



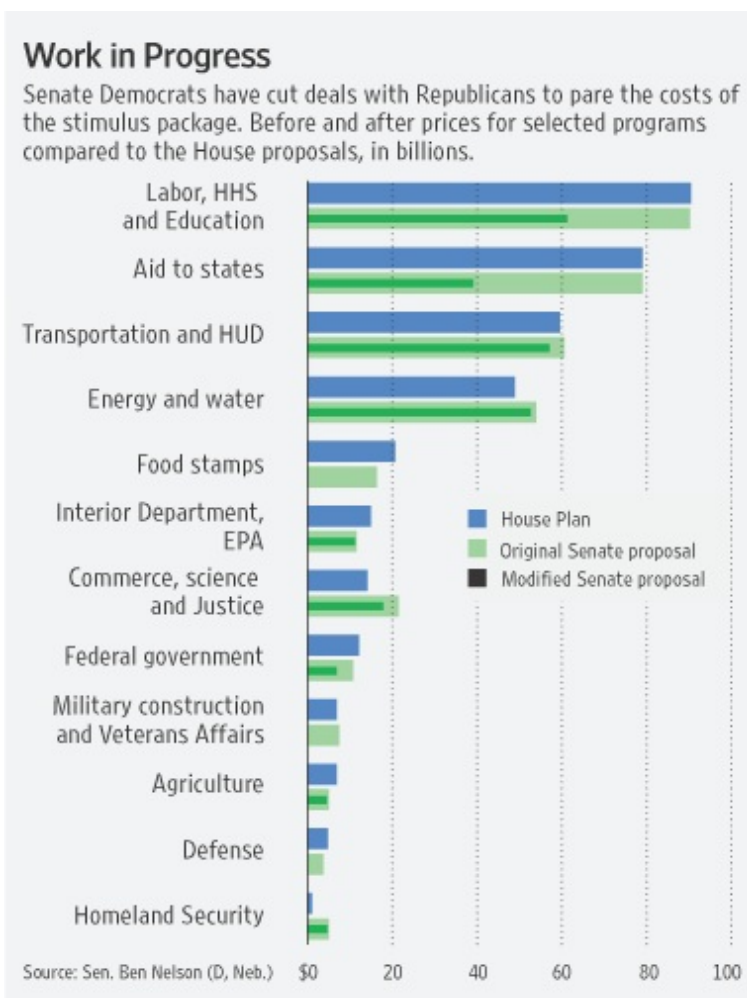
DrumBeat: February 9, 2009

Posted by [Gail the Actuary](#) on February 9, 2009 - 10:13am

Topic: [Miscellaneous](#)

[Senate Is Set to Pass Stimulus Bill](#)

The Senate voted to cut off debate on President Barack Obama's economic-recovery plan, setting the stage for a final vote Tuesday on the sweeping spending and tax-cut package the White House says is needed to stem the economy's decline.



[Moscow names Sakhalin LNG date](#)

Sakhalin Energy will produce 6 million tonnes of liquefied natural gas this year, or around two thirds of its designed capacity, with the first cargo to sail at the end of March, Russia's Energy Ministry said today.

[Yushchenko blames PM for 'raw deal'](#)

Under the terms of the contract, Ukraine will have to pay Russia \$450 per 1000 cubic metres with a 20% discount while transit fees have not been revised.

"This is obviously unfair. I'm sure that those who have signed this agreement and accepted these terms will have to answer for their actions," Yushchenko said. . .

A Ukrainian presidential representative said on Saturday that Naftogaz could go bankrupt as a result of the deal on gas prices agreed with Moscow.

[Oil prices fall despite OPEC project cancellations](#)

Oil prices fell Monday as another round poor company earnings and job cuts tempered an OPEC announcement that the cartel would table dozens of planned production projects.

Light, sweet crude for March delivery fell 22 cents to \$39.95 a barrel on the New York Mercantile Exchange. Oil prices jumped earlier in the day to \$42.43 as OPEC Secretary General Abdalla el-Badri's announced that the cartel would postpone 35 of 150 new oil and gas projects.

El-Badri said the group would likely fall short of its goal to raise production capacity by five million barrels per day by 2012, according to a research note by analyst Addison Armstrong. The OPEC secretary also said the cartel is close to completing its previously announced cut of 4.2 million barrels per day.

[The Myth of Nuclear Waste](#)

There's no such thing as nuclear waste! This nasty term was invented just to stop the development of civilian nuclear power.

The spent fuel from nuclear power plants is actually a precious resource: About 96% of it can be recycled into new nuclear fuel. No other fuel source can make this claim--wood, coal, oil, or gas. Once these fuels are burned, all that's left is some ash or airborne pollutant by-products, which nuclear energy does not produce.

[Majors investing to avoid past mistakes](#)

ConocoPhillips, the US' third-largest oil company by market value said earlier this month it planned to slash its 2009 capital expenditure (capex) budget by 38 per cent. US No 4 Occidental Petroleum said, it was slashing capex by 25 per cent, while Russia's fourth-largest oil producer, Gazprom Neft, said it could cut by 45 per cent. In contrast, US number 2, Chevron Corp said it was holding capex steady and the world's second-largest non-government controlled oil company, Royal Dutch Shell said it would raise spending on projects by 5 per cent in 2009.

"The bulk of companies are pulling back capex," said Robin Batchelor, manager of the World Energy Fund at fund manager Blackrock.

"The supermajors like Royal Dutch are in a different position. Some of them will be able to take advantage of the situation," he added. "Supermajor" is the term applied to the five largest non-government controlled oil companies by market value. ExxonMobil Corp leads the club, followed by Shell, Chevron, Britain's BP and France's Total. . .

Most of today's oil fields can turn a profit at \$20/bbl crude and even the world's most expensive oil, crude from Canada's tar sands, can be extracted for around \$40/bbl. However, developing new projects requires much higher prices.

[Despite tentative pact, local strikes at oil firms still possible](#)

Although the union representing oil workers has reached a tentative agreement on a new labor contract, the potential for selective strikes throughout the industry is not over.

The 78 United Steelworkers union locals representing 30,000 oil workers in the production, refining, marketing, transportation, pipeline and petrochemical sectors of the oil industry have not yet ratified the proposed pact, leaving the door open for possible strikes at select refineries around the nation?and potentially putting another damper on the energy industry's need for oil country tubular goods (OCTG).

[Updated: Crescent Oil files for bankruptcy](#)

Crescent Oil Company Inc., a fuel supplier for six Midwest states, has filed for bankruptcy, citing volatile fuel prices and expenses tied to opening new convenience stores.

The Independence-based firm filed for Chapter 11 protection from creditors in the U.S. Bankruptcy Court in Kansas City, Kan., on Saturday. A spokesman for the company didn't immediately return a phone call seeking comment today.

[Gazprom Hit by Falling Demand](#)

LONDON -- The global economic downturn is squeezing Russia's natural gas giant OAO Gazprom, as falling demand for energy forces it to scale back production and cut gas sales to Europe, depriving it of valuable export revenues.

In an interview, Alexander Medvedev, Gazprom's deputy chief executive, said the price its European customers pay for gas will fall by around a third this year, to \$280 per thousand cubic meters, down from \$409 per thousand cubic meters last year while exports to Europe will fall by 5% to 170 billion cubic meters.

Gazprom will have to reduce production to reflect falling demand, though he declined to say by how much. "We will not produce and sell more gas than the market demands," he said. "Our target is not to chase volumes."

[US Senate urged to deny higher ethanol blending cap](#)

A coalition of associations and organizations asked the US Senate on Feb. 6 not to approve a provision in the economic stimulus bill it is debating that would increase the current ethanol blending cap.

In addition to NPRA, the coalition included the Alliance of Automobile Manufacturers, American Lung Association, Engine Manufacturers Association, Friends of the Earth, International Snowmobile Manufacturers Association, Natural Resources Defense Council, Outdoor Power Equipment Institute, and Union of Concerned Scientists.

"Collectively, our organizations strongly believe that this issue should not be part of the economic stimulus package currently under consideration by the United State Senate," the letter continued. Before midlevel ethanol blends are allowed, testing by the US Environmental Protection Agency and the Department of Energy should be allowed to continue, and the results must indicate that higher ethanol blends in gasoline-powered engines do not pose a threat to air quality or consumers, it urged.

[Alberta cries foul over duck disaster](#)

The province of Alberta has filed charges against the Syncrude Canada joint venture after 500 ducks died after landing on a tailings pond at its oil sands operation in April.

The province alleges Syncrude failed to have appropriate deterrents in place to keep the ducks from landing on the toxic wastewater pond.

[NCGA Calls Minnesota Ethanol Study Faulty](#)

A recent study by the University of Minnesota that compares lifecycle emissions of gasoline, corn ethanol and cellulosic ethanol is faulty because it does not use realistic, comparable data sets, according to the National Corn Growers Association. The report prematurely praises cellulosic ethanol as the best fuel alternative when it comes to

reducing greenhouse gas and particulate-matter emissions despite the fact that it is years from production and use--while corn ethanol is available and being used today.

[Cellulosic ethanol plant in Grand Junction on hold](#)

Vancouver, British Columbia-based Lignol (TSX-V: LEC) and Suncor (NYSE: SU), based in Calgary, Alberta, said that the companies “have determined it prudent not to enter into a joint venture” to build the plant “given the instability of energy prices, the uncertainty in the capital markets and the general market malaise.”

Lignol and Suncor announced the partnership in October 2008 to build an \$80 million cellulosic ethanol plant in Grand Junction. The plant had been announced earlier in the year in conjunction with a \$30 million grant from the U.S. Department of Energy.

[Risk and the Rebuilding of Confidence: Energy Strategies for a Turbulent Economy](#)

CERAWeek 2009, our 28th annual event, will be a unique opportunity to grapple with the new global energy future in this time of financial and economic turbulence. Abrupt changes in markets, prices, and demand are creating urgent challenges across all the energy industries, while technology and new policies are raising fresh uncertainties for 2009 and far beyond. The Executive Conference and related events will provide unique insight into the choices faced by decision-makers across all sectors. Nearly 2000 CERAWeek delegates will hear from more than 150 leading industry executives, policy makers, the CERA team, and experts from across IHS. To provide understanding of the current economic crisis and its impact on energy and investment, we are holding a Special Economic Forum on Thursday evening. We look forward to seeing you this coming February in Houston.

[Load Shedding Grips Bangladesh](#)

Power outages turned severe Sunday evening following further drop in generation as the 70MW Baghabari power plant was closed because of ‘gas shortage’.

The load shedding reached almost 1000MW at 7:00pm on Sunday as the Power Development Boards generation came down to 3178MW against the official demand of around 4150MW.

[China starts construction of world's longest natural gas pipeline](#)

SHENZHEN (Xinhua) -- China started construction of the eastern segment of the country's second West-East natural gas pipeline in Shenzhen City, Guangdong Province on Saturday.

The pipeline, the second after the first West-East natural gas transfer project, will cross 15 regions and carry 30 billion cubic meters of natural gas every year to Zhejiang, Shanghai, Guangdong and Hong Kong, among others.

[Russia, India to Sign Nuclear Fuel Deal](#)

Russia will become the first supplier of nuclear fuel to India since a club of uranium producers lifted a three-decade ban on sales to the south Asian country.

A unit of state nuclear corporation Rosatom will sign a contract with Indian atomic energy monopoly Nuclear Power Corporation on Wednesday in Mumbai to deliver 2,000 tons of uranium pellets, both companies said. . .

The 45-member Nuclear Suppliers Group, founded after India detonated a nuclear device in 1974, ended its boycott of the country in September.

[Excess supply weighs on natural gas markets](#)

Changed outlook. However, the outlook for gas has changed, at least in the short term:

Europe. Economic slowdown is reducing both industrial demand for gas and demand for power more broadly. . .

Asia. In Asia, industrial demand is also falling. Demand for LNG in North-east Asia until recently has been supported by the combination of high oil prices and a lack of operating nuclear plant in Japan. . .

United States. In the United States, the gas market is experiencing strong supply growth on the one hand, owing to the success of onshore production from gas shale, and declining demand on the other, because of economic slowdown. . .

CONCLUSION: While falling industrial demand for gas will cause prices to fall, those lower prices will also consolidate natural gas's position as the hydrocarbon fuel of choice. Lower prices will also spur the development of LNG regasification capacity on security of supply grounds.

[Oil's Happy Hedges](#)

Along with debt coming due, analysts are watching hedge positions closely among small- and mid-cap E&Ps. At continued price levels, many of them face heightened pressure from lenders. In some cases, firms will likely be forced to sell distressed assets on the market to clean up their balance sheets. Major oil companies, typically flush with cash compared with the small fry, don't hedge much; they are stout enough to withstand

price volatility and then reap the upside.

[Poverty of Imagination \(Kunstler\)](#)

So far -- after two weeks in office -- the Obama team seems bent on a campaign to sustain the unsustainable at all costs, to attempt to do all the impossible things listed above. Mr. Obama is not the only one, of course, who is invoking the quest for renewed "growth." This is a tragic error in collective thinking. What we really face is a comprehensive contraction in our activities, especially the scale of our activities, and the pressing need to readjust the systems of everyday life to a level of decreased complexity.

For instance, the myth that we can become "energy independent and yet remain car-dependent is absurd. In terms of liquid fuels, we're simply trapped. We import two-thirds of the oil we use and there is absolutely no chance that drill-drill-drilling (or any other scheme) will change that. The public and our leaders can not face the reality of this. The great wish for "alternative" liquid fuels (bio fuels, algae excreta) will never be anything more than a wish at the scales required, and the parallel wish to keep all our cars running by other means -- hydrogen fuel cells, electric motors -- is equally idle and foolish. We cannot face the mandate of reality, which is to do everything possible to make our living places walkable, and connect them with public transit. The stimulus bills in congress clearly illustrate our failure to understand the situation.

[Why Peak Oil Prices May Rocket Higher](#)

Will there be enough oil supply when oil demand recovers? Probably not at the current price. So it will rise maybe back to \$100 a barrel very fast. The plunge in oil prices since last summer, the credit crunch since last fall, and weakening profits over the past six months are all depressing capital spending in the energy industry. When demand and prices rebound, energy producers are unlikely to ramp up their capital spending, especially on alternative sources of energy. Many of them must certainly regret the money they poured into the Canadian tar sands, into ethanol refineries, and other similar investments.

[Montreal eyes ban on wood-burning stoves, fireplaces](#)

City's proposed bylaw intended to help reduce air pollution in winter

The target is bad air. Montreal has had a record 25 smog alerts already this winter, and officials are worried because the season is far from over. Last winter there were 16.

Pollution caused by wood-burning appliances is an environmental menace fairly particular to Quebec. In the winter, 47 per cent of the air pollution is attributed to stoves and fireplaces, far more than either industry sources or cars and trucks.

Using a wood stove for only nine hours, or a high-efficiency stove for 2 1/2 days, produces as much fine-particle pollution as does a car in a year, according to a study by Environment Canada.

[Europe leads effort to push for design of "green" drugs](#)

European Union requires environmental review of new drugs. Sweden leads the way, creating database so doctors can check whether medications are "green" before prescribing them. . .

Some studies have shown that drugs such as the antidepressant Prozac and birth control pills that contaminate wastewater can harm fish, amphibians and other aquatic life. Traces of drugs also have been found in some drinking water supplies, too, although the potential effects on people are unknown.

[Trashing the Fridge](#)

After mulling the idea over for several weeks, she and her husband, Scott Young, did something many would find unthinkable: they unplugged their refrigerator. For good. . .

Ms. Muston now uses a small freezer in the basement in tandem with a cooler upstairs; the cooler is kept cold by two-liter soda bottles full of frozen water, which are rotated to the freezer when they melt.

[In Bolivia, Untapped Bounty Meets Nationalism \(Lithium\)](#)

In the rush to build the next generation of hybrid or electric cars, a sobering fact confronts both automakers and governments seeking to lower their reliance on foreign oil: almost half of the world's lithium, the mineral needed to power the vehicles, is found here in Bolivia — a country that may not be willing to surrender it so easily.

Japanese and European companies are busily trying to strike deals to tap the resource, but a nationalist sentiment about the lithium is building quickly in the government of President Evo Morales, an ardent critic of the United States who has already nationalized Bolivia's oil and natural gas industries.

... "We know that Bolivia can become the Saudi Arabia of lithium," said Francisco Quisbert, 64, the leader of Frutcas, a group of salt gatherers and quinoa farmers on the edge of Salar de Uyuni, the world's largest salt flat. "We are poor, but we are not stupid peasants. The lithium may be Bolivia's, but it is also our property."

[Peak Lithium: Will Supply Fears Drive Alternative Batteries?](#)

"Peak lithium" is back in focus, as the New York Times looks at Bolivia's quest to cash in on the world's biggest reserves of lithium, a key component in batteries. Simply put, global automakers and battery makers need to ensure a steady supply of lithium to power the expected electric-car revolution, but Bolivia's populist government and its embrace of resource nationalism raises a lot of concerns about access to the country's mineral wealth. TIME recently did a [big takeout](#) on Bolivia's lithium, too.

Concerns about global supplies of lithium are a lot like the debate over peak oil. Some experts believe the huge increase in electric cars will actually strain the world's lithium supplies in a few years; as with peak oil, "above-ground" factors like Bolivia's politics may be just as critical as geology. Other experts figure lithium supplies are ample and exploding demand will just juice more lithium exploration, as happened with oil.

Either way, though, as hybrid and electric vehicles take a bigger share of the market, that threatens to [push up lithium prices](#). That would make batteries, the costliest part of electric cars, even pricier, further threatening the economics of the electric-car revolution. (Ford on Tuesday announced its lithium-ion battery supplier.) A recent report by Lux Research called lithium availability the "ultimate limit" on electric cars' future.

[The information society and its limits \(Kurt Cobb\)](#)

Environmental education giant David Orr likes to say that what we lack is "slow" knowledge. It is easy to learn how to take down a whole forest with a chainsaw. That's fast knowledge. But as I wrote in a previous post:

Teaching people the importance of trees in creating and protecting the soil, encouraging biodiversity, preventing runoff, storing carbon and influencing climate is a task that requires time, concentration and reflection. It assumes a body of knowledge about the natural world that most people simply don't have and therefore must acquire. And, it assumes an eye trained to look for subtleties in the natural landscape. Moreover, such learning does not yield the immediate and visible economic benefits of the chainsaw.

But even if we take the time to acquire the slow knowledge we need, we cannot solve the knowledge problem with more information. The world is too complex to comprehend by merely apprehending its parts. And, no human being can see all of the universe or even his or her part of it well enough to give anything but a very fragmentary account. We will always have huge areas of ignorance, particularly about the long-term consequences of the actions we take to reshape the ecosphere to our purposes.

[New Grid for Renewable Energy Could Be Costly](#)

The projected cost of the system is only one hurdle. Getting the high-voltage power lines build across the country would require the assent of local authorities and landowners, and might require federal intervention. "For that 15,000 miles of lines, I promise about 15,000 lawsuits," said Mr. Moeller.

The report is generating controversy because there is no guarantee that expensive power lines, if built, would be used primarily to move renewable energy. They could just as easily carry energy from coal-fired power plants in the Midwest or Great Plains.

New York and New England grid operators provided information for the report but say there might be ways to build resources in their regions more economically than hauling power from the Great Plains. "This study doesn't look enough at alternatives to huge transmission additions," said Stephen Whitley, chief executive of the New York Independent System Operator.

Utilities are proposing to build some new transmission lines already, but nothing on the scale of what the report says would be needed.

The WSJ has a whole [section on Energy](#). Included in it are the following:

[How to Go Green in Hard Times](#)

We've chosen 10 changes and laid out how much they'll cost you and how much they'll save, as well as the payback time. In most cases, it's less than a year or two.

- High-Tech Thermostats
- Smarter Water Heating
- Sealing Air Leaks
- Low-Flow Fixtures
- Leasing Solar Panels
- Air Filters
- Compact Fluorescent Lights
- Lighting Motion Sensors
- Window Treatments
- Attic Insulation

[The More You Know...](#)

A groundbreaking 'smart grid' test in Boulder, Colo., is delivering some surprises for both consumers and utilities

[Silicon Substitute](#)

Solar panels that are cheaper to make than the silicon versions that dominate the market today could play a key role in shrinking what many people consider to be solar power's dark side: its high cost.

[Energy Consumption by the Numbers](#)

What country consumes the most oil per person? (Surprise: it isn't the U.S.) Which one produces the most electricity from nuclear power? (No, it isn't France.) Here's a snapshot of how energy consumption patterns differ around the world.

[Catching Some Rays](#)

Condos and apartment buildings have proved resistant to solar power. That's starting to change.

[Bad Call](#)

Forecasts can swing abruptly when it comes to figuring out where natural gas is needed and how much. Expectations of future supply can change quickly, too. As this market grows and adjusts, once-lauded business plans can quickly be swept aside.

[Less Demand, Same Great Revenue](#)

With decoupling, utilities can promote efficiency and not fear losing money

[Bottoms Up](#)

Refiners are making progress in their efforts to more profitably scrape the bottom of the barrel.

[A Gamble in Qatar](#)

Royal Dutch Shell is making a huge -- and risky -- bet on technology that transforms natural gas to diesel fuel

[Golden Ticket](#)

Political changes in Australia are likely to lead to big increases in uranium production

[Power Plays](#)

The latest on alternative-energy deals, including a more nuanced view on coal power and spurring growth in the "green building" market.



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