



## DrumBeat: November 24, 2008

Posted by [Leanan](#) on November 24, 2008 - 9:23am

Topic: [Miscellaneous](#)

### [We must plan a survival strategy for our species](#)

The science of sustainability is a mess. In 16 years it seems to have gone backwards as the world rushes on towards a frankly terrifying future. It is time it got its act together.

...Earlier this month, I attended a week-long blue-chip scientific workshop on measuring sustainability, organised by the Ernst Strungmann Forum in Frankfurt, Germany. Some of the best boffins in the business were there to discuss how sustainably we use, or could use, water, land, energy and materials - what you might call the four horsemen of our environmental apocalypse.

But no-one could agree. Nobody even knew how we could measure whether we are moving backwards or forwards. It sounded at times like a gruesome postscript to Jared Diamond's book *Collapse*, on how civilizations fail. Because maybe that is what it was.

### [OPEC to announce output cut, but not this weekend](#)

LONDON - OPEC looks set to announce a further output cut of up to 1.5 million barrels per day (bpd) this year but will probably wait until its next policy meeting in December before making the move, a poll suggested on Monday.

Eight of 15 oil analysts surveyed by Reuters Nov. 21-24 said the Organization of the Petroleum Exporting Countries was unlikely to announce any reduction at its informal gathering in Cairo on Saturday.

### [W.Africa Crude-Heavy Angolan crude in demand](#)

LONDON (Reuters) - Heavier Angolan crude oil is in higher demand than lighter, sweeter West African grades due to improving fuel oil cracks, traders said on Monday.

### [Oil hunt reaches new depths](#)

CHINA National Offshore Oil Corp is planning to invest 200 billion yuan (US\$29 billion) with its foreign partners in deep-water exploration in the South China Sea, in what analysts said could more than double its net production.

### [Gran Tierra suspends work at 2 Colombian oil fields](#)

Gran Tierra Energy says it has temporarily suspended production in the Costayaco and Juanambu oil fields in southern Colombia due to a general strike in the region.

### [Report: Iran oil industry needs \\$145 bln investment](#)

TEHRAN (Xinhua) -- Iran's Deputy Oil Minister for domestic construction and engineering affairs Hamdollah Mohammadnejad said that at least 145 billion U.S. dollars is needed to be invested in the country's oil industry within a ten-year period, Iran's Energy and Oil Information Network (SHANA) reported on Monday.

### [Iraq agrees to connect Kurd oil fields to pipeline](#)

ARBIL, Iraq (Reuters) - Iraq's oil minister and officials from its largely autonomous Kurdistan region agreed on Monday to connect two Kurdish oil fields to the main northern export pipeline to the Turkish port of Ceyhan, the minister said.

### [Iraq-Turkey Oil Pipeline Repairs Complete, Botas Spokesman Says](#)

(Bloomberg) -- Turkey's state-run pipeline company Botas completed repairs on an oil pipeline from Iraq following a blast three days ago, said Huseyin Sagir, a spokesman for Botas.

### [UK Treasury Cuts 2009 Oil Tax Revenue Forecast](#)

LONDON -(Dow Jones)- A U.K. Treasury Monday cut forecasts for revenue received from a controversial North Sea oil output tax for 2009-10 as prices and production but said it was consulting the industry to incentivize investment.

### [Nigeria's oil savings up 60 pct at \\$22.75 bln since Jan](#)

ABUJA (Reuters) - Nigeria's federal savings from oil sales and taxes have increased by 60 percent from the start of the year to total \$22.75 billion, according to a Finance Ministry document obtained by Reuters.

The reserves, which are made up of \$20 billion held in U.S. dollars and 322.8 billion

naira (\$2.75 billion), could be key in next year's budget as the government looks for ways to fund its spending amid falling oil prices.

### [Indians: Oil sands development 'genocide'](#)

EDMONTON, Alberta (UPI) -- A Canadian Indian rights advocate claims oil sands development in Alberta is akin to genocide from water contamination on reservation lands.

### [Somalia Pirates May Reduce Ransom Demand for Tanker](#)

(Bloomberg) -- The Somali pirates who hijacked an oil-laden Saudi Arabian supertanker said they may reduce their demand for a \$25 million ransom and vowed to defend themselves if an attempt is made to free the ship.

### [Shell Studies Possible Oil Projects in Iraq, CEO Says](#)

(Bloomberg) -- Royal Dutch Shell Plc, Europe's largest oil company, is examining possible oilfield projects in Iraq as the nation prepares to issue exploration permits next year, Chief Executive Officer Jeroen van der Veer said today.

Shell may bid for Iraqi fields in the first half of 2009, van der Veer told reporters at a conference in London. Iraq expects to award contracts by June in its first oil-licensing round since the U.S. invasion in 2003, Oil Minister Hussain al-Shahristani said last month.

### [Why Puplava Has Been Wrong On Crude Oil](#)

This weekend's broadcast telegraphs why Puplava has been so wrong: The entire discussion of crude oil and energy is entirely focused on supply issues. The failure to consider changes in demand clearly accounts for Puplava's missing a really important call. Clearly it has been falling demand and the anticipation of further falling demand that has been the driving force behind crude oil prices since last July.

### [How Global Warming May Affect U.S. Beaches, Coastline](#)

Several scientists from Scripps Institution of Oceanography at UC San Diego are finding that sea level rise will have different consequences in different places but that they will be profound on virtually all coastlines. Land in some areas of the Atlantic and Gulf coasts of the United States will simply be underwater.

## [Stop taxing fuel efficient vehicles](#)

Reagan said, "If you tax something you get less of it" and that is certainly true for the alternate fuel industry. That is why alternate energy vehicles should be tax free. No sales tax, no luxury tax, nothing.

## [Oil Is Cheap. Why Is Gas, Which Is Made From Oil, Even Cheaper?](#)

There is a relationship between crude oil prices and gasoline prices, since oil is used to make gasoline. But there is not a simple, linear, one-to-one relationship. In the futures markets, a gallon of gasoline has been, on average over the last six years, 22 cents more expensive than a gallon of crude, according to John C. Felmy, chief economist for API, an oil and gas trade association. (A barrel of oil contains 42 gallons, by the way.) That 22-cent difference comes primarily from the costs of refining oil into gasoline.

Right now, though, the decline in gas prices is outpacing that in oil prices on the futures markets. In fact, a gallon of gas is currently *cheaper* than a gallon of oil on the futures markets in the New York Mercantile Exchange. Why is this?

## [OPEC source sees need for new 1 mil b/d cut at Dec 17 meeting](#)

Dubai (Platts) - OPEC needs to cut its crude production by a further 1 million b/d at its December 17 meeting in Oran, western Algeria, an OPEC source said Monday.

The source, speaking on condition of anonymity, said the problem was less a question of oversupply than of consumer inventories which he described as being, at 55 days of forward cover in OECD countries, "at the high end."

He stressed the importance of full compliance with any reduction. "It has to be an actual cut," he said.

## [Iran risks spending squeeze in election year](#)

TEHRAN (Reuters) - Iran's government risks a squeeze on spending next year, when President Mahmoud Ahmadinejad is expected to seek re-election, unless oil prices bounce back to around \$80 a barrel.

Despite the oil windfall it reaped as crude surged to \$147 a barrel in July, economists say Iran has not saved enough to maintain spending levels now the price has tumbled to \$50 and, due to sanctions, has limited prospects for borrowing abroad.

### [Kazakhstan cuts oil price forecast as crisis bites](#)

ASTANA (Reuters) - Kazakhstan slashed its 2009 oil price forecast by a third to \$40 on Monday, bracing itself for more economic pain as the global financial crisis continued to take its toll on Central Asia's biggest oil producer.

Kazakhstan has announced a \$21 billion rescue package -- equivalent to roughly 20 percent of the economy -- to help its fledging banking sector survive the crisis but falling crude prices have threatened to erode some of these efforts.

### [Russia's Gazprom denies using gas as political tool](#)

BERLIN (RIA Novosti) - The head of Russian natural gas monopoly Gazprom has hit back at Ukrainian politicians' claims that Moscow uses gas exports as a political weapon, saying the company meets all its commitments in full.

### [Tennis Shoes and Stolen Toilets](#)

The performance of the Russian armed forces during the invasion of Georgia in August showed the dismal state of Moscow's military machine. Some Russian soldiers went into battle wearing athletic shoes because there were not enough boots to go around. Russian troops stole everything they could lay hands on--particularly from the Georgian army facilities they overran. Uniforms, beds, U.S.-supplied Humvees, and toilets were even pulled off the walls by Russian forces. "They had everything; the most amazing f--ing beds, amazing f--ing barracks with sealed windows," one Russian soldier was recorded saying in a short mobile phone video that was later broadcast--awestruck like Goldilocks when she stumbled upon Baby Bear's boudoir. Apparently living conditions for soldiers have improved little in the decades since Belenko's defection.

### [Cyprus Accuses Turkey Of Obstructing Oil Search](#)

NICOSIA (AFP)--Cyprus on Monday accused Turkey of interfering in its oil exploration and protested that a Turkish warship had impeded a Norwegian-flagged exploration vessel off the island's coast earlier this month.

"We have made all the necessary protests and taken every conceivable action," Foreign Minister Marcos Kyprianou told reporters after the Nov. 13 incident was made public.

### [Uganda warns fuel companies over high price](#)

The government yesterday warned oil companies against overcharging customers as the fuel shortage spreads to western Uganda, pushing the price of petrol up to Ush3,500 per

litre.

Junior Energy Minister Kamanda Bataringaya delivered the warning at a press conference on Saturday morning in Kampala, which had been called to respond to growing public angst over the rising price of fuel and its intermittent supply.

### [Cold Day in Hell May Affect SD Highway Funding](#)

AT ISSUE: For months now South Dakotans have been hearing about the shortage of funds in the state's highway fund program. This, with the reduction of fuel being used on our highways, has also caused a cut in the amount of gasoline tax the state gets from motorists. This, of course, adds to the problem of how South Dakota is going to be able to not only maintain its highways and bridges, but to repair and/or replace our highways and bridges.

The lack of funding also poses several interesting questions.

### [UK: Calls for 'Green New Deal' to tackle economy and environment](#)

The Environment Agency today joined calls for a "green New Deal" to boost the economy and tackle climate change.

The Agency's chairman, Lord Chris Smith, said there should be a "comprehensive" strategy by the Government to invest in energy efficiency in homes and power generation from renewable sources such as wind and solar.

### [Bishop of Birmingham David Urquhart spreads the 'green gospel'](#)

For the first time in history, city Christians are willing to think about everything from the coffee they drink to the gifts they consume – all in the name of the planet.

And the leader of Birmingham's Anglican community thinks this is no bad thing as it's important for everyone, no matter their faith, to address environmental issues.

### [Aramco drops \\$1.2bn Dammam project as crude prices plummet](#)

DUBAI: Saudi Arabian Oil Co, the world's largest oil company by production, shelved plans to upgrade its aging onshore Dammam oil field at a cost of \$1.2bn amid falling oil prices, people familiar with the plans said.

In a statement emailed on Saturday, Saudi Aramco informed companies interested in developing the field that the "requisition has been canceled," the people told Zawya Dow

Jones.

### [Thomas Homer-Dixon: Deflation's big game](#)

Most policy-makers and commentators understand that deflationary cycles are self-reinforcing. But few grasp another key characteristic: Deflationary cycles are, at their core, what social scientists call a collective action problem. And this characteristic has important implications for how we should respond.

### [Kurt Cobb: Timing is everything](#)

Rushing to build an entirely new energy infrastructure may indeed not result in an optimal system and may saddle us with technology that will likely be superseded. Witness the efficiency gains in wind generators and the far greater knowledge we have today about where to deploy them compared to, say, 20 years ago. A gradual energy transition would clearly be much better in many ways.

The key question is whether we have the time for said gradual energy transition. Should the analogy be the computer revolution that took from the end of World War II to the middle of this decade to make ownership of a home computer all but universal in the United States? Or should the analogy be the American entry into World War II which led to a command economy directed by the federal government with the aim of winning the war?

### ["Hedging is a waste of time," UBS analyst tells airlines](#)

Singapore (Platts)-- The world's airlines should stay away from trading oil derivatives and hedging in general because the exercise had proven to be "a waste of time," the head of Asia transport research at Swiss bank UBS, Damien Horth, told a meeting of the world's airlines in China late last week.

"I would be of the view that hedging is a waste of time," said Horth. "Most of the hedging I have seen in the last two to three years has been speculative."

### [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.

### [Nigerian militants threaten chaos in western delta](#)

LAGOS, Nov 24 (Reuters) - Nigerian militants threatened to bring chaos to the western Niger Delta by interrupting shipping and attacking oil and gas facilities run by U.S. energy giant Chevron unless a new military commander was removed.

The Ijaw Youth Leaders Forum (IYLF) said it wanted Brigadier General Wuyep Rintip, commander of the joint military taskforce in the western delta who has taken a tougher line than his predecessor on criminality, transferred immediately.

"He has woken the peaceful sleeping dogs of the Niger Delta," the forum said in an emailed statement.

### [Russia's Gazprom says could sue Ukraine over gas debt](#)

LIMA (RIA Novosti) - Gazprom has prepared documents to take legal action against Ukraine over its unpaid gas debt, a senior official at the Russian energy giant said, adding a compromise would be the better option.

### [Shippers seek naval blockade of Somali coast](#)

KUALA LUMPUR, Malaysia – Shipping officials from around the world called for a military blockade Monday along the coast of Somalia to intercept pirate vessels heading out to sea.

Peter Swift, managing director of the International Association of Independent Tanker Owners, said stronger naval action – including aerial and aviation support – is necessary to battle rampant piracy in the Gulf of Aden near Somalia.

### [The consequences of low oil price](#)

At first glance, we should celebrate lower energy costs. However, the short-term benefits of lower costs only postpone the world's long-term energy concerns.

A recent report from Wood Mackenzie found that more than four out of five oil refinery construction projects since 2005 have faced cancellation or hold-ups due to falling oil prices.

These projects, which take two to seven years to complete, are essential to meet the future energy demand of the world.

### [Fall in oil price getting "dangerous": Total CEO](#)

PARIS (Reuters) - The sharp drop in the price of oil is worrying and could hinder investment in the industry, Total Chief Executive Christophe de Margerie said on Sunday.

"I think it is beginning to get dangerous. I think that ... we are getting to a level that will brake investment in a sector that is crucial," Margerie told LCI television.

### [Natural gas from U.S. shale could double](#)

WASHINGTON (UPI) -- An energy association said Friday that production of natural gas from shale deposits in the United States could be doubled over the next decade.

The Natural Gas Supply Association said its calculations indicated that 25 percent of U.S. natural gas demand could be satisfied by the exploiting shale beds located in Appalachia, the Barnett Permian Basin of Texas and other areas of the nation.

### [Now is time to get energy equation right](#)

The sudden fall in oil prices sure seems like a good deal. Please, don't be fooled. This temporary reprieve won't last. Sooner or later, the lure of cheap oil will vanish as the world economy begins to recover and sends the price of gasoline spiraling up due to increased demand. It has happened before and it will happen again.

### [Chavez Says Global Crisis Concerns Him More Than Oil Prices](#)

(Bloomberg) -- Venezuelan President Hugo Chavez said he's more concerned about the global financial crisis than the falling price of oil, which accounts for 90 percent of the South American country's exports.

Chavez said the price of oil is ``unpredictable" right now. Venezuela is prepared to withstand the recent drop in crude oil prices, the president said after casting his ballot today in Caracas for the country's state and municipal elections.

### [Raymond J. Learsy: Oil Piracy, OPEC, Saudi Arabia, You and Me](#)

With the highjacking of the Saudi oil tanker SIRRIUS STAR and its 2 million barrels of oil the foreign minister of Saudi Arabia Prince Saud al-Faisal was moved to comment "Piracy like terrorism is a disease which is against everybody and everybody must address it together." Spoken in the best Saudi parlance to which the most generous translation one could ascribe is, "Uncle Sam (with 20 plus ships operating in the Persian Gulf to east Africa including three super-carriers, the USS Abraham Lincoln, USS Ronald Reagan and USS Theodore Roosevelt) let me hold your jacket while you go

ahead and tackle this mess for us, and when you've done what you've had to do, don't forget to thank us for helping you forgo a cleaning bill for your jacket."

### [The case for electric transportation](#)

Why electricity is currently cheaper than oil for transportation. How electric cars would spur economic growth.

### [Does the car parking space levy make sense?](#)

YES says CIARÁN CUFFE , who argues that Ireland's commuting patterns are not sustainable and the levy is one of a range of measures that will help reduce congestion and cut carbon emissions.

NO says CONOR FAUGHNAN, who states the levy is so poorly thought through that it will be a nightmare to administer and will not achieve its stated aim of reducing car use.

### [Lloyds TSB on... sustainability](#)

We have a strategic six-step process in place. The six areas include resource efficiency, stakeholder engagement, risk management and new business. Each is examined along the three tenets of us as a business, the communities we operate in, and the environment.

### [Radical producers go free-range on farm policy](#)

Joel Salatin is a small farmer with a big problem. Everything he wants to do is against the law or runs afoul of the "food police."

No, he isn't growing anything illegal.

His farm is not much different than farms in the olden days, when food was produced organically and sold locally, before the advent of industrial food processes and layers of government bureaucracy.

### [Fuel from food? The feast is over](#)

AMSTERDAM, Netherlands (AP) — In future years we may look back at the Great Mexican Tortilla Crisis of 2006 as the time when ethanol lost its vroom.

Right or wrong, that was when blame firmly settled on biofuels for the surge in food

prices. The diversion of American corn from flour to fuel put the flat corn bread out of reach for Mexico's poorest.

Two years later, the search is on for ways to keep corn on the table rather than in the gas tank. Moving away from food crops, the biofuel of the future may come from the tall grass growing wild by the roadside, from grain stalks left behind by the harvest, and from garbage dumps and dinner table scraps.

### [The right to eat: Earth faces starvation](#)

More people – less food. This is what the world is heading into: millions are already dying from hunger, and this figure is set to increase tenfold if food and agriculture policies of mankind stay the same.

### ['Brown clouds' stir Asian conspiracy storm](#)

MUMBAI - A controversial United Nations report claiming "atmospheric brown clouds" generated by Asia are harming the world's climate, agriculture and health has created a storm of controversy in India, which has slammed it as part of Western pressure on Asia's efforts to counter global warming.

### [Coal's return raises pollution threat](#)

Britain is poised to expand its coal mining industry, despite fears that the move will lead to a rise in climate change emissions and harm communities and the environment.

### [Climate change may push more Vietnamese below poverty line](#)

HANOI -- Vietnam is among the world's ten countries most vulnerable to climate change, which threatens to reverse the gains the country has made in poverty reduction, the local newspaper Youth reported on Monday, citing a new report by Oxford Committee for Famine Relief (Oxfam).

### [Cities must curb emissions to meet goals: report](#)

OTTAWA - Consumption habits and energy use in Canada's cities must change dramatically to meet climate change goals established by the Harper government, says a new report to be released on Monday.

The research, produced by a coalition of stakeholders from industry groups, environmental organizations and the government, noted that nearly half of Canada's greenhouse gas emissions are coming from sources in cities, and that these urban

communities could play a significant role in building a new economy if the right policies are in place.



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