



DrumBeat: February 28, 2009

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Topic: [Miscellaneous](#)

[Vital questions: Oil industry enduring uncertainty over refinery, laws, taxes](#)

The one great indicator of how Kern's oil industry is doing — the price of a barrel of heavy crude — is almost beside the point these days.

Yes, this winter's prices are far less than summer's record highs, continuing a cycle of booms and busts. And after the recent run-up in materials and diesel, some of the county's independent producers only just cover their costs. But both of these challenges — low prices and high costs — merely exacerbate a deeper problem vexing the industry locally: uncertainty.

[The people's premiere](#)

Six years ago a young woman with no film training and just one full-length documentary to her name dropped in to the Guardian to ask for some advice. Long before anyone had heard of Al Gore's *An Inconvenient Truth*, she planned to make a low-budget documentary about oil and climate change. Where should she go? Try Iraq and the Niger delta, two of the most volatile, oil-rich places on earth, the grizzled environmental correspondents advised her - hoping that she would come to no harm.

Blow me, but in 15 days' time, a bright green carpet will be unrolled in Leicester Square and Franny Armstrong, now 35, better travelled but just as singleminded, will trip down it in the company of A-list celebs, to a specially constructed solar-powered cinema. There they will see a docu-drama set in Nigeria, Iraq and elsewhere starring Pete Postlethwaite - the man Stephen Spielberg called the best actor in the world - playing an old man looking back from a climate-changed future world to documentary footage shot in 2008.

[Saudi Aramco agrees with two firms to develop Karan on-shore gas field](#)

RIYADH (KUNA) -- Saudi oil exporter Aramco signed contracts with South Korean Hyundai Engineering and Construction, and British Petrofac Ltd. for the development of on-shore Karan gas field.

Karan field is the first producing non-associated gas to be developed by Aramco in the submerged zone in a drive to honor growing domestic demand, said a statement by the Saudi company.

[Sunoco Workers Plan Strike Tomorrow as Talks Stall](#)

(Bloomberg) -- Union workers at Sunoco Inc.'s Philadelphia and Marcus Hook refineries plan to strike tomorrow if the oil company doesn't agree to terms of a national labor contract and drop plans to cut jobs.

An agreement for about 1,250 refinery workers expires at noon tomorrow. Sunoco, the largest refiner in the Northeast, said it will operate the refineries in the event of a strike. Together they can process 549,000 barrels of crude oil a day.

[Yellow Is the New Green](#)

IN the far reaches of Shaanxi Province in northern China, in an apple-producing village named Ganquanfang, I recently visited a house belonging to two cheery primary-school teachers, Zhang Min Shu and his wife, Wu Zhaoxian. Their house wasn't exceptional — a spacious yard, several rooms — except for the bathroom. There, up a few steps on a tiled platform, sat a toilet unlike any I'd seen. Its pan was divided in two: solid waste went in the back, and the front compartment collected urine. The liquids and solids can, after a decent period of storage and composting, be applied to the fields as pathogen-free, expense-free fertilizer.

[American taste for soft toilet roll 'worse than driving Hummers'](#)

Extra-soft, quilted and multi-ply toilet roll made from virgin forest causes more damage than gas-guzzlers, fast food or McMansions, say campaigners.

[Obama's Greenhouse Gas Gamble](#)

WASHINGTON — In proposing mandatory caps on the greenhouse gases linked to global warming and a system for auctioning permits to companies that emit them, President Obama is taking on a huge political and economic challenge.

Business lobbies and many Republicans raised loud objections to the cap-and-trade program Mr. Obama proposed as part of his budget this week, saying the plan amounted to a gigantic and permanent tax on oil, electricity and manufactured goods, a shock they said the country could not handle during economic distress.

[Deutsche Bank analyzes oil production costs](#)

HOUSTON -- A new Deutsche Bank analysis finds that in the short term, oil prices likely would have to fall to \$20/bbl and below for nonmembers of the Organization of Petroleum Exporting Countries to shut in a large amount of production.

However, with investment now falling, the downside risks to supply forecasts are increasing. This suggests that upside price risks, once demand recovers, are considerable.

[Oil May Rise on OPEC Production Cuts, Survey Shows](#)

(Bloomberg) -- Crude oil futures may rise as OPEC production reductions begin to be felt in consuming countries and U.S. gasoline consumption increases.

Fifteen of 31 analysts surveyed by Bloomberg News, or 48 percent, said futures will increase through March 6. Ten respondents, or 32 percent, forecast oil prices will be little changed and six said that there will be a decline. Last week, 43 percent of analysts expected prices would fall.

[Nigeria militants say will sabotage Sahara gas pipe](#)

LAGOS (Reuters) - Nigeria's main militant group on Saturday threatened to sabotage a multi-billion dollar plan to pipe Nigerian gas to Europe across the Sahara desert, a scheme that has attracted EU and Russian energy majors.

The project, with capital costs estimated at \$10 billion for the pipeline and \$3 billion for gathering centres, would send up to 30 billion cubic metres a year of gas to Europe via a 4,128 km (2,580 mile) pipeline from Nigeria via Niger and Algeria.

[Women lead a farming revolution in Iowa](#)

As wives inherit husbands' farmland, they stress conservation over maximizing profit.

[Big Box of Trouble: Dealing with the Coming Plague of Empty Superstores](#)

The problem of retail vacancies on this scale is so new that it hasn't really been studied yet. Perhaps the only authority on the subject of empty big box stores is Oberlin College professor and artist Julia Christensen. She has spent the last seven years traveling around the country seeking out and documenting cases of communities reclaiming abandoned big boxes and putting them to a socially productive use—for instance, as museums, libraries, rec centers, and schools. She wrote about it all in her recently

published book *Big Box Reuse* (MIT Press). A few days ago, we got her thoughts on how towns and cities can make beneficial use of these vacant structures and turn a hole in the local fabric into a community asset.

[Adapting to water woes](#)

The southwestern United States is moving headlong toward an environmental catastrophe of apocalyptic proportions.

The already drought-prone region is almost entirely dependent on a shrinking snowpack and sparse rain in the Colorado River Basin. As the planet's climate changes, an already overtaxed and volatile water supply is expected to get even more unstable.

"A lot of people say that in global warming there will be winners and losers. In the Southwest, we'll be in the losers' category," University of Arizona climatologist Jonathan Overpeck said at a symposium on global warming's effect on the Southwest.

[Bad economy, better lungs?](#)

TAIYUAN, China — The residents of Taiyuan measure their air pollution in dirty clothes.

In years past, when China's boom created endless demand for this area's coal, iron and steel, a white shirt stayed fresh only a few hours, turning black around the collar and sleeves before day's end. When the government shut down hundreds of factories in and around Taiyuan ahead of the Olympics last year, clean shirts began to last two days. Now, six months into an economic slowdown that has snuffed demand for power and metals from China's furnace, a man's suit can stay crisp for three days without laundering.

"I don't need to do so much laundry these days," said Zhao Jihong, a 25-year-old environmentalist who works to encourage local companies to adopt pollution controls.

[Saudi scholar warns alcohol in bio fuel is a sin](#)

A prominent Saudi scholar warned youths studying abroad of using ethanol or other fuel that contains alcohol in their cars since they could be committing a sin, local press reported Thursday.

Sheikh Mohamed Al-Najimi, member of the Saudi Islamic Jurisprudence Academy, based his statement on a saying by the prophet that prohibited all kinds of dealings with alcohol including buying, selling, carrying, serving, drinking, and manufacturing, the Saudi newspaper Shams reported Thursday.

Saudi and Muslim youth studying abroad would violate the prohibition if they used bio

fuel, he said, since it “is basically made up of alcohol.”

[A road map to better US roads](#)

It sounds Orwellian, the idea of tracking drivers from space, then taxing them based on miles traveled. But taxing miles instead of gasoline is a more reliable way to pay for America's highways. And it's not the Big Brother intrusion it appears to be.

Gas taxes – at both the federal and state levels – must inevitably go the way of the gas guzzler.

As vehicles become more fuel-efficient, they'll drink less gas, and thus produce less revenue to maintain and improve America's aging roads and mass transit. Add electric cars to the mix, and this revenue stream turns to a trickle.

[Mexico's Oil Challenge Rises with New Output Drop](#)

Doubts are growing that Mexico can halt a four-year decline in crude oil production after its January oil output slumped to a more than 13-year low, due to bureaucratic delays and technical challenges.

Crude output in Mexico, a top U.S. supplier, dropped 9.2 percent year-on-year in January to 2.685 million barrels per day, its lowest level since November 1995 and just below state oil company Pemex's 2009 target of 2.7 to 2.8 million bpd.

Pemex's assurances it can halt the slide -- the result of a failure to prepare for the decline of the huge Cantarell oil field -- and waning volumes risk hurting government coffers just as the economic downturn bites.

[Apache Halts Australian Production Ahead of Possible Cyclone](#)

Apache Energy Corp. Friday said that it has ceased production at its Stag and Legendre oil and condensate operations in offshore Western Australia because of bad weather conditions.

[Chrysler scraps clocks in race against time](#)

DETROIT (Reuters) - Chrysler LLC, which is seeking \$5 billion in additional federal aid to survive, has lowered the thermostat, dimmed the lights and stripped the clocks from the walls of its sprawling headquarters to save cash.

The automaker's headquarters in Auburn Hills, Michigan includes a 15-story office

tower and a technical center covering 121 acres, making it the second-largest office complex in the United States, behind only the Pentagon.

To cut costs, Chrysler has removed half of the fluorescent light bulbs in overhead lighting fixtures (projected annual savings: \$400,000), dropped the temperature in the building by four degrees (\$70,000) and stopped clearing snow from roof-top parking decks (\$310,000).

[Kenya: Student riots cause Sh7m damage](#)

Egerton University students went on the rampage, destroying property worth more than Sh7 million at the Njoro main campus.

Scores of students were injured during the Thursday night mayhem that left a trail of destruction in residential and dining halls.

The students, who were protesting against frequent power outages, accused the institution's management of taking long to address their grievances.

[Ethanol boom-bust scares off investors-analyst](#)

WASHINGTON (Reuters) - Investors burned by the recent boom and bust in the U.S. ethanol industry will be wary of pouring money into plants for the next generation of biofuels without more stable returns, a J.P. Morgan analyst said on Friday.

[Europe mulls running ageing coal plants until 2020](#)

BRUSSELS (Reuters) - Dozens of aging European coal-fired power stations could win life extensions to 2020 if they agree to scale back their operating hours, according to a proposal to be tabled by the European Union's Czech presidency.

The proposal has been made in an overhaul of EU acid rain laws, seen by Reuters on Friday, and it is aimed at ending opposition from countries with coal-powered economies that fear future energy shortages.

[Black is the new green](#)

What is different about biochar is that the stability of the charcoal should make it possible to lock away the carbon it contains for hundreds of years. The carbon is mineralised, so it's very resistant to breaking down. What's more, the ancillary benefits – not just its soil-improving characteristics, but certain byproducts of its manufacture – should be enough to make it economically attractive.

[Whe the Obama Climate Change Plan Won't Work](#)

President Obama's proposed cap-and-trade plan for reducing greenhouse gases will not achieve the reductions quickly enough to prevent devastating climate change, according to an analysis posted today by Public Employees for Environmental Responsibility (PEER). The broad political support for cap-and-trade scheme is rooted in its biggest flaw – that an incremental approach designed to keep prices for carbon-based energy low will be insufficient to accomplish a quick shift in energy sources.

[Capitol Hill coal power plant targeted by environmentalists](#)

Campaigners are converging on Washington to press for the closure of 'Congress's own coal fired power plant', marking a political turning point for the future of the fossil fuel.

[High Speed, High Cost, High Income Rail](#)

Long ago, I was a rare critic of DC's Metro subway plans, not because I was against mass transit, but because it was a highly inefficient way of spending mass transit funds compared to light rail or exclusive bus lanes. At the time we could have had ten times as many miles of light rail for the same price of the subway system.

The other day I was struck by Metro bragging about its record ridership during the Obama inauguration. I was one of the few people in town who noticed that Metro had finally achieved what it had, at the beginning, promised the federal government would be normal. We needed a first black president to get that many riders. Further, Metro doesn't even have the capacity to handle that many people on a regular basis.

Other problems I correctly projected included the fact that Metro wouldn't really compete with the automobile but with its own bus lines, that it was more of a land development than a transit scheme, and that auto traffic would increase as the subway encouraged new buildings but that a majority of the new users of these buildings would still come by car.

[BP's Russian Unit TNK-BP to Start Selling Crude Oil in Rubles](#)

(Bloomberg) -- BP Plc's Russian unit TNK-BP will start selling crude oil in rubles as Prime Minister Vladimir Putin seeks greater control over prices for the country's biggest export earner.

[Mexico's Pemex declares US\\$7b loss](#)

MEXICO CITY: Mexican national oil company Pemex announced on Friday a loss of

more than seven billion dollars in 2008, a sixfold increase over the previous year, a company spokesman said.

The loss was mainly attributed to the drop in the peso's value, the spokesman told AFP.

[KPC sells Saudi Arabia 500,000 barrels of gas oil](#)

(MENAFN) Kuwait Petroleum Corporation (KPC) sold about 500,000 barrels of gas oil to Saudi Arabia, and the medium-sulphur cargoes each of 250,000 barrels, will be delivered by the end of this month and in early March, The Peninsula reported.

Trading sources said that the gas oil shipments were initially scheduled to be imported to Indonesia, and are slated to be shipped into the northern Gulf port of Ras Tanura.

[Iraq parliament likely to cut 2009 budget, again](#)

BAGHDAD (Reuters) - Iraq's parliament is likely to cut the country's oil-dependent budget, already slashed twice because of the collapse in global crude prices, before approving government spending plans, lawmakers said on Saturday. The 2009 budget had been due to be put to a vote on Saturday but negotiations over further cutbacks delayed the session.

Iraq is struggling with slumping income from oil exports.

[Iraq arrests Al-Qaeda 'oil minister'](#)

Mohammed was known for his involvement in hijacking tanker shipments of crude oil and petrol for Al-Qaeda and abducting the drivers.

[Basra oil exports down due to depleted stocks](#)

Oil exports from Iraq's southern Basra terminal fell to a rate of 648,000 barrels per day on Saturday from 1.48 million bpd on Friday due to reduced crude stocks in storage, a shipper said.

[Iraq plans to boost output to 300,000 bpd](#)

Iraq hopes to turn around years of sluggish oil production and boost output by over 300,000 barrels per day (bpd) by the end of next year, its oil minister said.

[Nigeria oil exports rise in April, exceed OPEC target](#)

LONDON (Reuters) - Nigeria's crude oil exports were expected to rise to about 1.88 million barrels per day (bpd) in April from 1.70 million bpd in March, trade sources said on Friday.

The expected April export figures exceed the implied target of 1.67 million bpd set by the Organization of the Petroleum Exporting Countries (OPEC) that came into effect on January 1.

[Kuwait oil exports to Japan surge 26.6 pc](#)

TOKYO (KUNA): Kuwait's crude oil exports to Japan rose 26.6 percent in January from a year earlier to 10.31 million barrels, or 333,000 barrels per day, up for the second straight month, the concerned government agency said Friday.

Japan is Kuwait's largest oil buyer, taking around 20 percent of its shipments annually.

[14 firms qualify for Jazan refinery in Saudi Arabia](#)

(MENAFN - Arab News) Eight Saudi companies and six foreign firms have been qualified for the bidding round of the export-oriented Jazan refinery project, which will have a capacity to produce 250,000 to 400,000 barrels per day, Minister of Petroleum and Mineral Resources Ali Al-Naimi announced yesterday.

[Major oil field found in north China](#)

HOHHOT (Xinhua) -- An oil field with reserves of about 100 million tonnes has been found in Siziwang Banner in north China's Inner Mongolia Autonomous Region, where the Shenzhou-7 space module landed last year.

Experts said the oil field has workable reserves of 35 million to 40 million tonnes.

[Ford to build EcoBoost at Cleveland plant](#)

BROOK PARK, Ohio (AP) — The first Ford Motor Co. plant to make a new line of fuel-efficient engines will help the company deliver the kind of fuel economy that customers demand, officials said Friday.

The plant in suburban Cleveland, idled since 2007, was chosen to make the 3.5-liter, V-6 EcoBoost engines that will be standard on the Ford Taurus SHO and optional on the

Lincoln MKS and MKT, and Ford Flex cars.

[Lawmakers deadlocked on fuel taxes, license plates](#)

PIERRE - South Dakota legislators who want to raise license plate fees and increase taxes on gasoline and diesel are having trouble getting traction.

Local governments are falling \$50 million behind annually, while the state Department of Transportation has been shifted into preservation mode for state highways and interstates because money is tight.

[Utility to add \\$7 fee to offset gas usage drops](#)

In March, Virginia Natural Gas customers will start paying a charge related to the company's new conservation program.

The March bill will show a \$7 charge for customers who use 10,000 cubic feet of gas, or 100 Ccf. A state law passed last year allows the natural gas provider to add the charge to make up the income it will lose if customers reduce their usage.

[A Common Sense Approach to Transportation Fleet Management](#)

The big talk for the last 18 months has, of course, been fuel prices. Soaring upwards, crashing back to the ground—leaving transportation managers caught in the uncertainty of no-man's land. But Bentz insists that the care and feeding of the transportation budget line goes beyond just monitoring prices at the pump.

Switching the fleet to alternative fuels or to hybrid vehicles, for example, may have made economic sense when fuel cost more than \$4 per gallon. When fuel costs dropped to under \$2 per gallon, alternative options became less attractive. "As we reach World Peak Oil (the point at which maximum extraction is reached, currently predicted to begin sometime between the years 2010 and 2030) and the resulting inexorable decline in production in the face of continually rising demand, fuel costs will go up again," Bentz predicts.

[Biden Says Renewable Energy Jobs to Lift Middle Class, Economy](#)

(Bloomberg) -- Vice President Joe Biden said investments in renewable energy and conservation will help create "tens of thousands" of well-paying jobs that will strengthen the middle class.

"We look at this as a whole new approach," Biden said today at a forum at the University of Pennsylvania in Philadelphia to highlight the Obama administration's so-called green jobs initiatives.

[Growth, expansion, increase and development in Colorado](#)

In short, we face ominous realities for this civilization. No amount of alternative energy can or will replace the energy density of oil. Yet, leaders like U.S. Senator Mark Udall, Governor Bill Ritter, and as yet, little known Senator Michael Bennett of Colorado--do not fully grasp what we face. Udall, by his own words, said we can continue adding 1.2 million immigrants annually into the USA. He actually supported doubling legal immigration from 1.2 million to 2.4 million in 2007. Results: 100 million people added to the USA by 2035.

Ironically, those men endorse alternative energy, seemingly unaware they promote policies that negate any efforts for alternative energy to succeed. How's that you ask? For every advancement of alternative energy, Colorado adds 100,000 people annually. For every breakthrough in conservation, another 100,000 people negate any chance for a viable solution. Demographic projections show Colorado adding five to six million people by mid century.

[Oilman touts alternative energy](#)

Pickens noted that global supply of oil is currently around 85 million barrels a day, with the U.S. burning through around 20 million barrels by itself.

"We're using 25 percent of all the oil with 4 percent of the population, and we have only 3 percent of the reserves in the world," he said. "We're going to have to face up to that at some point. We have to start getting ourselves out of the trap we've put ourselves in. It's not anybody's fault but ours."

[Sacred Demise: New Book by Carolyn Baker](#)

But even recognizing that times are tough, chances are reading this book will feel overwhelming and unsettling at times. I know it has been for me and I've been studying, writing, and teaching about the implications of such threats as peak oil, climate change, and economic collapse over half a decade. But I'd like to suggest that we welcome whatever feelings of overwhelm or disquiet this book may stir in us, because like the medicine our mothers gave us as children, they will make us better.

[Sparx-Controlled Japan Wind to Build Plant on Southern Island](#)

(Bloomberg) -- Japan Wind Development Co., controlled by Asia's biggest hedge-fund manager, will construct a plant on a remote island off southwestern Japan to capitalize on the country's growing demand for clean, alternative energy.

[Time to Get "Smart"- on Biofuels](#)

Washington, D.C.-The Sierra Club and Worldwatch Institute today released a report, *Smart Choices for Biofuels*, highlighting the need for important policy reforms at this critical juncture in America's effort to increase the use of biofuels. The report outlines the economic and environmental impacts of first-generation biofuels such as corn ethanol, proposes strategies to make the biofuels industry more sustainable, and offers specific policy recommendations in four broad categories:

[Coen brothers' TV ad ridicules 'clean coal'](#)

Academy Award winners Joel and Ethan Coen, known for their grimly comic portrayals of human nature, are poking fun at a new target: the coal industry.

['Cap-and-trade' unusually detailed in budget](#)

WASHINGTON - Potentially one of the most far-reaching elements in President Barack Obama's budget blueprint is its call to combat global warming with a "cap-and-trade" system for reducing carbon emissions from power plants and other industrial facilities. Overall, it would cut total emissions 14 percent below 2005 levels by 2020 and 83 percent below 2005 by 2050.

[Obama May Have To Give Away 70% of Carbon Credits, Merrill Says](#)

(Bloomberg) -- President Barack Obama may need to give away as much as 70 percent of greenhouse-gas emissions permits to win support for his cap-and-trade program, Merrill Lynch & Co said.

[Commercial Shipping Exhaust Offsets CO2 Climate-Warming Effect](#)

(Bloomberg) -- Exhaust from commercial ships negates the impact caused by the industry's release of global-warming carbon dioxide into the air, a study has discovered.

Scientists at the National Oceanic and Atmospheric Administration in Boulder, Colorado, said tiny particles in the fumes spewed from ship engines have a cooling effect five times greater than the effect from the vessels' CO2 emissions.

[NYC must prep for climate change](#)

If New York City doesn't prepare for global warming, it could face significant repercussions, a panel of scientists reported last week. Among them is the risk of having to rebuild vital infrastructure.

[Humans facing population cull if temps rise 4C in next 100 years](#)

ONLY "10 per cent" of the human race will be left if global temperatures rise by a predicted 4 per cent in the next 100 years.

[The Geoengineering Option: A Last Resort Against Global Warming?](#)

As climate change accelerates, policymakers may have to consider "geoengineering" as an emergency strategy to cool the planet. Engineering the climate strikes most as a bad idea, but it is time to start taking it seriously.

[Climate change: chance for US-China cooperation](#)

BEIJING – With climate change emerging as a key issue for both the United States and China, the two countries have a new platform for cooperation and an opportunity to strengthen their often contentious relationship, a leading China expert said Thursday.

[Risks of Global Warming Rising: Is It Too Late to Reverse Course?](#)

"Most people thought that the risks were going to be for certain species and poor people. But all of a sudden the European heat wave of 2003 comes along and kills 50,000, [Hurricane] Katrina comes along and there's a lot of data about the increased intensity of droughts and floods. Plus, the dramatic melting of Greenland that nobody can explain certainly has to increase your concern," says climatologist Stephen Schneider of Stanford University, who co-authored the research published this week in the *Proceedings of the National Academy of Sciences* as well as in several IPCC reports. "Everywhere we looked, there was evidence that what was believed to be likely has happened. Nature has been cooperating with [climate change] theory unfortunately."



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