



DrumBeat: January 18, 2009

Posted by [Leanan](#) on January 18, 2009 - 9:22am

Topic: [Miscellaneous](#)

[Gulf states delay projects to lower costs](#)

Gulf oil producers are delaying some of their projects in energy and other sectors to take advantage of a steady decline in construction costs as a result of the global economic crisis, according to a Saudi financial centre.

Although state-owned oil companies in the six-nation Gulf Co-operation Council (GCC) have sufficient cash to fund planned capacity expansions and new hydrocarbon ventures, some of their projects could also be delayed because it will be more difficult for contractors to obtain credit to finance their work, said the report by the Riyadh-based Jadwa financial and investment consultancy centre.

It said the short-term outlook for oil prices has worsened due to the global financial crisis but has improved in the medium and long term on the grounds higher cost of raising finance will ally with lower crude prices to reduce the attractiveness of non-Opec supply and alternative energy sources.

[Cheap oil may delay GCC's shift to clean fuel](#)

Supported by low oil prices, GCC states may continue to use petroleum distillates instead of implementing plans to switch over to clean fuels, a senior analyst with Merrill Lynch has said.

Gustavo Soares, a senior commodity strategist with Merrill Lynch, said with oil prices hitting rock bottoms, it might seem irrational in the short term for the Gulf states to generate power with "anything that's not oil". He said government incentives to switch over to low-carbon energy sources can ensure green energy projects are not abandoned.

[Exclusive Interview with Jim Rogers: Inflation Is Coming](#)

You've said that over the long term, the US dollar is doomed. What are your thoughts on the British Pound?

Rogers: More doomed. It will disappear sooner. If it weren't for the North Sea, the

British Pound would have already disappeared. It's more doomed. The UK has been exporting oil for 26 years; within the decade, the UK will be a net importer of oil again, and they have nothing else to sell to the world once the oil dries up.

[Arab oil income dips by \\$108bn in Q4 due to output cuts, low prices](#)

A steep fall in crude prices allied with lower output will cost Arab oil producers nearly \$108 billion (Dh396bn) in the last quarter of 2008 but their income climbed to an all-time high through the year, official figures showed yesterday.

[Seven Ways to Play Both Oil Scenarios](#)

Right now, world production for oil is about 73.8 million barrels per day (mbd). But apparently we're not using quite that much and we don't have anywhere to store the remainder. That is part of the reason that prices have cratered.

Traditionally, OPEC would slow down production. If you can sell oil now for \$36 and in June for \$51, why pump any now? Save it for later and boost production during higher prices, right?

Well, they are not doing that. Production is still at 99.6% of what was pumped at June's record highs. The question is why. There are two theories. Generally, oil-producing companies are not the most forthcoming with reliable facts, so it's hard to confirm either one.

[Report: Iran cuts oil supplies to customers](#)

TEHRAN, Iran -- Iranian media says the country has reduced its oil supplies to Asian and European customers in line with OPEC's latest round of output cuts.

[Explosion at fuel depot in Indonesian capital](#)

JAKARTA, Indonesia – Firefighters were battling a blaze at a major fuel storage depot in northern Jakarta Sunday, officials said. No one is believed to have been hurt.

It was unclear what started the fire, but "explosions were heard from the tank," said Afendi, a worker at the Pertamina national oil company fuel depot.

[Fear, suspicion plague northeast B.C. community after pipeline bombings](#)

Residents in and around Tomslake, B.C., say months of tension and suspicion about pipeline bombings have driven a wedge between people in the community.

[Gunmen attack vessels at Nigeria oil loading platform](#)

LAGOS (Reuters) - Gunmen opened fire on at least two oil vessels at Nigeria's Bonny crude oil loading platform late on Saturday, kidnapping six crew members in what the country's main militant group said was meant as a warning to the industry.

[Venezuela's Chavez says Obama has "stench" of Bush](#)

CAMPO CARABOBO, Venezuela (Reuters) - Venezuelan President Hugo Chavez said on Saturday Barack Obama had the "stench" of his predecessor as U.S. president and was at risk of being killed if he tries to change the American "empire."

[Which Parts of the U.S. Will be Hardest Hit by Global Warming?](#)

It's difficult to predict which areas of the U.S. will suffer the most from global warming, but it's safe to say that no regions will be unaffected. Scientists already point to increased severity of hurricanes on the East Coast, major Midwest floods, and shrinking glaciers in the West as proof of global warming's onset.

[Mergers in pipeline as oil industry's fairytale era ends](#)

Oil companies enjoyed record earnings over the last couple of years and have in some cases been spending billions of pounds rewarding investors through share buybacks. Service companies such as Schlumberger and Halliburton have also seen profits soar as steadily increasing crude prices led to a drilling boom that enabled them to charge much higher prices for providing rigs, well work and personnel. Until last year there were huge shortages of equipment, and massive inflation, in the industry. But now that situation is changing fast.

"In my 30-year career I have never seen before so many in the industry - even the most conservative companies - believe so hard in the fairytale of unjustifiably high crude prices," says Fadel Gheit, analyst with Oppenheimer & Co in New York. "We saw a range of mega-mergers in 1998 when the price collapsed to \$9, including BP taking over Amoco, Exxon acquiring Mobil, and Chevron buying Texaco, and I would not rule out a similar outcome this year."

[A 'moon shot' for Obama](#)

Here's what Obama should do: Embark on a massive drive to build more nuclear and

natural gas power plants. In the campaign, John McCain called for 45 nuclear plants, which sounds like a good start.

Nuclear power plants provide good jobs, but that benefit pales by comparison to their larger importance. They provide clean, safe and virtually unlimited electricity for businesses, homes and even cars. More nuclear power would help to free America from dependence on other nations by, for example, eliminating oil-fired power plants and their corresponding pollution.

[Unit 4 of Bulgaria's Kozloduy Nuclear Plant Ready for Restart in One Week](#)

The Executive Director of Bulgaria's nuclear power plant at Kozloduy Ivan Genov announced Sunday that the 440 MW Unit 4 could be turned on in a week as long as the Bulgarian government managed to get a permission from the European Commission.

[Saudi Arabia to export power in 5 years](#)

(MENAFN - Arab News) Saudi Arabia will start exporting power to the rest of the Gulf Cooperation Council (GCC) in the next five years, according to a power expert.

Delivering his keynote address on "Recent trends in power and water supply," Paddy Padmanathan, CEO and president of ACWA Power International, a private power consultant and developer, told a technical seminar organized by Institution of Engineers Pakistan ♦ Saudi Arabian Center (IEP-SAC) in Riyadh on Thursday that both power and water now remained essential commodities like rice and wheat.

[Mass. hopes to learn from 'super insulated' house](#)

Four years later, his two-family condo in Arlington is encased in so much insulation, the builders were forced to switch to extra-long 10-inch screws just to attach it to the roof.

His unique "super-insulation" project costs \$100,000, though half of it being picked up by sponsors including NStar [NST]. But Cheimets expects when it's completed in coming weeks it will save him up to 70 percent on his energy bills, or as much as \$4,000 a year.

[Gulf states run risk of losing investors](#)

DUBAI — Gulf Arab countries must start publishing timely and detailed economic data to convince investors alarmed by weak oil prices and the global financial crisis that they are still prime targets for investment.

Some Gulf Arab states have not released economic growth data for 2007, let alone late

2008, a situation investors find increasingly unacceptable in such uncertain times.

During the region's six-year oil boom – now a distant memory – patchy economic data posed few questions among investors accustomed to secretive conservative Gulf regimes. They based investment decisions on the strength of oil prices, not the level of transparency.

[The \\$4 billion opportunity off the coast of Gaza](#)

Over the ensuing six and a half years, BG and officials from the Finance and National Infrastructures ministries tried to reach an agreement to pump the gas into Israel. But the two sides could not agree on the price.

Yet even before the talks broke off, the situation shifted dramatically in June 2007 when Hamas violently ousted Fatah from power in the Gaza Strip, claiming ownership of the gas fields off the coast and the proceeds from the sale of the gas.

This posed a serious problem for both Israel, which obviously was not going to pay a portion of the money to Hamas, and to BG, which was banned by its government from negotiating with Hamas. The Post reported that had Israel and BG reached an agreement on the sale price of the gas, they would have found an alternative arrangement for the transfer of funds to ensure they did not end up funding terrorism.

Today, the estimated \$4 billion worth of gas off the Gazan coast is still sitting, untapped, at the bottom of the Gaza Marine gas field. Hamas has not backed away from its claim that it is the rightful owner of the gas, even saying it deserves more than the 10% of the royalties from the sale of the gas, as originally negotiated between BG and the PA.

[Nigerian militants abduct crew in attack on Shell](#)

LAGOS (AFP) – Nigerian militants early Sunday attacked a Shell loading vessel in the southern oil and gas town of Bonny and took eight crew members hostage, police and the military said.

[Nigeria militants report botched hostage rescue](#)

LAGOS, Nigeria – Militants said Sunday that the Nigerian military botched a rescue mission aimed at liberating two British hostages held captive in Nigeria's restive southern oil region.

The Movement for the Emancipation of the Niger Delta said in an e-mail message that the overnight mission caused the militants to separate the British victims and move them deeper into the region's vast network of creeks and mangrove swamps.

[Czechs send emergency gas to Slovakia](#)

BRATISLAVA, Slovakia (AP) - Officials say the Czech Republic is sending emergency shipments of natural gas to neighboring Slovakia.

Slovakia has been among the countries hardest hit by the Jan. 7 cutoff of Russian natural gas shipments via Ukrainian pipelines. Under gas rationing, about 1,000 Slovak companies haven been forced to close down or limit their production since the dispute between Russia and Ukraine erupted 11 days ago. The rationing has allowed Slovakia to still heat

[EU Gives Cautious Welcome to Russia, Ukraine Natural-Gas Deal](#)

(Bloomberg) -- The European Union gave a cautious welcome to a deal thrashed out between Russia and Ukraine earlier today that may pave the way for the resumption of natural-gas flows to the continent after almost two weeks.

"We have seen many false dawns in this dispute," the European Commission said in a statement. "The 'test' in this case is whether or not the gas flows to Europe's customers. Until that point, the wait goes on." The commission is the executive arm of the 27-nation bloc.

After marathon talks that dragged on until the early hours in Moscow, Russian Prime Minister Vladimir Putin and his Ukrainian counterpart Yulia Timoshenko agreed the broad outlines of a deal. Ukraine will pay higher European prices for Russian gas from 2010, after a 20 percent discount this year. In return, 2009 transit fees for Russia will remain at last year's level.

[Four functions to avoid another financial funeral](#)

When the world faces almost simultaneously the triple crunch over financial breakdown, peak oil and climate change, a much more directive role for the state is desperately needed. We cannot afford to wait for the glacial pace of adjustment by the markets.

[Detroit 3 say they'll need help to go electric](#)

"We are really going to need to partner with the government and the electric companies," Fields said. "The infrastructure is key. If you're going from one state to another, where are you going to plug in, what are you going to charge for it?"

[Florida considering options for renewable energy targets](#)

The Florida Public Service Commission recommended last week that one-fifth of Florida's energy supply come from solar and wind power and other renewable power sources by 2020.

More than half of all states already have renewable energy requirements for utilities. In a sweeping energy law passed last year, the state Legislature asked the commission to develop recommendations by February for quotas on how much power generated in this state must be from alternative energy.

[Are costly energy bills draining your wallet? Win the power struggle](#)

You can go broke going green.

Solar panels cost tens of thousands of dollars. And who's got the money to buy all new appliances?

Don't despair. There is a lot you can do, right now, with very little cash outlay, to make your home energy efficient and cheaper to run.

[Center rates 2008 as 8th-warmest year ever](#)

WASHINGTON — Last year was the eighth-warmest on record, according to the National Climatic Data Center.

The world's temperature in 2008 tied that of 2001, according to the center, a division of the National Oceanic and Atmospheric Administration.

Preliminary calculations show the world's average for 2008 was 0.88 degrees Fahrenheit above the 20th-century average of 57.0 degrees F.

The ranking means that all of the 10 warmest years on record have occurred since 1997.

[Debate flares over how to cut greenhouse gases](#)

Attacking climate change through a complex greenhouse gas trading system is a centerpiece of the incoming Obama administration's energy policy.

But economists and energy analysts of all ideological stripes are saying a better approach to getting a cleaner atmosphere might involve a political dirty word — tax.

[Maryland's coastal protection laws addressing rising sea level](#)

"Maryland is ahead of most other states" in planning for rising sea levels, said Jim Titus, convening lead author of a report from the U.S. Environmental Protection Agency called Coastal Sensitivity to Sea Level Rise: A Focus on the Mid-Atlantic Region.

A state law limiting development along the Bay and a law requiring waterfront areas to have living shorelines, with grasses and rocks rather than bulkheads, also protects areas and wildlife from flooding because of rising sea levels, Titus said.

"It's a huge area where ecosystems are likely able to migrate inland because the land will be preserved," he said.

[Can Oregon's climate change plan survive a down economy?](#)

Oregon's economy is putting at risk Gov. Ted Kulongoski's aggressive plans for tackling global warming.

The governor's bid to limit Oregon's greenhouse gas emissions arrives before the 2009 Legislature at an awkward time.

Manufacturing jobs are dropping. Electricity bills are rising. Powerful economic interests, including heavy industry and the state's biggest electric utilities, argue that Kulongoski's strategy could boost both of those trends.

[New satellite to monitor global warming](#)

KAGOSHIMA PREFECTURE, JAPAN (NBC) - Japan's space agency will launch a satellite next Wednesday that will monitor greenhouse gases and assist in the fight against climate change.

[Scientist hopes terra preta will slow climate change](#)

Now, a growing number of scientists want to see human civilizations adopt terra preta again, worldwide - not just as a way to make soil more productive, but as a major tool against global warming.

A U.N. task force on global warming has proposed using the technique, prominently citing research by UGA research scientist Christoph Steiner, who studied terra preta for years in Brazil and now is researching ways biochar might help modern humans.

[President 'has four years to save Earth'](#)

Barack Obama has only four years to save the world. That is the stark assessment of

Nasa scientist and leading climate expert Jim Hansen who last week warned only urgent action by the new president could halt the devastating climate change that now threatens Earth. Crucially, that action will have to be taken within Obama's first administration, he added.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).