



DrumBeat: May 24, 2009

Posted by [Leanan](#) on May 24, 2009 - 9:07am

Topic: [Miscellaneous](#)

[Rubin blames recession on oil](#)

WHEN JEFF RUBIN said that oil was going to \$50 a barrel, other economists thought he was on drugs. But it did. They scoffed again when he said it would go beyond \$100. It went to \$147 before dropping to \$50. Don't be suckered, says Rubin. As the recession ends, oil will go far higher — \$200, \$400, who knows?

For 20 years, Rubin was chief economist at CIBC World Markets. His newly published book *Why Your World Is About To Get a Whole Lot Smaller* (Random House, \$29.95) rests on a simple argument. Our entire globalized economy depends on cheap oil, but we have already burned most of the easily obtained free-flowing oil. That's why we're now spending vast amounts to wring the difficult oil from the deep sea and the tar sands, because that's all that's left.

So the world's steadily rising demand for oil ultimately can't be satisfied. According to conventional economics, when a thing is scarce, its price goes up. Higher prices stimulate more production, which drives the price down again. But not this time. With the easy oil already used, we'll be hard-pressed even to maintain today's production for very long. More and more dollars will chase less and less oil, and the price will soar.

[Less oil = smaller world = look out!](#)

Your world is about to get a whole lot smaller, Canadian economist Jeff Rubin predicts, because the planet is running out of oil.

The price at the gasoline pumps may spike up and then subside, but the overall trend will be up, along with all other energy costs.

With the world economy based on the myth of cheap, infinitely abundant energy, the current recession will look puny compared to future economic dislocation, Rubin warns, if we don't find a way to cut the link between economic growth and burning oil.

[Face-Off: Over A Barrel](#) (Rubin vs. Yergin)

Oil prices are heading up. After hitting \$145 last summer, then falling to \$33 in February, a barrel of oil is now more than \$60. How long until it's back above \$100?

[Scottish petrol stations are running on empty](#)

Local authorities in Scotland are to campaign for public money that could be used to retain a network of filling stations in the highlands and islands as closures accelerate there.

The Highland Council said that more than half of the remaining 231 petrol outlets in its region faced closure in the next decade unless something was done.

[IEA sees 21% drop in E&P spend](#)

The International Energy Agency expects investment in oil and gas production to fall 21% in 2009 due to the financial crisis and ensuing economic slump, executive director Nobuo Tanaka said.

A Reuters report also quoted him as saying the IEA global power generation to fall 3.5% this year -- the first such decline since World War II.

[Saudi Red Sea refineries not threatened by volcano](#)

KHOBAR, Saudi Arabia, May 23 (Reuters) - Recent seismic activity in a volcanic region in Saudi Arabia does not present nearby oil refineries with any danger, officials said on Saturday.

Authorities have evacuated thousands of people from the northwestern al-Ais region after a series of tremors hit the volcanic area over the past few weeks, culminating with a 5.4 Richter scale tremor on Tuesday, few hours after a 4.8 tremor.

Saudi Arabia has three oil refineries on the Red Sea coast, two of which in the port of Yanbu, about 150 km away from al-Ais.

[Louisiana Offshore Oil Port is well positioned because of dependence on foreign energy](#)

When the nation's first offshore oil port opened off the coast of Louisiana in 1981, the country was still reeling from an energy crisis that had sapped fuel consumption and slashed commodity prices.

No market meant no profits for the Louisiana Offshore Oil Port, a platform standing 18 miles south of Grand Isle in the Gulf of Mexico. The port reportedly lost more than \$40

million during its first full year of operation and struggled to turn a profit for years after that.

Nearly three decades later, LOOP is a much more lucrative operation. Demand for foreign oil has doubled since the 1980s, and the port receives about as much imported crude as it can handle. LOOP is now awash in profits, with \$200 million in cash reserves at the beginning of 2008, according to Moody's Investors Services. LOOP's owners -- Shell Oil Co., Marathon Oil Co. and Murphy Oil Corp. -- shared \$70 million in dividends from port operations in 2007, according to Moody's.

[Fools for Fuel](#)

Who would have thought that during the worst economic retrenchment precluding the Great Depression, the price of Gasoline would continue to race upwards?

Numerous factors affect gasoline prices, despite many of them have no direct correlation to the actual commodity at hand.

In order to break even, a refinery needs about \$70 for a 42 gallon barrel of crude oil reflecting the cost of exploration to end sale. Today, Crude reached \$60 for the first time in 6 months.

Meanwhile, we are told that stockpiles of fuel have reached unprecedented levels not seen in 20 years. This is not a result of continued massive refinery production, but more a dramatic cutback in worldwide end user consumption, be it commuters, truck, airline, ship and rail traffic.

[Pakistan - No power outages after Dec: Ashraf](#)

HYDERABAD: Federal Minister for Water and Power Raja Pervez Ashraf announced here on Saturday that there would be no load-shedding in the country after December 2009 and construction of Basha dam would begin in the current year and other dams would also be built in order to curb power outages.

The minister called upon employees of the Hyderabad Electric Supply Company (HESCO) to bring efficiency in the company and reduce line losses to avoid privatisation of the company.

[Many Summer Internships Are Going Organic](#)

A new wave of liberal arts students are heading to farms this summer, in search of both work and social change.

[Commentary: Nuclear power is clean energy for a post-carbon era](#)

INDIANAPOLIS — If America is on the verge of a "nuclear renaissance," as proponents of nuclear power contend, our nuclear Dark Age has cost us dearly.

The nuclear industry provides just 19.7 percent of America's electrical power, a remarkably small share for a country with our industrial capacity and energy needs. There were 112 reactors operating in the United States in 1990. Today, there are just over 100.

[U.S. considering its own isotope solution](#)

OTTAWA - The Canadian nuclear reactor shutdown that will cause a worldwide shortage of crucial medical isotopes is going to hit Canada's largest trading partner particularly hard and strengthens the case south of the border for the United States to move away from its dependence on Canada and to develop its own production capacity.

The aging National Research Universal (NRU) reactor in Chalk River, Ont., produces the majority of the world's supply of the critical isotopes that are used in the diagnosis and treatment of cancer and other serious illnesses. After the reactor was shut down because of a power outage last week, a leak was found in the 52-year-old reactor, and Atomic Energy of Canada Limited estimates it will take at least a month to repair the damage, but it could be up to a year and it is possible it will have to be shutdown.

[Exxon Mobil facing green squeeze](#)

As President Barack Obama continues pushing his environmental agenda, Exxon Mobil — the slowest of the oil majors to embrace investment in renewable energy — faces a repeat lineup of green shareholder proposals at its annual meeting Wednesday.

The world's largest publicly traded company has not changed its view that its business is oil and natural gas, and it won't invest in renewables beyond research until they're profitable without subsidies.

But some influential proxy advisory firms note that such proposals have steadily gained investor support, and the perception that Exxon Mobil has no use for renewables continues to damage its reputation.

[Global energy security dominates G8 meeting in Rome](#)

Rome - The need to safeguard global energy security to promote worldwide economic recovery topped the agenda as energy ministers and officials from the world's richest nations began talks Sunday in Rome.

Representatives from the Group of Eight (G8) most developed economies, which include the United States, Japan, Germany, France, Britain, Italy, Canada and Russia, are also set to discuss new 'clean' technologies to increase energy efficiency and reduce greenhouse gas emissions.

[Naimi sees Opec 'staying the course'](#)

"By end of June we are going to have a capacity of 12.5 million bpd and we are idling a little bit less than 8 million bpd," he said.

"Do we need Manifa with a spare capacity of 4.5 million bpd?"

[Naimi Says He's 'Happy' With OPEC Output Compliance](#)

(Bloomberg) -- Saudi Arabian Oil Minister Ali al- Naimi said he's "absolutely fine" with the adherence to OPEC oil production quotas by member states.

"I'm happy with compliance," al-Naimi told reporters today in Rome. "When it's around 80, this is the best we can expect," he said, referring to the percentage rate of compliance.

[IMF was too pessimistic on oil price - Saudi finmin](#)

RIYADH (Reuters) - Saudi Arabia's Finance Minister Ibrahim al-Assaf said on Sunday the International Monetary Fund (IMF) was overly pessimistic on its forecast for the price of oil this year.

Speaking to al-Arabiya television, Assaf dismissed the likelihood of a contraction in the economy of the world's largest oil exporter saying these predictions were based on the IMF's oil price forecast.

"There was some exaggerated pessimism," he said.

[Venezuela says world oil stocks too high](#)

QUITO - Venezuelan Oil Minister Rafael Ramirez said on Saturday world oil stock levels were too high and that was 'a bad sign' as OPEC prepares to meet next week.

He declined to say if he would support an OPEC output cut next week.

[Supply up, demand down, but oil prices rise](#)

"The fact it's going up now on nada is proof that speculators are still in control," said Judy Dugan, research director with the nonprofit group Consumer Watchdog. "Unless there are curbs in place, it obviously could shoot through the roof again." Changing the rules

That fear is fueling efforts in Washington to change the rules of the oil market. A global warming bill wending its way through Congress includes provisions designed to limit the role of speculative oil investors, whom many politicians blame for last year's runaway bull market.

[Shell bonus rebels want Job to go](#)

ANGRY investors in Royal Dutch Shell are this weekend calling for the head of Sir Peter Job, the director at the centre of last week's embarrassing pay revolt at the oil group.

Shareholders think the removal of Job, former chief executive of news group Reuters, should be the first step in the shake-up of a boardroom criticised as being out of touch.

[Some Still Swear By Gas Guzzlers, But For How Long?](#)

Whether I'm launching onto I-84 or passing a truck on Route 44, I want to hear a sound — not a buzz or a whine, but a throaty snarl that speaks of power and survival.

Like many Americans, I need a car with spirit and heft, and if it has some elegance or attitude in the fender lines, so much the better.

Events, however, are conspiring to end this long affair.

[Entergy set to do battle over transmission grid](#)

A long-simmering dispute between Entergy Corp. and independent power producers over the adequacy and accessibility of Entergy's transmission grid is about to come to a head.

The dispute has been brewing since a wave of deregulation and dreams of electrical competition spurred legions of power entrepreneurs to come to Louisiana to take advantage of the state's abundant natural gas supplies and water for cooling power plants.

But the question of who should pay for the upgrades to Entergy's transmission system so that the power from these newer, cleaner natural gas plants can be sold to small

electric cooperatives, big refineries and even Entergy's customers has never been resolved.

[The future of food: daunting, but doable](#)

For thousands of years, the daily activities, exertions and plans of human beings orbited around one simple question: What's for dinner?

As human innovation, cheap oil and abundant water have turned that laborious hunt for food into a convenient stop into the grocery store, though, that question has fallen from the forefront of our thoughts.

But today, with a perfect storm of challenges — drying aquifers, degraded soil, climate change, peak oil, more demand for meat, and less land to grow on — converging like a black cloud over agriculture, that issue of dinner is reemerging as one of the most important facing the global population.

[Official: China ranks world 4th in wind power-installed capability](#)

BEIJING (Xinhua) -- With total installed capacity of 12million kilowatts, China has become the world's fourth country in wind power-installed capacity, an official said on Saturday in Beijing.

"Concerning wind power-installed capacity, China is next only to the United States, France and Spain," Lu Yanchang, vice chairman of the China Science and Technology Association, made the above remarks at the fifth China Energy Strategy Forum.

[Pickup truck gets 5,000 miles per cord of wood](#)

LEWISTON, Maine — A pickup truck that was modified in Alabama to burn wood chips for fuel is headed to Maine with its new owners behind the wheel of the vehicle they call "Termite."

Auburn, Maine, businessman Ford Reiche and his son George left Birmingham, Ala., on Tuesday. The Lewiston Sun Journal said a device in the bed of the truck roasts wood chips to form a wood gas, which is cooled, filtered and fed into the engine.

[Good news, bad news for biofuels](#)

This past week's news from the Obama administration to the biofuels industry was, in the words of one expert, a mixed bag.

The good news was the administration announced on May 5 the formation of a new Biofuels Interagency Working Group headed by USDA Secretary Tom Vilsack.

Vilsack said he would speed investment to the industry.

The bad news was the Environmental Protection Agency (EPA) also filed a notice of proposed rulemaking regarding the Renewable Fuels Standard (RFS).

[Getting Ethanol Right](#)

Representative Collin Peterson is furious that the Environmental Protection Agency is doing its job. The Minnesota Democrat says the agency is trying to kill off the biofuels industry — to the dismay of the corn farmers and ethanol producers he represents. He has vowed to vote against any bill, including climate change legislation, that might require the involvement of the E.P.A.

What inspired this tirade was an E.P.A. draft proposal showing how it intended to measure the greenhouse gas emissions from corn ethanol and other renewable fuels. The agency said it will not make any final rules until it completes further research, but its preliminary findings were not flattering to corn ethanol.

[Biofuel plants can't compete with falling price of diesel](#)

The local shutdowns are part of a national collapse that's ravaged the biodiesel market after years of exponential growth. At least a third of all biodiesel plants across the nation have ceased operation, and production this year is expected to be no more than half last year's total of 700 million gallons.

"It's a tough climate for biofuels," said Diane Mulloy, president of Milagro Biofuels.

[US nuclear accord with a Persian Gulf state raises concerns about proliferation](#)

Backers says the agreement with the United Arab Emirates is a model for other countries in the region. But critics worry about the UAE's ties with Iran.

[Unemployed seek training for green-collar jobs](#)

SAN JOSE, Calif. - As the economy sheds jobs, community colleges across the country are reporting a surge of unemployed workers enrolling in courses that offer training for "green-collar" jobs.

Students are learning how to install solar panels, repair wind turbines, produce biofuels

and do other work related to renewable energy.

[Not a drag: High-tech airplane wings could cut fuel costs by 20 percent](#)

A new study says that within three years jumbo jet makers could be testing out a new type of wing that reduces mid-air drag and cuts fuel costs by an estimated 20 percent. The wing would do this using small, built in jets that redirect air around the wing during flight.

[Pelosi in China to discuss climate change](#)

BEIJING (UPI) -- U.S. House Speaker Nancy Pelosi arrived Sunday in Beijing for a week of discussions with China on global warming.

Pelosi told reporters in Washington her goal is to pave the way for a global agreement on carbon emissions at December's meeting in Copenhagen, The Washington Post reported. She refused to say whether she would bring up criticisms of China's human rights record.

[Solar Forecasts and Climate Change](#)

Ultimately, global warming can be blamed on the sun. It's the sun's light that bathes the Earth and then gets sent back towards space as heat. But some of that heat gets blocked by those pesky carbon dioxide molecules building up in the atmosphere—inexorably warming our planet.

So the sun's output has a lot to do with what we can expect climate-wise. After all, a decrease in solar output known as the Maunder Minimum helped freeze Europe for a few centuries.

[World Biz Leaders to Call for “Massive” Climate Investment](#)

Next week, executives from some of the world's largest corporations plan to get behind a call for an international treaty that would include “strong incentives for massive investment in new technologies and new climate solutions.” The Copenhagen Climate Council has dubbed this planned set of recommendations for policy, business strategies, and models for public-private partnerships the “Copenhagen Call,” and will deliver it at the end of the World Business Summit on Climate Change taking place May 24-26.

[Yosemite's giant trees disappear](#)

The oldest and largest trees within California's world famous Yosemite National Park are disappearing.

Climate change appears to be a major cause of the loss.

The revelation comes from an analysis of data collected over 60 years by forest ecologists.

They say one worrying aspect of the decline is that it is happening within one of most protected forests within the US, suggesting that even more large trees may be dying off elsewhere.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/us/).