



## DrumBeat: November 23, 2008

Posted by [Leanan](#) on November 23, 2008 - 8:08am

Topic: [Miscellaneous](#)

### [Russia president, warships to Venezuela to counter US](#)

CARACAS (Reuters) - Warships, nuclear power, arms sales and perhaps cooperation on oil prices -- Russia's President Dmitry Medvedev is in Venezuela this week with an alarming sounding list to wave under Washington's nose.

The U.S. government dismisses the importance of Medvedev's visit on Wednesday to meet Venezuelan President Hugo Chavez and the deployment of several Russian warships for joint military exercises with Venezuelan forces in the Caribbean. It says Russia's weak navy is no threat and downplays its rivals' blooming friendship.

But OPEC-member Venezuela is Russia's first firm ally in the Americas since the Cold War and Moscow sees ties to Chavez as a way to answer U.S. influence close to its borders in the Caucasus.

### [Saudi cuts repo rate to boost liquidity](#)

CAIRO, Egypt: Saudi Arabia's central bank on Sunday cut its key interest rate by 1 percentage point, and reduced banks' cash reserve requirement by 3 percentage points in steps aimed at boosting liquidity during the global credit crisis.

The move by the Saudi Arabian Monetary Agency follows particularly dismal performance on the country's stock exchange, which started the Saudi work week on Saturday with a 9.2 percent drop that dragged its benchmark Tadawul All Shares Index down to a five-year low.

The exchange — the Arab world's largest — closed down almost 3.8 percent on Sunday, continuing its fall on the back of slumping crude prices and overall economic gloom around the world. So far this year, the Saudi market is off over 61 percent.

### [Official: Russian companies interested in exploring for oil in Cuban waters in Gulf of Mexico](#)

HAVANA (AP) \_ Russian oil companies could soon begin searching for oil in deep Gulf of Mexico waters off Cuba, a top diplomat said just days before Russian President Dmitry

Medvedev visits the island.

Russian oil companies have "concrete projects" for drilling in Cuba's part of the gulf, said Mijail Kamynin, Russia's ambassador to Cuba, to the state-run business magazine Opciones.

Kamynin also said Russian companies would like to help build storage tanks for crude oil and to modernize Cuban pipelines, as well as play a role in Venezuelan efforts to refurbish a Soviet-era refinery in the port city of Cienfuegos, according the article published this weekend.

### [Venezuela Calls for Million-Barrel OPEC Cut This Year](#)

(Bloomberg) -- Venezuela will call on the Organization of Petroleum Exporting Countries to reduce oil output by 1 million barrels before year-end, Energy and Oil Minister Rafael Ramirez said.

The country, which pumps about 11 percent of the oil produced by the exporters' cartel, also wants to ensure that all members are complying with the production cut of 1.5 million barrels a day that they agreed to Oct. 24, Ramirez said today in Caracas.

### [Venezuela May Revise 2009 Budget on Lower Oil Prices](#)

(Bloomberg) -- Venezuela is reviewing its economic situation daily and may revise its 2009 budget in January or February as oil prices fall amid the global financial crisis, Finance Minister Ali Rodriguez said today in Caracas.

### [Total Chief Executive Margerie Expects Profit to Drop](#)

(Bloomberg) -- Christophe de Margerie, chief executive officer of Total SA, Europe's third-largest oil company, said results will drop in this year's fourth quarter and the first quarter of 2009 after energy prices declined.

``We had a very good result in the third quarter because energy prices were high," de Margerie said on RTL radio and LCI television today. ``Prices have dropped, so the fourth quarter won't be as good, and so will the first quarter."

### [CNY200 Billion Invest Needed For S China Sea Exploration -Cnooc Executive](#)

SHENZHEN, China -(Dow Jones)- Around CNY200 billion (\$29.3 billion) needs to be invested in oil and gas exploration in the South China Sea at water depths of 1,500-2,000 meters over the next decade, a Cnooc Ltd. (CEO) executive said Friday.

## [Global Trends 2025: A transformed world \(excerpts\)](#)

"Global Trends 2025" is a striking 120-page document from the National Intelligence Council (NIC), a center of strategic thinking for the U.S. government, with input from the various intelligence agencies.

As the [Guardian observes](#), it is a striking reversal from the triumphalism of the Bush years. It sees the future as multi-polar and roiled by shocks. Resource scarcity and climate change are highlighted. State capitalism in the style of Russia and China will challenge the liberal capitalism of the West. Even the possibility of a decline of the role of the U.S. dollar is mentioned.

Though the report has opened the door to reality, peak oilers will still find much to criticize. The term "peak oil" is still taboo, even though a transition away from oil is predicted as a near-certainty. The coverage of energy alternatives is more wishful thinking than realistic. For example, the report points with hope to carbon sequestration, hydrogen, and biofuels as possible responses. Chapter 2 on demographics will disappoint anyone concerned with over-population.

Even so, the National Intelligence Council has given us a lot to chew on. As a former technical writer, I appreciate the clear writing and organization.

## [Iran holds defence drills, warns on oil route](#)

TEHRAN (Reuters) - An Iranian militia held civil defence drills on Sunday to prepare for any hostile air strikes and the military said it could close a waterway crucial for world oil supplies if Iran was attacked.

## [‘Shell’ reduces 50% fuel supply to PIA, Armed forces due to shortage of fuel reserves](#)

ISLAMABAD: Oil supply company "Shell Pakistan Limited" has reduced 50% supply of JP-I, JP-IV and JP-VIII (Super Fuel) to Armed Forces of Pakistan and Pakistan International Airline (PIA) due to shortage of fuel reserves.

The reduction in supply by Shell Pakistan Limited also causes delay in Hajj Flights and disruption in the flights of fighter jets.

## [Wars that changed the world](#)

Big or little, President Obama will have his war. President Bush had his, the Iraqi War and the War on Terror, the latter being a rather different business from the conventional war between states. Most US presidents have had to fight, and several of the handful of great ones were made so on the field of battle.

...This World War II world is unravelling. The global-financial- crisis-turned-economic-crisis is severely challenging the Bretton-Woods arrangement. The strengthening euro is challenging the US dollar as the currency of choice to run the global economy. On top of all this, terrorism has risen as a new global threat, the global environment is under severe threat from human action, and there is an emergent energy crisis.

### [The resentment rises as villagers are stripped of holdings and livelihood](#)

The blackened tree trunks say it all. Three times in recent months these tracts of palm oil plantation have gone up in smoke, along with plants and machinery. The neighbouring coconut operation suffered the same fate, but there the Thai owners replanted. Here, the Malaysians had had enough and called it a day.

The sabotage is a testament to growing local resentment at the way land is being sold off to big foreign investors with deep pockets.

### [Fiji: So what exactly is the problem?](#)

WE have recently been witnessing in the mass media, claims and their being countered that we are close to an energy crisis.

The Fiji Electricity Authority has said that low rainfalls and high diesel costs, amongst other things, are causing it problems. And it needs an increase in the electricity surcharge, which the interim Government recently granted, to cope.

### [Green Obama's official limo is a gas guzzler](#)

On the campaign trail, Barack Obama promised to get a million plug-in hybrid cars on the road by 2015. His own new presidential limousine will be far from green, however.

The Obamobile being prepared for the president-elect is said to be a monster gas-guzzler made by General Motors, the troubled car giant. It will look like a black Cadillac but is built like a tank. A spy photographer who tracks down future car models for magazines snatched pictures of the heavily disguised first-car-in-waiting when it was being road-tested last summer.

### [Iraq increases oil exports by 3.5 billion barrels](#)

BAGHDAD (AP) -- Iraq says oil exports in October increased to 52.8 million barrels, up by 3.5 million barrels from the previous month.

The Oil Ministry says revenues in October were US\$3.11 billion, down US\$1.1 billion from the previous month because of the sharp drop in oil prices. Iraqi oil was purchased by 22 international oil companies.

### [Gas prices continue to fall](#)

NEW YORK (CNNMoney.com) -- Gasoline prices continued to sink, falling for the 67th day in a row, according to a national survey of gas station credit card swipes released Sunday.

### [Buffett: Carmakers must change](#)

OMAHA, Neb. (AP) -- Billionaire investor Warren Buffett said U.S. automakers need a new business model to better compete, whether it takes bankruptcy or a government bailout to achieve.

### [South Dakota district might be trailblazer](#)

In Clark - and in Howard and Doland, Willow Lake and Henry - administrators, teachers and community members are contemplating the possibility of going to four-day school weeks, Monday through Thursday, and giving their teachers Fridays to become better prepared to educate young people for success in the 21st century.

...The situation is intriguing to national experts, who saw the four-day school week spring out of the energy crisis of the early 1970s, primarily in New Mexico, and spread to a little more than 100 school districts in 17 states since then. Marc Egan, a lobbyist with the National Association of School Boards, said he's surprised that transportation and fuel savings aren't driving the discussion about change in South Dakota these days.

### [Oil Prices Falling, But Interest In Alternative Fuels High](#)

Even before heating oil spiked toward \$5 a gallon last summer, businesses that sell wood and pellet stoves were busy. By early fall, some pellet and wood retailers were so flooded with calls that they stopped taking new customers.

Strapped consumers searching for cheaper alternatives to oil and gas were looking to supplement their heat with a wood or pellet stove.

### [Segway inventor touts island as an energy model](#)

MYSTIC, Conn. (AP) — Energy independence is still only a hypothetical goal for the U.S., but the owner of a tiny island off the coast of Connecticut says he has already achieved that feat and is offering his work as a model.

### [New ideas could stop reliance on foreign oil](#)

It's been 35 years since then-president Richard Nixon set out to make the U.S. independent of foreign energy. At that time, the U.S. was importing only about 30 per cent of its oil; today it brings in almost two-thirds of its requirement.

In Canada, more than half of the oil consumed is imported, and imports have been estimated to rise by 23 per cent in 2008 from 2007's volume.

### [Coal CEO calls environmentalists crazy](#)

Don Blankenship, CEO of Massey Energy, the fourth largest coal company in the country, blasted politics and the press, comparing Charleston Gazette Editor James. A. Haught to Osama Bin Laden Thursday evening when he addressed the Tug Valley Mining Institute in Williamson.

“It is as great a pleasure for me to be criticized by the communists and the atheists of the Charleston Gazette as to be applauded by my best friends,” he said. “Because I know they are wrong. People are cowering away from being criticized by people that are our enemies. Would we be upset if Osama Bin Laden was critical of us?” he asked.

“Totally wrong. Nonsense. Absolutely crazy.”

### [Oil's plunge threatens Gulf balance sheet](#)

Oil prices have sunk close to break-even for Saudi Arabia, the world's biggest oil producer, and are hovering at near half the level that Iran would need to balance its fiscal budget.

The development could usher in fiscal austerity drives around the Gulf, with delays to major industrial, infrastructure and energy projects subduing economic growth in a region that seemed well shielded from financial and economic meltdowns in the rest of the world.

But with crude's descent to below US\$50 a barrel on Thursday – a level last seen in early 2005 – that is clearly no longer the case.

### [Gulf markets lose \\$371bn since Lehman demise](#)



Gulf equity investors have lost a staggering \$371 billion (Dh1.3 trillion) since the collapse of the US Lehman Brothers bank in mid September, a daily loss of nearly \$7.5bn, official figures showed yesterday.

Saudi Arabia's Tadawul, by far the largest and busiest bourse in the Middle East, emerged as the main victim, plummeting by more than \$150bn.

### [Somali hijackers have international network](#)

In an exclusive interview with the London-based Asharq al-Awsat newspaper, a negotiator for the pirates holding the Saudi supertanker Sirius Star off the Somali coast disclosed how some 40 hijackers seized control of the vessel.

Among other things, the negotiator said that the hijackers' "love" for Saudi Arabia —because it is a Muslim country—would reduce the ransom. He also disclosed that the pirates have help from informants in other countries who provide them with data about ships and their movements.

### [Islamic fighters vow to rescue hijacked Saudi tanker](#)

Somali militants have vowed to rescue a Saudi supertanker that was hijacked by pirates a week ago, according to residents of a town where the pirates are believed to be based. The fighters told residents in Harardhere, Somalia, they would battle the pirates because the tanker -- loaded with 2 million barrels of oil -- is owned by a Muslim country and should not have been taken, Mohamed said.

### [In N. Dakota, Our Nuclear Past Eclipses Today's Harbingers of Doom](#)

When you're surrounded by 150 Minuteman III silos, with 400-plus warheads, spread out geometrically across eight very large counties from the Canadian border to Interstate 94, you have an extremely clear idea of what the end of the world looks like. Kind of consoling, actually, in its lack of ambiguity.

Today is harder.

Today is more like the situation described by Thomas Homer-Dixon -- "systems that are kind of stressed to the max already, where policymakers are trying to keep ten balls in the air simultaneously and keep all the various constituencies satisfied as best they can. And then there's some exogenous shock on an already highly stressed system that produces a kind of overload situation." Homer-Dixon is author of "The Upside Down: Catastrophe, Creativity and the Renewal of Civilization."

### [Virgin America sees fuel hedge opportunity](#)

SAN FRANCISCO (Reuters) - Lower fuel prices present a "unique opportunity" to hedge buying up to four years out, the chief executive of airline Virgin America said on Saturday.

### [Energy: How low can you go?](#)

To take the heat out of global warming we must take radical action, learning to live on half the energy we currently consume. John-Paul Flintoff tries the low-watt diet.

### [Bush oil shale rules roil Mountain West](#)

Seven weeks after a congressional moratorium on oil shale development expired, the Bush administration has issued rules that take the first step toward tapping an estimated 800 billion barrels of oil trapped in sedimentary rock in Wyoming, Utah and Colorado.

The new rules have highlighted a divisive partisan issue among western politicians, with Republicans ready to push forward with development and Democrats urging a more cautious approach. The rules establish a framework for how energy companies will lease federal land for oil shale mining. Opponents say oil shale mining uses so much water that it could threaten their drinking water supply. They also say its heavy consumption of energy could outweigh its energy benefits.

### [Indiana coal-to-gas project bucks industry trend](#)

In the heart of southwestern Indiana's coal country, Duke Energy Corp. crews are building what the company's CEO calls the power plant of the future -- a \$2.35 billion complex where coal will be turned into a gas, stripped of pollutants, then burned to generate electricity.

The project, one of the "clean coal" technologies supported by President-elect Barack Obama, will become by far the nation's largest coal-gasification plant when it goes online in 2012, generating enough power to light more than 200,000 homes.

But opponents suing to halt the 630-megawatt plant near Edwardsport, Ind., call it a colossal waste of money that will saddle the utility's Indiana customers with years of rate increases and release tremendous amounts of carbon dioxide, a greenhouse gas tied to global warming.

### [Army backs the hydrogen highway](#)



In a side bet on "green power," the U.S. Army has awarded a \$1.8 million contract to develop hydrogen filling stations for military vehicles, hoping it pays off with reduced fossil-fuel consumption and increased efficiency.

### [U.S., Brazil to speed up cellulosic ethanol research](#)

SAO PAULO (Reuters) - The world's top two producers of ethanol, the U.S. and Brazil, will join forces to speed up research into cellulose-derived biofuels, which use inedible plant matter rather than crops as their feedstock.

### [Controversy erupts like Old Faithful](#)

Imagine if the fastest, most efficient way to meet the nation's need for clean energy was to tap into its most treasured natural resource: Yellowstone National Park.

Self-proclaimed problem-solver Steve M. Green claims that the geothermal energy of the Yellowstone caldera could generate enough steam-powered electricity to power man's needs across the globe.

### [NASA scientist cites 'global-warming emergency'](#)

Physicist James E. Hansen, director of NASA's Goddard Institute for Space Studies, said hundreds of millions of people will lose fresh water sources and hundreds of millions of others will be displaced by rising sea levels if fossil fuel emissions remain on their current course.

"We've reached a point where we have a crisis, an emergency, but people don't know that," Hansen told a packed Stanford audience Thursday night.

### [350 Parts per Million](#)

The people of the Earth ignore the dangers of global warming to their peril. This ecological crisis is a moral issue.

### [Deffeyes: To The Peak Oil Community](#)

Many of us are hoping that President Obama will be another FDR. If the oil trap snares him, he could be forced into the Herbert Hoover mold. Maybe Karl Marx was right.

Don't nobody tell, but *Oil & Gas Journal* (November 17, 2008) reports that Henry Waxman, the new chairman of the House Committee on Energy and Commerce, is an

opponent of the hydrofrac technique. Frac jobs have been around a while; Hubbert and Willis published on frac physics in 1957. Anybody know where Waxman stands on water flooding and drilling mud? Don't ask, don't tell.

I promise not to relay the many postponement or cancellation announcements of energy project construction, drilling campaigns, or equipment manufacture. If the investors can't see the bottom of the oil-price drop, they won't put up the money. Matt Simmons, for good reason, has proposed a minimum support price for oil and natural gas. Forewarned is forearmed.

### [Gulf Stocks Decline as \\$49 Oil Restricts Government Spending](#)

(Bloomberg) -- Persian Gulf shares fell as crude oil below \$50 a barrel undermined investor confidence that regional governments, dependent on income from oil exports, will be able to offer financial help to ailing companies.

### [Iraq oil revenues hit by price plunge](#)

Iraqi oil exports increased in October to an average of 1.7 million barrels per day (bpd), up from 1.64 million bpd in September, the oil ministry said, but a sharp fall in prices reduced revenue by more than \$1 billion.

Exports are still several hundred thousand barrels lower than highs reached earlier this year, hampered by technical difficulties at the Basra terminal.

### [Iran could live with \\$5 oil - Ahmadinejad](#)

Iran could live with an oil price as low as \$5 per barrel, President Mahmoud Ahmadinejad was quoted as saying on Sunday, in comments at odds with the views of the IMF and economic analysts.

..."There was a time when the country managed on \$9 a barrel. We can do it even if oil falls to \$5," he told reporters at a media fair in Tehran, state television said, without giving detail on how his government would handle such a situation.

### [Palm oil famers hit by global financial crisis](#)

The global economic slowdown has sent palm oil prices crashing, spelling misery for many Indonesian and Malaysian farmers.

Hundreds of thousands of farmers in Indonesia and Malaysia, which produce 85 percent of the world's palm oil, rely on the industry which has gone from boom to bust in just a

few months.

### [Russia's Medvedev to discuss oil consortium in Venezuela](#)

LIMA (Reuters) - Russian President Dmitry Medvedev will discuss the creation of a joint consortium to further develop the Orinoco oil field during a visit to Caracas on Wednesday, the deputy head of gas giant Gazprom said.

"The consortium will be the main theme (of energy talks in Caracas)," Gazprom's deputy head Alexander Medvedev told reporters on Saturday.

### [Sakhalin-II project to start LNG supplies to Japan in early 2009](#)

LIMA (RIA Novosti) - Liquefied natural gas supplies to Japan under the Sakhalin-II oil and gas project off Russia's Pacific Coast will start in February next year, a Gazprom senior official said on Sunday.

"An official ceremony of filling the first tanker with liquefied natural gas is scheduled for February 19," said Alexander Medvedev, deputy chairman of the Gazprom management committee and head of Gazprom Export.

### [Ringed by Foes, Pakistanis Fear the U.S., Too](#)

ISLAMABAD, Pakistan — A redrawn map of South Asia has been making the rounds among Pakistani elites. It shows their country truncated, reduced to an elongated sliver of land with the big bulk of India to the east, and an enlarged Afghanistan to the west.

That the map was first circulated as a theoretical exercise in some American neoconservative circles matters little here. It has fueled a belief among Pakistanis, including members of the armed forces, that what the United States really wants is the breakup of Pakistan, the only Muslim country with nuclear arms.

### [NJ Transit to stop buying compressed natural-gas buses](#)

HOWELL — New Jersey Transit's nearly decadelong, multimillion-dollar trial run with low-polluting buses that burn compressed natural gas is over — for now.

...Instead, the agency is buying 1,145 new ultra-low sulfur diesel buses — representing roughly half its fleet, officials said. Their emissions are comparable to those from new CNG buses — yet they cost less.

### [G.M.'s Latest Great Green Hope Is a Tall Order](#)

DETROIT — The Chevrolet Volt, a plug-in hybrid, will not arrive in showrooms until late 2010. But it is already straining under the weight of an entire company.

### [Wind turbines would need to cover Wales to supply a sixth of country's energy needs](#)

An area the size of Wales would need to be covered in wind turbines to meet just a sixth of the nation's daily energy needs, according to a new study that has cast doubt over the Government's push for wind energy.

### [At a New York Seminary, a Green Idea Gets Tangled in Red Tape - Geothermal Energy Plan Delayed by Bureaucracy](#)

Drilling a quarter-mile into solid rock was simple, said Maureen Burnley, the seminary's executive vice president, compared with persuading government officials and agencies that had the authority to say no — or to simply do nothing and stop all progress.

“We had to answer to 10 agencies,” Ms. Burnley said. “It took three times as long as it should have. The left and the right hand did not know what the other was doing.”

### [Oil giants talk tax to kill environment](#)

Evidence is mounting of a coordinated global oil industry effort to seize upon the international economic crisis as an opportunity to “rebel” against ecological controls and bludgeon concessions out of governments.

The assault on environmental and other regulation is being conducted under the cover of complaints about taxation.

### [Greener cars the price for automaker aid](#)

As giant auto makers beg governments to bail them out of the economic crisis that has brought them to their knees, some authorities have named a price -- make greener cars to drive.

### [The Climate Purge: Coup d'etat at the powerful House Energy and Commerce Committee.](#)

Henry Waxman moved to consolidate his coup d'etat at the powerful House Energy and Commerce Committee just hours after he was installed as the new chairman this week.

It appears that the California liberal, with his customary subtlety, is plotting a night of the climate-change long knives.

### [Uncertainty, Climate Change, And The Global Economy](#)

What will the climate be like in a hundred years' time? The answer depends on both how human activity affects climate change and how a warming climate alters the economy's productive capacity and human welfare. There is uncertainty about those links, but this column shows that, absent policy action, global warming will be a major problem even under very optimistic circumstances.



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