



DrumBeat: January 12, 2009

Posted by [Leanan](#) on January 12, 2009 - 10:02am

Topic: [Miscellaneous](#)

[A novel plan for economic stimulus](#)

What's different now?

In the 1930s, even though the U.S. economy collapsed, we still had a surplus of natural resources -- we were then the world's No. 1 producer of oil and coal.

Fast forward 80 years.

Despite the recent temporary dip in the price of gas and heating oil, it has become painfully obvious over the past few years that our energy situation has fundamentally changed. We've burnt through much of our natural resource birthright -- we import 70 percent of our energy -- and we're the largest debtor nation on earth. The Big Three automakers, near bankruptcy, have announced a 40 percent to 50 percent reduction in car sales; the Federal Transportation Department reported an 8 percent annual drop in passenger miles driven. The National Intelligence Council's "Global Trends 2025" report concluded that, in the near term, pressure on resources -- particularly energy, food, and water -- would entail sacrifices as demand outstrips supply. The Defense Department arrived at the same conclusion in its "Joint Operations Environment 2008" report. It would appear that we need to plan for a less energy-intensive future.

[StatoilHydro drills "disappointing" Arctic well](#)

OSLO (Reuters) - Norwegian oil and gas group StatoilHydro (STL.OL) has drilled a "disappointing" appraisal well in the Barents Sea, the company and energy officials said on Monday.

The company drilled the well at its Obesum prospect where an exploration well struck oil and gas last year.

"No oil was found in the appraisal well, and thus the size of the oil component is considered minimal," the Norwegian Petroleum Directorate said in a statement.

"Neither the oil nor the gas discovery in the shallower level is considered commercially interesting," the NPD said of the well drilled 175 kilometres (109 miles) north-northwest of the far northern Norwegian town of Hammerfest.

[Ford: No Volt for us](#)

The automaker's plans don't include a direct competitor because Ford engineers doubt its real-world performance.

[HelioVolt, Suntech Cut Employees Too As Layoffs Expand Around Solar](#)

HelioVolt, the maker of copper indium gallium selenide (CIGS) solar cells, has joined the layoff club too.

The company, which has raised over \$100 million in VC funds, cut about 15 employees earlier this month, according to the Austin American Statesman. It's not a huge number, but HelioVolt is not a massive operation either. It is just moving into production.

The layoff list is growing by the day. Last week, OptiSolar said it was cutting about 300 employees, or half of the staff. After we ran that story, a person who got laid off by SunEdison said that the solar power provider cut about 50 to 65 employees. GT Solar cut 25 jobs in December.

[BP Has \\$20 Million of Diesel Stolen With Fake Meter](#)

(Bloomberg) -- BP Plc, Europe's second-largest oil company, had about \$20 million worth of diesel fuel stolen over the past nine to 10 months from a distribution center in Seattle with a fake meter.

BP reported the fuel had been "systematically stolen over the past nine to 10 months," according to a Seattle Police report. The phony meter was activated by starting and then stopping the loading process, according to the report.

[China's 2009 Power Output, Demand to Extend Declines](#)

(Bloomberg) -- Power demand and output in China, the world's second-biggest consumer of energy, will continue to fall this year because of slower economic growth, said the State Electricity Regulatory Commission.

Power stations will operate at reduced rates, the Beijing-based commission said in a statement posted on its Web site today. "Unsolved problems" in coal and power pricing will add to operational difficulties, it said.

Economic growth in China has slowed for five consecutive quarters and its 9-percent third-quarter expansion was the weakest in five years. Power consumption is declining as companies in industries from metals to toys reduce production or close down after the global recession cut demand for exports.

[Senior Democrat reintroduces anti-OPEC bill](#)

WASHINGTON (Reuters) - A senior Democratic senator reintroduced legislation on Monday that would allow the U.S. Justice Department to bring legal action against OPEC and others it believes collude to push up the price of oil.

[Utilities Hunt For Funds](#)

Propping up balance sheets may be en vogue at the moment, but tapping the jittery stock market for funds is not; hence why shares of Scottish & Southern Energy sank more than 8.0% during afternoon trading in London on Wednesday, after it announced a new share placement worth estimated \$680 million at current prices. Perhaps it should have followed rival E.ON's example: the German utility is turning to the bond market, not the equity market, for funds.

[The Cold War Over Heating](#)

The agreement between Russia and Ukraine to set up independent monitors of export pipelines in Ukraine may restore gas flow to the West. But it will do nothing to settle the underlying dispute that threatens Europe and is likely to get worse.

[Auto show notebook: New Prius gets 50 mpg](#)

Toyota's redesigned 2010 Prius gasoline-electric hybrid, on sale this summer, will be rated 50 miles gallon in combined city-highway driving and more than 50 in town, the automaker said as it unveiled the Prius re-do Monday.

That bests the current version's rating of 48 mpg in the city and 46 in combined city-highway driving and would make it the most fuel-efficient car sold in the U.S. by a significant margin. Honda's new Insight hybrid, Prius' closest direct competitor, is rated in the 40s. Volkswagen's Jetta diesel is in the 30s. Insight goes on sale April 22. Jetta's on sale now.

[Transocean Cancels Rig Deal on Client's Cash Shortage](#)

(Bloomberg) -- Transocean Inc., the world's largest offshore oil driller, canceled a record \$550,000-a-day rig lease and said a second vessel has been idled after the client ran out of cash.

Transocean, based in Switzerland and run from offices in Houston, disclosed the

termination of its contract with Burgundy Global Exploration Corp. today in the monthly fleet-status report on its Web site. Calgary-based Oilexco Inc. halted operations aboard Transocean's Sedco 712 rig after its North Sea subsidiary sought protection from creditors, the report said.

Oil exploration companies are having difficulty borrowing money to lease rigs and hire roughnecks after crude tumbled 74 percent in the past six months and global credit markets seized up, said Truls Olsen, an analyst at Fearnley Fonds AS in Oslo. More contract terminations are imminent as energy prices decline and cash-strapped producers reduce or cancel projects.

[Climate change fears spiral as warmer seas 'absorbing less carbon dioxide'](#)

Scientists have found evidence of a sudden and dramatic drop in the amount of carbon dioxide being absorbed by the sea, sparking fears that climate change is accelerating.

Warmer waters - themselves said to be the result of the changing climate - are believed to have caused the decline.

["Predict and survive" - or not](#)

There's an intriguing question asked in the pages of the US journal Proceedings of the National Academy of Sciences (PNAS) this week.

In a nutshell, it is this: can we forecast sudden, possibly catastrophic environmental changes by monitoring long-term trends?

[Pemex Closes Two Export Terminals on Weather That May Intensify](#)

(Bloomberg) -- Petroleos Mexicanos, the third- largest supplier of crude to the U.S., closed two oil export terminals in the Gulf of Mexico because of heavy winds and rain.

[Russian gas supplies to Europe likely to resume early on Tuesday](#)

BRUSSELS (RIA Novosti) - Russian natural gas supplies to Europe, halted last Wednesday over a gas dispute with Ukraine, could resume early on Tuesday, a deputy CEO of the Russian energy giant Gazprom said Monday.

"Deliveries of Russian transit gas [to Europe through Ukraine] could start at 8 o'clock in the morning CET [07:00 GMT] on Tuesday," Alexander Medvedev said.

[Europeans 'afraid of tomorrow'](#)

The central heating system in Sofia is working again since Sunday. Now it's using fuel oil. This has made a slight improvement, though I am still using an electric heater as well.

Today is one of the coldest days we've had lately - right now it's -10C. Fuel oil is very polluting and it instantly created a smog, that is not going away. The whole of Sofia is covered in smog, it's hard to see and difficult to breathe.

Lots of factories have switched over to fuel oil. I am an ecologist and I can tell you that there will be environmental consequences, we don't know the whole impact yet.

Fuel oil is not stored locally, so it had to be transported throughout the country and the mess it leaves behind will take years to clean.

[Gas Plus's Usberti Interested in Accord With Gazprom](#)

Italy is seeking to diversify the sources from which it draws natural gas. Supplies to Europe came to a halt last week as Russia and Ukraine argued over the price of the fuel. A pipeline through the Ukraine brings gas from Russia to the rest of Europe. A similar dispute interrupted gas supplies in January 2006.

[Sasol May Invest \\$10 Billion in Indonesia Fuel Deal](#)

(Bloomberg) -- Sasol Ltd., the world's biggest producer of motor fuels from coal, may invest \$10 billion in an Indonesian plant, said a government official in Jakarta.

Sasol will sign an accord with the Ministry of Energy to study the possibility of a coal-to-oil plant in Indonesia, said Bukin Daulay, head of coal and mineral research at the ministry. Indonesia was Asia's biggest coal producer in 2007 after China, Australia and India, according to the BP Statistical Review.

[AMP-Ohio picks Bechtel to build big coal plant](#)

NEW YORK (Reuters) - American Municipal Power-Ohio Inc (AMP-Ohio) picked Bechtel Power Corp to build a \$3.25 billion coal-fired power plant capable of generating about 1,000 megawatts in Meigs County in southern Ohio, the companies said in a release Friday.

The companies said the station will help stabilize electric prices for the 81 municipal electric systems in Ohio, Michigan, Virginia and West Virginia that will receive power from the plant.

[GE, China-based power firm enter wind power deal](#)

A General Electric Co. subsidiary and China-based A-Power Energy Generation Systems Ltd. on Monday said they signed two letters of intent, one for a supply deal and a second for a joint venture partnership.

[Oil firms may put projects on hold until costs fall](#)

OIL companies may soon begin delaying projects in an attempt to take advantage of an expected fall in services costs, senior executives have told The Scotsman.

Several executives at exploration companies have predicted that the cost of oil services – such as well drilling – could fall by as much as 50 per cent in large open markets such as the North Sea.

Since peaking near \$150 a barrel in late July, crude oil prices have fallen by around two-thirds, a move that is expected to lead to a fall in exploration levels.

This in turn is likely to force oil services companies – which carry out the projects to explore for oil and bring projects into production – to drop their costs to win projects, industry figures believe.

[Kurt Cobb: Will energy show us that inflation and deflation can occur at the same time?](#)

At the beginning of this decade investment advisor Marc Faber told incredulous investors that rising economic prosperity in Asia signalled the beginning of a new bull market in commodities, but would also have deflationary consequences for consumer prices. How could these inflationary and deflationary effects coincide? The answer has important implications for what is currently unfolding in the financial and commodity markets, and, in particular, the energy markets.

[Stirrings in the Central Asian republics of 'Troublistans'](#)

The “stans” of Central Asia are stirring in ferment and revolt. For the rest of the world, the five republics – Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan and Kazakhstan – are important only because like the oil producing countries of the Middle East, they sit atop vast reserves of oil and gas that the West covets. Their other function appears to be to prevent Russia and China getting their hands on these riches, all as part of the West's, especially the US's geo-strategic plan to keep these two countries from surging ahead. Thus, their energy resources and their strategic positions are all that the West cares about. What happens to their hapless people is quite irrelevant.

['At least 30 African countries suffer from the energy crisis'](#)

Tripoli, Libya - At least 30 countries in sub-Saharan Africa suffer from the energy crisis in which arose in the past few years, according to the 2008 statistics of the International Monetary Funds (the IMF), quoted by the UN electronic review 'Africa Renewal'. According to the statistics, 550 million Africans, representing 75 percent of the population of the continent, do not have access to electricity.

[Mexico's Pemex Awards Contracts For Work On Cantarell Fields](#)

MEXICO CITY -(Dow Jones)- Mexican state oil monopoly Petroleos Mexicanos said Sunday it awarded four contracts for well-recovery rigs and related services as part of its efforts to contain the decline in production at the offshore Cantarell oilfields.

Pemex said in a press release that work on the contracts, which are for a combined \$150 million, is expected to be completed in about eight months.

[Richard Heinberg: Opportunity for FUNDAMENTAL change](#)

An article by Neil Reynolds in Friday's GLOBE AND MAIL, titled "Obama's energy quick fix bound for the slag heap," quotes University of Manitoba Professor Vaclav Smil to support its thesis.

[Julian Cope: 'It's time for war'](#)

"There has to be more eco-terrorism," he tells me in the well-spoken diction of his distinctive baritone, an occasional lilt suggesting his Staffordshire roots. "People's lives have to be disrupted to get them to slow down. We haven't hit peak oil yet, but it's very close. We've gotta stop flying cos it's just so gratuitous. What we should be doing is getting used to the guarantees falling, like not having guaranteed pensions any more."

[Kuwait Plans Oil, Gas Output Boost From New Deposits](#)

(Bloomberg) -- Kuwait aims to boost production of crude oil and natural gas at deposits it's developing as the Persian Gulf country seeks to bring new resources to the market, an official at state-run Kuwait Petroleum Corp. said.

Kuwait Oil Co., a unit of Kuwait Petroleum, is starting a heavy-crude pilot project in the northern part of the country to produce 50,000 barrels a day by 2015, Mohammad Hussain, the company's deputy chairman for planning and gas, said at a conference in Dubai yesterday. Output will rise to 400,000 barrels a day as the project's scope is increased after 2020.

[Crude Oil Falls Below \\$40 as Demand Drops Faster Than Supply](#)

(Bloomberg) -- Crude oil fell below \$40 in New York on concern production cuts by the Organization of Petroleum Exporting Countries will fail to counter a slump in demand.

Oil consumption will fall by 1 million barrels a day this year as the U.S., Europe and Japan face their first simultaneous recessions since the Second World War, Deutsche Bank AG predicted last week. U.S. stockpiles have climbed in 13 of the past 15 weeks, according to the Energy Department. OPEC members signaled last week they will curb sales to refiners in February.

[Cost of gas rises for first time in six months](#)

CAMARILLO, Calif. - The average national price of gasoline rose nearly 12 cents in the past three weeks, marking the first price hike after six months of steady decreases, according to a national survey released Sunday.

[Gazprom: Ukraine signs gas monitoring deal](#)

KIEV, Ukraine – Ukraine signed a deal Monday to allow independent monitors to track natural gas shipments from Russia. It did not insist on its previous conditions, opening the way for a resumption of gas supplies to Europe.

[Nuclear fears as danger plant is reopened in gas war with Russia](#)

Fears were raised yesterday over a decision to restart a potentially dangerous decommissioned nuclear power plant in the centre of Europe because of a shortage of gas caused by Russia's dispute with Ukraine.

Slovakia, defying undertakings given when it joined the European Union, said that it would reactivate a Soviet-style nuclear generator that has a record of safety problems because it had received no Russian gas since last Thursday.

[EU warns Slovakia on nuclear plant restart](#)

BRUSSELS, Belgium: The European Union says it would take action against Slovakia if it restarts a Soviet-era nuclear reactor to cope with a gas shortage caused by the dispute between Ukraine and Russia.

[Russia rouble devalued again, gas row adds pressure](#)

MOSCOW (Reuters) - Russia let the rouble's value fall on Monday for the second time this year as weak oil prices, the gas row with Ukraine and the prospects of an economic recession kept downward pressure on the currency.

The move, the 14th mini-devaluation in around two months and the second in as many days, keeps up the pace of late December, when the rouble weakened on six of the last 10 trading days.

[Brazil's Real Weakens Versus Dollar as Oil Drops Below \\$40](#)

(Bloomberg) -- Brazil's real fell as crude oil, one of the country's top three exports, dropped below \$40 a barrel.

[Venezuela Begins Stealth Devaluation After Oil Price Plunge](#)

(Bloomberg) -- Venezuelan President Hugo Chavez says he won't adjust the oil-exporting country's pegged exchange rate amid a plunge in prices for crude. Instead, seeking to maintain his popularity, he may devalue the currency by sleight of hand.

The government is already cutting its sales of dollars at the rate it established in 2005, forcing travelers abroad to turn to a parallel, unofficial market where U.S. currency sells at a 61 percent premium. Venezuelans need government authorization to get dollars at the official rate.

"What's essentially going on is a surreptitious devaluation," said Russell Dallen, head trader at Caracas Capital Markets, a unit of BBO Financial Services Inc., a Caracas-based brokerage and asset management company. "They're pushing more people into the unofficial market, so that's forcing a devaluation on more people."

[Indonesia cuts oil prices](#)

JAKARTA (Xinhua) -- Indonesian President Susilo Bambang Yudhoyono announced subsidized-oil prices cuts on Monday to boost purchasing power.

The move was Indonesia's latest effort to cushion the deepening fallout of the global recession, following the fall of global oil price up to over 40 U.S. dollars per barrel after reaching record of 147 U.S. dollars a barrel in July.

[Kuwait Appoints Sheikh Mohammed Sabah As Acting Oil Minister](#)

(Bloomberg) -- Kuwait appointed Mohammad Sabah Al-Salem Al-Sabah its acting oil

minister as the third-largest OPEC producer formed its fifth cabinet since 2006 after opposition lawmakers forced the previous government to resign.

[Fossil fuels will supply a third of energy till 2030: Pachauri](#)

New Delhi: Painting a gloomy picture of adverse climate change affecting countries across the globe, a leading energy expert has said that more than one-third of world energy demand would continue to be met by fossil fuels like coal till 2030.

“World energy demand would increase by 45 percent between now and 2030. More than one-third of this would be met by coal, sending global temperatures soaring,” director general of The Energy and Resources Institute, R.K. Pachauri said here Monday.

[Indian Bonds Advance Most Since 2001 as Fuel Prices May Be Cut](#)

(Bloomberg) -- Indian bonds rose the most since September 2001 on speculation the government will cut gasoline and diesel prices, helping ease inflation further from a 10-month low.

[Toyota shock hits Japan's auto region](#)

NAGOYA, Japan (Reuters) - Toyota shock has hit Japan's car manufacturing district, leaving factories and small businesses reeling as orders dry up due to a global recession that has put the brakes on car sales worldwide.

Toyota is firing thousands of contract workers, causing a rise in the number of jobless and homeless. The greater Nagoya economy is being hit hard with business slowing at shopping malls and taxi drivers complaining that customers are scarce.

[Honda to launch Insight hybrid in Japan in February](#)

DETROIT (Reuters) – Honda Motor Co will begin selling the Insight, the first of its next generation low-cost hybrid cars, in Japan in February, followed by launches in Europe and the United States in March and April.

The dedicated hybrid model, a production version of which made its debut at the North American International Auto Show in Detroit on Sunday, has listed mileage of 40 miles per gallon in city driving and 43 mpg on the highway in the United States.

But Yasunari Seki, the Insight's chief engineer, said it has proven potential of as much as 72 mpg, or about 30 km/liter, aided by an "eco-lamp" color meter that goes from shades of blue to green to prompt fuel-efficient driving.

[48 mpg is nice, but hybrids don't add up right now](#)

Paying thousands of extra dollars for a hybrid car when gas topped \$4 a gallon wasn't unreasonable because with enough driving, it only took a few years to recoup the added cost. But with the economy mired in a recession and fuel prices at their lowest in six years, pinched consumers seem less willing to fork over the extra thousands of dollars for a car that coaxes just a few extra miles out of a gallon of gas.

At this point, buying a hybrid makes as much economic sense as buying a gas-guzzling SUV did last summer.

["Green" billboard ready to light up Times Square](#)

NEW YORK (Reuters) – The world's first billboard running solely on wind and solar power is ready to make its debut in the capital of all billboards -- New York's Times Square.

Wind whistling between the neighborhood's skyscrapers should keep the giant billboard lit constantly, said the manufacturer, Japanese copy and photo giant Ricoh Company Ltd.

[Great wealth of Afghan elite sows bitterness: *In one of the world's poorest nations, a myriad tales of official corruption*](#)

"I am a farmer with 11 children. Our crops dried up, so I came to the city to find work, but all day I stand here in the cold and no one hires me," said Abdul Ghani, 47. "All the jobs and money go to those who have relatives in power, and corruption is everywhere. How else could they build these big houses? Nobody cares about the poor," he added bitterly. "They just make fun of us."

Seven years after the fall of the Taliban and the establishment of a civilian-led, internationally backed government, Afghanistan remains one of the poorest countries in the world, with rates of unemployment, illiteracy, infant mortality and malnutrition on a par with the most impoverished nations in sub-Saharan Africa. Most homes lack light, heat and running water; most babies are born at home and without medical help.

Now, according to U.N. figures, the populace is getting even poorer. A combination of drought, soaring food prices, scarce jobs and meager wages has meant that about 5 million Afghans -- far more than in any recent year -- are slated to receive emergency food aid. Many families spend up to 80 percent of their income on food.

[Unrest brewing in rural China over land disputes](#)

JILIN, China — As political slogans go, "Peasants are also citizens" doesn't sound very threatening. Yet it may have been enough to trigger a crackdown Sunday by Chinese police eager to prevent another outbreak of unrest in rural China.

About 200 Chinese villagers had gathered Sunday to press the government for more adequate compensation for farmland they say was unfairly expropriated from them more than a decade ago.

[NYT reporter warns of one-term Obama](#)

"You're not going to see universal health care, I don't think, this year," Baker said. "You're not going to see a cap on carbon emissions, as he has promised, probably, this year."

And for all of his campaign trail talk about collective sacrifice, Baker observed, Obama has seemed reluctant to call for austerity in a challenging economic moment.

"He hasn't asked anybody for sacrifice," Baker said. "His whole economic package is about giving things to people."

[Oil execs see growth in renewable energy](#)

WASHINGTON — Many oil and gas company executives are predicting a significant ramp-up of renewable energy use over the next five years to run cars and trucks and generate electricity, according to a new survey.

A survey of chief financial officers of 100 U.S. oil and gas exploration and production companies found that nearly nine of 10 executives predicted renewable energy to gain a larger share of the market in the next five years with better than 1 in 5 executives expecting the share to more than double.

[Georgia, Russia in talks over hydropower plant](#)

TBILISI (Reuters) - Georgia said on Monday it was in talks with Russian electricity trader Inter RAO over joint control of the vital Enguri hydroelectric power plant, which straddles Georgia's de facto border with breakaway Abkhazia.

"We are in talks to create a council with equal representation, which will manage the operation of the Enguri plant," Georgian Energy Minister Alezander Khetaguri told reporters.

[PICKENS: Energy independence](#)

While the 111th Congress and the Obama administration work on the details of the federal stimulus package, we have to make certain that we are looking for nongovernment mechanisms to stimulate the American economy.

One large target for preserving American cash is the huge amount of money we are sending overseas to buy oil. If OPEC is successful in reaching its target price per barrel in 2009, reported to be about \$75 per barrel, the United States will spend about \$350 billion on foreign oil. That number will be repeated - if not exceeded - year-after-year until we do something to reduce our dependence on imported oil.

[Carbon Tax: The Lesser Of Two Evils](#)

Climate Change: Exxon Mobil CEO Rex Tillerson, long reviled by environmentalists for his skepticism of extreme global warming claims, now supports a tax on CO2 emissions. A new convert to the cause? We doubt it.

[Two Google searches 'produce same CO2 as boiling kettle'](#)

Using Google to conduct two web searches produces the same amount of carbon emissions as boiling a kettle, says a US physicist.

Research by Alex Wissner-Gross, who is also a Harvard University academic, revealed that using a PC to conduct one Google search generates 7g of carbon dioxide and two searches is equal to the 14g of carbon dioxide produced when boiling a kettle with enough water for one cup of tea. With two million internet searches taking place every day, the carbon emissions are beginning to mount up.

[Google emits rebuttal to carbon claims](#)

Reacting swiftly to a Harvard academic's claims that two Google searches produce as much greenhouse gas as boiling a kettle, the company has posted a blog on the subject.

"We thought it would be helpful to explain why this number is *many* times too high," the post states. "...A Google search uses just about the same amount of energy that your body burns in ten seconds... The average car driven for one kilometer produces as many greenhouse gases as a thousand Google searches."

[Climate will hit indigenous Australians hardest: report](#)

INDIGENOUS Australians in remote areas will be hardest hit by climate change because of their poorer health and access to services, a team of environment and indigenous health experts has warned.

And the documented link between the health of traditional Aborigines and the health of their ancestral country could make them more vulnerable to the effects of climate change.



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