



Drumbeat: October 21, 2009

Posted by [Leanan](#) on October 21, 2009 - 8:30am

Topic: [Miscellaneous](#)

[Mexico can keep oil output stable for years](#)

MEXICO CITY (Reuters) - A dramatic slide in Mexico's oil production has come to an end and it can maintain output at 2.5 million barrels per day for the coming years, Energy Minister Georgina Kessel said on Tuesday.

Mexican crude output has plunged by nearly a quarter since peaking in 2004, straining public finances and spurring bond rating agencies to warn the country's debt could be downgraded.

However the government now believes the rate of decline at the giant Cantarell field has slowed and become more predictable.

[Oil Surges to One-Year High on U.S. Gasoline Supply Decline](#)

(Bloomberg) -- Crude oil rose above \$81 a barrel in New York for the first time in a year and gasoline surged after a U.S. Energy Department report showed a greater-than-forecast drop in supplies of the motor fuel.

Gasoline stockpiles fell 2.21 million barrels, more than twice the median of analyst forecasts, to 206.9 million barrels in the week ended Oct. 16, according to the department's report. Oil also advanced as U.S. equities increased and the dollar slipped against the euro, bolstering the appeal of commodities.

[Mexico lawmakers pass tax hikes; rating fears remain](#)

Lawmakers met through the night to approve the income side of the 2010 federal budget and a bill to lift value-added tax, or VAT, to 16 percent from 15 percent. The lower house also approved raising income taxes for high earners to 30 percent from 28 percent.

It was unclear whether that will be enough to stave off threatened debt downgrades by ratings agencies. Analysts at Merrill Lynch and 4Cast on Wednesday both put the probability of a downgrade at above 50 percent.

Mexico's public finances are under pressure from a slide in oil output since 2004, although Energy Minister Georgina Kessel told Reuters the decline has now stabilized, as the country suffers its worst recession since the 1930s.

[Indonesia president surprises with energy minister pick](#)

Analysts had wanted someone with strong reform credentials who could resolve conflicts between the many competing interests and speed up development and investment in the resources sector.

Saleh, 48, was born in Riau, Sumatra, and is a trained economist with an academic background. He has a doctorate in economics from the University of Indonesia, where he lectures, and an MBA from the Middle Tennessee State University.

However, he has a low profile in the energy and mining sector, although media reports said he previously worked as a consultant and in finance, including in the oil and gas sector.

[Shifts in Annual Energy Efficiency Rankings](#)

California again claims the prize for most energy-efficient state, while Wyoming is holding steady in last place, according to new rankings from an efficiency advocacy group.

Massachusetts has leaped from seventh in last year's rankings to second, and Maine rose from 19th place to crack the top 10 for the first time, according to the survey, which was conducted by the American Council for an Energy Efficient Economy.

Rhode Island also broke into the top 10, which is dominated by coastal states — plus Minnesota.

[Beyond GDP: We need a dashboard for the whole economy](#)

The report's 12 recommendations centre on changing the emphasis from measuring economic production to measuring human well-being, on the problems of defining well-being and - perhaps the thorniest of issues - how to measure environmental sustainability. The report notes that this last goal will require indicators of crises such as those linked to climate change or to the depletion of fishing stocks.

Measuring quality of life directly is not going to be easy. In passing, the report cites such gems as the finding that women in Columbus, Ohio, surveyed about their feelings, or "affect", while carrying out different activities, felt better walking than when they were having sex. Puzzlingly, the same researcher, Alan Krueger of Princeton University, has also discovered that "the correlation between life satisfaction and net affect is only

0.44": people's description of their separate experiences does not predict very well how they feel about their lives.

[Clocking off](#) - *Are holidays good for the economy?*

Americans work longer hours: theirs is the only rich country that does not give any statutory paid holiday. (In practice, most workers get around 15 days off.) This work ethic may in turn help to explain Americans' material wealth. Even adjusting for purchasing-power parity, America generates more wealth per person than all but a handful of mainly oil-rich economies such as Norway.

[Potential Grows for Biomass Energy](#)

SAN FRANCISCO — Woody biomass provides just 0.94 percent of all U.S. energy now, supplying the equivalent of 3.5 million American homes. But Bob Cleaves, president of the Biomass Power Association, a group in Portland, Maine, that represents about 80 plant-burning incinerators in 16 states, says available raw material would allow the industry to double its output. New incinerators are already being planned in many states.

[Enthusiasm for Natural Gas Cools](#)

MADRID — Developing countries around the world are increasingly turning to natural gas as their alternative transportation fuel of choice. But early official embrace of the technology in industrialized nations has mostly cooled, because risks inherent in mass deployment outweigh the benefits, especially in regard to climate change.

[Fuel Cells vs. Batteries: The Arguments Get Bitter](#)

Congress gave final approval to nearly \$200 million in hydrogen research funding last week, at a time when the arguments between fuel-cell and battery car advocates are heating up. In their dialogues, which are sometimes more like screaming matches, the more conciliatory hydrogen advocates point out that fuel-cell vehicles use the same kind of electric motors as battery cars, and that the two technologies can support each other. But E.V. supporters, many of whom supported an unsuccessful attempt last May by Energy Secretary Steven Chu to cut \$100 million in fuel-cell money, would like to see hydrogen permanently defunded.

"I'm not sure we will see a single truly commercial hydrogen vehicle by 2015," said Mr. Romm, who is a climate blogger and former Energy Department official. "A couple of companies are still flushing their money down the toilet on fuel cells, but nearly every car company will have plug-in hybrid or battery electrics on the road in the next few years."

[Turkey Lays the Foundation for an Alternative Energy Rush](#)

ISTANBUL — The billboards on the airport road were hard to miss: large red placards from Akbank proclaiming that “Sustainability is our favorite topic.” The Turkish bank’s intended audience? Investors, bankers and delegates arriving for the annual meetings earlier this month of the World Bank and International Monetary Fund.

But some investors in renewable energy projects say they are troubled by a more disagreeable topic: slowness by Turkey’s government in moving to privatize its energy markets and take advantage of its capacity for generating wind power.

[In Britain, Going Green Is Politicians' Ticket](#)

LONDON — In what may be its last months in power, the Labour Party government is laying out its most detailed long-term plans yet for cutting Britain’s carbon emissions, an ambitious effort environmentalists hope the opposition Conservatives will push forward if they win office next year.

[Exposed: Groundbreaking Report Details Climate Change Hotspots in US Southeast](#)

WASHINGTON /PRNewswire-USNewswire/ -- A number of "hotspots" of vulnerability to climate-related hazards exist in the US southeast, according to a new groundbreaking study released today by Oxfam America. The report, "Exposed: Social Vulnerability and Climate Change in the US Southeast," is the first of its kind to combine hazards associated with climate change with social variables, revealing the people and places that will most likely be hit worst by climate change.

"Climate change will impact everyone, but not everyone will be impacted equally," said Oxfam America President Raymond C. Offenheiser. "Social factors like income and race do not determine who will be hit by a natural disaster, but they do determine a population's ability to prepare, respond, and recover when disaster does strike. This report will serve as a critical tool to help us identify especially vulnerable communities and invest wisely in their climate resiliency and preparedness."

[Mexico can keep oil output stable for years](#)

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downgraded.

However the government now believes the rate of decline at the giant Cantarell field has slowed and become more predictable.

[Oil world says fossil fuels most realistic for now](#)

LONDON (Reuters) - The world must invest heavily in fossil fuels or face an energy crisis, said leaders of the oil industry gathered in London this week as they voiced scepticism about prospects for a climate change deal in Copenhagen.

The oil industry has shifted its message to a more climate-friendly approach, but argued that for now oil and gas were the ways to meet the world's energy needs.

"There is no getting away from fossil fuels," said Nigerian Oil Minister Rilwanu Lukman, speaking on the sidelines of the Oil and Money industry conference.

[Total Calls on Norway to Ease Rig Regulations to Boost Drilling](#)

(Bloomberg) -- Total SA, Europe's third-biggest oil company, said Norway should ease regulations concerning drilling rigs to boost exploration.

"It's very difficult," Michel Contie, head of Total's U.K. operations, said in an interview in London yesterday. "If you have a rig in the U.K. you cannot bring it there for safety reasons, but safety isn't better in Norway than in the U.K." Drilling costs would fall if Norway made it easier to move rigs into its waters, he said.

[Judge delays Eni Nigeria ruling](#)

An Italian judge has put back a decision on a prosecutor's request to bar oil major Eni from doing business with the Nigerian National Petroleum Corporation (NNPC), a lawyer for Eni said today.

The public prosecutor confirmed, however, it would press ahead with a request for Eni and its Saipem unit to be banned from doing business in Nigeria, judicial sources said to Reuters.

[Gazprom May Make U.S. Acquisition to Gain Shale-Gas Expertise](#)

(Bloomberg) -- Russia's OAO Gazprom, the world's largest natural-gas supplier, said it may consider acquiring a U.S. shale-gas producer to gain the know-how to exploit similar fuel deposits in its home country.

“An acquisition of a shale-producing company could make a lot of sense,” John Hattenberger, president of Gazprom’s U.S. energy-trading unit, said yesterday in an interview at Bloomberg’s Houston bureau. “Russia has huge shale reserves.”

[Coal demand soars as Asia economies rebound-Peabody](#)

NEW YORK (Reuters) - Demand for coal to generate electricity and make steel in China and India is expected to grow by 7 percent to 8 percent annually in the next five years, leaving the world "chronically" short of the fuel, the head of U.S. coal miner Peabody Energy Inc said on Tuesday.

He also outlined his company's plans to double exports from Australia to handle Asian demand and to develop its joint venture in Mongolia to produce coal for the Chinese.

[Mexico closes all oil ports due to bad weather](#)

Weather-related port closures are common for Mexico's Gulf coast ports, but long shutdowns can force state oil company Pemex to cut output as it has limited onshore storage capacity.

[Oil & California's Future](#)

California is the only oil-producing state in the nation that doesn't receive a fee from oil companies that pump oil from state land.

“Texas funds a large portion of its universities with this money,” said Beth Willon, Lt. Gov. John Garamendi’s communications director. What a coincidence that Texas universities have the lowest tuition rates in the nation.

[Nudging Recycling From Less Waste to None](#)

Across the nation, an antigarbage strategy known as “zero waste” is moving from the fringes to the mainstream, taking hold in school cafeterias, national parks, restaurants, stadiums and corporations.

The movement is simple in concept if not always in execution: Produce less waste. Shun polystyrene foam containers or any other packaging that is not biodegradable. Recycle or compost whatever you can.

[Business Travelers Take to Their Bikes](#)

Christopher R. Bennett, a civil engineer for the World Bank who was out of the country for work 172 days last year, is one of what experts say is a growing number of business travelers who bicycle while on assignment.

"To me, cycling is part of my DNA," Mr. Bennett said in an interview from Tbilisi, Georgia, where he was overseeing investment in road construction. He travels with a bike that disassembles and fits in an average-size suitcase, or uses bicycles he stores at hotels he frequents. "Bellhops know when I'm coming and bring them to me," he said.

[The end of cheap food](#)

The days of inexpensive food are coming to an end. As a result of rising populations, incomes and urbanisation, food demand is expected to grow, albeit at a slower pace than seen in the last couple of decades, and the composition of that demand will change towards higher value and more resource-intensive items, such as meat products.

[Four Saudi Arabias' needed for oil](#)

THE world will have to find four Saudi Arabias by 2030 if it wants to maintain its oil dependency, the International Energy Agency says.

The reality of peak oil is fast approaching, and more must be done to develop and encourage the use of alternatives including solar and nuclear, the agency's chief economist has warned.

"My main motto never changes, the era of low oil prices is over," Dr Fatih Birol said.

"When the economy recovers, oil prices will recover accordingly. Mid to long term, we will be experiencing high prices."

[Hess CEO: US Needs Gasoline Tax, Mileage Limits To Save Energy](#)

LONDON -(Dow Jones)- The U.S. government should put tax gasoline at \$1 a gallon to save energy and avoid a looming oil crunch, the chief executive of U.S. independent oil company Hess Corp. (HES) said Tuesday.

"A gasoline tax of \$1 a gallon would boost conservation and help pay down the federal deficit by \$120 billion a year," said John Hess at an oil industry conference here.

[Oman oil income plunges](#)

Non-Opec producer Oman posted a 36.3% drop in net oil revenues in the first eight months of the year on the back of weaker oil prices, but raised spending by 1.7% official data showed.

Gulf Arab states in the world's biggest oil-exporting region, heavily reliant on income from oil and gas exports, witnessed sharp drops in earnings this year as oil prices tumbled to the mid-\$30s a barrel.

[The 'obscure' peak oil hedge fund and the ailing lender](#)

What does struggling US commercial lender CIT have in common with peak oil?

Quite a lot, if a rather mysterious offer for some of CIT's debt is serious. CIT is under pressure from activist investor Carl Icahn over its plan to reduce its \$30bn debt load by almost \$6bn. Icahn says the terms CIT is offering its existing bondholders to take part in the debt exchange are poor and would destroy the value of their assets.

[Cnooc Falls in Hong Kong on Earnings Decline Report](#)

(Bloomberg) -- Cnooc Ltd., China's biggest offshore oil producer, declined the most in almost a month in Hong Kong trading after the Wall Street Journal said the company's nine-month pretax profit fell 46 percent from a year earlier.

[Enbridge opens oil-sands terminal](#)

Oil pipeline giant Enbridge Inc. officially opened its new contract terminal in Hardisty, Alta., yesterday. The 19-tank facility is capable of holding 7.5 million barrels of crude oil from the oil sands. One of the largest in North America, the Hardisty terminal is the starting point for two major pipelines that will initially carry one million barrels a day of bitumen to U.S. markets.

[Nigeria hopes peace can bring big China deals](#)

LAGOS, Nigeria (CNN) -- Nigeria has set its sights on making multibillion-dollar oil deals with China amid peace moves with militants.

Lawmakers in the west African country -- one of the world's top producers of oil -- are crafting new money-making changes for its state oil corporation, as officials negotiate multibillion-dollar oil deals with China. At the same time, the government is brokering peace with bandits whose attacks have cost the oil industry millions.

[Iran Agrees to Draft Deal on Nuclear Program, Diplomats Say](#)

VIENNA -- The International Atomic Energy Agency says Iran has agreed to a draft deal on its nuclear program.

In addition, diplomats say the deal would see the country ship out most of its enriched uranium to Russia, stripping Tehran of most of the material it would need to make a nuclear weapon.

[Salazar calls for probe of Bush oil-shale changes](#)

SALT LAKE CITY – The Department of the Interior is rewriting the rules for oil-shale leasing as the secretary called Tuesday for an investigation into last-minute changes made by the administration of President George Bush to favor oil companies.

[Texas leads U.S. in generating wind power](#)

HOUSTON (Xinhua) -- Texas has now embraced wind power generation, leading the U.S. states in total operating wind capacity, according to the latest report of the American Wind Energy Association (AWEA).

AWEA said in its report on Tuesday that Texas had increased its capacity for wind power generation in the third quarter of 2009 by 436 megawatts (MW) -- greater than any other U.S. state.

[Small firm names another site for Idaho nuke plant](#)

BOISE, Idaho – A small company that's pushing a billion-dollar nuclear power plant in Idaho now says it wants to build another one at a different location.

Alternate Energy Holdings Inc. says it's asking Payette County to amend a plan that governs land use, so it can build a nuclear power plant on approximately 5,100 acres in western Idaho.

Billionaire investor Warren Buffett's MidAmerican Nuclear Energy abandoned a proposal to build a nuclear power plant in Payette County in early 2008, saying it did not make economic sense.

But Don Gillispie, Alternate Energy's chief executive, says his projects will bring benefits to rural communities.

[Solar thermal technology advances](#)

KINGSTON – As an interest in solar power has surged in the last few years, its different technologies are also coming to the forefront. And solar thermal was getting some due attention Tuesday during a conference at Tech City.

Sponsored by The New York Solar Thermal Consortium, the Solar Thermal Roadmap Symposium highlighted some of the positive aspects of solar thermal technology.

[UK radar research may release large wind projects](#)

LONDON (Reuters) - Government-funded research on radar may pave the way for wind projects that have been held back because they interfere with aviation radar, the British Wind Energy Association (BWEA) said.

BWEA said in a statement late on Tuesday the 5.15 million pound research should help release the six gigawatts of wind projects, including offshore, which could power as many as 3.4 million homes.

[The Technology That Will Replace 148 Billion Barrels of Oil](#)

The real story here is battery power, a technology market that's heating up in a big way. Just the market for rechargeable batteries is expected to zoom from \$36 billion in 2008 to \$51 billion in 2013.

And yet the battery market gets less attention than solar or wind power, its higher-profile (but less-technologically developed) cousins.

[States eager to power up electric car-battery industry](#)

DETROIT — The U.S. government has made it clear that developing a domestic auto-battery industry — for advanced batteries to power next-generation electric cars — is a priority. That has states scrambling to be sure they get a piece of the action.

[At Tokyo Auto Show, Hybrids and Electrics Dominate](#)

TOKYO — Green technology will be in the spotlight at the Tokyo Motor Show, which starts Wednesday, but the light will not shine on many automakers from outside Japan.

[Carmakers back more fuel economy, but seek flexibility](#)

DETROIT — Public hearings on new, higher federal fuel-economy standards are set to start here today, and the Alliance of Automobile Manufacturers says it will support the aggressive rule changes.

But it also plans to press the Environmental Protection Agency and the National Highway Traffic Safety Administration to ensure the rules retain flexibility that lets makers be creative in reaching the goals. The new fuel-economy standards will start to phase in by 2012 and raise the required industry average, now 27.5 miles per gallon for cars, to 35.5 mpg by 2016.

[Death of 'Soul of Capitalism': 20 reasons America has lost its soul and collapse is inevitable](#)

ARROYO GRANDE, Calif. (MarketWatch) -- Jack Bogle published "The Battle for the Soul of Capitalism" four years ago. The battle's over. The sequel should be titled: "Capitalism Died a Lost Soul." Worse, we've lost "America's Soul." And worldwide the consequences will be catastrophic.

That's why a man like Hong Kong's contrarian economist Marc Faber warns in his Doom, Boom & Gloom Report: "The future will be a total disaster, with a collapse of our capitalistic system as we know it today."

No, not just another meltdown, another bear market recession like the one recently triggered by Wall Street's "too-greedy-to-fail" banks. Faber is warning that the entire system of capitalism will collapse. Get it? The engine driving the great "American Economic Empire" for 233 years will collapse, a total disaster, a destiny we created.

[Mexico To Receive \\$1.5 Billion World Bank Loan To Lower Emissions](#)

MEXICO CITY -(Dow Jones)- The World Bank said Tuesday that its board of directors has approved a \$1.5 billion loan to help Mexico develop public policies that lower greenhouse gas emissions.

The loan will support the Mexican government's climate change program, which includes infrastructure investments that promote sustainable economic growth.

[Developing nations join West in deforestation fight](#)

WASHINGTON (AFP) – Six developing countries will join five western nations, including the United States and Britain, to combat climate change by better managing forestry resources, the World Bank has said.

[India, China sign climate change pact](#)

NEW DELHI (AFP) – India and China put aside a diplomatic spat to sign a five-year agreement Wednesday to cooperate on climate change leading up to crucial talks in Copenhagen.

The pact establishes a working group to exchange information on climate change ahead of a high-stakes summit in the Danish capital from December 7-18 where nations will attempt to clinch a treaty to reduce carbon emissions.

[Companies quitting US Chamber over climate stance](#)

ALBANY, N.Y. – A growing number of companies are quitting the U.S. Chamber of Commerce over its climate change policies.

The latest is a New York paper company. Mohawk Fine Paper says membership in an organization that has been critical of climate change legislation hurts its position as a business with a strong commitment to climate protection.

[Ships, Planes Should Cut Greenhouse Gases by Up to 20%, EU Says](#)

(Bloomberg) -- The European Union proposed that the shipping and airline industries reduce greenhouse-gas emissions by as much as 20 percent over the next decade as part of any new United Nations accord to fight global warming.

Ships would have to cut greenhouse gases by a fifth in 2020 compared with 2005 and airlines would need to trim discharges by 10 percent during the period under the EU proposal to the UN. European environment ministers endorsed the negotiating position at a meeting today in Luxembourg.

[World's leading energy scientists call for reduced use of fossil fuels](#)

STOCKHOLM, Oct. 20 (Xinhua) -- World's leading energy scientists on Tuesday called for reduced use of fossil fuels, in the run-up to the UN Copenhagen Climate Change Conference to be held in December.

They made the call in a statement issued at the end of the two-day Energy 2050, International Symposium on fossil-free energy options organized by the Royal Swedish Academy of Sciences in Stockholm.

[Government climate change figures 'are misleading'](#)

The Government has been accused of exaggerating Britain's success in fighting climate

change by presenting “misleading” figures on carbon emissions.

Sir Michael Scholar, chairman of the UK Statistics Authority, said that presentation of data by the Department of Energy and Climate Change was “unsatisfactory”.



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