



## DrumBeat: December 23, 2008

Posted by [Leanan](#) on December 23, 2008 - 10:46am

Topic: [Miscellaneous](#)

### [Steve LeVine - Blunder: A New Age for Russia](#)

In August, Putin's Russia seemed unstoppable, specifically after its five-day war with Georgia punctured the appearance of a new era of U.S. power in the former Soviet Caucasus and Central Asia. Georgia seemed the crowning achievement of a several-year-campaign of projecting Russian power over its borders after a decade of retrenchment following the Soviet collapse. On O and G, we have covered the Gazprom-led rivalry with the West to build new natural gas pipelines into Europe. Russia's Nord Stream and South Stream pipelines appeared to beat out the West's proposed Nabucco pipeline without breaking a sweat.

Not any longer. Simply put, Russia is in trouble. Its much-ballyhooed \$600 billion cash reserve base dropped by a quarter by Dec. 1, to about \$450 billion, and even further since. Much of that has gone to bailing out banks, select oligarchs and propping up the ruble. But with no sign of an end to the global recession, Putin is allowing the ruble's value to decline rather than pouring limitless reserves into the currency. This Wall Street Journal interview with down-on-his-luck oligarch Oleg Deripaska tells it extremely well. (Note to Barack Obama's Russia team: South Stream is on hold for at least 18 months or two years; Russia doesn't have the wherewithal to finance it; Nord Stream is more likely, but again financing will be a problem. That is an opening that was not present before the financial crisis.)

### [Venezuela's Chavez says falling oil prices will not detain his socialist revolution](#)

CARACAS, Venezuela (AP) — President Hugo Chavez said Tuesday that he plans to strengthen his socialist revolution in spite of falling oil prices.

He assured participants in a program that provides stipends to poor mothers that social spending will not be restricted next year.

"Oil could fall to zero dollars, and I guarantee you this revolution will not be detained," he said. "Totally the opposite."

### [Iran to give 30,000 barrels oil/day on deferred payment](#)

ISLAMABAD: Pakistan and Iran have entered an arrangement under which Iran would provide 30,000 barrel crude oil per day to Pakistan on 90-day deferred payment, a well-placed source in the Ministry of Petroleum confided to Daily Times here on Tuesday.

At present, Iran is providing Pakistan 10,000 barrel crude oil per day on 30-day deferred payment to help Pakistan meet its energy needs.

### [Japan Cosmo Oil sees Oct-Dec refining down 6 pct](#)

TOKYO (Reuters) - Japanese refiner Cosmo Oil Co (5007.T) said on Wednesday it has further cut its crude refining volume plans for October-December to 6.7 million kilolitres (42.1 million barrels), down 6 percent from a year earlier.

### [More declines for oil on latest batch of bad news](#)

Oil prices dipped below \$38 a barrel Tuesday on fresh evidence of weakness in the U.S. housing market and a shrinking gross domestic product that suggests the recession may be worsening.

..."The energy markets are reacting first and foremost to bad economic news, and it seems like they're almost waiting for something bad to occur," said oil analyst Peter Beutel of Cameron Hanover.

A steady outpouring of gloomy economic news has pushed to the background events that over the summer may have led to price spikes, like OPEC's announcement this month of unprecedented production cuts, Beutel said.

Prices have fallen 73 percent since July, with massive job layoffs and weak consumer spending eating away at energy use.

"Boy, it really looks ugly for the start of 2009," said Tom Kloza, publisher and chief oil analyst at Oil Price Information Service.

"It's really difficult to find something between now and inauguration time that says people are going to feel better, they're going to drive more, they're going to ship more packages," Kloza said.

Light sweet crude for February delivery fell 93 cents to settle at \$38.98 on the New York Mercantile Exchange after dipping to \$37.79 earlier in the day.

### ['Global land grab' causing alarm among NGOs](#)

MADRID (AFP) - The global food and financial crises have combined to create a new form of colonialism in which countries short of resources and corporations desperate for

profits are buying up arable land in emerging nations, NGOs say.

The non-governmental organisations have expressed concern at this "global land grab," which they say is threatening the survival of rural livelihoods in some parts of the world.

The practice is being carried out in part by countries which have little arable land and have been hit this year by soaring food prices, and by investors who are getting burned in the financial crisis and are tempted by the profits from food products.

### [PickensPlan could benefit TransCanada, Enbridge](#)

The quest for energy independence in the United States could bring a windfall of fortune for Canadian natural gas companies, according to analysts.

First Energy Capital has parsed the so-called Pickens Plan, named after legendary Oklahoma oil investor-turned-protectionist T. Boone Pickens, who has been actively lobbying Washington to switch off Gulf oil for years. Mr. Pickens also endorses the doctrine of peak oil, and that the U.S. needs to quickly move on alternative energy as fossil fuel reserves shrink.

His solution, crafted in July as oil topped US\$147 a barrel: invest US\$1-trillion in growing the U.S. wind-powered electricity generation by 1900%, taking the number of turbines currently installed on U.S. soil — 16,800 — way, way (way) up to 309,000. The Plan would substitute wind power for natural gas in heating homes, freeing up the fuel for use in transportation.

So, is Mr. Pickens blowing hot air? Analysts at Calgary-based First Energy seem to give the plan merit.

### [Ukrainian president says gas dispute with Russia resolved](#)

KIEV, December 23 (RIA Novosti) - Ukrainian President Viktor Yushchenko said on Tuesday his country had resolved the dispute over the debt for the Russian-supplied gas by using its foreign currency reserves.

"A total of \$800 million was paid from the reserve funds [of Ukraine's National Bank] and more than \$200 million was transferred from Naftogaz profits, and a part of the debt was restructured for January-February," Yushchenko said. "So the issue has been resolved for today."

Yushchenko expressed the hope that a contract for gas supplies to Ukraine in 2009 would be signed in the near future.

### [Nigeria creates ministry for oil producing region](#)

ABUJA, Nigeria (AP) -- Nigeria has created a new ministry charged with pacifying the southern region of Africa's largest oil producing country.

### [U.S. Weakens Plan to Curb Air Pollution at Refineries](#)

(Bloomberg) -- The U.S. Environmental Protection Agency weakened plans to reduce air pollution from new refineries after petroleum-industry lobbyists complained about potential costs for oil companies including Exxon Mobil Corp.

### [Exxon Unit to Pay \\$6.1 Million to Resolve Criminal Spill Charge](#)

(Bloomberg) -- An Exxon Mobil Corp. subsidiary agreed to pay \$6.1 million to resolve a federal criminal charge that the company spilled 15,000 gallons of diesel oil into a river that flows into Boston Harbor, the Justice Department said.

### [In Budget Crises, States Reluctantly Halt Road Projects](#)

California, which has suspended nearly \$4 billion in public works projects, is one of a half dozen states delaying or halting projects because of capsizing budgets, an inability to attract investors to the municipal bonds used to bankroll many projects and a reduction in gasoline tax revenues — which underlie a lot of transportation financing.

The American Association of State Highway and Transportation Officials has identified 5,000 transportation projects nationwide that lack the dollars to proceed; many of them, like the \$730 million project here to add 10 miles of high-occupancy-vehicle lanes to the 405 Freeway — Mr. Schwarzenegger's backdrop on Monday — have been stopped midstream.

“They just haven't been able to find the resources,” Tony Dorsey, the spokesman for the association, said of the halted projects.

### [Q&A-Ukraine-Russia gas clash: same story, new factors](#)

MOSCOW/KIEV (Reuters) - Russia and Ukraine are trading accusations daily in their fourth high-profile gas dispute in four years, which threatens to disrupt gas supplies to Europe from Jan 1. as it did in 2006.

While the dispute may seem more of the same on the surface, a number of factors show it can follow a different scenario this year.

Both countries feel the dire effects of the global financial crisis on their markets and economies. Ukraine has nevertheless accumulated in the past months huge gas stockpiles to give it a strong hand to ride out any storm.

## [Gas Producers, Urged to Emulate OPEC, Will Base Forum in Doha](#)

(Bloomberg) -- The world's largest producers of natural gas should seek to adopt the "same principles" as OPEC, Venezuelan Energy Minister Rafael Ramirez told a meeting of the Gas Exporting Countries Forum, which chose Doha, Qatar, as the site of its new headquarters.

"We need mechanisms and tools that will let us better interact between gas exporters to avoid competition," Ramirez told a meeting in Moscow today of the Forum, which includes OPEC members Iran, Algeria and Qatar.

## [Gas OPEC? Not Quite](#)

Russia unites a dozen countries under the banner of energy cooperation, but it's not yet a sinister prospect.

## [Uncertain outlook for Britain's energy](#)

The European Commission has cleared the proposed takeover of British Energy by French giant EDF, subject to the parties meeting certain competition conditions. EDF plans to use the acquisition to launch a new generation of nuclear plants in Britain.

The deal paves the way for state-of-the-art nuclear power in the medium term, but highlights the energy shortfall facing Britain in the intervening years as ageing coal and nuclear power stations are retired from service. Current estimates suggest a third of present UK generating capacity will have been decommissioned by 2020. Steve Holliday, chief executive of National Grid, estimates that all of this will need to be replaced - at a cost of around £100bn - to avoid a supply crunch hitting around 2015.

## [Connecticut's Solar Incentives Dry Up](#)

Connecticut's touted solar rebate program, which experts have pointed to as exemplary, may not be so perfect after all. Six months into its two-year budget cycle, it is nearly out of cash, leaving homeowners, businesses and nonprofit and governmental organizations that want to buy solar electric systems out of luck.

All that remains is money for residential solar leases, but there's an income cap, and so far, the leases haven't caught on.

As I wrote in Sunday's New York Times, representatives of the Clean Energy Fund, which administers the program, describe it as being a "victim" of its own success. But as Connecticut joins a growing list of states — including Maryland and Minnesota — that

have run through their solar rebate allotments, there is growing concern that such situations could critically damage a solar industry trying desperately to get off the ground.

### [Oil-Refining Margins Are Worst in Three Quarters, BP Data Show](#)

(Bloomberg) -- Profits from turning a barrel of crude into oil products are the worst since the first quarter amid waning demand for gasoline and other fuels, according to BP Plc data.

BP's Global Indicator Margin, a broad measure of refining profitability, has averaged \$4.84 a barrel so far this quarter through to Dec. 18, compared with \$5.69 in the year-ago quarter, and \$4.57 in the first quarter, Europe's second-biggest oil company said on its Web site. Global margins have dropped 40 percent since the third quarter, and almost 80 percent in the U.S. Midwest.

### [Energy Investment, Energy Return](#) (audio and video)

Independent financial consultant Jim Hansen runs every investment through the "peak oil test". In this presentation from the ASPO-USA 2008 conference, he explores traditional energy investments; opportunities in renewables, rail, and electrifying the transportation system; areas to avoid like airlines and trucking; and what to watch, like electric cars and the unwinding of globalization.

In this interview, ecologist and professor Charlie Hall looks at energy return on energy invested. Whether it's a cheetah chasing antelope, or humans making ethanol -- the energy we get back has to exceed the energy we put in, or the story is over. He compares oil's energy return in the 1930's (1 calorie invested returned 100 calories of energy) with the current situation (1:12) and still declining.

Presenters respond to the final question in the Q&A session at the close of ASPO-USA's 2008 conference: how do we better harness the intellect, energy and commitment at this conference, and what one thing would you have people ask an elected official to do about peak oil?

### [Will Canada be Our Salvation?](#)

There have been occasional claims from U.S. media sources that oil from Canada, specifically oil from the Athabasca oil sands region, can be the salvation for US oil woes in the future, assuming drilling everywhere in the US doesn't do the trick. An example of such optimism was exemplified in a 60 Minutes segment about a year ago which gave the impression that the Athabaskan region could supply much of the future U.S. oil needs.



There is a considerable volume of oil in the Athabasca region and production has been increasing over the years. But how realistic is it to assume that oil sands oil will provide a significant portion of future U.S. oil needs?

### [Australia: Fuel shortages feared across Queensland afer refinery fire](#)

FUEL shortages are likely to hamper Christmas preparations, with service stations across Queensland unable to guarantee supplies.

Bundaberg in the Wide Bay-Burnett district and Goondiwindi in southern Queensland were among the worst hit centres yesterday as oil companies struggled to overcome a drop in supply caused by an explosion at Caltex's Lytton refinery.

The incident on December 12 has almost halved production at the site and caused many Caltex service stations to repeatedly run dry.

### [No gas shortage, but some stations are out](#)

BELLEVUE -- Drivers in some hilly neighborhoods and others hit hard by snow are having a tough time finding gas nearby.

There's no problem at the refineries, but roads in many places have been too hazardous for large fuel trucks to make it to the gas stations.

### [Pennsylvania concerned about waste water from new gas wells](#)

Gas well drillers tapping into the deep Marcellus Shales add up to 54 substances, some of them toxic, to the water they use to fracture that rock and release the gas.

And the state Department of Environmental Protection doesn't know what chemicals, metals and possibly radioactive elements are in the waste water that is pushed out of the wells. It is discharged into the state's waterways including the Monongahela River, from which 350,000 people get their drinking water.

### [For clean energy, look to the Internet](#)

"The world should be happy that a bunch of Internet people like me have turned their attention to energy because that's how we are going to solve it," Metcalfe says. "It is easier to teach energy to people who are steeped in the entrepreneurial culture than it is to teach entrepreneurial culture to people who know energy."

"People who have worked for BP for 25 years have no entrepreneurial bones," he adds.

### [International oil demand declines due to OECD squeeze](#)

World demand for oil will end the year at an average of 85.83 million barrels per day (bpd), a year-on-year decline of 700,000 bpd, according to figures from Organisation of Petroleum Exporting Countries (Opec).

This represents a downward revision of 360,000 bpd from last month's estimate, says Kuwait-based Global Investment House's oil bulletin for December.

The decline is largely due to an expected fall in Organization for Economic Co-operation and Development (OECD) oil demand of 1.5 million bpd year on year. The fall in OECD demand in turn is mainly attributed to the United States, the world's largest economy and biggest oil consumer.

### [Year-End Round Up: Top Worldwide Finds in 2008](#)

A year most notable for its record high and low crude prices driving year-round market tension, not to mention oil majors' annual build-up to third quarter, bank-busting profits, 2008 should also go on record for the petroleum industry's significant oil and gas finds dotting the globe. Some of these discoveries have pinpointed specific regions as potential investments for future exploration ventures, while others further the commercial viability of already existing fields' values and reserve estimates.

One particular region that has continued to dig deeper in 2008 and has hit the hydrocarbon jackpot for the year is located in the world's southern hemisphere and features unconventional conditions for recovering hydrocarbons. Specifically, Brazil is taking the reigns for unlocking vast amounts of oil and gas below layers of salt, rock and sand, and several of the most memorable finds are located in extreme water depths in the country's subsalt basins.

### [CERAWeek 2009 Risk and the Rebuilding of Confidence: Energy Strategies for a Turbulent Economy](#)

CAMBRIDGE, Mass. - (Business Wire) The world must grapple with a new and challenging energy future brought on by a time of financial and economic turbulence. Abrupt changes in markets, prices, and demand are creating urgent challenges across all the energy industries, while technology and new policies from a new U.S. administration are raising fresh uncertainties for 2009 and far beyond.

How industry participants respond to this sudden and challenging scenario will be the focus of Cambridge Energy Research Associates' (CERA) 28th annual Executive Conference, Risk and the Rebuilding of Confidence: Energy Strategies for a Turbulent Economy, February 9-13, 2009 in Houston.



### [Nigerian oil reserves drying up?](#)

Nigeria's oil reserves could dry up in the next 50 years, according to energy officials for Africa's largest oil producer, citing a downward trend in production over the last five years. Many attribute the decline to ongoing violence, not depleted resources.

### [Alaska sees 3.8 percent oil production decline next year](#)

Alaska North Slope oil production is expected to average 689,000 barrels per day this year, a decline of 3.8 percent from last year, state revenue forecasters said in a revenue forecast released in Juneau Dec. 9.

For 2010, the department anticipates further production declines to 665,000 barrels per day, the report said. The production decline from existing fields will be partially offset by production coming from new fields.

### [Serbia reaches energy deal with Russia](#)

BELGRADE, Serbia (AP) — Serbia said Monday it has agreed on a multi-million-dollar energy deal with Russia, to be signed this week despite strong opposition within the balkan country's government.

The deal means Serbia will sell its oil monopoly, NIS, to Russia's state-controlled Gazprom in exchange for the construction of a strategic Russian pipeline through Serbia.

### [World Bank Urges Russia to End Its Ruble Policy](#)

MOSCOW -- The World Bank called on Russia to abandon the ruble's managed exchange-rate policy in order to moderate capital outflow, which is set to reach at least \$100 billion this year, and safeguard the country's massive monetary reserves.

### [EPA sued over mountaintop mining rule](#)

WASHINGTON - Environmentalists sued the Bush administration on Monday, trying to stop the Environmental Protection Agency from changing a rule they say keeps mining waste from entering mountain streams.

"The notion that coal mining companies can dump their wastes in streams without degrading them is a fantasy that the Bush administration is now trying to write into law," said Judith Petersen of Kentucky Waterways Alliance, one of the groups that sued

in U.S. District Court in Washington.

### [Energy nominee is no fan of fossil fuel-based energy](#)

With the announcement of his new energy-environmental team last week, President-elect Barack Obama has signaled a clear intention of pursuing policies that differ sharply from those of his predecessor.

While some questions remain unresolved, one thing appears certain:

His choice for secretary of energy, the highly respected Nobel laureate Steven Chu, is no fan of fossil fuels. Chu's statements and policy positions suggest that he favors a shift away from one of the nation's — and Houston's — most important and strategic industries. If that is the case, it might be wise to consider how realistic such a shift would actually be.

### [Mapping Renewable Energy, Rooftop by Rooftop](#)

The sun shines on everyone — but not in equal measure. That reality has long slowed the spread of solar power. Depending on where you live in the country — or even where you live in your city — the same array of photovoltaic solar panels can produce enough electricity to power your house with watts to spare, or barely cut a nickel from your utility bill. It all comes down to the precise amount of sunlight that hits your roof. But while we all know that San Antonio gets more sunny days than Seattle, what about one part of San Antonio compared to another? One block of downtown Seattle compared to the next block? "Without that knowledge, renewables can be a bit of a crap shoot," says Kenneth Westrick, the CEO of the renewable mapping company 3Tier.

All of that could be changing. The engineering company CH2M Hill is now joining hands with the U.S. Department of Energy to provide Internet solar maps of 25 American cities, using Google Earth technology to chart the precise solar potential of neighborhoods, literally rooftop by rooftop.

### [Deep-water wind farm plans inspire hopes, outcries](#)

Behind the scenes in the U.S. and in Europe, the race is on to build the world's first deep-water wind farms, ones that would operate on floating platforms in waters hundreds of feet deep, like oil rigs found in the North Sea and the Gulf of Mexico.

There are gargantuan technical hurdles, but there is also the potential for a huge payoff, said Habib Dagher, who is working on a deep-water wind turbine at the University of Maine.

## [Financial meltdown slows wind-power boom](#)

Doyle is paid just over \$35,000 a month for the seven wind turbines in his soybean and corn fields. Those turbines and thousands others across the Midwest the past few years were part of an unprecedented build-out for the wind-power industry.

That expansion is now drastically slowing as financing dries up for many projects because of the global economic crisis. Companies that bankrolled much of the boom — the insurer AIG, now-bankrupt financial service company Lehman Brothers and Wachovia Corp. — are among the meltdown's biggest losers.

## [Will Obama Champion Space-Based Solar Power?](#)

The National Space Society has submitted a policy paper (pdf) to the Obama-Biden transition team concluding that Space-Based Solar Power is more technically executable than ever before and urging federal investment that would be necessary to capture large amounts of electricity from space.

## [A greener alternative to plastics: liquid wood](#)

Just in time for Christmas, German researchers are ramping up a manufacturing technique for making intricate Nativity figurines, toys, and even hi-fi speaker boxes from a renewable and surprisingly versatile source: liquid wood.

The bio-plastic dubbed Arboform, derived from wood pulp-based lignin, can be mixed with hemp, flax or wood fibers and other additives such as wax to create a strong, nontoxic alternative to petroleum-based plastics, according to its manufacturers.

## [The Coming Oil Train Wreck - First stop: Mexico?](#)

According to Matt Simmons, by the end of 2009, Mexico will no longer be an oil exporter. If Simmons is correct, it will be very difficult to replace the oil revenue that has supported 40% of the Mexican budget. The Mexican government has recently taken the unprecedented step of voting to allow foreign oil companies to explore for oil in Mexico. In a country that celebrates the 1938 nationalization of its oil industry as a federal holiday, it was clearly an act of desperation. Promising offshore discoveries in Mexico will likely take decades to bring to production, according to Simmons, due to the extreme depths and massive technical challenges.

Unfortunately, it may be too little too late to replace the rapidly disappearing Cantarell production. In as little as 12-24 months, the effects may be felt both in Mexico and the US. Replacing the 1.3 million barrels per day the US now imports from Mexico won't be easy (the US imports 1.4 million barrels per day from Saudi Arabia by means of

comparison). For Mexico, the problems run much deeper, as they must quickly diversify their economy or face wrenching economic and social dislocations. The adjustment period will likely bring great change and tumult, perhaps across the border as well.

### [Saudi to slash 2009 spending as budget deficit forecast](#)

RIYADH (AFP) – The Saudi government said on Monday that it will spend more than it earns next year, despite cutting back its plans, as plummeting oil prices are likely to carve a big chunk out of revenues.

The oil-rich kingdom vowed to maintain spending on major projects, as the first budget deficit since 2002 follows a record year in 2008, when a leap in oil prices produced a budget surplus double the projected level.

"In spite of the decline in oil price during the last part of 2008, this year's budget will continue to focus on optimizing the use of available resources," the ministry of finance said in its budget statement.

### [Gas exporters to create "gas OPEC" at Moscow meeting](#)

MOSCOW — Energy ministers of 12 gas exporting countries flew to Moscow on Tuesday to create a formal group, which they say will not control output and prices as feared by energy consumers in the West.

A so-called "gas OPEC" will be created on the base of an informal club called the Gas Exporting Countries Forum (GECF), which includes 16 states such as Algeria, Iran, Qatar, Venezuela, Indonesia, Nigeria and others.

### [Russia Says Ukraine Unpaid Gas Debt Threatens Growth](#)

(Bloomberg) -- Russia accused Ukraine of threatening its economic growth by withholding about \$2 billion in payment for natural-gas supplies.

"Not paying for gas effectively lowers the production cost of Ukrainian goods and makes them more competitive on foreign markets, including in Russia," Sergei Kupriyanov, spokesman for state-run OAO Gazprom, said today in an e-mailed statement.

### [Putin: no more cheap gas](#)

MOSCOW (AP) -- Russia's Prime Minister Vladimir Putin said Tuesday that the world financial crisis and rising costs mean the price of natural gas is going to rise.

"Costs of exploration, gas production and transportation are going up - it means the industry's development costs will skyrocket," he said. "The time of cheap energy resources, cheap gas is surely coming to an end."

### [Tis The Season To Blame Ukraine](#)

Russia's spat with Ukraine over unpaid gas bills is widening; Moscow is now portraying its own citizens as victims of the disagreement.

### [OPEC may call extra talks if oil falls - Khelil](#)

MOSCOW (Reuters) - OPEC could decide in mid-January to hold an extraordinary meeting before March if it sees that global oil prices continue to slide because of weakening demand, OPEC's President Chakib Khelil said on Tuesday.

Khelil said he expected OPEC members to fall in line quickly with the group's latest round of production cuts and he rebuked Russia, calling on the world's No. 2 exporter to stop merely benefiting from OPEC's policies and contribute with output cuts of its own.

### [Iraq's oil revenues fall 25%](#)

BAGHDAD: Iraq's oil revenues dropped sharply in November even as exports remained steady at 52.8 million barrels, the Iraqi Oil Ministry said Tuesday.

Revenue fell more than 25 percent - to \$2.3 billion from \$3.11 billion in October - because of the steep fall in world oil prices, the ministry announced.

### [Petrobras extends loans from 2 Brazilian banks](#)

SAO PAULO (Reuters) - Brazilian state-controlled energy giant Petrobras said late on Monday it had extended an existing loan programme with two Brazilian banks, raising 5.6 billion reais (\$2.34 billion) which it would repay by 2011.

The increase provided it with funds that were "suitable for its needs," it said in a statement.

### [Gazprom May Rise After 'Triple Whammy' Shock of 2008, UBS Says](#)

(Bloomberg) -- Russian stocks including OAO Gazprom, the country's biggest publicly traded company, may rebound next year following a "triple whammy" of negative

factors in 2008, UBS AG said.

A slowdown in global economic growth that hurt commodity prices, the global financial crisis that boosted borrowing costs and Russia-specific ailments including "deteriorating" corporate governance and forced selling to meet margin calls pushed the 50-stock RTS Index down 71 percent, UBS said.

### [Propane prices remain high](#)

Gasoline prices have fallen from more than \$4 a gallon earlier this year to \$1.79 for regular unleaded at most area stations Monday. So, you might think that propane would fall as well.

Propane prices ranged Monday from \$2.60 to \$2.39 a gallon.

"We did not see the rise in propane prices that we saw in gasoline," said Kim Klement of Griffin's Propane. "So, I don't expect the same falls."

### [Modern Miracle of Oil: \\$147 a Barrel in summer, \\$39 on Chanukah](#)

(IsraelNN.com) Chanukah marks the ancient miracle of a day's supply of pure olive oil burning for eight days in the Holy Temple. This year, another miracle is oil-rich Arab nations in panic over the plunge in crude oil prices from \$147 in the summer to less than \$40 on Chanukah.

### [Energy's take on Team Obama](#)

Despite praising it publicly, the energy industry is wary of President-elect Barack Obama's incoming energy team - which will likely call for major changes in the country's energy plan.

### [Obama team plans biggest boost in history to save American economy](#)

In a programme tinged with environmentally friendly initiatives, the US president-elect has set a new target of creating or safeguarding 3m jobs, up from a previous aim of 2.5m, by unleashing an avalanche of government spending and offering widespread tax rebates.

The Obama camp indicated that the package would be worth between \$675bn and \$775bn, easily eclipsing other packages unveiled in China, Japan and Britain. The cash will include programmes to transmit wind and solar energy across America and to put millions of medical records into digital format.



## [Cheap Gas = Death of Green?](#)

Caterpillar International and Toyota both brought bad news today. Oil prices are off 70% from their \$147 peak in July. Eight months ago, any yegg with the ability to execute a financial transaction was a genius, but the bubble that burst in Q4 was the result of 8 years of Bush economic policy that can be summed up thus: reckless deregulation. One would think we learned a lesson these past months, but of late that old Bush recklessness has some pundits saying cheap gas will be the death of alternative energy.

## [Ford scores marketing coup with thrifty Fusion hybrid](#)

DETROIT — The Ford Fusion hybrid will be the most fuel-efficient midsize sedan on the market when it arrives this spring, clocking in at 41 miles per gallon, according to data given to Ford Motor by the Environmental Protection Agency.

That will make it the second-most fuel-efficient vehicle on the road, according to a ranking published on the EPA's website, behind the smaller Toyota Prius and ahead of the smaller Honda Civic hybrid.

It's a huge marketing gain for Ford as it attempts to green up its image and improve fuel efficiency across the board. The Fusion hybrid will cost about \$27,000 vs. roughly \$24,000 for the conventional Fusion model.

## [E85 experiment doesn't prove cost effective](#)

"We decided to take a 60-day snapshot. Gas prices were fluctuating significantly at the time," Dombkowski said. "At the end of the 60 days, gas was at a cheaper price point. The shakeout was even."

Tim Bullis, director of Lafayette's fleet maintenance, said the city of Lafayette also is no longer using E85. This summer, he added a conversion kit to a 2003 Chevrolet pickup truck to try out the alternative fuel.

A Lafayette patrol car and a commander's car also tested E85 on a trial basis.

"We compared it by cost per mile," Bullis said. "When regular unleaded and E85 were \$1 apart, it was a tossup. The closer the prices became, the less effective the savings from E85."

## [How the West's Energy Boom Could Threaten Drinking Water for 1 in 12 Americans](#)

The region could contain more oil than Alaska's National Arctic Wildlife Refuge. It has

the richest natural gas fields in the country. And nuclear energy, viewed as a key solution to the nation's dependence on foreign energy, could use the uranium deposits held there.

But getting those resources would suck up vast quantities of the river's water and could pollute what is left. That's why those most concerned are water managers in places like Los Angeles and San Diego. They have the most to lose.

### [Oil-Shale Waste 'Non Hazardous,' EPA Says](#)

The Environmental Protection Agency issued an 11th-hour clarification on spent oil shale, declaring the byproduct of the development process not to be a hazardous waste.

The ruling could limit production costs if U.S. developers move ahead with oil shale development, but the next administration under President-elect Barack Obama is expected to put the brakes on commercial development.

Specifically, the EPA published data showing the characteristics of spent shale from operations indicate the waste is unlikely to be a hazardous waste. Oil shale is a fine-grained sedimentary rock that can be heated, vaporized, and upgraded to create a synthetic crude oil.

The 11th-hour notice is one of a multitude of "midnight" rules made in the waning days of President George W. Bush's tenure, as department chiefs implement controversial regulations designed to imprint the current White House's policy mark well into Mr. Obama's administration.

### [EPA: 7 Western states fall below new air standards](#)

BOISE, Idaho – Most states west of the Rocky Mountains contain areas that fail to meet new pollution standards for microscopic particles that can cause breathing problems for children and the elderly, federal officials said.

...In the western United States, Utah, Montana, Arizona, Idaho, Oregon, Washington, California and Alaska had "nonattainment areas" exceeding the standards, which were toughened in 2006. Colorado, Wyoming, New Mexico and Nevada had no nonattainment areas.

### [Seawater science can help climate change forecasts](#)

SINGAPORE (Reuters) – A team of scientists has come up with a new definition of seawater which is set to boost the accuracy of projections for oceans and climate.

[Tough climate goals maybe easier than feared - study](#)

OSLO (Reuters) - Tough targets for avoiding dangerous global warming may be easier to achieve than widely believed, according to a study that could ease fears of a prohibitive long-term surge in costs.

The report, by scientists in the Netherlands and Germany, indicated that initial investments needed to be high to have any impact in slowing temperature rises. Beyond a certain threshold, however, extra spending would have clear returns on warming.



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