



## DrumBeat: December 12, 2008

Posted by [Leanan](#) on December 12, 2008 - 9:55am

Topic: [Miscellaneous](#)

### [U.S. Northeast Heating-Oil Delinquent Bills Top \\$100 Million](#)

(Bloomberg) -- Heating-oil dealers in the U.S. Northeast have more than \$100 million in unpaid bills from residential and business customers after fuel prices rose to a record, a consumer-debt service found.

The money is owed by customers in New York, Connecticut, Maryland, New Hampshire and Pennsylvania, according to data from Oil Well, a service provided by Roslyn Heights, New York-based Risk Assessment Data LLC. The debt, which piled up after home heating oil soared to a record last winter, comes as homeowners and businesses cope with recession and the highest unemployment level since 1993.

"People will sooner pay their revolving-credit debt that is ranked in credit-reporting agencies and that affects their credit directly," Larry Smith, owner of closely held Risk Assessment, said yesterday in an interview. "There is no immediate consequence for not paying your oil bill. Oil bills are not consumers' top priority."

### [Petro-Canada in no rush to find U.S. refining space](#)

CALGARY, Alberta -- Petro-Canada will not look for U.S. refining space to handle bitumen from its planned Fort Hills oil sands mine until it advances the project further, Ron Brenneman, the company's chief executive, said on Friday.

### [U.S. says North Korea will not get fuel until deal](#)

WASHINGTON, Dec 12 (Reuters) - North Korea will not get any more shipments of heavy fuel oil until it agrees to specific steps to verify its nuclear activities which it rejected in talks this week, the United States said on Friday.

State Department spokesman Sean McCormack said all five countries negotiating with North Korea -- Japan, Russia, China, the United States and South Korea -- have agreed future fuel shipments would not go forward until there was progress on a so-called verification protocol with Pyongyang.

"This is an action-for-action process," McCormack told reporters. "Future fuel

shipments aren't going to move forward absent a verification regime ... they (the North Koreans) understand that."

### [Gazprom hopeful of deal with Ukraine on gas debt](#)

PARIS (Reuters) - Russian gas export monopoly Gazprom is hopeful of a resolution in its dispute with Ukraine over payment for natural gas, the deputy chairman of Gazprom's management board said on Friday.

Alexander Medvedev told a press conference Gazprom had made proposals to Ukraine and the two sides were in intensive talks over the situation.

### [Caltex Australia Shuts Queensland Refinery on Fault](#)

Bloomberg) -- Caltex Australia Ltd., the nation's biggest oil refiner, shut down its Lytton refinery near Brisbane after a failure of the plant's steam system, potentially disrupting fuel supplies in Queensland state.

The company can't yet estimate how long the shutdown will last, Frank Topham, public affairs manager for the Sydney-based refiner, said by telephone. It's too early to assess any damage at the plant and the company is still studying how the stoppage will affect deliveries to customers, he said.

### [Fuel shortage, cost have village seeking state assistance](#)

ANCHORAGE, Alaska -- The price of fuel in the village of Emmonak has residents deeply concerned about their future, and one member of the village has taken it upon himself to represent their concerns to the state.

Martin Moore has been coming to a borrowed Anchorage office for the past few months, making phone calls, writing letters, and setting up meetings with state officials advocating help with his village's high fuel costs.

"It's very serious," Moore said. "The cost of fuel now is \$7.60 a gallon."

### [U.S. driving on the decline](#)

NEW YORK (CNMoney.com) -- Driving in America has undergone its most dramatic continuous decline in history, the Department of Transportation said Friday.

Americans drove 100 billion fewer miles during the 12-month period between November 2007 and October 2008 compared with the prior year, according to the

DOT's most recent data.

U.S. Transportation Secretary Mary Peters noted that driving continued to decline even as gas prices came off their summertime peaks.

"The fact that the trend persists even as gas prices are dropping confirms that America's travel habits are fundamentally changing," she said in a statement.

### [Obama: Transportation can get economy moving](#)

WASHINGTON – When President-elect Barack Obama says he wants to get the economy moving again, he means it quite literally.

Transportation will play a central role in Obama's first months in office, not just for policy changes aimed at improving highway, air and rail travel, but as a road toward economic recovery, energy independence and environmental protection.

### [GM to cut 250,000 vehicles from 1Q production](#)

DETROIT – General Motors Corp. says it will cut another 250,000 vehicles from its first-quarter production schedule by temporarily closing 21 factories across North America.

The move affects most plants in the U.S., Canada and Mexico. Many will be shut down for the whole month of January.

### [Mountaintop miners lose bank's backing](#)

If you're having trouble getting a bank loan, you have something in common with the US coal mining industry. The Bank of America has announced that it will refuse loans to mining companies that pursue the damaging practice of lopping off mountaintops to extract coal. The hope is that other banks will now do the same.

### [Traffic fatalities decrease 10% this year](#)

Federal highway officials say it's too soon to link the drop in traffic deaths to the reduction in driving. "We don't have any data that can provide any true correlation," Federal Highway Administration spokesman Doug Hecox said.

Chandra Bhat, a professor of transportation engineering at the University of Texas who studies driver behavior, said that fewer miles driven means fewer wrecks. But he said more study is needed to determine whether the drop in miles traveled is related to the

decline in fatalities. He said researchers first must determine who is driving less because fatalities generally are higher among teen and elderly drivers. Another factor: what time of day the reduction in driving is occurring because nighttime crashes generally are more fatal than daytime wrecks.

### [ANALYSIS - Russia may cut in limited sympathy with OPEC](#)

MOSCOW (Reuters) - Russia, the world's biggest non-OPEC exporter, could vow to curb supply in line with deep cuts OPEC is expected to agree in Algeria next week as it seeks to gain political clout, but its production is declining anyway.

Although Moscow has hinted it could join the Organization of the Petroleum Exporting Countries, most analysts say it has no real interest in becoming a member.

### [The power of gas](#)

Europe should work with the US to contain the rise of Russia's gas monopoly.

### [Trouble in Toyland: U.S. recession jolts China](#)

Toy makers also were hard hit by the rising price of oil, which surged to more than \$140 a barrel in June, and in turn sharply increased the price of plastic.

Industry sources say the toy makers saw profits squeezed to the point where many tried to renegotiate contracts with buyers — especially major U.S. players, such as Wal-Mart and Toys "R" Us. When they discovered the buyers wouldn't budge on the purchase agreements, many simply decided to close their factories. Some locked the gates and vanished in the dead of night, leaving workers to discover they had no job when they arrived in the morning.

### [New map paves way for bike-friendly travel](#)

State officials and bicycle enthusiasts are stitching together more than 50,000 miles of pedal-friendly pavement to form a vast network of bicycle routes connecting byways, cities and offroad trails in a system like the one created for cars and trucks over half a century ago.

### [Obama's 'green dream team' is warmly received](#)

WASHINGTON — One is a Nobel Prize winner overseeing research of alternative

energy. The three others all have one thing in common: experience working for the Environmental Protection Agency.

Together, the group — as the Associated Press has reported — will make up President-elect Barack Obama's team to oversee energy and environment, a lineup that drew mostly praise Thursday from environmental and industry groups alike.

### [As China economy brakes, oil demand goes in reverse](#)

BEIJING (Reuters) - China's once insatiable appetite for oil has choked.

An abrupt economic slowdown has corroded the machinery of China's economy, while stubbornly high fuel prices have forced drivers off the road. Crude imports are falling, fuel exports have resumed and once flat-out refiners are shutting down.

Demand from the world's second biggest consumer of oil after the United States, one of the main catalysts that launched oil's rally six years ago, likely contracted for the first time in three years last month, data due next week is expected to show.

Analysts say that is not an anomaly. A full-year decline in consumption may loom next year, even if the economy continues to expand at 8 percent or more as expected.

### [Energy giants trim spending plans for 2009](#)

Jeff Rubin, chief economist at CIBC World Markets, warned that "supply destruction" as a result of low oil prices is a "surefire recipe" for higher prices down the road.

"Although capacity is ample for now, we expect supply strains to emerge beyond mid-2009 as GDP growth and global demand turn the corner, setting the stage for a return to the \$100-barrel mark by year-end (2009)," wrote Rubin in a research brief.

"In the Alberta oil sands alone, we estimate that project cancellations and delays, affecting \$100 billion of investment, will shave over 800,000 barrels from daily new capacity, roughly half of earlier projected growth in the next five years. And what is happening there is occurring in Brazil, West Africa and the Middle East itself."

### [Post-Ike Gas Line Fixes Slow Return of US Gulf Oil](#)

Most of the 15 percent of Gulf of Mexico oil output still shut three months after Hurricane Ike is offline pending completion of repairs to natural gas pipelines, officials said Thursday.

"We had some major impacts to gas transmission lines. That's what we still see, at this point, being the holdup on the gas as well as associated oil," Lars Herbst of the U.S.

Minerals Management Service told a media teleconference.

"If you can't get the gas flowing in those transmission lines the oil associated with that platform is also curtailed or shut in," said Herbst, the MMS Gulf Region director. MMS forbids burning off gas to facilitate oil production.

### [Environment minister calls for a 'food Kyoto' as a billion people face starvation](#)

"Global food production will need to double just to meet demand," Benn is expected to say. "We have the knowledge and the technology to do this, as things stand, but the perfect storm of climate change, environmental degradation and water and oil scarcity, threatens our ability to succeed."

In particular, the UK food system's "dependence on oil will have to change" to use more renewable energy. He also hints that more controversial genetically modified technology could also be needed, described as "new crops and technologies".

### [World Bank's 'Wrong Advice' Left Silos Empty in Poor Countries](#)

(Bloomberg) -- Inside and out, the rusted towers of El Salvador's biggest grain silo show how the World Bank helped push developing countries into the global food crisis.

Inside, the silo, which once held thousands of tons of beans and cereals, is now empty. It was abandoned in 1991, after the bank told Salvadoran leaders to privatize grain storage, import staples such as corn and rice, and export crops including cocoa, coffee and palm oil.

Outside, where Rosa Maria Chavez's food stand is propped against a tower wall, price increases for basic grains this year whittled business down to 16 customers a day from 80.

"It's a monument to the mess we are in now," says Chavez, 63.

### [Richard Heinberg - IEA: Everyone Gets to Be Right](#)

In recent days our friends over at The Oil Drum have done a laudable job of dissecting the recent annual report of the International Energy Agency, "World Energy Outlook 2008".

Briefly: the report breaks ground in analyzing petroleum depletion and future supply prospects on the basis of a study of several hundred large oilfields. It warns that "Current global trends in energy supply and consumption are patently unsustainable" and that "the sources of oil to meet rising demand, the cost of producing it and the prices that consumers will need to pay for it . . . [are all now] extremely uncertain." The



document also proclaims in no uncertain terms that "the era of cheap oil is over."

### [Book Review: "The Long Descent"](#)

John Michael Greer has written a fascinating and engaging, but also contradictory and perplexing account of how he sees the industrial age ending.

His primary thesis is that collapse will not come as a sudden, abrupt End Of Days or Die Off scenario- one minute thriving bustling affluent society with the universe at its feet, the next a crumbling pile of rubble with nothing but wisps of smoke to hint of its former glory- but will follow a "catabolic" process of progressive disintegration, over possibly a couple of centuries. In Greer's scenario, short periods of abrupt and sharp downturns- the beginning of which we are experiencing now- punctuate longer periods of relative stability. Like an organism that begins feeding on itself, society will collapse in a series of stepped-down stages as it becomes progressively unable to meet maintenance charges with income.

### [So, How Bad Will the Energy Crisis Be in 2025?](#)

American intelligence agencies recently looked into their crystal balls and forecast a challenging and, in some cases, scary world in 2025.

Most of the news headlines emanating from the report have focused on nuclear weapons and the decline of American dominance, but there is plenty of sobering analysis about other subjects to keep one up nights as well.

Take, for instance, the competition for dwindling energy resources.

### [Three Inconvenient Energy Policy Truths](#)

Before "good" energy policy can be enacted, three unpopular inconvenient "truths" need to be recognized and dealt with. Disregarding any of these three energy truths will result in energy policy that won't work.

### [Exxon CEO Asks Obama For 'Realistic,' Long-Term Energy Policy](#)

CHICAGO -(Dow Jones)- The top executive at Exxon Mobil Corp. (XOM) asked president-elected Barack Obama to have a "realistic," long-term energy policy and confirmed the company will continue to spend as planned despite declining oil prices.

ExxonMobil Chief Executive Rex Tillerson also forecast that lower oil prices may translate in downward "adjustments" on how much national oil companies charge to

access their reserves as some of these companies, he said, had a "very different view" on oil prices than ExxonMobil.

### [Exxon May Lift Spending as Rivals Cut, Tillerson Says](#)

(Bloomberg) -- Exxon Mobil Corp., the world's largest company, may raise spending on oil exploration and refineries by \$5 billion next year as rival energy producers reduce budgets to cope with falling prices and a recession-driven drop in demand.

..."We don't see a need to make any cuts at this point," Tillerson said. "We don't pay attention to the day-to-day price of oil because it's somewhat unimportant to us."

### [Long-Term, Growth-Oriented Energy Policies Key to Economic Recovery](#)

Market-based policies with a long-term focus will enable the energy industry to fulfill its essential role in America's energy future and economic recovery, Rex Tillerson, chairman and chief executive officer of Exxon Mobil Corporation, said today.

### [Schools Consider Shortened Weeks](#)

"It seems to be a proactive approach that's on everyone's agenda, try and make some budget cuts that will be effective," said superintendent Ken Tarrant. He says there's proof it's working, Dexter was recently named one of the best high schools in Kansas by US World News and Report.

Dexter changed its approach to the school week during the energy crisis almost 30 years ago. In 1999, the district estimated the switch saved about \$40,000 a year. Tarrant says since then they stopped keeping track because it's become a way of life. He knows keeping the buildings closed and buses parked on Friday's saves substantially in electrical and transportation costs.

### [The Philippines: 'Govt's controlling Petron only way to blunt oil price spikes'](#)

IF the government truly wants to help the people and protect them from unreasonable price rises in fuel, it must have a controlling stake in Petron instead of privatizing its shares by selling to San Miguel Corporation, a congressman said on Thursday.

### [The Philippines: GMA, oil firms 'colluding to overprice gasoline'](#)

Is Gloria Arroyo colluding with the Big 3 oil firms to overprice fuel? Sen. Mar Roxas



thinks so. And he might be on the way to uncovering a big stink.

### [Climate Change Exhibit Falls Gravely Short](#)

“Where we are is because of the Industrial Revolution,” said lead curator Dr. Edmond Mathez in a telephone interview. “So the implicit point in the [exhibit’s] introduction is that no one is to blame for this. It is not a stepchild of our recent consumptive society. It just because of our innovativeness, basically, that we have gotten to this point.”

But divorcing the Industrial Revolution from its social, political and economic context is irrevocably biased, implying that industrialism-by-means-of-capitalism was an innocent, natural evolution. Another story was told earlier this year at the annual United Nations Permanent Forum on Indigenous Issues, when native peoples from around the world met to discuss the impacts of climate change on their communities. No one there would claim “no one is to blame” for the pending global climate catastrophe. Rather, industrialization is a direct consequence of centuries of conquest by imperial nations — the pursuit of wealth, power and progress by crushing native peoples and then seizing, privatizing and liquefying the landscape. Nature became a commodity and externalities became a problem left for future generations.

### [Goldman Expects Crude to Fall to \\$30 Early Next Year](#)

(Bloomberg) -- Goldman Sachs Group Inc. cut its forecast for oil prices in the first quarter by half to \$30 a barrel as the global economic slowdown curbs consumption.

Crude demand will fall by 1.7 million barrels a day in 2009, analysts Jeffrey Currie and Allison Nathan said in a note dated yesterday. Goldman previously expected West Texas Intermediate, the U.S. benchmark oil, to average \$62 in the first quarter.

The worldwide economic decline has reduced consumer spending and weakened demand for fuel. Demand growth in China and other non-member states of the Paris-based Organization for Economic Cooperation and Development is “on the cusp of a sharp deceleration,” the analysts said.

### [OPEC meeting needs to cut, but size matters](#)

LONDON/DUBAI - Shrinking fuel demand and battered oil prices have almost certainly convinced OPEC it needs to agree another big cut when it meets in Algeria next week. The issue is how deep that cut should be.

### [Iraqi official urges austerity measures due to falling oil prices](#)

BAGHDAD (AP) — Iraq’s finance minister is urging government departments to cut

down on expenses to offset the effects of the drop in world oil prices.

### [Bolivia Says New Gas Plants May Ease Brazil, Argentina Shortage](#)

(Bloomberg) -- Bolivia's energy minister said two proposed liquefied petroleum gas plants may allow the country to boost supplies to Brazil and Argentina by 2010, easing a shortage of the fuel after a lack of investment reduced output.

### [Medvedev Hints at Joining OPEC](#)

Facing a looming budget deficit amid low oil prices, President Dmitry Medvedev indicated for the first time Thursday that Russia was ready to join OPEC and coordinate its exports with the oil cartel.

The apparent reversal from a Kremlin that has long prized Russia's oil independence drew immediate skepticism from industry players who said Medvedev's comments might amount to more talk than action.

### [Venezuela oil bid brings cautious investor interest](#)

CARACAS, Dec 12 (Reuters) - Oil companies are showing cautious interest in Venezuela's tender of heavy oil blocks as they evaluate the risks of working with leftist President Hugo Chavez and making large investments as crude prices tumble. Nineteen companies are participating in a bid to produce at least 400,000 barrels per day of tar-like oil in seven areas of the Carabobo region of the Orinoco belt, and build three heavy crude facilities that produce lighter, more valuable oil.

Factors driving investor interest include the Orinoco's plentiful reserves with little exploration risk, expectations of a medium-term oil price recovery and the possibility of producing high-quality oil with new upgrading technology.

### [ANALYSIS - Global economy rebalancing the hard way](#)

WASHINGTON (Reuters) - The credit crisis is accomplishing something that years of scolding failed to do: curbing U.S. consumption and paring the piles of excess cash amassed in China and oil exporting countries.

While economists have long argued that such a rebalancing was badly needed to safeguard global growth, it is happening so fast that it threatens to deepen the downturn.

### [Credit Crunch Squeezes Petrobras](#)

Falling oil prices and the credit crunch have ended the euphoria surrounding Brazilian state-controlled Petrobras. The new scenario is forcing the company and the government to consider a new strategy.

### [Sakhalin Energy Starts Year-Round Crude Oil Exports](#)

(Bloomberg) -- OAO Gazprom's Sakhalin Energy venture began year-round oil exports today and plans to start producing liquefied natural gas in "the next few weeks" after building pipelines to the southern tip of the Pacific island.

### [Rogers buys oil last week as price drops](#)

NEW YORK (Reuters) - Renowned commodities investor Jim Rogers said on Thursday that he bought oil last week as crude prices collapsed to near four-year lows and that the world is running out of known oil reserves.

### [GM hires bankruptcy lawyers - report](#)

NEW YORK (CNNMoney.com) -- General Motors has reportedly hired bankruptcy lawyers and restructuring consultants as lawmakers continue to debate the terms of a possible bailout of the ailing automaker.

### [Fuel shortage hits Indian forestry](#) (video)

Villagers unable to get supplies of LPG are ravaging local forests for firewood.

Desperate villagers are felling trees in the woodlands around their homes in northern Himachal Pradesh, an area which has already suffered heavy deforestation.

### [Can Offshore Grids Solve Our Wind Power Woes?](#)

The race is on for offshore wind power. The U.S. Department of Energy says that offshore wind power could account for up to 20 percent of America's electricity generation by 2030. But while the United States scrambles to construct its first offshore wind farm, Europe has over two dozen farms already and is considering implementing huge interconnected offshore power systems to compensate for dying winds or overwhelming storms. Could a similar system work for the United States' huge coasts?

### [Offshore wind project feels economic squeeze](#)

OSTEND, Belgium - Taller than any of the country's soaring cathedrals, six off-shore windmills rise up from the gray, choppy North Sea waters, ready to start delivering green electricity and reward a e\$200 million investment.

Once fully operational this month, the C-Power turbines will produce enough power for 60,000 people. The ultimate plan for the farm is more ambitious: To expand the facility tenfold and create the world's largest far-shore wind farm — enough to light up a city of 600,000.

But project manager Filip Martens needs hundreds of millions of dollars in funding — and with the financial crisis putting a break on bank lending — he's turning to a summit of European Union leaders on Thursday and Friday for help.

### [Boom for whom?: Tracking the price of success for boomtowns Whistler, Fort McMurray](#)

Whistler — Mega projects, massive developments and international events are bringing vast changes across B.C. and Alberta. For the past few years, oil and the 2010 Olympics have been the primary drivers of Western Canada's economy. Alberta's Athabasca Tar Sands have been attracting lots of local and international attention, given that they are the world's largest energy project and the fastest-growing source of greenhouse gas emissions in the world.

### [Obama and the Middle East Oil War](#)

You've surely noticed that much of the world's oil supply is in the Middle East beneath Islamic lands — hence the power structure's persistent linking of Muslims with “terrorists” (a word invariably left undefined). Your nationalist advisors have by now taught you that US “interests” (also invariably undefined) relate primarily to OIL. “Interests” is code for the US cornering oil reserves and guaranteeing pipelines and shipping lanes — not only for their own sake, but to control the world economy.

Such control, of course, also serves to bring cheap oil home where so many here think it belongs. Thanks to the perpetual greed of US oil and automobile companies, the US is morbidly addicted to oil. Consumer self-indulgence reinforces such addiction. If we haven't done so already, we will soon pass “peak oil.” Unless the industrial world drastically reduces our over-consumption and switches to renewable energy, it may well tank within the lifetime of your children. Your predecessor failed to understand — or care — that our children will have to live in the toxic and depleted world we bequeath them.

### [Succession We Can Believe In:](#) *How Obama-esque activists are remaking the Vermont separatist movement.*

Thomas Naylor, a retired Duke economics professor, ascended the podium at an anti-war rally at Johnson University in Johnson, Vermont, shortly before the U.S. invaded Iraq. His speech was filled with the usual leftist rhetoric about the evils of the Bush administration. His solution, however, was far from traditional. It was an idea that he had been developing for about ten years, but had never spoken about in public. "They were shocked, bug-eyed," he tells me, reflecting on the speech. His idea was the peaceful dissolution of empire, beginning with the secession of Vermont from the United States of America.

Five years later, 11.5 percent of Vermonters agree with him, according to the 2008 poll conducted by the University of Vermont's Center for Rural Studies. One out of ten might not seem overwhelming, but Naylor is quick to point out that only about 25 percent of Americans supported secession from England. In the face of much derision and mockery, Naylor has remained resolute that his idea is possible. His organization, the Second Vermont Republic (SVR), has been joined by frustrated '60s activists, bohemian radicals, organic yak farmers, bartenders, college professors, and possibilitarianist puppeteers, all saying the same thing: Vermont would be better on its own.

#### [Climate change 'largely ignored' by many big firms: report](#)

SAN FRANCISCO (AFP) – Corporate America is making progress on addressing climate change but many company executives are "largely ignoring" the issue when it comes to making business decisions, a report released Thursday said.

Global technology titan IBM scored highest, 79 on a scale of 100, when it came to the fight against Earth-warming gases, according to a report titled "Corporate Governance and Climate Change: Consumer and Technology Companies."

Britain-based grocery giant Tesco was ranked second most climate-conscious firm with 78 points and US computer maker Dell was third with 77.

#### [Calif. expected to crack down on diesel emissions](#)

SACRAMENTO, Calif. – Fresh off adopting a sweeping plan to reduce greenhouse gases, California air regulators are considering cracking down on pollution from nearly a million diesel trucks that crowd the state's highways each year.

On Friday, the state Air Resources Board was expected to adopt what would be the country's most comprehensive rule to get the dirtiest trucks and buses off the road, including those that travel into California from other states, Canada and Mexico.

#### [Unanimous agreement on climate package: Sarkozy](#)

BRUSSELS (AFP) – European Union leaders reached a unanimous agreement on an ambitious climate change package at the end of a two-day summit in Brussels on Friday, French President Nicolas Sarkozy said.

"It is quite historic what has happened here," summit chairman Sarkozy told a press conference.

"No continent has given itself such binding rules that we have adopted with unanimity."



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