

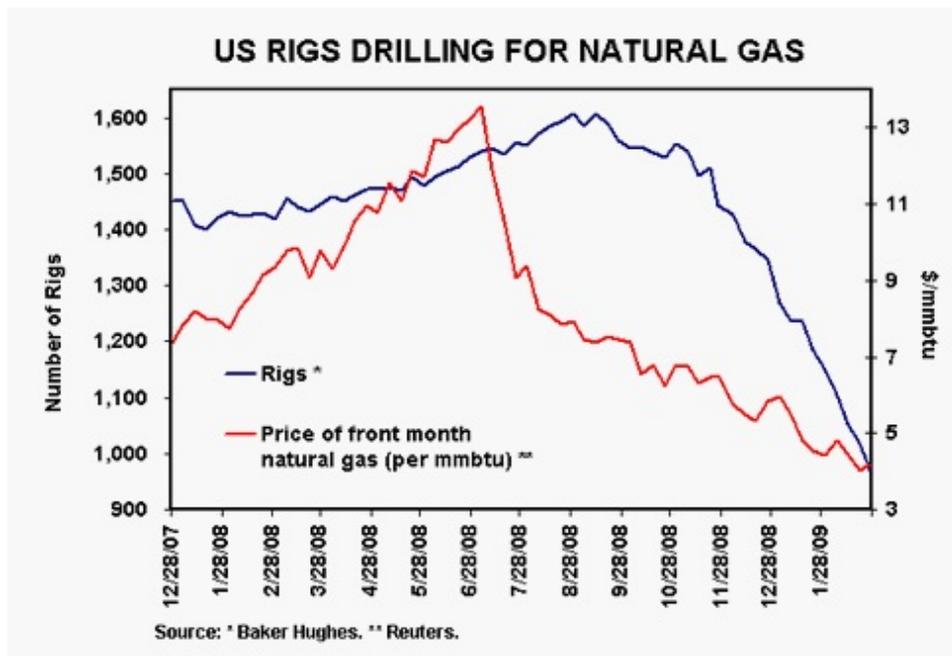


DrumBeat: March 4, 2009

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Topic: [Miscellaneous](#)

[Number of Rigs Drilling for Natural Gas in U.S. Drops to 5-Year Low](#)



The number of rigs drilling for natural gas in the United States fell below 1,000 last week for the first time in nearly five years, according to Baker Hughes Inc. The drop comes as prices for the fuel continue to fall.

[Oil Rises a Second Day on Signs China Will Increase Stimulus](#)

(Bloomberg) -- Crude oil rose for a second day on speculation China will broaden efforts to boost economic growth, bolstering fuel demand in the world's third-largest economy.

Oil climbed as much as 8.7 percent after an official said Chinese Premier Wen Jiabao may announce new measures, adding to a 4 trillion yuan (\$585 billion) spending plan. A government report today showed an unexpected decline in U.S. crude-oil inventories last week as OPEC cut production.

"There are signs of optimism about the economy after weeks of very bleak news," said Michael Lynch, president of Strategic Energy & Economic Research, in Winchester, Massachusetts. "We are also starting to see the OPEC production cuts impact

inventories here.”

[Exxon Seen Using Cash Hoard for Field Stakes, Not Takeovers](#)

(Bloomberg) -- Exxon Mobil Corp., the world's largest oil company, will probably tap its \$31.4 billion mountain of cash to buy stakes in offshore fields from state oil companies rather than mounting takeover bids for major rivals.

[Russian energy stocks look cheap](#)

It may take years for the oil market to right itself after the devastating selloff last year, but value investors with time on their hands might want to have a look at Russia's oil assets.

The collapse in oil prices has devastated the country and caused a serious short squeeze on dollar borrowers that has sent the currency tumbling. Stocks in Russia are now dirt cheap and oil and gas producers are priced more cheaply than anywhere else in the world.

[Green trucking: State may consider diesel idling ban soon](#)

The rumble of idling diesel trucks at a highway rest stop is a familiar sound to many travelers. Truck and bus drivers routinely run their engines during breaks to provide heat or air conditioning in the cab and electrical power for the radio or refrigerator. Keeping the motor running also eliminates the need for a "cold start," which is hard on bearings, seals and other engine parts.

But growing concerns over air pollution -- not to mention fuel costs -- have driven 21 states to pass laws restricting the amount of time diesel operators can idle their rigs. An idling diesel semi can burn through a gallon of fuel an hour while spewing out pounds of soot, ozone and carbon dioxide.

[Byron W. King: How much coal is out there?](#)

First, I've been hearing that "250-year supply" — thing since about 1973. But the U.S. has been mining, burning and exporting coal in immense quantities for all that time. So don't you think that the reserve estimate might have shrunk down to something like 215 years by now? Nope. That 250-year number seems never to change, kind of like those Saudi oil reserve estimates that stay the same year after year. Despite decades of coal mining, a lot of people still want to believe (and probably want you to believe) that the U.S. has a bottomless pit of coal resources.

[Alberta unveils incentives to spur oil and gas drilling](#)

The Alberta government has unveiled new financial incentives for oil and gas drillers battered by the economic downturn, but the province's energy minister adamantly refused to characterize the move as a bailout for the energy sector.

"This has nothing to do with splashing money around. What this has to do with is putting Albertans to work," Mel Knight told a news conference on Tuesday.

[Rosneft Fourth-Quarter Profit Declines 64% on Oil Prices, Taxes](#)

(Bloomberg) -- OAO Rosneft, Russia's largest oil producer, said profit declined 64 percent in the fourth quarter as crude prices fell while taxes and costs rose.

Net income dropped to \$775 million from \$2.18 billion in the same period a year earlier, the Moscow-based company said today in an e-mailed statement. Analysts had expected a loss of \$120 million, the median estimate of 11 responses in a Bloomberg News survey. Earnings before interest, taxes, depreciation and amortization, a measure of profitability, plunged to \$32 million from \$5.08 billion.

[Aramco eases contract terms on Manifa and Jubail deals](#)

State oil giant Saudi Aramco is introducing flexible terms to contracts for its Manifa oil field capacity expansion and the Jubail export refinery to help cash-strapped contractors and attract lower bids.

Aramco will now conduct the engineering, procurement and construction (EPC) deals on the projects on a cost-reimbursable basis to reflect the fall in commodities prices, rather than using the fixed-price terms that it traditionally favours.

[Pemex May Seek \\$10.5 Billion to Finance Projects](#)

(Bloomberg) -- Petroleos Mexicanos, the state-owned oil company, may seek as much as \$10.5 billion in financing this year to pay for record spending on exploration and production.

As much as \$6 billion may come from issuing debt in local and international markets, \$2.5 billion in loans from financial institutions and \$2 billion in loans from export-import agencies, Chief Financial Officer Esteban Levin said today on a conference call with analysts, without giving a time frame.

[PetroChina Cuts '09 Output Targets on Falling Demand](#)

Top Asian oil and gas producer PetroChina has cut its domestic production targets for 2009 by 10 to 20 percent at many oil fields because of falling demand, a company executive said on Wednesday.

The cuts, versus original production targets set at the beginning of the year, would apply to fields except its top two producers Daqing and Changqing, said Zong Yiping, head of PetroChina's Qinghai Oilfield.

[Are greener gadgets even possible?](#)

Griffith, the intellectual force behind wattzon.com (where you can calculate the energy use of your lifestyle), has another term for the gadget-obsessed, himself included: "planet f&*kers." A detailed analysis of the energy required to produce everything from his daily glass of wine to his iPhone revealed that Griffiths requires some 25,000 watts of energy every day, or nearly twice that of the average American (who is already consuming at least six times as much as the average person in China and more than 20 times as much as the average Indian citizen).

A big part of that is all that time spent on the computer. As Stephen Harper, Intel's global director of environment and energy policy, put it: "As the chips get smaller and denser, we end up with a laptop with the heat output of a nuclear power plant." The chipmaker hopes to get around that by emphasizing energy efficiency over speed. But the fact remains that computers are becoming ever more energy hungry.

[Building products firm in bid to power factory with wind turbine](#)

Building products manufacturer H+H is hoping to provide energy for its Humberside production site from the wind, under a partnership with electricity supplier Ecotricity.

The company, which makes "aircrete" breeze blocks at the Pollington factory, has signed up to Ecotricity's Merchant Wind Power scheme, where the power company builds wind turbines on customer sites to provide renewable power for their needs.

[Sharon Astyk: Seussian Paradigm Shift](#)

I have no crystal ball, but I wonder how much radical shift in direction we're likely to see in the coming year. My own sense is that we may well see such a shift - and quite soon - away from our frenzied attempts to prevent the worst, and toward attempts to mitigate what we must now acknowledge as inevitable - the extended Depression, the rising temperatures, the lifelong project of adapting to Depletion. I do not know for sure

by any means, but it strikes me that we are nearing a point at which we will no longer be able to go on as we have been, and the projects we engage in will have to change fundamentally. We may have to admit that the hope of growing the economy again or rescuing the banks is futile - and turn our efforts, hopefully, towards mitigating suffering. We may have to concede that the planet will pass the 2 degree tipping point (and I say this with great pain), and that the best we can hope for is to not add more damage. We may have to concede that our children will be dealing with a national infrastructure designed for cheap energy - and without much of the energy, and turn ourselves to the national and world project of adaptation.

[Gardens could make comeback in current economy.](#)

STAFFORD — At the Jan. 15 meeting of the Stafford County Parks and Recreation Commission, Bobby Crisp, George Washington District, stated that home production of produce could help citizens offset the rising costs of fuel, medical expenses and food.

In World War I, this effort was called a “war garden.” In World War II it was considered a Victory Garden — and it worked. Estimates are that about 70 percent of the country’s produce was produced by people keeping gardens in their own homes.

Victory or War Gardens were gardens citizens grew in their front and back yards, the tops of their roofs and across the street in empty lots. These gardens grew fruits and vegetables that people ate and canned so that the produce being grown by farmers could be sent overseas to soldiers and allies.

[Should hunters switch to 'green' bullets?](#)

(CNN) -- Three years ago, Phillip Loughlin made a choice he knew would brand him as an outsider with many of his fellow hunters:

He decided to shoot "green" bullets.

"It made sense," Loughlin said of his switch to more environmentally friendly ammo, which doesn't contain lead. "I believe that we need to do a little bit to take care of the rest of the habitat and the environment -- not just what we want to shoot out of it."

[In a recession, cheap is chic](#)

With the economy in shambles and so many people losing their jobs and homes, it is no longer considered cool to brag about possessions and purchases.

For many during a deepening recession, conspicuous consumption is out and frugality is the new black.

[How the Crash Will Reshape America](#)

So how do we move past the bubble, the crash, and an aging, obsolescent model of economic life? What's the right spatial fix for the economy today, and how do we achieve it?

The solution begins with the removal of homeownership from its long-privileged place at the center of the U.S. economy. Substantial incentives for homeownership (from tax breaks to artificially low mortgage-interest rates) distort demand, encouraging people to buy bigger houses than they otherwise would. That means less spending on medical technology, or software, or alternative energy — the sectors and products that could drive U.S. growth and exports in the coming years. Artificial demand for bigger houses also skews residential patterns, leading to excessive low-density suburban growth. The measures that prop up this demand should be eliminated.

If anything, our government policies should encourage renting, not buying. Homeownership occupies a central place in the American Dream primarily because decades of policy have put it there. A recent study by Grace Wong, an economist at the Wharton School of Business, shows that, controlling for income and demographics, homeowners are no happier than renters, nor do they report lower levels of stress or higher levels of self-esteem.

[Oil producers running out of storage space](#)

NEW YORK - Supertankers that once raced around the world to satisfy an unquenchable thirst for oil are now parked offshore, fully loaded, anchors down, their crews killing time. In the United States, vast storage farms for oil are almost out of room.

As demand for crude has plummeted, the world suddenly finds itself awash in oil that has nowhere to go.

It's been less than a year since oil prices hit record highs. But now producers and traders are struggling with the new reality: The world wants less oil, not more. And turning off the spigot is about as easy as turning around one of those tankers.

[Ukrainian security agents raid Naftogaz offices](#)

KIEV, Ukraine – Ukrainian national security service agents raided the headquarters of the country's troubled natural gas company Wednesday and began questioning a top accountant and searching for documents, officials said.

The raid by armed agents wearing masks was in connection with a criminal investigation launched this week into the alleged diversion of gas worth around 7.4 billion hryvna (\$900 million), SBU national security service spokeswoman Marina Ostapenko told The

Associated Press.

[Gazprom says concerned about Ukraine gas bill](#)

MOSCOW (Reuters) - Russian gas export monopoly Gazprom (GAZP.MM) said on Wednesday it was concerned about timely payment for Russian gas supplies by Kiev following a raid by Ukraine's security services on state energy firm Naftogaz.

"It seems that someone doesn't want Naftogaz to pay in time in order that we don't have problems," Gazprom spokesman Sergei Kupriyanov told Reuters.

[BP to freeze dividend: report](#)

LONDON (AFP) - British oil major BP is planning to freeze its dividend this year, its chief executive told the Financial Times on Wednesday, as the firm seeks to adjust to the plunge in oil prices.

[Sakhalin II signs LNG supply deal with Osaka Gas](#)

YUZHNO-SAKHALINSK (RIA Novosti) - Sakhalin Energy, the operator of a vast oil and gas project off Russia's Pacific Coast, said on Wednesday a sale and purchase agreement had been signed for LNG supply to the Japanese company Osaka Gas.

[Ecuador will not seize Perenco's fields over debt](#)

QUITO (Reuters) - Ecuador will not seize the oilfields of Perenco, Oil Minister Derlis Palacios said Wednesday, only a day after the OPEC nation said it will freeze the French company's oil income to collect a debt.

Palacios said the government still hoped to settle the more than \$300 million in late taxes with Perenco to halt actions against the company that extracts crude from oil blocks 7 and 21 in the Amazon jungle.

[China on buying and lending spree](#)

MONTREAL - The agreement announced late last month between Russia and China for construction of a pipeline branch to China from the East Siberia-Pacific Ocean (ESPO) oil pipeline is only one aspect of a relatively new strategic policy direction from Beijing to acquire foreign assets during the ongoing global economic downturn.

Caijing Magazine, using information compiled from Dealogic, reports that Chinese companies initiated 22 overseas acquisitions in January and February, with a total value of US\$16.3 billion, with the pace accelerating. Almost all acquisitions concerned natural resources, and nine-tenths of the total investment was directed to Australia. This is a marked switch from 2008, when less than two-thirds of investment was in the natural resource sector, and one-third of that went to British companies.

[Gazprom to Cut Gas Producers' Pipeline Access, Vedomosti Says](#)

(Bloomberg) -- OAO Gazprom plans to cut the amount of natural gas it ships for independent producers as demand falls, Vedomosti reported, citing Alexander Mikheev, the state-run pipeline monopoly's first deputy head of sales.

OAO Novatek, the country's second-largest gas producer has boosted output 11 percent in the first two months of the year, while Gazprom reduced its own natural gas production 16 percent, the newspaper said. The global economic crisis, Ukrainian gas conflict, high European prices and warm winter weather have eroded demand, the newspaper said.

[Kuwaiti emir may dissolve parliament](#)

Kuwait's ruler could move to dissolve parliament in the leading oil exporter in the coming days to avoid deputies questioning the royal prime minister, media and parliamentary sources said.

Frequent Cabinet changes usually do not affect the oil policies of Opec-member Kuwait, the world's seventh-largest oil exporter, which are set by a high state energy council.

[U.S. car sales tank to troubling depths](#)

Automakers sold barely more than half as many new cars and trucks in February as they did a year ago, as potential buyers worried about more basic concerns — such as whether they'd have jobs or be able to pay the mortgage.

The February auto sales rate, if stretched over a whole year, would amount to just 9.1 million new vehicle sales, the worst annual rate since December 1981, according to sales tracker Autodata. And it's worse than January's grim annual rate of 9.6 million, which many hoped was rock bottom.

[Fiat aims to cut fuel use up to 25% with new tech](#)

GENEVA — On the eve of Fiat CEO Sergio Marchionne's meeting with the presidential automotive task force to discuss his company's proposed alliance with Chrysler, the Italian automaker unveiled a new engine technology it says can reduce fuel consumption as much as 25%.

[Somerville after the fall](#)

The gales of economic adversity howling through the nation and the world will be brutal and prolonged. As the recession deepens and prolongs, it will coincide with peak oil impacts. And as baby-boomers continue to age, far fewer workers will support many more retirees. Increasing the Social Security eligibility age is inevitable, and decreasing benefits is likely. Healthcare costs, now at \$8,000 for every man, woman, and child, will increase to \$13,000 within a decade.

When the storm ultimately subsides, Americans will live differently.

[Someone spent all the money](#)

Most of the easy oil has been pumped. What remains is expensive to get out of the ground, expensive to transport and refine, and often of lesser quality.

Any new discoveries are likely to be environmentally dangerous, as well, threatening ocean waters or blighting watersheds (imagine a massive pipeline spill up the Copper River, for example).

Without significant new amounts of green energy coming on stream, oil supply needed to meet world demand could be down by nearly a quarter in only four years.

Analysts at www.theoil Drum.com depict us as heading toward an "energy cliff," one beyond whose edge the cost of getting energy of various kinds exceeds the value of the energy to be recovered.

Given the threat of climate change, peak oil may be a blessing in disguise, but the transition to efficient and abundant green alternatives is likely to be an ugly and painful one.

[The Party's Over: Why not grow some of your own food?](#)

It's not coming back. The party's over. This isn't some temporary blip in the economy that a little belt-tightening will fix. One less latte and a smaller, "fuel efficient" SUV will not make this problem go away.

It would be nice to have all that money back from our Iraq misadventure. It would have been nice to have had eight years of competent federal leadership. But even so, the party had to end some time. It just came sooner than we expected. This is what the

CEOs used to call a paradigm shift. Or, to borrow another corporate buzz-phrase, this is a perfect storm — too many people, too few finite resources (oil, water, coal), too little meaningful work, etc.

[Residents' triumph on Green Lane](#)

Paul Atkinson, who lives on the winning street with his wife Karen and two children, said he was "astonished" after cutting £1,000 from his annual electricity and gas bill.

Mr Atkinson said: "Small measures really make a difference and once you start doing things like not putting the TV on standby, it soon becomes second nature."

[L.A., San Francisco, Houston are stars of energy efficiency](#)

In a list of America's greenest cities, Los Angeles and Houston wouldn't top most people's lists.

But those two cities, with San Francisco between them, are the U.S. cities that have the highest number of energy-efficient commercial buildings, says the Environmental Protection Agency.

[India Flips Switch on Energy, Pollution](#)

WASHINGTON (OneWorld.net) - The second most populous country in the world is phasing out incandescent light bulbs in favor of energy-saving fluorescent bulbs, reports an environmental protection group, calling the move an important step toward a cleaner energy future.

[Supreme Court limits challenges to logging in federal forests](#)

WASHINGTON — A closely divided Supreme Court on Tuesday limited environmentalists' ability to challenge Forest Service rules in a case that arose from a controversial Sequoia National Forest salvage logging project.

[Canada, U. S. join in \\$7B plan for carbon](#)

Canada and the United States will ensure there is co-ordination and no duplication in \$7-billion worth of technology projects -- \$3.5-billion on each side of the border -- aimed at reducing carbon emissions from coal-fired power plants and the Alberta oil sands, Jim Prentice, the Environment Minister, said yesterday.

[U.S. Climate Official Urges Congress To Curb Greenhouse-Gas Emissions](#)

WASHINGTON -- The top U.S. negotiator of international climate-change agreements urged Congress to pass legislation curbing greenhouse-gas emissions in advance of an international summit this December, saying it would give other countries "a powerful signal" to cut their own emissions.

[Climate change won't wait for recession's end](#)

THE unprecedented challenges of economic recession, global warming, peak oil and shortages of usable water have all emerged simultaneously.

The argument that the problems of recession and rising unemployment are more immediate and, therefore, measures to reduce the national carbon footprint should be put to one side, should be seen for what it is — special pleading by polluters who have apparently gulled a majority of Australian Industries Group members that it is also in their interests.

[Mediterranean Sea Level Could Rise By over 2 feet](#)

A Spanish-British research project has come up with three future scenarios for the effects of climate change on the Mediterranean over the next 90 years, using global models from the Intergovernmental Panel on Climate Change (IPCC). The conclusions show that ocean temperatures in this area will increase, along with sea levels.



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