



## DrumBeat: December 8, 2008

Posted by [Leanan](#) on December 8, 2008 - 9:37am

Topic: [Miscellaneous](#)

### [Oil rises on talk of auto bailout, stimulus](#)

NEW YORK (CNNMoney.com) -- Oil prices rebounded from a nearly 4-year low Monday as U.S. automakers neared a deal that would keep them out of bankruptcy and President-elect Barack Obama pledged to stimulate the economy of the world's largest oil consumer.

U.S. crude for January delivery rose \$2.90 to settle at \$43.71 a barrel after settling at \$40.81 Friday, the lowest close since Dec. 10, 2004.

### [OPEC's 'Surprise' May Disappoint](#)

The cartel tells the world it's planning a surprise cut, but this could backfire.

### [Americans Forget High Oil Prices Too Quickly](#)

For some years now I've been having an ongoing email debate with CNBC anchor Joe Kernan with respect to oil prices and oil supply and demand. Being a believer that worldwide supply will simply not keep up with worldwide demand, I have been a strong proponent of US energy diversification away from oil. Joe has strongly disagreed and said that the high price of oil was mere speculation. Back when oil topped \$90/barrel and I told him it would go much much higher; he said poppycock and suggested that we should get two barrels of oil for \$90.

Friday I got an email from Kernan declaring victory. Oil hit \$45/barrel and that was his "two-for". He implied that "Einstein" (me) was wrong and that peak oil believers were badly mistaken. I wrote back and told him that after four years it was about time he was right on something, as even a clock is correct twice a day. Didn't get a reply to that one.

### [A race to the bottom](#)

In the past, academics, particularly from the US, denounced the gold standard for its

policy straitjacket that precipitated bank failures in Europe and huge unemployment in the 1930s. Yet, without the policy-fetters-imposed gold standard, global fiat money printers have managed to create a banking and financial crisis.

Further, we do not know how in the world of climate change and vanishing hydrocarbon reserves rapid growth can be sustainable. Even a cursory reading of the International Energy Agency's *World Energy Outlook 2008* is a must for all of us. IEA, by no stretch of imagination, is in the camp of "peak oil" theorists. Yet, they are quite bemused about how the world appetite and habit for hydrocarbons can be met given emerging supply constraints and environmental considerations. In a way, the current slowdown is a welcome break from the oil price of \$140 per barrel. Yet, policymakers are acting as though they cannot wait to have it back.

### [BP Shuts Line From Indiana Refinery, Starts Repairs](#)

Bloomberg) -- BP Plc said it can't estimate how long it will take to repair a pipeline taking refined products from its Whiting, Indiana, refinery to Michigan. The line was shut down Dec. 5 after being struck in a fatal vehicle accident.

BP, Europe's second-largest oil company, is assessing the damage caused by a fire that occurred after the accident and can't estimate how long the pipeline will be shut, Scott Dean, a company spokesman, said in an interview.

### [Alaska divided over who will transport its natural gas](#)

It is finally official - as of December 5, Alaska handed the Alaska Gasline Inducement Act licence over to TransCanada. The deal is for construction on a \$30 billion (Dh110.19 billion), or more, pipeline transporting natural gas from Alaska's North Slope southward.

But don't hold your breath.

### [Clean energy appears out of reach for years](#)

Will clean tech save us by 2025? Will it end our dependence on global-warming fossil fuels by then? Not very likely, says the U.S. government's National Intelligence Council. "All current technologies are inadequate for replacing the traditional energy architecture on the scale needed, and new energy technologies probably will not be commercially viable and widespread by 2025." So says the council's just-released report, "Global Trends 2025: A Transformed World."

...Despite its skepticism that high-tech will ride to energy's rescue, the report offers some reason for optimism: "Despite what are seen as long odds now, the greatest possibility for a relatively quick and inexpensive transition (from fossil fuels) comes from better renewable generation sources (photovoltaic and wind) and improvements in

battery technology."

In the main, however, the report throws cold water on the expectations of the more idealistic clean-tech advocates. Yes, the world will be moving away from oil by 2025, it says, but in its place expect more natural gas, coal and nuclear energy. And any technology-driven improvements will take longer than you think.

### [Chesapeake Gains 24% in Pre-Market Trading After Cutting Budget](#)

(Bloomberg) -- Chesapeake Energy Corp., the second- biggest independent U.S. natural-gas producer, gained 24 percent in pre-market trading after saying it will cut spending and plans to build cash resources because of a plunge in prices.

### [ANALYSIS - Policy muddle sets Nigeria oil delta on knife-edge](#)

LAGOS (Reuters) - Nigeria needs to strike a delicate balance between military muscle and political negotiation in the Niger Delta if it is to protect Africa's biggest oil industry from a fresh spate of crippling attacks, analysts say.

A campaign of sabotage over the past three years, in which militants have blown up pipelines, attacked flow stations and kidnapped foreign oil workers, has cut crude oil production in the world's eighth biggest exporter by around a fifth.

### [Report: Metrolink Most Dangerous Rail System in U.S.](#)

LOS ANGELES -- By some measures, Metrolink has the dubious distinction of being the most deadly commuter rail system in the country, a Daily News investigation has concluded.

About \$1.2 billion generated after the passage of a Nov. 4 sales tax measure will be channeled toward improving Metrolink safety, however.

### [The Philippines: Two-year ethanol supply may take a while to feed demand](#)

LOCAL supply of ethanol to feed demand for the mandated blend of the alternative fuel at the pump is likely to be available only two years from now, an official from Chevron (Caltex) Philippines, Inc. said.

### [Russian oil output to fall after 2020: national energy ministry](#)

Moscow (Platts) - Russia's energy ministry believes that the country's oil production will stabilize at 535 million mt/year (10.7 million barrel/day) by 2020, after which it will start falling, a ministry's official said Monday.

Under the basic scenario of the draft energy strategy until 2030, the country's oil production will reach 500 million mt/year in 2010, 530 million mt/year in 2015, 535 million mt/year in between 2020 and 2025, and 530 million in 2030, said Vitaly Bushuyev, the general director of the ministry's institute of energy strategy.

"We need to be prepared for [the decline in output]," Bushuyev told an energy forum in Moscow, adding that international oil prices were likely to fall after 2012 to "the level of minimum profitability of the oil business."

### [Oil, Copper Advance After Obama Promises Public Works Spending](#)

(Bloomberg) -- Oil, copper and corn rose after President-elect Barack Obama pledged the biggest U.S. public works program in about 50 years to revive the economy.

Commodities rebounded from last week's losses on speculation spending on roads, bridges and repairing school buildings will boost raw material demand and engineer a recovery in the world's largest economy. Obama said that his economic plan would create or preserve more than 2.5 million jobs.

### [Cost of gas is approaching a five-year low](#)

CAMARILLO, Calif. - The average price of U.S. gasoline fell 22 cents a gallon during the past two weeks, bringing it to its lowest level in nearly five years, according to a national survey released Sunday.

### [Saudi deepens oil supply cuts to some in Asia, Europe](#)

TOKYO/LONDON (Reuters) - Top oil exporter Saudi Arabia will make even bigger oil supply cuts to some of its Asian and European customers next month, industry sources said on Monday as the kingdom stepped up efforts to halt the steep slide in prices.

While most Asian refiners appear set to receive steady supplies next month, news of the reduced allocations helped push oil prices up six percent on Monday and suggested Riyadh is not waiting for OPEC's Dec. 17 meeting to tighten crude oil exports in an effort to keep oil from falling below \$40 a barrel.

### [Libya to Seek 'Substantial' Oil Production Cut at OPEC Meeting](#)

(Bloomberg) -- OPEC, the supplier of more than 40 percent of the world's oil, should make a "substantial" output cut when it meets next week to boost crude prices, Libya's top oil official said.

"The market is in upheaval, all the countries are stepping in to protect their markets, their industries, OPEC should do the same for the oil market," the chairman of Libya's National Oil Corp, Shokri Ghanem, said in a phone interview from Tripoli today. "Everyone at OPEC agrees that the market needs support, I think that our action should be substantial."

### [Australia gas project deferred on demand worries](#)

SYDNEY, Dec 8 (Reuters) - Development of the Reindeer gas project off Australia's west coast was deferred indefinitely on Monday after a proposed key customer failed to commit to a sales contract, one of the A\$850 million (\$550 million) project's partners, Santos Ltd said.

Santos, citing "adverse changes in the global economic outlook," did not say who the customer was, though sources said it was Hong Kong-based steel-to-property conglomerate Citic Pacific Ltd, which is seeking shareholder approval for a \$1.5 billion bailout plan.

### [The resources boom that fuelled prosperity is now a bust](#)

The term "energy crisis" is more commonly associated with dwindling supplies, soaring prices and threats of rationing.

Not at the moment. Instead, the sudden and dramatic fall in oil prices in the past few months has sent shockwaves through the boardrooms of those companies that were relying on a commodity super-cycle to prop up their overstretched balance sheets.

### [Gas: Make it cost more](#)

We're concerned about the dropping price of oil. Sure, it's great for consumers. We, too, like seeing change after we fill our tank with gas. Most experts think the price will continue to decline and some are speculating that a barrel of oil will drop to less than \$25 and gas at the pump may go below a dollar a gallon.

The problem is inexpensive oil will not help this country kick its addiction. The fact is high fuel prices help society heal, moving to healthier energy choices.

### [Will Obama raise fuel taxes?](#)

The incoming Obama administration has made clear improving energy efficiency is also one of its highest priorities. The president-elect's future national security adviser, General James L. Jones, has been working on energy issues for an affiliate of the U.S. Chamber of Commerce since retiring as NATO's supreme allied commander in Europe. He made clear in a recent interview improving energy security would be one of his central objectives, marking an unusual extension of the adviser's traditional role. The incoming administration faces several related challenges, however...

### [Can Obama Really Afford His Infrastructure Program? Price of Asphalt, CO2 Cost From Cement, Raise Doubts](#)

On Saturday President-elect Obama pledged the biggest road and bridge construction program since the 1950s. But has anyone in Washington asked Wilson County, Tennessee road superintendent Steve Armistead about the price of asphalt these days? For that matter, has anyone thought about how much more cement is likely to cost when that industry has to pass through costs associated with its carbon dioxide emissions?

### [Carolyn Baker: Obama Revitalizes Disaster Capitalism: The Shock Doctrine Receives a Make-over](#)

Since many months before the November election, *Truth to Power* has been researching and informing readers regarding the fundamental underpinnings of Barack Obama's agenda and his likely appointments in the areas of economic, foreign policy, and energy issues. Not only have I written several pieces on the topic, so have a variety of other researchers. In reviewing our reporting, what has remained consistent and therefore validates it, is Obama's adherence to neoliberal, globalist policies couched in the rhetoric of "change" but offering no substantial departure from the ultimate strategies of imperialism, corporate capitalist supremacy, and almost total ignorance (or ignore-ance) of the energy and environmental suicide perpetuated by endless growth.

### [Local food cooperative searched by state](#)

PITTSFIELD TOWNSHIP — An Ohio Department of Agriculture agent seized food, electronic devices and documents from a Pittsfield Township organic and natural food cooperative believed to be unlicensed, according to a search warrant filed yesterday in Lorain County Common Pleas Court.

...On Monday, ODA enforcement agent William Lesho confiscated hundreds of pounds of processed beef and large amounts of lamb, turkey and other perishable products in addition to office files, a computer, two cell phones and other electronic devices, according to the search warrant inventory. The items were taken to establish the Stowers' ownership in any property, records of hidden wealth or illegal income and anything that would establish illegal activity, according to the search warrant affidavit.

### [Obama says will pursue carrot/stick Iran policy](#)

WASHINGTON (Reuters) - U.S. President-elect Barack Obama said on Sunday he was prepared to offer Iran economic incentives to stop its nuclear program, but he also warned that sanctions could be toughened if it refused.

### [A Gift to Planet Earth and Humanity](#)

A miracle has occurred. Many were beginning to contemplate a survival strategy because of the dual hammer of Peak Oil and Global Warming. But a funny thing happened on our way to doomsday. It is appearing that we are getting a reprieve, and, ironically, the gift is this serious, but fixable, economic collapse.

### [Little city is at center of a great debate](#)

Pipes link the Great Lakes with massive oil reserves in friendly Alberta. They may bring jobs, energy and pollution. And it's all happening as the century of oil gives way to the century of water.

### [Wind over water: Some see giant wind farms on horizon for the vast, breezy Great Lakes](#)

Wind power has already established a beachhead on Wisconsin soil - you can see 88 Danish-built windmills stretching 400 feet into the sky just east of Lake Winnebago. They're capable of squeezing enough juice from the airstream to power 36,000 homes, according to We Energies.

Similar blades are spinning along U.S. Highway 41 in Fond du Lac County. And they're whirling near the Lake Michigan shoreline in Kewaunee County.

And now it looks like at least one might be headed for scenic Madeline Island.

### [Is Solar Losing Its Shine?](#)

Investors shouldn't become fixated on oil as the source of the investor doom and gloom in solar energy. There are many clouds over the industry, not just falling oil. JP Morgan Securities issued a recent report that blames the swoon in solar on reduced solar subsidies in Europe next year, higher borrowing costs, increased competition, and pricing pressure at all levels of the solar photovoltaic industry.

Solar isn't immune to the global credit crunch, as lack of financing for solar projects and capital to fund manufacturing capacity expansion casts a shadow on the industry. Solar energy companies are also dealing with rocketing prices for silicon, the basic substance

for photovoltaic technology and a material that until recently was experiencing a worldwide shortage and major price increases.

### [Runway protest strands passengers](#)

Flights have been disrupted and passengers left stranded at Stansted airport after a climate change protest caused the runway to be closed.

Ryanair has cancelled 56 flights and told passengers to re-book, but it has warned that availability is limited in the coming days.

### [Fighting climate change: mass or direct action?](#)

Can the people of the world make global warming history? Ed Miliband, the UK's minister for energy and climate change certainly hopes so.

Talking to the Guardian, he has called for a mass movement, like the 2005 Make Poverty History campaign, that will force the world's leaders to agree to a meaningful global climate deal at UN talks in Copenhagen at the end of 2009.

### [BP, eBay, HP Demand 'Deep, Rapid' Greenhouse-Gas Cuts](#)

(Bloomberg) -- BP Plc, Hewlett-Packard Co., Shanghai Electric Group and 137 other companies from around the world urged delegates at United Nations climate talks in Poland to commit to deep and rapid cuts in greenhouse-gas emissions.

The recession shouldn't be used as an excuse to delay investments needed to slash emissions and help fight global warming, the companies said in an e-mailed statement today.



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