigs were to be tendered exclusively to Brazilian construction companies this year.

[Chevron Says Nigeria Oil Link Breach May Halt Exports](#)

(Bloomberg) -- Chevron Corp., the second-largest U.S. oil company, suspended export obligations on some Nigerian production following a pipeline breach at the Escravos oilfield.

The so-called "force majeure" clause, invoked yesterday after the loss of 90,000 barrels

a day last week, will last until Dec. 31, company spokesman Scott Walker said in an e-mailed statement.

[China to impose fuel tax "very soon": paper](#)

BEIJING (Reuters) - China will impose a long-awaited fuel tax "very soon," the head of National Development and Reform Commission's (NDRC) Energy Research Institute said in comments reported on Tuesday by the China Daily.

"The announcement will come very soon, and actually specific plans have already been suggested to the government long ago," Han Wenke, director general of the research body, was quoted as saying.

[The perils of cheap oil](#)

On Sunday, "60 Minutes" Steve Kroft asked President-elect Barack Obama if the astonishing drop in gas and oil prices made dealing with energy issues "less important." Obama responded forcefully: "It makes it more important." He observed that there is a cycle of "shock and trance" in American attitudes toward energy. When gas prices go up, there's a "flurry" of activity, but when they go back down, well, *never mind*.

That's exactly what I want to hear from my president, because the truth is that the current low gas and oil prices are engendering a false sense of security. We are being set up for an even more painful energy crisis in the very near future.

[No plans to restore broad drilling ban](#)

WASHINGTON – House Democrats have no interest in restoring the broad ban on oil and gas development off the Atlantic and Pacific coasts but will seek to "delineate areas available for drilling" when Congress returns next year, the second-ranking Democrat in the House said Tuesday.

[Advocating for Urbanism](#)

With the global mortgage and climate crises making sprawl less and less sustainable, planning issues can no longer be consigned to the fringes of progressive politics. Barack Obama seems to realize this and promised during his campaign that if elected, he would establish a White House Office of Urban Policy. At a meeting of African American columnists last week, Obama senior adviser Valerie Jarrett confirmed such an office would exist but didn't give more details.

[Vietnam president in Venezuela to boost energy ties](#)

CARACAS, (AFP) – Vietnamese President Nguyen Minh Triet arrived in Venezuela where he was set to promote oil and gas cooperation during a two-day official visit, the first by a head of state from the communist nation.

[Indian navy destroys pirate boat, more ships taken](#)

MOGADISHU (Reuters) – An Indian warship destroyed a pirate ship in the Gulf of Aden and gunmen from Somalia seized two more vessels despite a large international naval presence off their lawless country.

The buccaneers have taken a Thai fishing boat, a Greek bulk carrier and a Hong Kong-flagged ship heading to Iran since Saturday's spectacular capture of a Saudi supertanker carrying \$100 million of oil, the biggest ship hijacked in history.

The explosion of piracy off Somalia this year has driven up insurance costs, made some shipping companies divert around South Africa and prompted an unprecedented military response from NATO, the European Union and others.

[Suspected US missile strike kills 6 in Pakistan](#)

ISLAMABAD, Pakistan – A suspected U.S. missile strike hit a village deep inside Pakistani territory Wednesday, officials said, killing six alleged militants and indicating American willingness to pursue insurgents beyond the lawless tribal regions.

[China eyes cheaper electricity for aluminium firms](#)

HONG KONG (Reuters) - China's electricity producers have started cutting the fees at which they sell power to aluminium producers, smelter and power sources said on Wednesday, which could help smelters avoid further output cuts and boost flagging demand for electricity.

The aluminium industry in the world's biggest producer and consumer of the metal uses around 6 percent of the country's electricity output, but has been cutting back sharply in the face of lower prices.

[GM's possible bankruptcy weighs heavily on Detroit](#)

CHICAGO (Reuters) - Devastating.

That's the word being used to describe the impact on Michigan and its largest city, Detroit, should financially ailing automaker General Motors file for bankruptcy

protection.

[Consumers will suffer if GM goes under](#)

Higher car prices, the end of incentives and vehicle shortages could occur if GM and other Big Three automakers don't get a bailout, according to experts.

[Will Detroit's cash crisis kill the electric car?](#)

With its cash dwindling and U.S. auto sales crashing to 25-year lows, GM has joined Ford Motor Co and Chrysler LLC in seeking \$25 billion in federal handouts, which are under consideration this week by the U.S. Congress.

That has critics concerned that a meltdown for Detroit could delay the rollout of green cars like the Volt. Others see a chance to prod GM and rivals to move faster as a condition of providing funding the industry says it needs to survive.

[Toyota will show hybrid vehicle fueled by CNG](#)

Toyota will reveal a Camry hybrid concept at the Los Angeles Auto Show with an engine that uses compressed natural gas.

The concept signals that Toyota's hybrid technology will be used with engines that operate on a variety of fuels.

[Sumitomo Rubber plans tires free of oil](#)

TOKYO (Reuters) - Sumitomo Rubber Industries Ltd, Japan's second-biggest tire maker, plans to start selling in Japan tires that include no petrochemical materials by 2013, a company spokesman said on Tuesday.

The company has set a medium-term strategy to fight climate change by introducing a tire which uses as little raw material made from oil as possible and at the same time that spins more smoothly to save more fuel than a conventional tire.

[German group SolarWorld bids 1bln euros for Opel car plants](#)

FRANKFURT (AFP) – German solar energy company SolarWorld has prepared an offer for the four German auto factories owned by Opel, a division of US giant General Motors, worth one billion euros (1.26 billion dollars), a statement said on Wednesday.

The solar panel maker would offer 250 million euros in cash and 750 million euros in the form of a bank credit under certain conditions, the statement said.

[The Impact Of The Slowdown In Construction Of Wind Generation](#)

The last few months have seen a significant stalling in plans and proposals to build new wind-based power generation. These delays and cancellations have significant implications for two important components of American energy: (1) the Renewable Portfolio Standards (RPSs) that have been passed in many states and (2) the reliability of the North American electric grid.

[U. S. greenhouse gas regime will impact exporters](#)

As if a credit crunch and recession aren't enough for Canadian manufacturers to deal with. Now those exporting to the United States have to watch how their greenhouse gas emissions will impact their business.

[UK: Financial crisis gives green builders a welcome boost](#)

Government climate change targets and the financial crisis are giving green builders added incentive.

[Rainforest nations want coordinated carbon effort](#)

MILAN (Reuters) - Rainforest nations will lobby the United Nations to set up a single body to coordinate the use of carbon credit trading to stop deforestation at a conference next month in Poland, an official from the countries said on Tuesday.

"A new body should be built to coordinate initiatives (on cutting emissions from deforestation) that are going around now," Federica Bietta, Deputy Director of New York-based Coalition for Rainforest Nations, which represents about 40 countries, told Reuters on the margins of a deforestation conference in Milan.

[Green groups ramp up attacks on oil sands](#)

CALGARY - Environmental organizations in Canada and the United States are stepping up their campaign to derail Alberta's oil sands and seeking funding from deep-pocketed endowments, including the Rockefeller Brothers Fund.

[Schwarzenegger opens climate summit with Obama](#)

BEVERLY HILLS, Calif. – Gov. Arnold Schwarzenegger opened his international climate change summit on Tuesday by upstaging himself with an even bigger political star – President-elect Barack Obama.

Schwarzenegger, a Republican whose efforts to combat global warming in California have generated worldwide acclaim, wants to show that governments can balance environmental protection and economic growth. He hopes his summit will influence negotiations over a new climate treaty during a U.N. gathering in Poland next month.

[UK: MPs pass landmark climate change bill](#)

LONDON (AFP) – MPs have given final approval to a bill committing Britain to cut greenhouse gas emissions by 80 percent by 2050 -- the first country to have such a legally binding framework on climate change.

Climate Change Secretary Ed Miliband said on Tuesday that the bill, which must now be signed into law by the queen, "makes Britain a world leader on climate policy".



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