



DrumBeat: January 8, 2009

Posted by [Leanan](#) on January 8, 2009 - 9:30am

Topic: [Miscellaneous](#)

[Michael T. Klare - Oil 2009: Be Careful What You Wish For](#)

Only yesterday, it seems, we were bemoaning the high price of oil. Under the headline "Oil's Rapid Rise Stirs Talk of \$200 a Barrel This Year," the July 7 issue of the Wall Street Journal warned that prices that high would put "extreme strains on large sectors of the U.S. economy." Today, oil, at over \$40 a barrel, costs less than one-third what it did in July, and some economists have predicted that it could fall as low as \$25 a barrel in 2009.

Prices that low -- and their equivalents at the gas pump -- will no doubt be viewed as a godsend by many hard-hit American consumers, even if they ensure severe economic hardship in oil-producing countries like Nigeria, Russia, Iran, Kuwait, and Venezuela that depend on energy exports for a large share of their national income. Here, however, is a simple but crucial reality to keep in mind: No matter how much it costs, whether it's rising or falling, oil has a profound impact on the world we inhabit -- and this will be no less true in 2009 than in 2008.

[Shell Stops Supplying Big West California Refinery With Oil](#)

(Bloomberg) -- Royal Dutch Shell Plc, Europe's largest oil company, stopped supplying crude oil to Big West of California LLC's Bakersfield, California, refinery after the bankruptcy of Flying J Inc., Big West's parent company.

"We stopped selling crude oil to them Dec. 23, a day after the bankruptcy," Shell spokeswoman Alison Chassin said today in a telephone interview.

Shell normally supplied about 10,000 barrels of oil a day to the 68,000-barrel-a-day refinery, Chassin said.

[Oil sands admits PR failure](#)

CALGARY — Canada's oil sands industry admits it has "dropped the ball" in terms of informing the public about the environmental effects of its developments.

Dave Collyer, president of the Canadian Association of Petroleum Producers, says the industry has not engaged effectively with Canadians, as the group presents results of a months long public outreach campaign.

[UK: Gas 'secure' but prices increase](#)

Energy Minister Ed Miliband has said UK gas supplies are secure despite the continuing gas wrangle between Russia and Ukraine reducing supply to Europe.

But he told the BBC the longer the dispute lasted, the greater the risk that prices would continue to rise.

As the gas shortfall hits the rest of Europe, wholesale prices in the UK have risen by 26% in three days.

[Richard Heinberg: The shape of the recovery](#)

An article on the Bloomberg website today suggests that Asia will have a "V-shape" recovery from the current economic crisis, rebounding in 2010. This is opposed to a "U-shape" recovery, which would presumably take a little longer.

May I suggest another alphabetic possibility? What if the "recovery," not just in Asia, but globally, is shaped more like a big capital L?

No doubt the suggestion that we have reached fundamental limits to economic growth is as unpalatable today as was the initial forecast, issued back in 1972, that such limits would be met during this century. The famous Club of Rome report, which sold more copies than any other environmental book in history, was vilified almost immediately by pro-growth think tanks in Washington, which organized a highly successful PR takedown during the 1980s. Today, it is impossible to mention the phrase "limits to growth" in public without hearing a dismissive outburst from somewhere within earshot. Never mind the follow-up studies that have shown that the primitive computer-based analysis on which the original report was based was on the right track—which is to say that the freight train of industrial civilization is on the wrong track, and headed for history's biggest "splat."

[Keen for a Revival, the Nuclear Industry Eyes the Stimulus Package](#)

With President-elect Barack Obama signaling that energy issues should be at the core of any economic stimulus package, the resurgent U.S. nuclear industry—like so many others—is pushing to make sure it's well represented.

Industry representatives and lobbyists are asking lawmakers to use the economic stimulus package, estimated to be in the range of \$700 billion to \$800 billion, to help

revive the country's long-dormant nuclear manufacturing sector, as well as to train workers for jobs within the industry, which is now precariously poised for an expansion. In recent years, more than two dozen applications for new reactors have been filed with federal regulators, after a 30-year drought in which no nuclear reactors were approved.

[Recovery of US Economy Crucial to Increase Crude Oil Demand](#)

"The recovery of the US economy is crucial for crude oil demand to increase as the US imports far more crude oil than China or India. Demand from these two countries alone is not enough to keep prices above US \$100 per barrel as was earlier speculated when oil prices were at a peak of US \$147 per barrel," Bettadapura said.

In terms of industry specifics, Bettadapura says that there will be cancellation of large oil & gas projects across the globe because of the decrease in crude oil prices. "However, the Southeast Asian region is not affected as most of the investments in oil & gas projects are government funded," he adds.

[China Plans to Double Natural Gas Output by 2015. Eyes More Oil](#)

China aims to more than double its annual natural gas output to 160 billion cubic meters by 2015.

The country also wants to increase its annual production of crude oil to 200 million tonnes by 2015, said chief planner Hu Cunzhi of the Ministry of Land and Resources at a press conference on Wednesday.

[Gazprom Pledges to Restore Gas Supplies to Europe](#)

Gazprom said Thursday it would restore supplies to Europe once international monitors were in place to check the flows in Ukraine. The announcement promises an end to the conflict which has cut off supplies to several European countries.

[Ukraine sets conditions for Russian gas transit](#)

BRUSSELS, Belgium — Ukraine's natural gas chief says he wants Russia to provide extra fuel to boost the flow of gas before his company can allow Russia to send the fuel back into a freezing European Union.

[Steve LeVine - Ukraine and Russia: The Role of a Middleman](#)

Russia has prickly relations with several of its neighbors, but all pale in comparison with its friction with Georgia and Ukraine. Last August, the former resulted in a full-fledged war, and pessimism about the security of the U.S.-backed oil and natural gas corridor connecting the Caspian Sea with the West. Now, the latter — Russia's long antagonism with Ukraine — is provoking a similar recalibration of energy security, this time about natural gas supplies to Europe.

[Analysis: Money at root of Russia's gas war](#)

MOSCOW: Five months after Russia crushed the Georgian army in the foothills of the Caucasus, Moscow is once again embroiled in a conflict with a former Soviet neighbor — waging an economic war with Ukraine that has disrupted gas supplies across Europe.

This time, though, the Kremlin may be looking more for cash than political clout.

[Pipe down](#)

IT STARTED as an ordinary gas dispute between Russia and Ukraine, of the sort that has occurred every winter since January 2006, when Russia first cut off gas supplies to its neighbour. But it has since grown into the biggest energy emergency the European Union has seen in years.

[WWF Turns Against Natural Gas Amid Russia-Ukraine Crisis](#)

“So far, comparably clean natural gas has been broadly supported by WWF as a logical mid-term alternative to high-polluting coal in the power sector and oil in the heating sector,” the statement said. But “the Russian gas policy is highly risky as it fully undermines the public confidence in this low-carbon fossil fuel” and that made it “time to reconsider the role for natural gas as a bridging fuel to sustainable energy.”

WWF said it now wanted new laws in place mandating energy efficiency in buildings and far more promotion of renewable energy for the electricity sector.

[Pertamina still in denial about fuel shortages](#)

Jakarta - Despite a recent rare, strong public rebuke by President Susilo Bambang Yudhoyono, state oil and gas firm PT Pertamina remains defiant there was never a widespread scarcity of Premium gasoline and diesel.

[Dominican Republic: Electricity theft must be punished, Bonetti says](#)

SANTO DOMINGO.- Young Industrialists Association (Anje) president Ricardo Bonetti today said the must penalize law electricity theft, because the measure would significantly invigorate the sector.

[Boxer Calls for Standards on Coal Ash After Tennessee Spill](#)

(Bloomberg) -- U.S. Senator Barbara Boxer said she would press for regulations on coal ash, after 1 billion gallons of sludge were dumped from a Tennessee Valley Authority coal plant Dec. 22.

"It is critically important that protective standards for coal-ash waste be created," Boxer, the chairman of the Environment and Public Works Committee, said at a hearing today.

[Laurel bus, shuttle lines service cut](#)

Laurel commuters relying on public transit to get to Baltimore or Washington, D.C., may have to get creative as the Maryland Transit Administration announced several reductions in its commuter bus and train services to begin Monday.

[BMW Works to Clean Up Diesel's Rep](#)

Convincing Americans that diesel isn't a dirty word won't be easy. While Europeans have embraced diesel cars, thanks to tax breaks and a cleaner emissions profile than in years past, Americans haven't yet warmed up to the idea. Never mind that overall car sales have been anemic.

"When people think of diesel, they think dirty, noisy and smelly. It's the complete opposite of anything that is associated with green," says David Matathia, planning director at GSD&M Idea City, the ad firm owned by Omnicom Group that crafted the campaign. It's an image that has been cemented into the psyche of Americans since the 1970s, when demand for diesel cars briefly surged because of the energy crisis.

[Smart Seeds, Smart Crops](#)

New drug- and drought-tolerant crops could mitigate the growing food crisis, according to Syngenta CEO Mike Mack.

[As global crunch squeezes Gulf, debt defaults and ratings outlook downgrades mount](#)

CAIRO, Egypt (AP) — Kuwait's biggest investment bank on Thursday said it had

defaulted on the majority of its debt while Bahrain's two biggest commercial banks saw their ratings outlook downgraded, as the global financial meltdown pummeled an oil-rich Gulf Arab region that months ago was the focus of a much-hyped economic boom.

Further reflecting the troubles facing the region, Standard Chartered Bank on Thursday sharply revised down its outlook for economic growth in the region, citing the current global meltdown.

The announcement by Kuwait's Global Investment House marked a sharp blow for the firm, which had been meeting with creditors about restructuring what its managing director said in December was \$3 billion in loans.

[StatoilHydro shuts down Norway's Kristin gas field due problems with new lifeboat type](#)

OSLO, Norway (AP) — Norwegian state-controlled oil company StatoilHydro ASA on Thursday temporarily shut down its Kristin natural gas field after tests revealed problems with a new type of lifeboat installed to help crew escape in emergencies.

The shutdown comes as parts of Europe struggle with energy supplies because all Russian gas deliveries through Ukraine were cut off this week due to a pricing dispute.

[Cause of wind turbine damage unknown](#)

LONDON (Reuters) - Green energy company Ecotricity is investigating what mangled a wind turbine in England over the weekend, a spokeswoman for the company said.

Press cited locals reporting a bright light at the time of the incident, in which one of the blades snapped off, and speculation that unidentified flying objects may have been responsible.

[A \\$2 trillion bet on powering America: *The stimulus plan might jump-start investments, which could drastically change how we use electricity*](#)

NEW YORK (CNNMoney.com) -- For years we've been hearing about the nation's crumbling and outdated electricity grid.

The 2003 blackout that plunged 50 million people into darkness was a wake-up call. Then this summer T. Boone Pickens, who's planning on investing billions in building wind farms, called for massive investments to revamp our nation's aging grid, so that it can handle wind power distribution.

More recently, Vice President-elect Joe Biden called for a similar investment, perhaps billions, to begin work on a new "smart" electric grid to replace the nation's old, fragmented and inefficient system, and it will likely be part of the stimulus bill expected

from lawmakers in the next couple weeks.

[Norway Sees Oil Production Falling 9.7% This Year](#)

(Bloomberg) -- Oil production on the Norwegian continental shelf may fall 9.7 percent this year, declining for a ninth year, the country's Petroleum Directorate said.

Crude output will fall to about 110.8 million standard cubic meters, or 1.9 million barrels a day, in 2009, from about 122.7 million standard cubic meters, or 2.11 million barrels a day, last year, the directorate said in a report. Production will drop to 94.4 million standard cubic meters in 2013.

[Lower oil prices curtail Chávez's global, domestic influence](#)

Caracas, Venezuela – High oil prices allowed Venezuelan President Hugo Chávez to spend freely to spread his Socialist gospel and challenge the US role as the dominant player in Latin America and the Caribbean.

The sharp drop in oil prices is imperiling those ambitions, analysts said Tuesday, a day after the Venezuelan government announced that it's suspending free heating oil to poor people in the US. Oil accounts for 93 percent of the government's export income and some 50 percent of its overall income.

[Venezuela to keep sending free fuel to US poor](#)

CARACAS, Venezuela – President Hugo Chavez will keep donating heating oil for poor American families in a costly decision that suggests the Venezuelan leader wants to keep to his pledges – and buttress his image – in spite of falling oil prices.

[Strike hits India's fuel supply, delays flights](#)

NEW DELHI (Reuters) – India's energy supply was squeezed further and flights delayed at the country's busiest airport as a strike by officials at state-run oil companies that dominate domestic fuel supply entered a second day.

Unions leaders representing firms such as refiner Indian Oil Corp (IOC) and explorer Oil and Natural Gas Corp said, no solution was in sight for the strike over higher wages that has cut natural gas supplies by a third and reduced output at refineries and oilfields.

[Russia and Ukraine still deadlocked after gas talks](#)

MOSCOW/BRUSSELS (Reuters) – Russia and Ukraine failed to resolve a gas row at a meeting in Moscow but will continue talks to end the dispute which has choked off supplies to Europe, a senior Ukrainian gas official said on Thursday.

"We are in negotiations," Ukraine's Naftogaz chief Oleh Dubyna told the European parliament after an overnight meeting with Alexei Miller, head of Russia's state-controlled gas monopoly Gazprom.

"I can see just purely economic gaps between Naftogaz and Gazprom."

Gazprom fully suspended supplies of transit gas toward Ukraine on Wednesday, saying there was no longer any point delivering the gas because Kiev had shut down the pipelines.

[Italy Gas Reserve Levels Not Alarming, Scajola Says](#)

(Bloomberg) -- Italy's gas reserves are not at emergency levels and Russian supplies will resume before they are depleted, Industry Minister Claudio Scajola said today.

"It's a delicate situation, but there's no reason to be alarmed," Scajola told reporters in Rome following a meeting with energy industry representatives. "We have enough gas reserves to get us through the crisis."

[Russian gas supplier warned to honour obligations](#)

The head of Russia's monopoly gas supplier was warned today to honour the company's obligations to the European Union or face the loss of reputation and revenues as western customers looked elsewhere.

[Factories shut, many without heat across Balkans](#)

SOFIA/BELGRADE (Reuters) - Hundreds of thousands of people across the Balkans went without heating on Thursday and more factories closed as the impact on the hardest-hit region in the Russia-Ukraine gas row continued to grow.

Around 100,000 households in Bosnia were left in cold, about 80,000 people in Serbia's second largest city Novi Sad had their gas heating cut off and other Serbian cities were hit.

In Bulgaria, at least 65,000 households were without central heating when temperatures hit minus 10 degrees on Thursday morning. Some shops said they had run out of electric heaters, causing concern for electricity supplies.

[Brussels to host emergency talks as tens of thousands lose heating in their homes](#)

The EU, Russia and Ukraine will today hold top-levels talks in a last-ditch effort to resolve the increasingly angry political dispute that has cut off all Russian gas supplies to Europe through Ukraine.

Russia accused Ukraine of "blackmail" and Kiev blamed Moscow for halting supplies without warning as a routine price dispute spiralled into all-out political conflict - and tens of thousands, mainly in eastern Europe, shivered in sub-zero temperatures without heating in their homes.

[Slovenia expects no gas from Russia till early Friday](#)

LJUBLJANA, Jan 8 (Reuters) - Slovenia's main gas supplier Geoplin said on Thursday the country can expect no gas from Russia at least till 0500 GMT on Friday after the gas supply from Russia was cut off on Wednesday.

"We were informed by the dispatchers that there will be no gas supply from Russia at least until 6 o'clock (0500 GMT) Friday morning," head of Geoplin Alojz Stana told Reuters on the phone.

[Cutoff highlights Europe's reliance on Russian natural gas](#)

Despite the vitriol, most analysts anticipate an eventual compromise. Russia has been hurt by the global financial crisis, and Gazprom needs Europe's cash.

Ukraine — though buffered by a two-month supply of stored gas — is being pressured by the EU, which it aspires to join.

[Why Has the Price of Oil Decreased So Significantly?](#)

Why has the price of gas decreased so significantly? This seems way more than an incremental adjustment to supply and demand. Is there something non-linear going on?

[Long term fundamentals favor oil and gold price rises](#)

Crude may not see the highs of last year but will trade higher as 2009 ages and gold could test the highs as a result of actions being taken to deal with the financial crisis in America and the stimulus plans to restart the economy. While demand has fallen due to the current global economic crisis, the fundamentals for crude favor price increase rather than much lower pricing. Some of the same fundamentals that favor a price

increase for crude will also have a similar effect on the price of gold.

[Oil giants top dirty tanker charter table](#)

SHELL, ExxonMobil and BP remained the world's largest charterers of dirty tankers in 2008, responsible for 17% of all reported fixtures.

Analysis by New York-based Poten & Partners showed that the three oil giants were the charterers of just over 1,600 of around 5,400 spot fixtures for crude oil tanker transport.

[US to head anti-pirate patrols off Somalia](#)

DUBAI, United Arab Emirates – A new international force to battle pirates off the Somali coast is being formed under American command in a bid to focus more military resources to protect one of the world's key shipping lanes, the U.S. Navy said Thursday.

But the new mission, expected to begin operations next week, will have no wider authority to strike at pirate vessels at sea or move against havens on shore. That raises questions whether it can significantly curb pirate flotillas after more than 110 ships were attacked last year.

[Why you can't trust your gut in this market: Look closely. Do you see the onset of another Great Depression? Maybe it's all in your mind.](#)

These studies reconfirm what psychologists have been saying for years now: The more we feel out of control, the more our brains imagine patterns that don't really exist.

Doing that, the theory goes, helps us manage our stress. Maybe we haven't come so far from the rain dances common in agricultural societies. It's precisely because they don't control the drops falling from the sky that many people construct elaborate rituals to pretend that they do.

[China aims to increase coal production 30 pct by 2015: govt](#)

BEIJING (AFP) – China is aiming to increase its coal production by about 30 percent by 2015 to meet its energy needs, the government has announced, in a move likely to fuel concerns over global warming.

Beijing plans to increase annual output to more than 3.3 billion tonnes by 2015, said Hu Cunzhi, chief planner of the land and resources ministry, said on Wednesday.

That is up from the 2.54 billion tonnes in produced 2007, according to the ministry.

[Energy 2.0](#)

Forget Web 2.0. Content generated by unpaid volunteers? That's so 2007. It seems 2008 was a banner year for what you might call Energy 2.0 — electricity generated by unpaid volunteers.

[Tokyo to exempt tax for next-generation green cars](#)

TOKYO (AFP) — Tokyo's local government, seeking to fight global warming, said Thursday it planned to exempt taxes on next-generation green vehicles such as electric cars and plug-in hybrids once they hit the market.

Japanese automakers are aiming to put out electric cars -- which emit no carbon blamed for global warming -- as early as this year despite the global slowdown that has battered the auto industry.

[Other ways of going green](#)

'Greening' the automobile usually refers to improving its fuel economy and reducing carbon emissions. But there other things to be greened as well, particularly plastics.

Toyota plans to replace 20 per cent (by mass) of the plastics used in its cars with bio-plastics by 2015. Mazda has said it will make 30 per cent of the interior parts of the Mazda5 from bio-materials as soon as it sees higher strength and heat thresholds, which it identifies as bio-plastic's weak points.

Ford has begun its use of renewable bio-material by using soy-based foam in seat backs and cushions in vehicles. By the end of the 2009 model year, more than one million Ford vehicles will contain soy foam — which will decrease its use of petroleum oil by nearly half a million kilograms annually.

[Auto sales outlook: Running on empty](#)

More bad news for Detroit. Rising unemployment is likely to keep a lid on demand for cars and trucks throughout 2009.

[Sustainable studying](#)

The academic environment tends to be a sustainable one, for various reasons. Students surviving on government loans are usually forced to share living space, cook their meals at home, walk or cycle to class and lug around coffee Thermoses and reusable water bottles to save money. Also, whether you're learning or teaching, there's generally a heightened level of awareness about global issues, such as climate change.

At the same time, however, there are other aspects of university life that are inherently un-green, such as the paper waste that comes from thousands of essays, tests and notebooks, the energy that's drained from 24-hour computer labs and science equipment, the junky cafeteria food, vending machines and so on.

[Environmental group backs canal for Calif. delta](#)

SACRAMENTO, Calif. – A national environmental group recommended Wednesday that California overhaul its water-delivery system by building a canal around the Sacramento-San Joaquin River Delta.

A report by The Nature Conservancy endorsed piping Sacramento River water around the delta, which is suffering from degraded water quality and declining fish populations. The conservancy said a canal could help restore the region's natural habitat.

[NY Gov targets clean energy, health despite deficit](#)

NEW YORK (Reuters) – New York state should fight obesity, help more residents get health insurance and revive the upstate economy with a research consortium for hybrid car batteries and energy storage, Governor David Paterson proposed on Wednesday.

[Can technology clear the air?](#)

THREE hundred and eighty-five parts per million: that's how much carbon dioxide there is in the atmosphere now. Just 100 parts per million more than before we started mucking things up, yet the Arctic ice cap is already melting, weather patterns are changing, and plants and animals are migrating towards the poles to find their comfort zones.

We can't go on like this. In fact, some climate scientists, notably James Hansen of NASA, say that 385 parts per million is too high and that we need not just to slow the increase in CO₂ but to clean up the mess we've already made. Three hundred and eighty-five invisible, colourless needles for every million stalks in the haystack. What are the chances that we can find and remove them?

[Despite deep chill, global warming is still a peril: scientists](#)

PARIS (AFP) – A cold front is sweeping across Europe after gripping swathes of North America last month, but the deep freeze does not mean the threat of global warming has abated, caution scientists.

"The major trend is unmistakably one of warming," Michel Jarraud, secretary general of the World Meteorological Organisation (WMO), told AFP.

"If we look at the trajectory over the last 160 years, it overlays a large natural variability, and that's what causes confusion."



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