



Drumbeat: May 1, 2009

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Topic: [Miscellaneous](#)

[Number of active oil rigs falls by 10](#)

HOUSTON (AP) -- The number of rigs actively exploring for oil and natural gas in the United States fell by 10 this week to 945, down nearly half from a year ago.

Of the rigs running nationwide, 741 were exploring for natural gas and 196 for oil, Houston-based Baker Hughes Inc. reported Friday. A total of eight were listed as miscellaneous.

A year ago, the rig count stood at 1,839. The U.S. count is down 53 percent since the end of August as weak energy demand has hampered oilfield activity.

[Oil climbs above \\$53; manufacturing declines slow](#)

NEW YORK – Oil prices rose sharply Friday as a trade group reported that deterioration in the American manufacturing sector appeared to be slowing.

Heavy industry is a major energy consumer and layoffs and factory shutdowns on a global scale has resulted in huge stockpiles of unused natural gas and crude. As a result, prices have fallen hard since last summer, but have edged up throughout this week.

[Scientists say device charges cars smarter](#)

SEATTLE - Researchers at the Pacific Northwest National Laboratory in Richland, Wash., say they've come up with a way to recharge electric cars that won't strain the power grid.

The smart charger controller is a device that automatically figures out the best and cheapest times for drivers to recharge cars.

The technology communicates with the power grid and can temporarily stop charging when there is stress on the system, scientist Michael Kintner-Meyer said.

[Drivers could get a charge out of Chevrolet Volt](#)

WARREN, Mich. — Based on the thin evidence available, folks who buy or lease the Chevrolet Volt electric car — scheduled to go on sale in November 2010 — should be surprised and pleased.

If the so-called Volt mules that General Motors provided for a few miles of driving around the GM Tech Center campus here Tuesday were representative, Volt owners will be treated to remarkably punchy performance from the electric drivetrain and a level of quiet refinement that appears to lead the industry.

[Ford's U.S. vehicle sales fell 32 percent in April](#)

DETROIT - Record sales of its fuel-efficient Fusion helped Ford grab a bigger slice of the U.S. car market in April, even as its overall sales dropped 32 percent.

The gains could come at the expense of its Detroit rivals, which are struggling to attract buyers soured by shrinking incomes and auto bankruptcy worries. General Motors Corp. and Chrysler LLC report April sales later Friday.

[U.S. lawmakers discuss more government power over grid](#)

WASHINGTON (Reuters) - The United States must develop policy allowing the federal government to lead the expansion of the electricity grid to meet any new renewable energy mandates, a key lawmaker said on Thursday.

"We can not and will not maximize the production of renewable energy in this country unless we fix the transmission problem," Democrat Senator Byron Dorgan of North Dakota said at a Senate Energy and Natural Resources committee meeting.

[Giving the Power Grid Some Backbone](#)

The U.S. needs a high-voltage transmission system to deliver plentiful energy from wind and sunshine to power-hungry cities. At least one plan has emerged.

[Power to the people](#)

It costs £45 in hardback. It has a crashingly dull cover and title. And it has been launched without marketing pizzazz. But a new academic book written by David MacKay, a physics professor at the University of Cambridge, is being hailed by some as a "game changer": a text that could revolutionise popular thinking about our future energy needs

and how we could supply them.

[Goldman Sachs raises Suncor Energy, Petro-Canada](#)

(Reuters) - Goldman Sachs raised Suncor Energy Inc, Canada's second-largest oil sands producer, to "buy" from "sell," citing lower operating and capital costs and a positive outlook for crude oil in the second half of 2009 through 2010.

Analyst Arjun Murti also upgraded Petro-Canada to "buy" from "sell," owing to its pending acquisition by Suncor, which was also added to the conviction buy list.

[Capitalism in Wonderland](#)

Apologists for capitalism continue to occupy Wonderland, because it is only in Wonderland that environmental problems either do not really exist or can be solved by capitalism, which can also improve the quality of life for the mass of humanity. Bjørn Lomborg, a Danish statistician and political scientist (now an adjunct professor at the Copenhagen Business School), picked up Simon's torch, publishing his salvo aimed at environmentalism, *The Skeptical Environmentalist*, in 2001. Lomborg argued, for example, that attempting to prevent climate change would cost more and cause more harm than letting it happen. Lomborg's book was immediately praised to the skies by the mass media, which was looking for a new anti-environmental crusader. Soon after the publication of *The Skeptical Environmentalist*, environmental scientists documented the countless flaws (not all of them inadvertent) in Lomborg's reasoning and evidence. *Scientific American* devoted part of an issue to four articles by leading scientists sharply criticizing Lomborg. As a result of its serious flaws, the book was rejected by the scientific community. Yet, despite the adamant rejection of *The Skeptical Environmentalist* by natural scientists, all of this seemed only to add to Lomborg's celebrity within the corporate media system. *The Economist* touted the book and its conclusions, proclaiming it to be "one of the most valuable books on public policy," having dispelled the notion of "looming environmental disaster" and "the conviction that capitalism is self-destructive." *Time* magazine in 2004 designated Lomborg as one of the 100 most influential people in the world; while in 2008, Britain's *Guardian* newspaper labeled him as one of the "50 people who could save the planet."

[From fame to shame: The coming crisis of unecological economics](#)

Economics, as it has been taught for well over a century, is unecological. It overlooks or explains away long run natural constraints to economic growth. Nonetheless, the penetration of physics into economic thought has made the most fundamental condition of human existence unavoidable in debates about the future:

The terrestrial sphere is thermodynamically closed.

[Is Sustainable Development of Deserts Feasible?](#)

Every year, each square kilometer of hot desert receives a solar energy equivalent to 1.5 million barrels of oil, and about 57 million TWh of solar energy falls down on all hot deserts of our planet. In contrast, the worldwide energy consumption in 2005 was as low as 135,000 TWh. The Sahara alone, with an area of 9.1 million km², receives about 20 million TWh of heat per year, which, even with the today's 10-15 % solar energy/electricity conversion efficiency, is ten times more than the overall energy consumption in the world. This gave a rise to a lot of projects aiming at utilizing solar energy, ranging from photovoltaic batteries to power plants with sunlight concentrators. However, the direct implementation of these sun-powered technologies as separate processes is strongly hindered by the high expenses caused by the transportation of produced power, negative environmental impact on desert wildlife, and the absence of highly efficient power storage technologies, which are needed to supply power when the Sun is not shining. It should be noted that the implementation of these technologies alone is nearsighted because this solution cannot slow down desertification, bring deserts back to the stock of arable lands, and contribute to solving the problems of the growing deficit of water and food.

[Solar energy system topic of upcoming public hearing](#)

Lebanon, NY — Town of Lebanon residents will have their opportunity to weigh in on a proposed solar energy system being considered by town officials. If approved the system would be the first municipal solar system in Madison County.

[Evergreen Solar posts big loss, shares dive](#)

LOS ANGELES (Reuters) - Evergreen Solar Inc posted a first-quarter net loss after taking a big write-down and said second-quarter production would be below targets as the economic downturn and weak credit markets depress solar demand, sending shares down 15.6 percent.

[\\$50 billion needed to fix rail transit, study says: Many trains, equipment, facilities of largest agencies near end of useful life](#)

WASHINGTON - More than one-third of the trains, equipment and facilities of the nation's seven largest rail transit agencies are near the end of their useful life or past that point, the government said Thursday. Many have components that are defective or may be critically damaged.

A report by the Federal Transit Administration estimates it will cost \$50 billion to bring the rail systems in Chicago, Boston, New York, New Jersey, San Francisco, Philadelphia and Washington, D.C., into good repair and \$5.9 billion a year to maintain them.

Those seven systems carry 80 percent of the nation's rail transit passengers, making

more than 3 billion passenger trips a year. They also include some of the oldest subways and commuter railroads. Some of their facilities date back more than a century.

[With Marathon expanding plant, more fuel is on the way](#)

GARYVILLE, LA .— From a distance, it looks like a small city is rising out of the sugar cane fields here in this small town between New Orleans and Baton Rouge.

On closer look, it becomes clear that the dozens of cranes and towering structures that fill the sky and the armies of workers below are part of Marathon Oil Corp.'s \$3.4 billion effort to make its oil refinery here among the biggest in the nation.

Expected to be completed later this year, the project will expand the 256,000-barrel-per-day refinery, now the country's 18th largest, to a facility with a crude oil processing capacity of 436,000 barrels per day, the fourth biggest.

[Is Summertime the Right Time for Refiners?](#)

It was in October that we last visited the independent refiners, who at the time had seen their stock prices plummet on average 75% from their 2007 highs. So we were compelled to ask the question, are refiners too cheap to ignore? Although we found that many appeared cheap, none stood out as especially compelling investment propositions.

[Mexico's Pemex posts \\$1.9 bln loss as output falls](#)

MEXICO CITY (Reuters) - Mexico's state oil company Pemex posted a net loss of 27 billion pesos (\$1.9 billion) in the first quarter, hurt by lower production and oil prices and a rise in its debt costs as the peso declined.

[FACTBOX - Mexico shuts down to stem flu outbreak](#)

The government has yet to specify what parts of major oil exporter Pemex will close. Some operations at the state-run company, such as gas stations, will continue as usual.

[Flu heightens Mexico's economic sickness](#)

"They put all their eggs in one basket by relying so much on the US," said Luis Carlos Nino, Latin America strategist at Capital Economics. A belt of plants in north Mexico that supply the US auto, aerospace, plastics, and electronics industries has been ravaged.

“Demand has fallen off a cliff, and on top of that the commodity bubble has burst. They have regarded their oil industry as the goose that lays the golden egg, spending the money instead of putting it aside in a sovereign wealth fund for a rainy day, as Chile has done with copper. It’s raining now,” he said.

[Chevron’s profit tumbles as oil prices fall](#)

HOUSTON - Chevron Corp. says its first-quarter profit fell 64 percent as it, along with competitors, was stung by lower oil and natural gas prices.

Chevron, the second-largest U.S. oil company, said Friday its profit for the first three months of 2009 amounted to \$1.84 billion, or 92 cents per share. That compared with \$5.17 billion, or \$2.48 per share, in the quarter a year ago.

[TransCanada profit falls](#)

TORONTO (Reuters) - TransCanada Corp., Canada's biggest pipeline company, on Friday reported first quarter profit down 26 percent from the year ago, when it posted extraordinary gains.

TransCanada, which has expanded its gas pipeline network across much of North America and built up its power generation business, earned \$334 million, or 54 Canadian cents a share, matching analysts' expectations.

[Coal Industry](#)

Our near-term outlook for the coal industry is neutral. Decreased demand for steel and electricity caused by a global recession has pushed global coal prices down off their highs of 2008. In the U.S., this has been perpetuated by mild weather, low natural gas prices and high coal stockpile levels at power generators.

While production cuts will help prices from falling off a cliff, these will likely impact earnings in 2009 as higher unit costs and lower met realizations shrink margins. Until the economy and investors start to see the tangible effects from the late '08 and early '09 monetary and fiscal stimulus packages put in place on a global scale, there will not be any catalysts to move stock prices in the coal space -- thus trading flat through 3Q'09.

[India: 30 coal-based power plants running at critical stock level](#)

Shortage of coal continues to play havoc with thermal power companies as 30 coal-based plants have stocks that will meet their requirements for less than seven days, according

to CEA data.

[Texas coastal windstorm policies may increase 5% per year](#)

AUSTIN — Coastal residents insured by the state windstorm fund could see increases of 5 percent per year for the next three years under a bill passed Thursday by the Senate.

[Water scarcity to be major issue in Asia](#)

A Central Asia summit on how to share dwindling water resources broke down in bitter disagreement this week.

The region's five leaders meeting in Kazakhstan couldn't find any common ground on the contentious issue in one of the world's driest regions. The Asia Society's Leadership Group on Water Security is warning that Asia could see many more of these disputes in the decades to come. By 2050, as many as three out of four people around the globe could be affected by water scarcity, according to the UN.

[Saudi Arabia - Experts call for greener development](#)

(MENAFN - Arab News) Expressing concern over global warming, experts called for immediate preventive measures to minimize its effects by adopting greener technologies in a seminar held at Jeddah Chamber of Commerce and Industry's auditorium here on Wednesday.

['Cash for clunkers' kicks in gear](#)

WASHINGTON (CNNMoney.com) -- A congressional effort to subsidize new cars sales for consumers who scrap old ones is gaining momentum, as leaders seek to help the struggling auto industry.

So-called cash-for-clunkers legislation introduced in January aimed to encourage the purchase of more fuel efficient cars. Consumers with old, gas guzzlers could get \$1,500 to \$5,000 vouchers funded by the government to use toward the purchase of new cars.

The goal: reduce greenhouse gas emissions and fuel car sales. How far the legislation should go to accomplish those often competing goals has become a bone of contention on Capitol Hill.

[Floating oil lake likely to curb future oil prices](#)

LONDON/NEW YORK (Reuters) - Oil companies are storing a record volume of oil at sea in giant tankers as world crude supply outstrips demand, and this floating oil lake is now so big that it is likely to keep a lid on prices for some time.

Shipping analysts say around 100 million barrels of crude and about 25 million barrels of refined products, such as gas oil, are held in fleets of Very Large Crude Carriers (VLCCs) in Europe, West Africa, the U.S. Gulf and off Asian ports.

The volume of oil stored at sea has risen to record levels because the price of oil for use now is well below the value of oil for future delivery -- a market structure known as contango, typical of a bear market.

[China tightens grip on rare earths](#)

THE late Chinese leader Deng Xiaoping once said: "The Middle East has oil, China has rare earths".

Now his successors could add: "And we also have Australia's rare earths".

And that means China keeps its control of the global rare earths market - and allows it to call the tune on the future of a number of industries, including electronic and green technologies.

[Suniva CEO: Solar industry closer to grid parity](#)

When it comes to the solar industry, the holy grail is achieving "grid parity" -- or being able to generate electricity with solar energy at the same cost as by burning fossil fuels.

While the industry isn't quite there, it's getting close, John Baumstark, CEO of Suniva Inc. told a gathering of tech entrepreneurs and investors at the ATDC Entrepreneurial Showcase on Wednesday.

[Report Ignites Biofuels Debate](#)

A new report charges that government subsidies for biofuels aren't working and that policy makers should rethink where they spend public funds intended to reduce greenhouse gas emissions.

[White House finishes review of ethanol draft rule](#)

NEW YORK (Reuters) - The White House has finished a review of a rule that aims to cut emissions from alternative motor fuels like ethanol, federal environmental regulators

said on Thursday.

The Office of Management and Budget has completed the review of the Environmental Protection Agency's rule and "we will determine what further action to take," the EPA said in a prepared statement.

[Václav Klaus: Green hysteria shackles our economic growth](#)

I am surprised so many people in Europe, the US and elsewhere have come to support policies underpinned by hysteria over global warming, particularly cap-and-trade legislation to cut greenhouse gas emissions and subsidies for "green" energy sources.

I am convinced this is a misguided strategy - not only because of the uncertainty about the dangers that global warming might pose, but also because of the certainty of the damage that policies aimed at mitigation will cause.

[Drilling of oil and gas wells is expected to plunge 41% in Canada in 2009](#)

The number of new oil and gas wells to be drilled in Canada will drop by 41% to 10,000 this year as low prices and capital worries hammer the country's oilfield service sector, an industry association forecast yesterday. Drilling activity has plunged to the lowest level since 1999 as weak commodity prices convince oil and gas companies to husband their cash and restrain exploration budgets until higher prices return, the Petroleum Services Association of Canada said.

[Is this really the start of the oil rebound?](#)

With oil languishing around \$50 a barrel, it no longer makes sense to drag mega-tonne machinery through the Canadian tar sands or sink new drills in the farthest reaches of the ocean. The colossal deepwater drills that were being rented out at \$500,000 a day last year are now standing idle.

And just as cranes have disappeared from city skylines, the Mid Western plains are no longer filled with land rigs. In the US, rig counts have declined roughly 50% from their September 2008 peak levels. They're down 8%-10% elsewhere. Faced with falling revenues, big oil is trying hard to push some of that pain on to its suppliers in the oil services industry, driving down the cost of renting rigs and refining their oil.

Yet a degree of optimism has crept into the industry in recent weeks. When oil services group Schlumberger reported a 30% drop in profits this week – a little better than Wall Street was expecting – investors sent the shares 7% higher. "This is a big bullish sign for oil services," said the Daily Crux.

[Repsol Says Planned Refinery Strike Called Off](#)

Bloomberg) -- Repsol SA YPF, Spain's largest oil company, said a planned refinery strike has been averted after it reached a preliminary agreement with trade unions.

Operations at Puertollano, La Coruna and Tarragona will not be disrupted, company spokesman Kristian Rix said in a telephone interview today.

[Norway-U.K. Langeded Gas Pipe Said to Shut Next Week](#)

(Bloomberg) -- The Langeded natural-gas pipeline from Norway, the U.K.'s largest source of imports, will close next week for three days of onshore maintenance, four people familiar with the work said.

[Shell repairs Nigeria flowstations](#)

ABUJA (Reuters) - Royal Dutch Shell has resumed operations at flowstations feeding into its Trans-Niger oil pipeline in southern Nigeria, a spokeswoman said on Friday, two weeks after it was shut down due to a fire.

[Woodside Freezes Wages, Cuts Budget After Oil Drops](#)

(Bloomberg) -- Woodside Petroleum Ltd., Australia's second-biggest oil and gas producer, said it will freeze salaries and has made "substantial" cuts in its 2009 budget as the global recession causes a slump in energy prices.

Uncertain economic conditions are making cost controls "critical," Michael Chaney, chairman of the Perth-based company, said today in an address to shareholders sent to the Australian stock exchange.

[Gazprom's Medvedev included in Time most influential list](#)

NEW YORK (RIA Novosti) - Gazprom's deputy CEO Alexander Medvedev has been named in Time magazine's top 100 most influential people on the planet for 2009.

Medvedev, described as Russian energy giant Gazprom's "link to the outside world," is listed among the Builders and Titans category, which also includes U.S. Treasury Secretary Timothy Geithner and designer Stella McCartney.

[Huaneng, Shaanxi Coal to Build Power Plant in Western China](#)

(Bloomberg) -- China Huaneng Group, the nation's biggest electricity producer, and Shaanxi Coal & Chemical Industry Group Co. started building two power generating units with a capacity of 1,000 megawatts each in the western province.

[Climate Change and Peak Oil as an Actionable Investment Theory](#)

Since Caps is an investment based game it would only make sense to make peak oil applicable as an investment theory. Now I'm not going to claim that I'm the first on this site to base a portfolio on these issues but I do consider it an important investment area to be cognizant of. The best way of describing the opportunity of peak oil is that demand is constantly growing as emerging markets want a taste of the good life. At the same time production is falling dramatically and that represents a phenomenal spread for investors. If oil production falls 2.5% percent a year and demand rises 3% a year extrapolated over the decades that it will take the major global economies to get off of oil the spreads only get wider. This falling oil availability along with rising demand for energy is a virtual investment sweet-spot.

[Conserving forest key to fighting global warming](#)

COLUMBUS: What happens in forests around the world will have a big effect on Ohio, its coal-burning utilities and their electric customers.

Avoiding the destruction of the global forest should be a critical strategy to fight global warming and is one of the most cost-effective and needed ways for American businesses to assist, according to participants in a recent daylong conference sponsored by the Nature Conservancy and American Electric Power.

[Global warming strongly divides Christian clergy](#)

When the Rev. James Merritt wants to talk about the environment, he does what any good Baptist preacher would do. He picks up the Bible.

"The first assignment that God gave to Adam was to take care of the Garden," said Merritt, who was president of the Nashville-based Southern Baptist Convention from 2000-02. "As far as I know, that job has never been revoked."

While most Christian ministers agree that human beings are to care for creation, they disagree on the details. That's especially true about the topic of global warming.

[Southern Glaciers Grow Out Of Step With North](#)

ScienceDaily — The vast majority of the world's glaciers are retreating as the planet gets warmer. But a few, including ones south of the equator, in South America and New

Zealand, are inching forward.

A new study in the journal *Science* puts this enigma in perspective; for the last 7,000 years New Zealand's largest glaciers have often moved out of step with glaciers in the northern hemisphere, pointing to strong regional variations in climate.

[Freeman Dyson and the irresistible urge to be contrary about climate change](#)

Dyson's purpose seems to be to throw out "heretical" ideas that can then spur further debate...

"I like to express heretical opinions," Dyson said, with an impish gleam in his eye. "They might even happen to be true."

[Krugman: An Affordable Salvation](#)

Yes, limiting emissions would have its costs. As a card-carrying economist, I cringe when "green economy" enthusiasts insist that protecting the environment would be all gain, no pain.

But the best available estimates suggest that the costs of an emissions-limitation program would be modest, as long as it's implemented gradually. And committing ourselves now might actually help the economy recover from its current slump.



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