



## Drumbeat, July 26, 2009

Posted by [Gail the Actuary](#) on July 26, 2009 - 9:11am

Topic: [Miscellaneous](#)

### [OPEC braces for sharp drop in oil prices](#)

Why is OPEC expecting a sharp drop in oil prices? First, much of the rise in oil prices has followed the rally on Wall Street. Investors reasoned that higher stock prices means that business is doing better and hence a need for more oil, and prices rise.

Not so fast. Business demand for oil is weak, and the consumer got clobbered by the recession and is holding back spending money. So the classic relationship between the stock market and oil that investors follow is not there this year.

### [Assembly Votes Down Governor's Offshore Oil Drilling Proposal](#)

#### **The plan would have opened up reserves off Santa Barbara's coast**

The California Assembly on Friday defeated Gov. Schwarzenegger's offshore oil drilling proposal with a 43-28 vote.

Assemblyman Pedro Nava, D-Santa Barbara, led the charge in fighting the plan, which would have allowed the first new drilling lease in state waters since the 1969 Santa Barbara oil spill.

### [Exxon sees natural gas potential with new drilling technique](#)

"We're about 15 minutes away from a new frac being born," Randy Tolman, Exxon's project coordinator for the Piceance Basin, shouts over the noise. He invented this faster method of fracturing, or "fracing," the underground layers of rock and sand to unlock natural gas.

Exxon aims to export the new process to the unconventional natural gas reserves it is accumulating around the world. Drilling for more natural gas could make Exxon a lot of money as Americans demand cleaner fuel because natural gas doesn't emit as much pollution or greenhouse gases as oil and coal when burned.

### [Scams pose as 'Cash for Clunkers' program](#)

Con artists stepped into the information void, and scores of unofficial "Cash for Clunkers" Web sites began popping up.

Many claim -- falsely -- that consumers must preregister to participate in the program. Some ask for addresses, phone numbers and Social Security numbers, none of which is required. Others promise to put consumers in touch with "authorized" dealers.

"Nobody should be fooled into registering or giving out personal information," Cordray said. "If anyone asks for that, it's a scam."

### ['\\$20 Per Gallon' by Christopher Steiner](#)

Steiner has adopted a nicely readable structure for the book. Starting at \$4 a gallon, each chapter tracks what will happen when gas hits a particular price, escalating by \$2 until he gets to \$20. He visits an airplane graveyard in order to explain how \$8-a-gallon gas will crush the airline industry. At \$14, he checks out an abandoned Wal-Mart "ghost box" and imagines a grim end to the car-dominated exurb. "Stores will return to the downtowns of yore as small towns' populations . . . return to the small-town infrastructures that their grandparents and great-grandparents built."

By \$18 a gallon, high-speed railroads serve our travel needs, and by \$20 a gallon, we just can't do oil anymore. And like a lot of people who've studied our post-oil energy options, he comes down on the side of nuclear. Eventually, he's replaced transatlantic flights with leisurely ocean passages akin to the grand liners of yesteryear. Except these new Queen Marys will run on nuclear reactors. Personal cars will be a thing of the past. Citizens of the future will wonder why we ever thought we needed them.

### [New UMD program will train students in energy management](#)

The idea is less about creating new energy sources than it is about helping companies, nonprofits and others retrofit buildings, make decisions about the best timing for implementing change, and determine what makes the best economic sense for their organization.

Municipalities are beginning to seek funds to help them make changes, but many don't have the staff or the money to pay consultants to gather data or prepare reports, according to Jennings. For example, under the Green Communities Act enacted last year, municipalities can receive technical and financial assistance for energy efficiency and renewable energy efforts, but they have to produce reports about where they are in terms of energy use.

That is where students who are trained in energy management and knowledgeable about subjects such as carbon credits could help.

### [Algae: The next biofuel bet](#)

"We do not harvest milk from cows by grinding them up and extracting the milk," wrote theoretical biologist Richard Gordon, a professor at the University of Manitoba, in a recently published research paper about diatoms, a type of single-cell algae. "Instead, we let them secrete milk at their own pace, and selectively breed the cattle and alter their environment to maximize the rate of milk secretion. Perhaps we could do the same with diatoms."

Algenol is doing exactly that, but it's not alone. Catilin Inc. of Iowa is taking a similar approach, but like most others is focusing on oil production instead of ethanol.

### [Energy efficiency incentives likely to grow](#)

At the Department of Housing and Urban Development, a new generation of mortgages designed to encourage energy efficiency is being rolled out, starting with Federal Housing Administration loans that offer 5% larger mortgages to people who plan on making energy-efficiency improvements.

For example, if you qualify for a \$300,000 FHA mortgage, the FHA might now be able offer you an additional \$15,000 if the extra money is used to substantially lower the property's annual energy consumption.

### [Ending oily energy plays](#)

Producers and big users of oil and gas are nervously watching as federal regulators -- hearing complaints of backdoor deals that drive gas prices through the roof -- begin examining ways to crack down on speculation in commodity markets.

The study by the Commodity Futures Trading Commission begins with hearings Tuesday and could result in new limits on the number of futures contracts that investors can hold in oil and other energy commodities.

### [Energy Campus to Generate Ideas](#)

According to the plan, the Navy Yard is already becoming an energy campus where businesses, academics and Navy engineers congregate and share knowledge about power systems. They hope that new commercial ventures - spin-offs from the Navy's research into alternative-energy sources or smart-grid technology - will emerge from such a creative environment.

The energy-campus promoters are not thinking small. They liken the Navy facility to a

national laboratory that can become a regional hub for related developments. They believe that energy-related research and development might one day do for Philadelphia what computers did for Silicon Valley.

### [GE Oil and Gas to lay off 93 from Oshkosh site](#)

The company says 93 jobs will be cut by mid-September. That's about one-third of the manufacturing facility's 270 employees.

Human resources director Jim Mutsch says the move was prompted by difficult business conditions in the oil and gas industry.

The Oshkosh facility makes high-speed compressors for refineries and pipelines that are mainly used in the natural-gas industry.

### [Parnell positions himself as fiscal and social conservative](#)

**FAMILIAR IDEOLOGY:** He has not publicly disagreed with Palin on any issues in two and a half years.

### [Wind farms: Local writer visits one](#)

The four turbines in his fields were turning as we talked, but if I had not seen them on the way in, I would not have known they were there. The turbines atop the 260-foot tall towers were turning all the time but even when we stopped less than 500 feet away, the only sound we heard was the wind crossing a field. The rotors were turning but there was no "swoosh."

Will said his house is about 1,500 feet from the closest turbine, as are his barns and animals, but there has been no effect on him, his family or his animals since the turbines went into operation eight years ago.



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