



DrumBeat: October 21, 2008

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Topic: [Miscellaneous](#)

[As Oil Prices Drop, OPEC Ponders Tough Solutions](#)

At the beginning of the year, OPEC producers felt confident that strong economic growth and tight supplies would keep oil prices high. When oil crossed the \$100-a-barrel threshold in February, the cartel's president blamed speculators and said there was not much OPEC could do.

But now, panic is gripping producers as prices drop. They are down by half since July, and the speed of the decline has stunned oil-rich governments that have become dependent on high prices.

As the global economy continues to weaken, the Organization of the Petroleum Exporting Countries faces its toughest test in years.

The problem for the oil exporters, who meet for an emergency session in Vienna on Friday, is to stop the price drop at a time when oil consumption is collapsing, particularly in industrialized countries. Even China, long the biggest engine of growth for oil demand, seems to be cooling markedly.

[Russia to stay independent of OPEC](#)

YEREVAN — Russia will stick to constructive dialogue with OPEC but keep its policies independent, its energy minister said on Tuesday after the cartel called on producers like Russia to join production cuts.

[Alternative Energy Suddenly Faces Headwinds](#)

HOUSTON — For all the support that the presidential candidates are expressing for renewable energy, alternative energies like wind and solar are facing big new challenges because of the credit freeze and the plunge in oil and natural gas prices.

Shares of alternative energy companies have fallen even more sharply than the rest of the stock market in recent months. The struggles of financial institutions are raising fears that investment capital for big renewable energy projects is likely to get tighter.

[Russian shares rise, traders suspect govt support](#)

MOSCOW (Reuters) - Russian shares gained for a second day on Tuesday, led by state-owned companies such as Gazprom as traders said government money was probably already supporting the market.

[Saudis resurrect a rival for Hezbollah](#)

DAMASCUS - Word is coming out of south Lebanon that Saudi money under United States urging is being pumped into the Shi'ite community - in vain - to create a bloc among Lebanese Shi'ites against Hezbollah leader Hassan Nasrallah.

[Biofuels to follow coal into liquid market - E.ON](#)

PRAGUE (Reuters) - Biofuels will follow coal and eventually mature into a liquid market with risk management tools as its consumption rises, a senior E.ON Trading official said on Monday.

"Many people accept coal is in many ways following the oil markets. I remember in the 1980s as an oil trader, people saying 'what are all these banks doing here? They don't even know why sweet crude is called sweet', but they soon saw the banks brought liquidity and developed the market," said Edward Sigar, E.ON Trading Director for Coal, Biofuels and Freight.

[U.S. solar boom to include manufacturing, too](#)

SAN DIEGO — The United States is poised to become the world's largest user of solar power in the next decade, experts say, thanks in part to Silicon Valley innovation and the country's vast land area and amount of sunshine.

And that title will bring an unexpected benefit: Manufacturing jobs arriving in the United States rather than being shipped overseas. Solar companies have determined that it makes economic sense to manufacture close to your market, because among other factors it reduces shipping costs.

[European auto woes latest hit to U.S. suppliers](#)

DETROIT (Reuters) - An abrupt downturn in European auto demand represents the latest hit to U.S. auto suppliers, already struggling with the fallout from a U.S. auto market that has plunged to 15-year lows and could drop further.

[Kerkorian pulling out of Ford, taking huge loss](#)

NEW YORK - Kirk Kerkorian's investment firm said Tuesday it sold 7.3 million of its shares in Ford Motor Co. and plans to further cut what is now a 6.1 percent stake, for a potential loss of more than half a billion dollars on the investment.

...Kerkorian has tried to leave his mark on the Detroit-based automakers over the past decade. But Tracinda said that in light of current economic conditions it now sees "unique value" in other industries such as gambling, hotels, and oil and gas, so it's moving its resources.

[Taking grandma's keys is a tough decision](#)

My dad passed away last year and he drove my mom everywhere. I finally talked my office into letting me telecommute and I moved home to help my mom (she is 77). She rarely drives except to the beauty shop and I keep an eye on how well she does. I usually take her everywhere she wants to go, but if I could not be here then she would be forced to drive. She lives in such a rural area that there is no public transportation of any kind. What limited transportation there is, it is designated for low-income seniors and she doesn't qualify.

Somehow we need to address the problem of elderly people who live in rural areas but still need to get to appointments, get groceries, and go other places. If you don't live in such an area, it is hard to imagine being isolated with no alternative method of transportation.

[Oil dips below \\$70 a barrel](#)

NEW YORK (CNMoney.com) -- Oil prices fell Tuesday, briefly sliding below the \$70-a-barrel mark, as talk of falling demand continues to weigh on the markets.

U.S. crude for November delivery fell \$4.20 to \$70.05 a barrel, after dipping as low as \$69.77.

It was the expiration day for the November contract, often a signal for volatile trading. The December contract, which becomes active Wednesday, fell \$3.76 to \$70.63.

Traders awaited the Energy Department's weekly inventory report, due Wednesday, that was expected to show a buildup in crude and gasoline stocks, according to analysts polled by energy research firm Platts. Part of the reason for the expected inventory increase is the decline in demand, induced in part by the high prices of the past summer and the weakened economy.

"We're going to go from 2 cars in the garage to 1 car and a bus pass," said James Cordier, founder of online commodities brokerage OptionSellers.com in Florida.

[Peak oil and the current economic opportunity](#)

In the Twentieth Century we finally figured out how to create a system to maximize the exploitation of cheap resources, through loosely-regulated multi-national corporations. Unfortunately, we perfected the system just as the cheap resources were disappearing. We do not have a model for how to optimize the use of scarce resources in a non-growing economy. The current crisis creates the opportunity and the incentives to begin addressing that problem.

[Russia must use FX reserves cautiously - Kudrin](#)

MOSCOW (Reuters) - Russia must be cautious in using its foreign exchange reserves, which have already fallen by a tenth in the last few months, and the emphasis should be put on supporting the rouble, Finance Minister Alexei Kudrin said on Tuesday. The reserves, the world's third largest, are now at \$530.6 billion, down \$66.9 billion since early August. Credit rating agencies have said Russia's reserves are a key factor in its investment grade rating.

The call on the cash pile is rising because Russia has to support its currency, fund high social spending and finance a \$210 billion financial system rescue plan, a tough task as oil prices are tumbling.

[Iran gas should be option for Nabucco: OMV](#)

VIENNA (Reuters) - The European Union-backed Nabucco gas pipeline should not exclude Iran as a long-term supplier, lead consortium member OMV said on Tuesday.

The EU has made the 7.9 billion euro (\$10.46 billion) pipeline a cornerstone of its policy to ease its dependence on Russian gas but has been reluctant to list Iran among major potential suppliers for political reasons and because of opposition from the United States.

[Massive Shtokman Gas Field Development Set at \\$800MM](#)

Shtokman Development AG, the operator of the giant Shtokman gas field in the Barents Sea, has approved an \$800 million budget for 2008 and 2009, the controlling shareholder OAO Gazprom said Monday.

Gazprom holds 51% of the Shtokman Development, while France's Total SA and Norway's StatoilHydro have 25% and 24% stakes respectively.

[India: Thermal plants face coal shortage](#)

More than 60 per cent of India's coal-based power plants are running with less than a week's consumption of coal, threatening to affect power availability at a time when India's peak deficit is hovering at around 15 per cent.

[Alaska, Exxon Mobil work to resolve lease dispute](#)

JUNEAU, Alaska - Exxon Mobil Corp. and Alaska officials are trying to settle a complex lawsuit over a North Slope natural gas field deemed essential to a successful 1,170-mile pipeline project.

[Hundreds face Saudi terror trials](#)

(CNN) -- Saudi Arabia has announced that nearly 1,000 suspects accused of having ties to al Qaeda will soon be tried for carrying out dozens of "acts of war" against the Arab kingdom, according to Saudi media reports on Tuesday.

[Richard Heinberg: The Green New Deal](#)

Conversations at the Bioneers conference last weekend (and by e-mail for many days now) have been dominated by a single theme: There is immediate need for a coherent policy with which the new US administration can deal with both the financial crash and the energy transition. Instead of propping up failing financial institutions, the new president must inject investment into the real economy by supporting wide-ranging but tightly coordinated projects to create far more renewable energy generation capacity, build railroads and public transport facilities, insulate millions of homes while providing alternative heat sources, and re-configure the national food system to dramatically reduce and soon eliminate the need for fossil fuels.

Clearly the next administration will have to do something dramatic to stop the hemorrhaging of the economy. Why a Green New Deal and not some other kind of stimulus package? Is this just the demand of a single constituency, one that will have to be weighed against and balanced with the needs of business, national defense, the struggling middle class, and of course, the bankers?

[Rolls-Royce brings propeller engines back in vogue](#)

It evokes images of the vintage days of aviation, when flying around the world was a luxury few could afford. But propeller-driven aircraft, inspired by the iconic Spirit of St Louis, could make a return thanks to innovative fuel-saving designs.

The Guardian has learned that Rolls-Royce recently cleared a major hurdle in testing its new design for a propeller-driven engine, involving a double rotor and new blade shape. Engineers have called Rolls-Royce's design a "tremendously significant" step forward.

[Oregon farmers are loving biosolids](#)

OREGON CITY -- Spraying recycled human waste on farmland once sounded like a bad idea to Howard DeLano.

Now the cattle rancher east of Oregon City is among a growing number of Oregon farmers who can't get enough of the black slop. He says the natural fertilizer improves soil quality, reduces erosion and, most of all, saves him about \$4,000 a year.

State regulations forbid using treated sewage on crops intended for human consumption. DeLano uses it to fertilize hay.

[State warns about firewood sales](#)

Buyers should also be aware of some of the other ways con artists rob consumers by selling "short" cords of wood, or ones containing less than the requisite amount. For example, they may unload the wood after dark when it is hard to assess the size of the delivery, and then demand immediate cash payment. Or they might unload when the residents are not at home, and come back after dark for payment. In a three or four-cord order, they will often deliver a full cord and stack it neatly, then demand payment for the full order before delivering the remaining load. When the rest of the order comes, it is left in a pile rather than neatly stacked so it is difficult to determine how much wood has actually been delivered.

[Don't kill the planet in the name of saving the economy: *The collision of the credit crunch and the climate crunch could be a boon*](#)

We are living through two great meltdowns – the credit crunch, and the climate crunch. The heating of the planet is now happening so fast it's hard to pluck a single event to fix on, but here's one. By the summer of 2013, the Arctic will be free of ice. How big an event is this?

The Wall Street Crash hadn't happened for 80 years. The Arctic Crash hasn't happened for three million years: that's the last time there was watery emptiness at the top of the world. The Arctic is often described as the canary in the coal mine. As one Arctic researcher put it to me this week: the canary is dead. It's time to clear the mine, and run.

[Lawsuit against Canada over Kyoto accord dismissed](#)

VANCOUVER, British Columbia (Reuters) – Environmentalists have lost a legal challenge to force the Canadian government to abide by the Kyoto Protocol on climate change, which Canada signed but has refused to implement.

The Federal Court on Monday dismissed a lawsuit filed by Friends of the Earth Canada that alleged the government broke the law by missing deadlines for implementing the treaty to cut emissions of greenhouse gases blamed for global warming.

[Richard Heinberg: Whither Oil Prices](#)

The game has changed. As I wrote here, “When the world finally begins to recover from its financial turmoil (and this could take a few years), and oil demand picks back up again, the economy will bump up against oil supply constraints and petroleum prices will skyrocket, undermining the economic recovery.” Lack of investment in new production projects, plus ongoing depletion and rising decline rates, probably ensure that we’ve now seen the all-time peak. It was in July 2008. Mark your calendars. That month was probably also, as I wrote here, the end of aggregate world economic growth as it has thus far been defined.

Whither oil prices? Don’t expect a sustained rally for a while. It will be months before the full impact of the financial detonation is known, and that impact could include a substantial, years-long destruction of demand for oil.

[Diesel Fuel Rationing in Western Canada: Who Would Have Thought It Possible](#)

TORONTO, ONTARIO - (Marketwire) - Who would ever have thought that in oil-rich Western Canada we would see diesel fuel being rationed? That's exactly the scenario taking place in Alberta, Saskatchewan and Manitoba where a severe shortage of truck diesel fuel was playing havoc with truckers throughout the region. Carriers were seeing their fuel supplies rationed by as much as 10% to 50%. The card-lock privileges for all new accounts were suspended by at least one oil company and the hours that card-lock service was being made available to existing customers were being restricted. We were being told that things would not be returning to normal for at least several weeks, if not for the rest of October and November.

Given the current economic fragility, this is something Canada can ill-afford. The trucking industry is being put in the unenviable and untenable position of deciding which of its customers will be guaranteed service and which will not.

[Downturn flattens transportation companies](#)

Near record-high numbers of trucking companies have been crushed in a downturn that's stretched to nearly two years, and many expect more failures. The situation became more desperate, despite a respite in fuel prices, when the financial markets crashed in recent weeks and credit grew scarcer.

[Fixed rate now a burden](#)

"I bought 800 gallons," Stillwater's Dave Ryan said. "This is the first year in 18 years that I'm going to lose. Most times I come out ahead."

Ryan said his main consideration was simply having enough fuel to get through the winter. This summer, no one could have dreamed how far prices would drop. He just didn't want to be victimized by a possible fuel shortage crisis.

"That's the bottom line," he said. "Price was irrelevant at the time."

[The Perfect Storm for Agriculture](#)

The island of agriculture, particularly the grain sector, has been oblivious to the economic downdraft of the general economy until recently. Is the perfect storm brewing? What are the potential ingredients?

- First, the new presidential administration decides to lower tariffs and subsidies on alternative energy, reducing demand for grain.

[Pemex Output Falls 14% on Cantarell, Hurricane Ike](#)

(Bloomberg) -- Petroleos Mexicanos, the state-owned oil company, said monthly crude output fell to the lowest since November 1995 on decreased demand from U.S. refiners and as its largest field declined.

Production fell to 2.722 million barrels a day in September, a decline of 14 percent from a year ago, Mexico City- based Pemex, as the company is known, said today on its Web site. Pemex extracted 2.555 million barrels a day in November 1995.

[Mexico: Energy Modernization Hits a Roadblock](#)

Energy reform plans have hit a new obstacle in Mexico. The country's failure to liberalize the industry that provides some 40 percent of its government budget could force a fiscal crisis as production declines and challenges abound.

[A proposal to solve America's problems](#)

We can start by selling all the states we acquired from Mexico back to Mexico for \$6 trillion and convincing Mexico it's a bargain at half the price.

That would be a good deal for us, as we just up and annexed Texas without paying anything. Following the Mexican-American War, the Treaty of Guadalupe-Hidalgo in 1848 gave the United States control of Texas (as far as Texas can be controlled) and established the Rio Grande as the border between Texas and Mexico. The ensuing Mexican Cession gave the United States California, Utah, Nevada, parts of Colorado, Arizona, New Mexico and Wyoming. For approximately two-thirds of its territory, 500,000 square miles, Mexico received \$15 million and we agreed to assume \$3.5 million of Mexican debt. It was not the best deal Mexico ever made.

Letting Mexico buy back those Western states would go a long way toward solving our energy crisis, too, as Mexico could pay us in part with oil. It would help solve the immigration crisis, as well, as all the Mexicans in those states could stay where they are without worrying about work permits and naturalization.

[Ethiopia to experience another round of power rationing](#)

Addis Ababa, Ethiopia -The Ethiopian electric and power corporation (EEPCO) has announced that the country will face power additional shortages in the current Ethiopian year as well. Ethiopia's new year starts on September 11, 2008.

[Pakistan: Mob vents frustration over power outages](#)

LAHORE: Around 100 protesters attacked the Madina Colony Electric Supply Company (LESCO) Sub-Division Office (SDO) on Monday, setting the office record, furniture and computers on fire.

[Nuclear power: Should Vietnam build 4 reactors at once?](#)

Scientists have been debating about whether to build one reactor in the immediate future or multiple reactors at the same time.

[India's aqua war](#)

The word 'rival' comes from the Latin 'rivalis' meaning 'some one sharing a river'. A water war between two Sumerian city states Lagash and Umma 4500 years ago is recorded on a stone carving showing vultures flying off with the heads of the impoverished and defeated Umma people. Only history itself can convince one of such a truth. This extremely worrying precedent is being re-run by India today by unleashing

water damage; first inundating Pakistan with too much water and then starving it by withholding it at a critical time.

[Return of the Jetta diesels](#)

Volkswagen is putting its economic eggs in a diesel basket - clean diesel.

[Ben Bova: An Energy Fix Written in the Stars](#)

Solar energy is a favorite of environmentalists, but it works only when the sun is shining. But that's the trick. There is a place where the sun never sets, and a way to use solar energy for power generation 24 hours a day, 365 days a year: Put the solar cells in space, in high orbits where they'd be in sunshine all the time.

You do it with the solar power satellite (SPS), a concept invented by Peter Glaser in 1968. The idea is simple: You build large assemblages of solar cells in space, where they convert sunlight into electricity and beam it to receiving stations on the ground.

[Hard times have some flirting with survivalism: Economic angst has Americans stockpiling 'beans, bullets and Band-Aids'](#)

SEATTLE - Atash Hagemahani is not waiting for the stock market to recover. The former high-tech professional turned urban survivalist has already moved his money into safer investments: Rice and beans, for starters.

"I hoard food," says Hagemahani, 44, estimating that he has enough to last his family a year or two. "I'm not ashamed to admit it."

"People keep asking when this (economic crisis) is going to clear up," says Hagemahani, who agreed to be interviewed on the condition that he be identified only by the pseudonym he uses for his survivalist blog, or by his first name, Rob.

The answer, he predicts, is that the country is entering what he calls a "Greater Depression." "Maybe they jolly well better get used to the change in lifestyle."

Hagemahani is not alone in concluding that desperate times call for serious preparations.

[Commodity Prices May Decline 'Sharply', NAB Says](#)

(Bloomberg) -- National Australia Bank Ltd., the nation's biggest by assets, said commodity prices may decline ``sharply" amid expectations global economic conditions will continue to deteriorate.

``Global commodity prices are already falling and their elevated starting levels shows the potential for them to fall sharply and still be high by historical standards," the Melbourne-based company said today in a statement. The bank, the largest lender to Australian farmers, today reported full-year profit dropped 11 percent.

[Tupi profitable even with lower oil prices - Galp](#)

LISBON (Reuters) - Oil recovery from the giant Tupi field in Brazil's Santos Basin will be profitable even if crude prices drop substantially from their current levels, Manuel Ferreira de Oliveira, CEO of Galp, said on Tuesday.

The Portuguese oil and fuel company has a 10 percent stake in the consortium exploring the subsalt Tupi reserve. The group is led by Brazilian state-owned oil company Petrobras and also includes British gas producer BG Group Plc.

"Tupi is a gigantic reserve which is profitable at substantially lower oil prices than the current ones," Ferreira de Oliveira told reporters during an energy conference.

[PetroChina to increase investment in oil, gas business despite financial crisis](#)

BEIJING (Xinhua) -- PetroChina Company Limited will increase its investment in its oil and gas business from 60 to 70 percent in 2009, said company chairman Jiang Jiemin on Tuesday.

PetroChina's losses during the global financial crisis are "limited and under control", Jiang told reporters after a shareholders meeting. He said it's because the company has focused the majority of its business on oil and gas production and exploration in the past few years.

[China Shipping Profit Rises 28% on Oil-Tanker Rates](#)

(Bloomberg) -- China Shipping Development Co., the nation's largest oil carrier, said third-quarter profit rose 28 percent, lifted by the country's rising imports of crude.

Net income climbed to 1.54 billion yuan (\$225 million), or 0.45 yuan a share, from 1.21 billion yuan, or 0.36 yuan, a year earlier, the Shanghai-based company said in a statement to the city's stock exchange today, citing domestic accounting standards. Sales rose to 5 billion yuan from 3.2 billion yuan.

[Kazakhstan Is `Ready to Swap' Caspian Oil Rights With Iran](#)

(Bloomberg) -- Kazakhstan is ready to exchange exploration rights it holds for oil and gas assets in the Caspian Sea with Iran to gain access to reserves in the Persian Gulf, Prime Minister Karim Masimov said.

``In general we are ready to swap assets with Iran, but there is no particular deal under way," Masimov said in an interview in the capital Astana on Oct. 17.

[Sempra Mexico Termoelectrica natgas unit shut](#)

NEW YORK (Reuters) - Sempra Energy's 625-megawatt Termoelectrica de Mexicali natural gas-fired power station in Mexico shut by Monday afternoon for unplanned reasons, the California Independent System Operator said in a report.

The Termoelectrica de Mexicali combined-cycle station, which entered service in 2003, is located near Mexicali in Baja California, about 115 miles east of San Diego. It supplies the U.S. power market.

[Centrica Urges U.K. Grid Upgrade to Meet Green Target](#)

(Bloomberg) -- Centrica Plc, the U.K.'s biggest energy supplier, and the British unit of Iberdrola SA said the country must upgrade aging electricity infrastructure to achieve a 2020 renewables target.

``The grid is a problem," Sue Wheeler, head of new energy at Centrica, told reporters today at the annual British Wind Energy Association conference in London. ``The targets are challenging but achievable" if grid connections receive sufficient investment, she said.

[3 Oil-Rich Countries Face a Reckoning](#)

CARACAS, Venezuela — As the price of oil roared to ever higher levels in recent years, the leaders of Venezuela, Iran and Russia muscled their way onto the world stage, using checkbook diplomacy and, on occasion, intimidation.

Now, plummeting oil prices are raising questions about whether the countries can sustain their spending — and their bids to challenge United States hegemony.

... Daniel Yergin, chairman of Cambridge Energy Research Associates, a consulting firm in Cambridge, Mass., said oil states were facing something of a reckoning. Originally, he said, they saw the economic crisis as a problem mainly for the United States — but then oil prices went into free fall.

“Now, the producers are experiencing a reverse oil shock,” Mr. Yergin said. “As revenue went up, government spending went up and expectations of a continuing windfall led to

greater and greater ambitions. Now they are finding how integrated they are into this globalized world.”

[Oil above US\\$74 as OPEC eyes production cut](#)

Oil prices were hovering above US\$74 a barrel Tuesday as investors expected OPEC to try to halt a three-month slide in prices by cutting production quotas at least 1 million barrels a day.

At the same time, gains by the U.S. dollar against the euro were putting the brakes on any gains in oil prices.

"The general trend is still of uncertainty," said analyst Olivier Jakob of Petromatrix in Switzerland.

[Oil price to fall as Saudi Arabia resists cut: report](#)

MILAN (Reuters) - The price of oil will probably keep falling as long as Saudi Arabia resists pressure from other OPEC member states to cut production, according to the country's former oil minister.

Sheikh Ahmed Zaki Yamani told Italian daily Corriere della Sera in an interview published on Tuesday member states that were only interested in keeping the price high had already cut production.

"They are already under their quota, so a cut (that would make a difference to the price) must above all come from Saudi Arabia," he said.

Asked if Iran and Venezuela were among those pushing for a cut, he said: "Also Libya, Algeria and even Nigeria."

[Iran wants OPEC cut of at least 2mln bpd](#)

TEHRAN (AFP) – Iran's oil minister said on Tuesday that Tehran believes OPEC should cut production by between two million and 2.5 million barrels a day, and that prices could go higher than 150 dollars a barrel.

"The market should find a stable condition, and given the eight to 10 percent decrease in demand and also given the oil stockpile I think a decrease of between two and 2.5 million barrels a day can bring a stable status to the market," Gholam Hossein Nozari said at a press conference in Tehran.

[OPEC treads carefully on output cut](#)

For OPEC, the speed of the descent revives bad memories of the 1998 price collapse when oil fell to less than \$10 a barrel.

"They need to cut production fast, but they're probably not going to be able to cut it as fast as world growth is slowing," said Michael Lewis of Deutsche Bank.

He predicted Friday's meeting in Vienna could reduce output by between one and 1.5 million bpd from an agreed ceiling of 28.8 million bpd and that would just be the start.

[OPEC exports down 900,000 bpd to October 5 - LMIU](#)

LONDON, Oct 21 (Reuters) - OPEC seaborne exports, excluding Ecuador, fell 900,000 barrels per day (bpd) in the four weeks to October 5 with Gulf producers accounting for most of the shrinkage, Lloyd's Marine Intelligence Unit said on Tuesday.

The London-based consultancy that tracks oil tanker shipments from 12 OPEC producers, including Iraq, said exports fell to 22.766 million bpd, down from 23.666 million bpd in the four weeks previous to September 7.

[Excerpt: 'Tar Sands', by Andrew Nikiforuk](#)

Declaration of a Political Emergency

The world's oil party is coming to a dramatic close, and Canada has adopted a new geodestiny: providing the United States with bitumen, a low-quality, high-cost substitute.

Northern Alberta's bituminous sands, a national treasure, are the globe's last great remaining oil field. This strategic boreal resource has attracted nearly 60 per cent of all global oil investments. Every major multinational and nationally owned oil company has staked a claim in the tar sands.

Neither Canada nor Alberta has a rational plan for the tar sands other than full-scale liquidation. Although the tar sands could fund Canada's transition to a low-carbon economy, government has surrendered the fate of the resource to irrational global demands. At forecast rates of production, the richest deposits of bitumen will be exhausted in forty years.

[Engineers warn of imminent oil shock](#)

Engineers are warning politicians that the lull in oil prices will be short-lived, and New Zealand is headed for sustained job losses unless it boosts energy efficiency efforts.

Senior North Shore City transport strategist Archer Davis, speaking on behalf of Engineers for Social Responsibility, said a conservative estimate of a 4 per cent annual decline in oil supply raises the prospect of a 12 per cent contraction of New Zealand's economy over 15 years.

[Pickens' natural gas idea picking up steam](#)

What will power your car a decade from now? Billionaire T. Boone Pickens is betting big that it will be compressed natural gas.

The former oil tycoon has put \$58 million into touting his "Pickens Plan" in TV ads, YouTube videos, town hall meetings and media interviews to get people talking about boosting wind power for electricity and using the nation's natural gas supply for the next auto fuel.

The publicity is working. After years of a relatively low profile in the alternative fuel discussion, compressed natural gas or "CNG" vehicles are now at the forefront of a national debate.

[Iran sees consensus to set up "gas OPEC"](#)

TEHRAN — Iran's oil minister said on Tuesday there was a consensus to set up a "gas OPEC," speaking after tripartite talks with his Qatari counterpart and the head of Russia's Gazprom.

"We have made major decisions," Oil Minister Gholamhossein Nozari told a news conference. "There is a demand to form this gas OPEC and there is a consensus to set up gas OPEC."

Russia, Iran and Qatar are ranked the first, second and third biggest holders of natural gas reserves in the world.

[Palin backs shipping Alaskan LNG to Japan](#)

On the campaign trail, Sarah Palin says repeatedly that America must tap its own natural gas and oil reserves to become energy-independent.

But the Alaska governor and GOP vice presidential candidate has pushed the federal government to allow a liquefied natural gas plant to continue exporting to Asia — the only such plant in the United States that sends the product overseas.

[Special Euromoney Coverage: Lessons learned from Egypt's energy leaders](#)

Salah Hafez of NPC advises investment in economically sound sectors, which will remain vital despite the current global economic slowdown.

"People will continue eating, going out and using fuel," he argues.

He sees the current slump in oil prices as temporary. Advocating the peak oil theory, he points out that seeing no real energy alternatives in the near future, rising demand for oil in face of dwindling reserves will drive prices up again.

[Gas: NAPE calls for aggressive exploration activities](#)

IN order for Nigeria to increase its present gas reserves from 182 Trillion cubic Feet (TcF) to 600tcf and become the fourth largest gas reserve in the world there has to be an intense and aggressive exploration for gas as there is for oil at present.

[Gunmen seize Nigerian oil worker's children in delta](#)

PORT HARCOURT, Nigeria (Reuters) - Gunmen have kidnapped two children of a Nigerian oil worker in the Niger Delta oil city of Port Harcourt, police said on Tuesday.

The children were being driven to school when they were abducted in the Abuloma area of the city and taken to an unknown location, said Rita Abbey, police spokeswoman for Rivers state, of which Port Harcourt is the capital.

"They were kidnapped this morning by gunmen who were in a black jeep. They are a boy and a girl aged between 7 and 9, children of a Nigerian Shell worker," Abbey said.

[China says kidnappings won't affect Sudan policy](#)

BEIJING: China's Foreign Ministry said Tuesday that Beijing's close economic ties with Sudan wouldn't be affected by last week's kidnappings of nine Chinese oil workers in the country's southwest.

Ministry spokesman Qin Gang said Chinese authorities are working to help free the captives, who were seized Saturday by unknown assailants in Kordofan province. Sudan's government says they were abducted by a rebel group that has demanded a greater share for locals of the region's oil wealth.

[UK: Economy, shopping styles affect small businesses](#)

When people choose not to pay the slightly higher prices at the local store, and make the 130 mile round trip to North Platte, Valentine or Broken Bow to do their shopping, it makes cash flow difficult for Ewolddt.

"Keeping the cash flowing is difficult," he said. "With Affiliated [Foods] we're supposed to buy \$9,000/week in order not to have to pay extra fees."

[Hawaii outlines renewable energy goals](#)

HONOLULU – Hawaii's largest utility has signed on to a plan to move the state away from dependence on fossil fuels for electricity and ground transportation.

The goal is to create 70 percent of Hawaii's energy use from clean energy sources by 2030. Currently, the state gets about 10 percent of its energy from renewable sources.

Under the latest agreement, Hawaiian Electric Co. commits to not build any new coal plants, integrate up to 1,100 megawatts of renewable energy into the power grid and convert existing fossil fuel generators to biofuels using locally grown crops.

[Clean coal for cars has a dirty side](#)

If the United States tried to achieve independence from foreign oil by making gasoline from vast reserves of domestic coal, the country would probably end up increasing its carbon emissions, a new study concludes.

[Catalytic converter developer honored for car contribution](#)

"The catalytic converter has had a profound impact on our environment," says Jim Kliesch, senior engineer for the Union of Concerned Scientists. Advances in the catalytic converter, which rolled out on GM's 1975 model-year cars, and computer-controlled fuel injection technology have all but eliminated tailpipe emissions, he says.

Today, that team of engineers will be honored for the first time for developing the catalytic converter, receiving the Great Moments in Engineering Award from information technology group GlobalSpec at a dinner in Detroit.

[UK's Brown says downturn will not affect green effort](#)

LONDON (Reuters) - British Prime Minister Gordon Brown said on Tuesday the global economic downturn would not deflect the UK government from efforts to reduce Britain's carbon emissions and combat global warming.

[Do we need to go nuclear to stay green?](#)

It's the billion-dollar question. Will nuclear energy save the world from global warming? Nuclear power plants produce virtually zero carbon emissions throughout their lifecycle, but they are costly to build and environmentalists claim the money would be better spent on building renewable resources.

[Is the Sun Setting on Solar Power in Spain?](#)

This month Spain slashed the maximum capacity of solar farms that can claim subsidies from 1,200 MW to just 500 MW. Installed PV capacity has already tripled to 1,500 MW in under a year, should double again by 2010 to 3,000 MW, and more than triple to 10,000 MW by 2020. Spain also cut PV feed-in tariffs by about a third to around 33 eurocents per kilowatt hour. Solar-thermal executives fear the same fate within 24 months as new plants add solar power.

[Study: California energy efficiency pays off](#)

SAN FRANCISCO - California has saved about \$56 billion in electricity costs and created 1.5 million jobs over 35 years by using energy more efficiently than other states, according to a new study.

The report released Monday by an economist at the University of California at Berkeley found that state policies that boost energy efficiency aren't just good for the environment, they're also good for the economy.

[BBVA says to cut employee CO2 emissions 20 pct](#)

MADRID (Reuters) - Spain's BBVA will spend 19 million euros (\$25.17 million) to cut its CO2 emissions per employee by 20 percent by 2012, the chairman of the bank, Francisco Gonzalez, said on Tuesday.

BBVA will introduce measures to persuade staff to cut trips by using video-conferencing, introduce energy-saving in their homes and use vehicles which burn less fossil fuel.

The plan could save the bank 1.5 million euros a year, the chairman of Spain's second largest bank said at a presentation in Madrid.

[Climate change is driving increase in tiger attacks](#)

The number of tiger attacks on people is growing in India's Sundarban islands as habitat loss and dwindling prey caused by climate change drives them to prowl into villages for

food, conservation experts said.

Wildlife experts say endangered tigers in the world's largest reserve are turning on humans because rising sea levels and coastal erosion are steadily shrinking the tigers' natural habitat.

[Economic woes may give planet a breather](#)

NICOSIA (Reuters) - A slowdown in the world economy may give the planet a breather from the excessively high carbon dioxide (CO₂) emissions responsible for climate change, a Nobel Prize winning scientist said on Tuesday.

Atmospheric scientist Paul J Crutzen, who has in the past floated the possibility of blitzing the stratosphere with sulphur particles to cool the earth, said clouds gathering over the world economy could ease the earth's environmental burden.

[Climate change factors into conservationist buys](#)

Climate change is prompting some conservation groups to broaden strategy in buying pristine lands, recognizing that some may be under water in 50 years or undergo other drastic changes.

For the first time, land trusts and other conservationists are factoring in evidence that global warming is altering the migration of species, reconfiguring coastlines and transforming natural habitats.



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