



## DrumBeat: January 26, 2009

Posted by [Leanan](#) on January 26, 2009 - 8:56am

Topic: [Miscellaneous](#)

[Facing the Oil Problem](#): *A call for an energy policy that would spark outside-the-box basic research, end dependence on foreign oil, and reduce death and destruction on the nation's highways.*

U.S. government agencies have recently come around to the view that conventional oil supplies are likely to peak worldwide sooner rather than later. Although U.S. supplies peaked as far back as 1970, the government has long denied concern about the availability of oil to fuel future world growth. But *Hard Truths*, a 2007 report issued by the U.S. National Petroleum Council, an advisory group to the Department of Energy, included assessments from both the U.S. Government Accounting Office and the U.S. National Energy Technology Laboratory regarding the likelihood that world oil is peaking. Both *Hard Truths* and the 2008 International Energy Agency study *World Energy Outlook* include data and graphical evidence of the global peaking of conventional oil, especially in non-OPEC areas. Outside OPEC, oil fields everywhere are in decline. Even the huge Ghawar field in Saudi Arabia may have reached its peak rate of output of easy oil. Meanwhile, pushed by high economic growth rates in China, India, Brazil, and elsewhere in the Third World, demand continues to rise.

### [Peak oil? Global warming? No, it's 'Boomsday!'](#)

Yes, population is the core problem that, unless confronted and dealt with, will render all solutions to all other problems irrelevant. Population is the one variable in an economic equation that impacts, aggravates, irritates and accelerates all other problems.

### [Supply-driven oil production will mean continued high prices](#)

It looks, then, as if the extreme prices of last summer were a result of a peak in credit, not oil production, and that market pricing mechanisms have temporarily restored market equilibrium. Some oil is now being conserved underground for future use, allowing more time for the development of alternative transport technologies.

That, at least, is a conventional view. "The theory that we will hit a brick wall of declining oil production is grossly exaggerated," says Jeremy Nicholson, director of the Energy Intensive Users Group, a consortium of large manufacturers. He is sceptical of the predictions of 'peak oil' theorists and believes that, in future, more investment in

unconventional oil sources such as oil sands, along with investment in other energy sources, will cushion the problems created by the decline.

...Peak oil experts, on the other hand, state that the potential of relatively easily accessible resources is declining, that most oil fields are past their peak and that 97% of the globe has been explored for oil. To dismiss their arguments would be illogical; hydrocarbons are not renewable, therefore their exploitation will peak if the world economy continues to desire oil. That fact is demonstrated by the Oil Market Consultancy Service's Dr Mahmoud Salameh, who has aggregated figures from various sources.

### [It is not a bomb!](#)

I have gone to this length to demonstrate that the global economy is on its knees today not primarily because of the collapse of the financial system but because of the energy crisis-Peak Oil, the inability of the petroleum producers to meet the growing demand for energy, particularly from the emerging economies.

For the global economy to recover the world has to either address the basic problem of supplying energy to its traditional economies, using alternative sources of energy, or change its perception of economic development.

### [Sources: Clinton to name climate change envoy](#)

WASHINGTON – Secretary of State Hillary Rodham Clinton on Monday will appoint a special envoy for climate change as the Obama administration moves to restore America's credentials in environmental policy, U.S. officials familiar with the decision said.

Clinton will name Todd Stern, a former White House assistant who was the chief U.S. negotiator at the Kyoto Protocol talks in her husband's administration, to the post, the U.S. officials said. The officials spoke on condition of anonymity ahead of a planned midday State Department ceremony where Clinton will announce the appointment.

### [Petrobras Reserves May Double With 3 Offshore Fields](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, will probably more than double its reserves when it declares three offshore oil discoveries commercial in the next three years.

Tupi, a 5 billion- to 8 billion-barrel field that's the largest discovery in the Americas since 1976, along with the Iara and Parque das Baleias finds, may together hold about 14 billion barrels of oil, company officials said today on a Webcast. Iara has 3 billion to 4 billion barrels, while Parque das Baleias holds 1.5 billion to 2 billion barrels.

### [Anger at priest kidnap in Nigeria](#)

The Roman Catholic Church in Nigeria has condemned the kidnapping of a missionary in the oil-producing south.

The Archbishop of Abuja, Most Rev John Onaiyekan, head of the Christian Association of Nigeria, said the kidnappers had made a "grave mistake".

### [GM to lay off 2,000 workers, cut production](#)

DETROIT – General Motors Corp. said Monday it will cut 2,000 jobs at plants in Michigan and Ohio, and it will halt production for several weeks at nine U.S. plants over the next six months due to slow sales.

### [Chu's Green Energy Agenda](#)

As head of Obama's Energy Dept., physicist Steven Chu intends to draw on smart ideas from America's green innovators and entrepreneurs.

### [Europe pins hope on Nabucco pipeline to end dependency on Russia - but project faces hurdles](#)

BUDAPEST, Hungary (AP) — Beyond cloaking parts of Europe in winter's icy grip, the two-week cutoff of Russian gas to Europe has exposed another chilling threat — Russia's strategic energy clout and the West's limited options.

That is adding urgency to Tuesday's summit of European leaders and non-Russian gas suppliers meant to kickstart construction of the European and U.S.-backed Nabucco pipeline and lock in non-Russian sources of gas to pump through it to Europe.

Ultimately, pipeline backers' choices may be limited to a difficult one: between Russia and Iran.

### [Citigroup Crude Storage Tanker Leaves Orkney for U.S. Gulf](#)

(Bloomberg) -- An oil tanker hired by Citigroup Inc.'s Phibro LLC to store crude off Scotland's Orkney Islands left for the U.S. Gulf, a port official said.

The 1-million barrel Ice Transporter left Scapa Flow late Jan. 23, Captain William Sclater, operations manager at the port, said today. The vessel is headed for the U.S. Gulf, according to Sclater. Jeffrey French, a Citigroup spokesman, declined to comment.

### [Petrobras to Cut Costs to Free Funds, Limit Debt Rise](#)

(Bloomberg) -- Petroleo Brasileiro SA, Brazil's state-controlled oil company, will seek to cut costs by as much as \$4 billion annually to prevent debt from swelling after the company announced a \$174.4 billion five-year investment plan.

Reducing costs by that amount in the next two years will be a "big challenge," Chief Financial Officer Almir Barbassa said today at an event in Rio de Janeiro. Petrobras will seek to keep its investment-grade debt rating after plans to spend 56 percent more than the previous five-year plan through 2012.

### [Obama to let states set auto emission rules](#)

WASHINGTON (CNN) -- President Obama signed an executive order Monday requiring the Environmental Protection Agency to reconsider an application by California to set more stringent auto emissions and fuel efficiency standards than required by federal law.

If the EPA grants a waiver allowing California to set its own emissions standards, the nation's largest state will be allowed to require automakers to produce trucks and cars that get better mileage than what is required under the current national standard.

Thirteen other states could take similar action.

"It will be the policy of my administration to reverse our dependence on foreign oil," Obama said.

### [Obama and emissions: Right vs. smart](#)

NEW YORK (Fortune) -- Government-guaranteed loans for General Motors and Chrysler are getting most of the attention in Washington right now, but President Obama has an opportunity to do something far more important for the future of the auto industry on Monday.

The question is whether he will do the right thing - or the smart thing?

### [Australia: Petrol prices soar as refineries cut production](#)

SOUTHEAST Queensland motorists will be paying \$1.15 a litre from Thursday as Singapore refineries cut back production to increase profits.

The strategy will put unleaded on a parity with diesel fuel, which has dropped in price as demand from the manufacturing sector falls due to the economic crisis.

### [Over 25 millions Kenyans face starvation](#)

An estimated 17 million people are in need of emergency assistance while over 25 million others face starvation in the Horn of East and Central African regions.

In a report released Monday by Oxfam, an international Aid agency, Kenya has nearly 10 million people faced with famine due to the poor rains and the escalating food prices.

### [Kenya: Climate change to blame for food shortage says Diplomat](#)

Climate change is a major cause of the current food shortage facing the country and is a clear warning of how climate volatility can affect countries like Kenya.

Addressing a seminar on Clean Development Mechanisms (CDM) at a Nairobi hotel Monday, British High Commissioner to Kenya, Rob Macaire, said that droughts, floods, temperature and rainfall pattern changes can hit countries across a range of sectors.

In addition to agriculture, public health, water availability, energy use, infrastructure and services like tourism are also affected by the current drought.

### [Mexicans Protest Fuel Price Hike](#)

Mexico (Prensa Latina) Mexican fishermen on strike since Jan. 1 announced on Sunday they will increase the protest campaign if their demands are not met by the government.

The union demands a fuel price freeze since they cannot longer afford to pay for the diesel for their boats.

### [India \(Heart\) China](#)

Cooperation is the key because both countries are hungry for resources. "There have been a few instances where India has attempted to acquire oil assets, like in Angola, and the Chinese maneuvered their way and beat the Indians out," says Michael Klare, author of "Rising Powers, Shrinking Planet." "Now they have signed an agreement to notify each other ahead of time."

The world gets nervous at this vision of India and China coming together to gobble up resources. But [Bill] Emmott says India and China can actually be part of the solution to

the quest for new resources. "We need more investments in exploration of oil, water supply and food. India and China have the capital to expand and invest in Africa and Latin America."

### [Saudi Arabia postpones Jizan refinery bids](#)

Saudi Arabia has postponed to September a bidding round for building an oil refinery with a capacity of up to 400,000 barrels per day on the Red Sea coast, a newspaper reported on Monday.

'We are in a (global) recession crisis, therefore thinking of building a large project like this one requires more prudence,' Al-Watan newspaper said citing an unidentified oil source.

### [Pakistan: National Refinery also ceases fuel supply to Pepco](#)

ISLAMABAD: The National Refinery Limited (NRL) on Saturday dropped another bombshell on the Pakistan Electric Power Company (Pepco) when it stopped the supply of furnace oil to thermal power stations of the state-owned company, a senior official in the Ministry of Petroleum and Natural Resources told The News.

A day before, the Attock Petroleum had ceased fuel supply to Pepco. The decision of two refineries will deprive the government thermal powerhouses of 85,000 to 90,000 tonnes of furnace oil per month.

### [Pakistan: Urea shortage intensifies in Talhar](#)

TALHAR: During a survey conducted by The Regional Times, it was learnt that the shortage of urea has intensified in Talhar and its adjoining areas due to which growers are facing many hardships.

While talking to newsmen, the local growers said that the each sack of urea is being sold at rupees 850 by the traders, whereas the concerned authorities have not taken any step in the matter despite of their several complaints.

### [Norway dips into oil fund for Nkr20bn stimulus](#)

Norway on Monday unveiled a Nkr20bn (\$3bn, €2.25bn) fiscal stimulus package as it starts to use its massive oil wealth to boost growth and employment in its struggling economy.

The Nordic country of just 4.7m people has amassed \$370bn in oil revenues – the world's second largest sovereign wealth fund, after Abu Dhabi's – and is now starting to use it to soften the effects of an expected recession.

### [Kuwait sovereign fund takes stake in Gulf Bank](#)

KUWAIT (Reuters) - Kuwait Investment Authority KIA.L, the oil-exporter's sovereign wealth fund, will own 16 percent in troubled Gulf Bank after the lender completed its capital hike, an official said on Monday.

In December, shareholders in Gulf Bank approved a rescue plan ordered by the central bank to raise 375 million dinars (936.6 million pounds) in a 100 percent emergency rights issue to cover derivatives losses of the same amount.

### [BP jumps; traders cite talk of bid for Chesapeake](#)

LONDON (Reuters) - Shares in British energy group BP rose more than 3 percent on Monday as traders cited market talk that the company was planning a bid for U.S.-listed group Chesapeake Energy.

### [Petrobras expects to raise \\$18bln-\\$19bln for 2010](#)

RIO DE JANEIRO (Reuters) - Brazilian state-run oil company Petrobras said on Monday it expected to go to capital markets to raise \$18 billion to \$19 billion for its 2010 investments, budgeted at \$35 billion.

### [TNK-BP adds 460m barrels to reserves](#)

Russian oil company TNK-BP, half-owned by oil major BP, said today it added at least 460 million barrels of oil equivalent to its estimated reserves in 2008 due to geological exploration alone.

TNK-BP, Russia's third-largest oil producer, published the information in a corporate bulletin on its website.

### [Russia's king of crude](#)

Lukoil, the country's largest independent company, has become the face of Russian business abroad. But can it be the next Exxon?

## [Peak oil investment verities](#)

This doesn't mean we shouldn't try to plan or prepare or even invest. Humans are planning animals. But what they are really good at is improvisation. That's why careful attention to what is right before us rather than what we imagine for the future is of critical importance. The kick in the pants that all those who followed the peak oil investment paradigm received last year (including me to a minor degree) is a reminder that we ought not to allow our fantasies of the future to dominate our every action in the here and now.

## [Workers urged: Go home and multiply](#)

TOKYO, Japan (CNN) -- Even before one reaches the front door of Canon's headquarters in Tokyo, one can sense the virtual stampede of employees pouring out of the building exactly at 5:30 p.m.

In a country where 12-hour workdays are common, the electronics giant has taken to letting its employees leave early twice a week for a rather unusual reason: to encourage them to have more babies.

## [Carolyn Baker: Dystopians On Estrogen](#)

This past week the New Yorker published "The Dystopians" by Ben McGrath, by whom I was interviewed back in October and who allowed me to make an appearance in the article with a brief mention of my forthcoming book. Sitting with this piece for the past seven days has been unsettling, not because I personally wanted more air time, but because of the article's paucity of references to the female perspective regarding the collapse of civilization. Although I greatly admire Dmitry Orlov and James Howard Kunstler, and while I feel camaraderie in particular with my friends in the Vermont Independence movement, Rob Williams and Thomas Naylor, I found "The Dystopians" to be an appallingly white male extravaganza.

...My complaint is not about some notion of "equal time" but rather the consequences of omitting a uniquely female perspective from the discourse about collapse and the construction of a new paradigm of life on the planet. Despite my caveat, I know I will be accused of proclaiming the superiority of the female gender, but that is absolutely not my intent. In fact, quite the opposite. The conversation requires the distinct characteristics of both genders, and without it, only half the landscape of collapse can be viewed.

## [A house of straw that won't blow down](#)

Holistic Habitats uses other building materials as well — it recently completed a room



addition using concrete forms — but its focus is on straw-bale construction, Matesi says. True to its name, the company also takes into account the setting for a home, positioning it to take advantage of natural runoff patterns and prime garden spots, while retaining wildlife habitat.

The increasing demand for more environmentally sustainable homes has allowed Matesi to create a successful niche in straw-bale construction. What began as a one-man operation in 1993 has since grown to a thriving small business with five employees — a construction manager, an accountant, a design manager and a client relations specialist. The company also employs a range of contractors, from excavators and carpenters to plumbers and well-diggers, each of whom brings in his or her own crew of two or three workers.

### [NZ's chance to influence the wind of change](#)

New Zealand needs to sign up to a new international energy agency that focuses on renewable sources, writes Gerry Coates.

People are increasingly aware that, along with global warming, an energy crisis looms, with oil and gas soon reaching the peaks of their production and discoveries.

The question is how we bridge the gap between our growing energy needs and a dwindling supply from conventional sources.

### [Is Oil's Future Sustainable? If Not, What Are The Consequences? \(PDF\)](#)

## Conquering Rust Will Be World's Largest And Most Complex "Project"

- Replacing even 80% of global delivery system of oil will be more costly and complex than fighting WWII or Marshall Plan.
- Total cost might exceed \$100 trillion.
- Manpower needs could exceed 500,000 to 1 million engineers, construction workers, etc.
- Could the world run out iron ore and steel in getting the task done?



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### [Ruble May Drop 25%, Break Widened Trading Band, Citigroup Says](#)

(Bloomberg) -- Russia's ruble may weaken as much as 25 percent, breaking the central bank's widened trading range within two months, as declining oil prices weaken the economy, Citigroup Inc. said.

The currency, which is managed against a basket of dollars and euros to limit swings that hurt exporters, may slide to 42 against the mechanism by the end of March, from 37.5196, Elina Ribakova, Citigroup's chief economist in Moscow said today, reiterating a Jan. 20 forecast. Further depreciation to as low as 50 against the basket is a "possibility," she added.

### [Petrobras Investment Plan May Have 'Disappointed,' Itau Says](#)

(Bloomberg) -- Petroleo Brasileiro SA's capital expenditure plan may have "disappointed" investors in Brazil's state-controlled oil company who were seeking more conservative investments as oil prices fall, Itau Corretora said.

"Shares will probably suffer in Monday's trading session," analyst Paula Kovarsky wrote, citing the company's plan to spend \$174 billion between 2009 and 2013, about 10 percent higher than she expected. "This plan had a major political component, with Petrobras effectively becoming the pillar of the government's anti-cyclical-investments speech, and this is certainly not good news."

### [Repsol Discovers Gas at Three Fields in Sahara Desert](#)

(Bloomberg) -- Repsol YPF SA, Spain's largest oil company, found natural gas at three fields in Algeria's Sahara Desert and said they produced more than 1 million cubic meters of the fuel a day in tests.

### [Despite potential, Maine lags offshore wind power race](#)

Along the some 3,500 miles of Maine coastline, offshore wind power isn't easy to tap because the continental shelf drops off precipitously about three miles from land. So drilling turbine masts into the seabed, as Delaware plans to do, isn't feasible here. Because of the deep water, as well as financing and permitting ambiguities, there are no offshore wind power projects in Maine. The deep-water challenge here does, however, come with a uniquely shiny silver lining, in that the wind power in the Gulf of Maine is some of the most powerful in the world, whipping at average winter speeds of 21 miles per hour, and capable of producing at peak up to 100 gigawatts of electricity, equivalent to the power output of 100 Maine Yankee nuclear plants, or 10% of the entire nation's

electricity needs, according to Dagher. With potential this great, it's no wonder some of Maine's most entrepreneurial minds are chasing ocean wind — besides Dagher, Matt Simmons, a summer resident of Rockport and former energy advisor to former President George W. Bush, has established the Ocean Energy Institute to study offshore wind; former Harvard University business professor Wick Skinner, who resides in Tenant's Harbor, and Island Institute President Philip Conkling are involved with OEI; and, of course, there's Maine's former governor, Angus King, whose speech calling for regulatory and business support to make the state the "Saudi Arabia of wind" has been presented to business audiences around Maine in recent months, including at MaineBiz's energy symposium in October. And, in a state this small, it's also no surprise that those minds all know each other, that they've converged in each other's living rooms to discuss the issue, and that their respective plans to move the state toward offshore wind development all look the same.

### [OPEC Achieves Cuts in Output, Halting Price Slide](#)

After months of gradually closing the oil spigot, members of the OPEC cartel have managed to stop the slide in oil prices — at least for now.

Showing an unusual degree of discipline, members of the Organization of the Petroleum Exporting Countries have slashed their output by more than three million barrels a day in recent months as they sought to put a floor under oil prices, which have fallen by \$100 a barrel since last summer. That is about 75 percent of the production cuts pledged by members of the cartel since September.

The cuts have been led by Saudi Arabia, the world's top exporter, which has trimmed its production to eight million barrels a day this month, down from nearly 10 million barrels over the summer.

In September, OPEC producers vowed to reduce their output by 4.2 million barrels a day, or about 5 percent of global production.

"Compliance has been extremely high," said Kevin Norrish, an oil analyst with Barclays Capital in London. "Most OPEC countries have done most of what they'd pledged to do."

### [Ecuador sees oil at \\$55 per barrel in 2009](#)

QUITO (Reuters) - OPEC member Ecuador sees oil prices averaging around \$55 per barrel this year, Oil Minister Derlis Palacios said Monday.

"Ecuador has restructured its 2009 budget with a WTI (West Texas Intermediate) price of \$55 per barrel ... we are talking about around \$40 for our oil," Palacios told a local radio station.

### [Russia's Ruble Weakens Against Dollar, Basket as Oil Declines](#)

(Bloomberg) -- Russia's ruble slumped for a second day against the dollar and weakened versus the central bank's target currency basket as declining oil prices spur bets against the currency.

### [Canada delusional about oil](#)

There is this Canadian delusion that the Alberta oil sands will give us special influence with the new Obama administration, that energy is our trump card in the Canada-U.S. relationship because, it's argued, the United States desperately needs our oil. It fosters the false belief that we can get concessions from the U.S. in other areas by producing more oil.

### [Shell profits to tank as oil price nears \\$40 a barrel](#)

Analysts estimate Shell's fourth-quarter profits are likely to be in the region of \$4bn (£3bn), which may force the world's second largest non state-owned oil company to rein back investment in new projects and hiring this year.

Shell declined to comment on the possibility that job cuts may be announced when the group reports its full-year results on Thursday.

### [Valero to shut Texas City refinery during 40-day work](#)

NEW YORK (Reuters) - Valero Energy Corp (VLO.N) said Monday it will shut its 245,000 barrel-per-day refinery in Texas City, Texas during a 40-day planned maintenance on crude unit and a coking unit due to start this week.

Spokesman Bill Day said Valero decided to shut the rest of the refinery, including two other crude units and the gasoline-making fluid catalytic cracker complex, due to other minor work and for economic reasons because of weak gasoline margins.

### [Growing stocks of unsold cars around the world](#) (photo essay)

Carmakers around the world are cutting production as inventories build up to unprecedented levels. Storage areas and docksides are now packed with vast expanses of unsold cars as demand slumps.

### [Oil spill in Russian Far East kills hundreds of birds](#)

MOSCOW - A fuel oil spill off Russia's far eastern island of Sakhalin has killed hundreds

of birds in a wildlife area of international importance, Russian news agencies reported on Monday.

"Hundreds of birds have been killed, including ducks, guillemots and divers," the RIA Novosti news agency quoted the head of the Sakhalin diving centre Vladimir Bardin as saying.

### [Imported biofuel a risk to wildlife](#)

AUSTRALIA is contributing directly to the widespread destruction of tropical rainforests in Indonesia and Malaysia by importing millions of tonnes of taxpayer-subsidised biodiesel made from palm oil.

Imports of the fuel are rising, undermining the Rudd Government's \$200 million commitment to reduce deforestation in the region - a problem that globally contributes to 20 per cent of the world's carbon emissions.

### [Green-Light Specials, Now at Wal-Mart](#)

At the time, Wal-Mart was the target of a well-orchestrated assault focusing on its labor practices and environmental record. It was also straining to keep its legendary growth on track. Mr. Scott, hungry for ways to protect and transform his company, began to see environmental sustainability as a way to achieve two goals: improve Wal-Mart's bottom line and its reputation.

So he presented his colleagues with a radical option — the “choice” that gave the meeting its name — encouraging them to adopt a sustainability program to remake the entire company, from the materials used to build stores to the light bulbs stocked on its shelves. Although participants were conflicted, a vote on the initiative was unanimous: Wal-Mart, the world's largest retailer and biggest buyer of manufactured goods, would go green.

### [Peak Oil Production in Russia Suggests Worldwide Supplies on the Brink](#)

Russian oil production decreased for the first time in 10 years according to Vedomosti, a Russian newspaper. The decrease was only 0.7%, while exports were reduced more dramatically year over year, down 6.2%.

The fall in Russian production may be a major turning point in worldwide crude oil production. While OPEC nations such as top producer Saudi Arabia get the attention of most speculators, it is important to note that Russia is the second largest crude oil producer and exporter in the world. In fact, by itself, Russia almost matches the total exports of the third, fourth and fifth top exporting nations combined (Norway, Iran and the United Arab Emirates).

If Russian oil production has indeed peaked, it leaves the world with only three major exporters that are still supposedly able to continue to increase production: Saudi Arabia, Kuwait and Iraq. Given the massive oil consumption needs of the United States, that leaves America in a particularly vulnerable position at a time when the United States is facing a financial crisis.

### [Lower gas prices send buyers after big cars again](#)

NEW ORLEANS — Gyrrating gas prices are playing havoc on auto industry planners, who've been adding small cars to their lineups, even as customers are showing more interest again in bigger vehicles.

New Chrysler small cars expected from a deal with Italy's Fiat hatched last week won't arrive for up to two years, says Chrysler President Jim Press, but even if they were showing up now, it wouldn't matter much.

Press says the company's full-size Dodge Durango SUV is in the shortest supply among all the vehicles sold by Chrysler. Yet the automaker decided last year when gas prices were high to phase out the product out of fear buyers would shun it.

The turnabout "shows the fickleness of the market," says Press, speaking after a J.D. Power and Associates conference here for auto dealers.

### [U.S. Retail Gasoline Rises to \\$1.86 a Gallon, Lundberg Says](#)

Bloomberg) -- The average price of regular gasoline at U.S. filling stations rose to \$1.86 a gallon as refiners shut units for maintenance and repairs and OPEC output cuts.

The motor fuel gained 8 cents, or 4.3 percent, in the two weeks ended Jan. 23, according to oil analyst Trilby Lundberg's survey of 7,000 filling stations nationwide.

### [Oil industry lifted by falling costs](#)

Costs in the oil and gas industry have begun to fall for the first time this decade, bolstering the profits of companies hit by the steep drop in the price of crude.

The shift could add to pressure on oil prices, which had been supported by soaring production costs. Analysts have argued that those costs put a floor under the oil price, because if the price fell below production cost, projects would be cancelled and oil supply would be cut.

### [Resignation of Catherine Hughes triggers fresh doubts about future of BP's oil-sands project](#)

Doubts are surfacing over the future of BP's £5.8 billion project to squeeze crude from the oil-rich sands of northern Canada after one of the chiefs of Husky Energy, its joint-venture partner, resigned unexpectedly.

Catherine Hughes, vice-president of oil sands for Husky, based in Calgary, left the company last week amid speculation that the project may be delayed after a collapse in the price of oil.

### [Halliburton Profit Falls on Oil's Plunge, KBR Case](#)

(Bloomberg) -- Halliburton Co., the world's second-largest oilfield-services provider, said fourth-quarter profit fell 32 percent on a plunge in crude prices and costs to end U.S. investigations of alleged bribery by a former subsidiary.

### [Japan's Idemitsu eyes doubling oil export capacity](#)

TOKYO (Reuters) - Idemitsu Kosan Co, Japan's third-biggest oil refiner, aims to double oil product export capacity in the next few years in hopes that rising oil demand in other parts of Asia will offset falling domestic consumption, two senior company officials said.

The officials told Reuters the refiner wants to double export capacity to 6 million kilolitres a year, or 103,000 barrels per day (bpd), to respond to the expected higher oil needs in the future from China, India and other Asian nations, which they regard as key markets for growth.

### [National oil groups' shares hit harder by downturn](#)

The global downturn has hit national oil company share prices much harder than their international oil company counterparts, according to a study.

Research by PFC Energy, a US consulting group, warns that the sharp decline in share prices could lead to a perilous shortfall in investment for some of the world's oil and gas-rich nations.

### [Iraq slashes 2009 budget amid low oil prices](#)

Iraq's cabinet has slashed its draft 2009 budget, the second time in three months that plummeting oil prices have forced it to chop spending when it desperately needs funds to recover from war.

### [Iraq to seek bids for refinery deal](#)

BAIJI, Iraq: Iraq will ask foreign companies to bid on a more than \$1bn contract to build and install a fluid catalytic cracker (FCC) at the country's biggest refinery, Baiji, a refinery executive said.

The FCC contract is part of efforts by the war-torn country to increase domestic output of gasoline and other fuels to meet rising local demand and allow for exports of refined products within five years, the refinery's general director, Ali al-Ubaidi, said.

### [Brazilian-made oil semi-sub platform begins production](#)

Brazil's government managed oil and corporation Petrobras announced that the first semi-submersible platform built entirely in Brazil, went on stream Sunday, beginning the production of well MLS-99, in the Marlim Sul field, in the Campos Basin.

P-51 installed at a water depth of 1,255 meters and 150 km off the coast of Macaé, is capable of producing up to 180,000 barrels of oil per day and is considered strategic for the maintenance of Brazil's oil self-sufficiency.

### [Pros puzzled by gas prices](#)

The markets for all sorts of financial instruments, including oil and gasoline, according to AAA, have been extraordinarily volatile in recent months so some pricing anomalies are to be expected.

"However, the run up in the price of gasoline at American's gas pumps in recent weeks seems to have gone beyond any rational explanation since the price seems completely divorced from both supply and demand," according the news release, stating the situation is even more "perplexing when one reads about oil tankers parked at sea waiting for an upturn in prices and domestic refineries scaling back operations or speeding up maintenance schedules to help trim gasoline inventories."

### [Wind farms lying fallow in hard times: Recession, oil prices undercutting costly green energy generators](#)

To state officials and proponents of "green energy," Thursday's ceremony celebrating New England's newest wind farm was a relatively small yet symbolic step toward greater energy independence in Maine.

But with a construction price tag topping \$60 million, First Wind's Stetson Mountain wind farm also highlights the fact that pollution-free energy doesn't come cheap.



## [Obama Green-Energy Dream May Lag Development Pace of Bush Years](#)

(Bloomberg) -- President Barack Obama may find it harder to increase renewable energy than his predecessor during a financial crisis that has sidelined Lehman Brothers Holdings Inc. and other financiers of alternative power, investors said.

## [Obama to Take Steps On Car Fuel Efficiency](#)

President Obama plans to instruct key federal agencies today to reexamine two policies that could force automakers to produce more fuel-efficient cars that yield fewer greenhouse gas emissions, according to sources who have been briefed on the announcement.

The move, which the White House has privately trumpeted to supporters as "the first environment and energy actions taken by the president, helping our country move toward greater energy independence," could reverse two Bush-era decisions that have helped shape the nation's climate policy and its auto market.

## [Agency passes nuclear debate to state](#)

Florida's utility regulators have crafted their vision of Florida's green energy future without answering the billion-dollar question: What is green energy?

Months of intense lobbying and public hearings on how and when Florida's energy companies should go green ended on Jan. 9 with the state's Public Service Commission deciding not to decide whether nuclear power is green enough to be part of the state's mandate to reduce greenhouse gases. The issue — raised by Florida Power & Light, the state's largest producer of nuclear power — was the only issue the commission did not decide. The prickly question now goes to the legislature, where FPL is a major political player.

## [China dams reveal flaws in climate-change weapon](#)

XIAOXI, China The hydroelectric dam, a low wall of concrete slicing across an old farming valley, is supposed to help a power company in distant Germany contribute to saving the climate - while putting lucrative "carbon credits" into the pockets of Chinese developers.

But in the end the new Xiaoxi dam may do nothing to lower global-warming emissions as advertised. And many of the 7,500 people displaced by the project still seethe over losing their homes and farmland.

### [Antarctic sea creatures hypersensitive to warming](#)

ROTHERA BASE, Antarctica (Reuters) - Thriving only in near-freezing waters, creatures such as Antarctic sea spiders, limpets or sea urchins may be among the most vulnerable on the planet to global warming, as the Southern Ocean heats up.

### [Can Green New Deal solve economic crisis?](#)

Economic policies and measures to combat global warming are not compatible. Slapping emission limits on greenhouse gases spells doom for economic activity. These opinions have regularly been aired during debates over global warming.

However, the Green New Deal policy proposed by new U.S. President Barack Obama has added a new dimension to measures aimed at tackling global warming.

### [Global warming could unleash ocean 'dead zones': study](#)

PARIS (AFP) – Global warming may create "dead zones" in the ocean that would be devoid of fish and seafood and endure for up to two millennia, according to a study published on Sunday.

Its authors say deep cuts in the world's carbon emissions are needed to brake a trend capable of wrecking the marine ecosystem and depriving future generations of the harvest of the seas.



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