



DrumBeat: December 28, 2008

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Topic: [Miscellaneous](#)

[With gas falling, trucks come back](#)

NEW YORK (CNMoney.com) -- After nearly a year of flagging sales, low gas prices and fat incentives are reigniting America's taste for big vehicles.

Trucks and SUVs will outsell cars in December, according to researchers at the automotive Website Edmunds.com, something that hasn't happened since February.

Meanwhile the forecast finds that sales of hybrid vehicles are expected to be way down.

[American Shores Face Threat of Rising Sea Level: Report Projects 4-Foot Rise in Global Sea Level by End of Century](#)

An Iditarod without snow, Florida's coastal towns lost forever to the Gulf of Mexico, wheat farmers in Kansas without crops.

What sounds like the climatic end of days could be coming a lot sooner than previously anticipated.

[Oil prices risk falling further next year](#)

LONDON: Oil prices, which hit record highs above 147 dollars a barrel this year before plunging under 33 dollars, risk slumping more in 2009 as recession curbs the world's appetite for energy, analysts say.

[New Zealand Signs Options to Meet IEA Stockpile Requirement](#)

(Bloomberg) -- New Zealand's government has purchased options to buy oil and fuel to help meet its International Energy Agency reserve commitments next year.

The contracts, for the supply of 107,000 tons of gasoline and crude oil in the event of a fuel emergency during 2009, cover stockpiles held in Japan and the U.K., Energy Minister Gerry Brownlee said in an e-mailed statement yesterday.

[Financial Crisis In Russia Holds Threat Of Social Unrest](#)

The crisis had so far largely spared the Russian population, mainly because share ownership and private pensions are still rare. But ordinary Russians have begun feeling the pinch in recent weeks, prompting talk of looming social unrest.

"The crisis has only just reached the masses," says Marina Krasilnikova, a living-standards expert at Russia's independent Levada polling center. "The number of people whose salaries weren't paid in time, whose salaries were scaled back, or who were fired has doubled. Last month, these problems affected every fifth family in Russia."

[Power shift](#)

Britain was given a sharp reminder of the dangers to its energy supplies yesterday when Gazprom warned that western Europe could be hit by gas shortages. The Russian gas provider said a long-running row with Ukraine could disrupt supplies this winter.

The fears were raised 24 hours before Russia hosts a meeting of the world's major gas suppliers to set up an Opec-style production cartel that could push up the price of energy in Britain and elsewhere. Energy experts warned that the two events demonstrated that Russia was using energy as a political weapon, and argued Britain should accelerate its switch to renewable power in order to reduce its dependence on unpredictable carbon fuel suppliers.

[Gas prices: Five-year low and falling](#)

New York (CNNMoney.com) -- Gas prices fell for the ninth consecutive day, according to a survey of credit card swipes at service stations across the nation released on Sunday.

[Kuwait scraps joint venture with Dow Chemical](#)

The official Kuwait News Agency says the country's highest oil authority has scrapped a \$17.4 billion joint venture with U.S. giant Dow Chemical Co.

KUNA says the Supreme Petroleum Council met Sunday and decided to "cancel the contract." It did not elaborate.

[Natural Gas: Destined For Domestic Consumption Or Exportation?](#)

A debate has been long brewing among Arab oil specialists over how to achieve maximum utilization of natural gas in the producing countries. Is it better to export it or use it in the future development and enhancement of the industrial process in that particular producing country? With time, the debate took on a different dimension. At first, local experts and international corporations disagreed over the necessity to make the most of the natural gas associated with oil, as it was all burned on the pretext that it has no economic value, with the assumption that separating it from oil is costly and unprofitable. The producing countries have thus lost millions of dollars, and the global economy has lost a key source of energy. Many laws were enacted in lots of producing countries against the burning of the associated gas. Nonetheless, it is still burned to this day.

[Russia's Putin, Ukraine's Timoshenko Discuss Energy](#)

(Bloomberg) -- Russian Prime Minister Vladimir Putin and his Ukrainian counterpart Yulia Timoshenko discussed energy cooperation as Russia considers cutting off fuel shipments to the former Soviet state for the second time in three years.

[Pakistan: Highway blocked to protest loadshedding](#)

MANSEHRA: Angry people blocked the Karakoram Highway on Saturday as the frequent and prolonged power outages have affected routine life in Mansehra, Battagram and Balakot.

The hours-long suspension of power supply to Mansehra, Battagram and Balakot has resulted in lay-offs as various small and medium industries are on verge of collapse.

[India: Fuel pump attendants became demigods](#)

CHENNAI: At the dawn of 2008, nobody would have imagined that petrol and diesel would be rationed and that they would be greeted by 'no stock' boards everywhere. Though the fuel short supply persisted only for a few weeks during July and August, it had a deep impact on consumers in Tamil Nadu.

[James Hansen on why scientists should speak out](#) (podcast)

James Hansen was selected as the EarthSky Scientist Communicator of the Year – the scientist who best communicated with the public on vital science issues or concepts in 2008 – by a panel of over 600 EarthSky Global Science Advisors. Dr. Hansen is the director of the NASA Goddard Institute for Space Studies in New York.

In this EarthSky Clear Voices for Science podcast, Dr. Hansen spoke with EarthSky's Jorge Salazar at a recent scientific meeting, where Hansen warned of Earth's climate

reaching a 'danger zone.'

[Scientists plan to ignite tiny man-made star](#)

It is science's star experiment: an attempt to create an artificial sun on earth — and provide an answer to the world's impending energy shortage.

[Fresh eggs, finances and fun: families flock to keep hens](#)

Urban henkeeping has become increasingly popular in recent years, but breeders and suppliers are reporting an "astonishing" rise in the number of UK households buying hens in the last 12 months or so, fuelled in part, they believe, by the economic downturn and growing pressure on family budgets.

[Russia look to control world's gas prices](#)

The Russian national anthem blared over the loudspeakers as dozens of oilmen and officials braved the freezing cold to watch the tanker come in, celebrating the launch of year-round oil production from Sakhalin-2, the largest oil and gas project in the world.

They congratulated themselves and stared out to the sea with pride.

Yet this month's event will be dwarfed by one to come early next year, when the sprawling plant on the tip of Russia's Far Eastern island of Sakhalin begins producing liquefied natural gas, or LNG, a relatively new form of energy.

The advent of LNG may one day allow gas exporting countries, who gathered in Moscow last week to create a new organisation, to act as a cartel along the lines of Opec, holding sway over prices and supply, and thus consumers around the world.

[Russia-Ukraine gas war again?](#)

Moscow's threat to cut off gas supplies to Ukraine unless a \$2.1 billion debt is paid within the next four days is not an idle one. The Russian state gas giant Gazprom did it two years ago when the Ukrainians were resisting a revision of the favorable gas prices they were enjoying. The suspension of pipeline supplies in 2006 had an immediate impact on Russia's West European customers who rely on it for 40 percent of their gas. There are considerable concerns that other European customers could face further supply disruption if the flow to the Ukraine is cut off, since effectively Ukrainians draw gas from the same pipeline network that carries gas further westward.

[Oil may witness strong rebound on high demand](#)

Oil prices are expected to rebound and exceed the 2008 peak level in the next decade as a result of strong demand and narrowing spare capacity, according to a prominent international energy studies centre.

But Cambridge Energy Research Associates (Cera) said the new price spike could again lead to a fresh collapse if Opec tightens supplies to keep prices high, thus largely widening the available output capacity.

[Saudi likely to have surplus budget but overshoot expenditure in 2009](#)

A projected deficit in Saudi Arabia's 2009 budget is expected to turn into an actual surplus although the world's oil superpower will likely again overshoot assumed expenditure, a leading Saudi bank said yesterday.

The surplus, albeit small, could be achieved because actual revenues are forecast to exceed budgeted earnings since the Gulf Kingdom estimated a price of \$36 for its crude while prices are expected to average \$52 a barrel, said the National Commercial Bank (NCB), Saudi Arabia's largest bank.

[China to produce 189Mn tonnes of crude oil this year](#)

China is forecast to produce 189 million tonnes of crude oil in 2008, a growth of 1.61 percent over the 186 million tonnes last year, according to a recent report released by the nation's leading oil producer, PetroChina.

The production would rank the nation fifth among all the oil producing countries around the world.

[Gwynne Dyer's take on 2008](#)

In January, 2008, oil reached the \$100-per-barrel mark for the first time; in mid-July it touched \$147 per barrel; and by late December it was back down below \$50 per barrel. This extreme volatility is exactly what is predicted by most models when we are at or near "peak oil," and it is entirely possible that we are there now. If not, we will certainly be there within a decade.

[South Korea to Spend \\$28 Billion on New Power Plants](#)

(Bloomberg) -- South Korea plans to spend 37 trillion won (\$28.5 billion) building more nuclear and gas-fired power plants by 2022, to reduce its dependency on oil and meet rising demand for energy.

The country will build 12 more nuclear-powered plants, seven coal-fired plants and 11 fueled by liquefied natural gas by 2022, the Ministry of Knowledge Economy said in a statement today. The projects are part of a government power supply-and-demand plan that outlines investment for the next 15 years.

[Nepalis face 16-hour daily power cuts by February](#)

KATHMANDU (Reuters) - Nepal's crippling electricity shortage is set to worsen, with the Himalayan nation facing power cuts of 16 hours a day by mid-February, officials said on Friday, in a fresh blow to the Maoist-led government.

Power generation has fallen because mountain snows are not melting fast enough in winter and river levels are low, hampering an economy which has not recovered from a decade-long civil war.

[U.S. Navy Cuts Energy Consumption 12%](#)

Pushed by federal legislative mandates and the need to save money on energy costs, the U.S. Navy has reduced its overall consumption level by 12 percent as of this year, reports the Federal Times.

No additional funds were allocated for the effort, so the Navy is using "share-in-savings" contract systems: Companies pay for the energy upgrades out of their own pockets, and the Navy pays them back through resulting savings in its energy bills.

[AAA predicts decrease in travel this season](#)

AAA projects a slight decline in the number of Americans traveling during the Christmas holiday period. Nearly 63.9 million Americans will travel 50 miles or more from home during the Christmas holiday season, a decrease of 1.4 million travelers (2.1 percent) from last year's total of 65.3 million.

This is the first decline in Christmas holiday travelers since 2002. AAA projected year-to-year decreases in the number of travelers for all five of the major travel holidays this year (Memorial Day, Fourth of July, Labor Day, Thanksgiving and Christmas). Fortunately, those traveling for the holidays can expect gasoline prices and airfares below last year's levels.

[Stores ride gas volatility](#)

Oil's ups and downs have been a huge challenge for gas retailers large and small, many

who struggled with plummeting inside store sales volumes as gas peaked near \$4.

Some smaller retailers struggled to merely pay for a 10,000-gallon tanker of gas when those tabs soared to \$37,000 to \$40,000 this summer, Palace said.

Then, as the price fell, less-vigilant independent retailers began struggling with a new harsh reality: Retail prices were falling quickly enough to undercut the prices independents paid to fill their tanks.

[Act now to position NASA Langley for the future](#)

Langley's atmospheric science team is a world leader in measuring and predicting global climate change. This team could provide much of the vital science the new administration will need as it decides on policies to both mitigate and adapt to climate change. The twin challenges of climate change and a post-peak oil energy situation will also demand a major reinvention of air transportation, a vital asset of our economy. Again, Langley has the expertise and capability to be a leader in this reinvention.

['On the verge of an energy revolution'](#)

CHARLESTON, W.Va. -- New technologies will move the world economy away from coal and other fossil fuels much more rapidly than experts from the energy industry would have the public believe, according to a new study by the Worldwatch Institute.

Hundreds of old coal-fired power plants that provide 40 percent of the world's power could be retired in the process, eliminating up to one-third of global carbon dioxide emissions, while creating millions of new jobs, the study asserted.

"We are on the verge of an energy revolution," said Christopher Flavin, president of Worldwatch and author of the report, "Low-Carbon Energy: A Roadmap," issued earlier this month.

[Demand for oil will fall by largest margin in 25 years](#)

Global demand for oil in 2009 will fall by the largest amount for 25 years, according to the chief energy economist of Deutsche Bank.

Adam Sieminski said oil prices could hit a low of \$30 a barrel next year, a fall of a quarter from today's price, because of the sickly global economy. He forecast an average price of \$47.5 for the whole year for oil traded in New York. Deutsche Bank predicts global demand will contract by 1 per cent, or 1 million barrels a day, three times the fall seen this year and the biggest since 1983.

Sieminski is predicting much lower prices than most other analysts and even Opec or the International Energy Agency (IEA). He said that other forecasts underestimate how

much the global downturn would reduce demand for oil. The IEA forecasts that global demand for oil will rise by 400,000 barrels per day next year, but is expected to slash its numbers next month after the IMF revises down its economic growth projections for 2009.

[A Recent History of Oil Prices](#)

The upshot will be a gap between the demand for crude oil and the limits of how much of it can be produced, a quantity that must inevitably fall beyond the point of arrival of "peak oil", which will force the price up again. Thus oil will become a commodity that is both increasingly scarce and relentlessly expensive. The price of oil (and that of all commodities), is subject to major variations over time, since they are inextricably linked into the overall business cycle. When the demand-supply gap is reached, oil prices will soar, but the commitments and habits that determine the energy use of oil-users will take time to adjust. It is time-consuming and expensive to introduce more production capacity in the near term, but in the longer run, both businesses and individuals will act to cut back their oil use in response to the driver of high prices. An optimistic economist might argue that high prices promote new investment in production and so new sources of oil will emerge on the market, gradually restoring a supply-demand balance.

[Falling oil prices endanger alternative sources](#)

Along with the drop in demand was the removal of investment dollars from the commodity markets. That should limit how much oil and gasoline prices can swing, since hedge funds and banks can no longer borrow money at low rates to speculate on energy.

"We're not going to see the kinds of spikes we've seen in the past," Alaron Trading Corp. analyst Phil Flynn said. "The days of [borrowing] easy money are over."

[Inertia is threatening long-term energy strategies](#)

Is the Energy Revolution, which seemed to have great momentum when U.S. gasoline prices topped \$4 a gallon in July, going to be put on a sustained hold?

Could the stunning drop in oil and gasoline prices in the past five months, coupled with the brutal economic recession expected to extend deep into 2009, stunt energy advances and thus make us more vulnerable to unfriendly foreign oil producers in coming years?

The answer to both questions might well be "yes."

[Blackout fear as UK power plants face axe](#)

A TENTH of the UK's power plants could be forced to close by the spring of 2013 – two-and-a-half years ahead of schedule, new research shows.

The revelation will stoke fresh concern that the government has not done enough to head off a looming energy generation gap that could lead to blackouts across the country.

[Our Oil Reserves Are Depleted; It's Time for Utopia](#)

With oil virtually at an end, what better time to re-examine the economic paradigm that allowed us to think we could use up finite resources and just "grow" forever? Isn't it time to rethink our blind embrace of the "grow or die" philosophy that led us down this self-destructive path?

[Venezuela to seize gold concessions as oil falls](#)

CARACAS, Venezuela (AP) - Venezuela will seize several gold mining concessions that previous governments granted private operators, in a bid to supplement falling oil prices with proceeds from state-controlled gold, President Hugo Chavez said Saturday.

[No Russia oil duty cut, budget spending on track-Kudrin](#)

MOSCOW (Reuters) - Russia should not slash oil export duty to zero and will keep on track its 2009 spending plans drafted during years of economic boom, Finance Minister Alexei Kudrin said on Saturday.

[Phoenix opens \\$1.4 billion light-rail system](#)

PHOENIX (Reuters) - With a hearty "All Aboard," Phoenix launched a sleek new \$1.4 billion light-rail system on Saturday amid uncertainty people will hop out of their cars and onto the train.

About 75 people became the first riders of the 20-mile (32-km) system that snakes through a sprawling desert metropolitan area that includes the cities of Tempe and Mesa.

Planners project building 30 additional miles of light-rail lines by 2025, but it has yet to be determined if the area's love of cars will trump trains.

[Charging ahead to push electric cars](#)

Better Place envisions installing thousands of plug-in and battery replacement stations to serve drivers.

[Growing More Corn for Ethanol Makes Pest Control Harder](#)

As American farmers have grown more corn for ethanol production, concerns about the practice have increased, too. Critics say turning more acreage over to corn to make fuel can lead to higher prices for other crops, increased soil erosion and other negative effects.

Here's another potential problem: biological pest control.

[Food needs 'fundamental rethink'](#)

A sustainable global food system in the 21st Century needs to be built on a series of "new fundamentals", according to a leading food expert.

Tim Lang warned that the current system, designed in the 1940s, was showing "structural failures", such as "astronomic" environmental costs.

The new approach needed to address key fundamentals like biodiversity, energy, water and urbanisation, he added.

[Minnesota's iconic moose are dying off](#)

It wasn't long ago that thousands of moose roamed the gentle terrain of northwestern Minnesota, affirming the iconic status of the antlered, bony-kneed beast from the North Woods. In just two decades, though, their numbers have plummeted, from 4,000 to fewer than a hundred.

They didn't move away. They just died.

The primary culprit in what is known as the moose mystery, scientists say, is climate change, which has systematically reduced the Midwest's already dwindling moose population and provoked alarm in Minnesota, where wildlife specialists gathered for a "moose summit" this month in Duluth.



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