



## Drumbeat: April 24, 2009

Posted by [Leanan](#) on April 24, 2009 - 9:46am

Topic: [Miscellaneous](#)

### [US natural gas rig count again hits new 6-year low](#)

NEW YORK (Reuters) - The number of rigs drilling for natural gas in the United States fell 18 to 742 last week, its lowest level in more than six years, according to a report issued Friday by oil services firm Baker Hughes Inc in Houston.

U.S. natural gas drilling rigs have been in a steady decline since peaking above 1,600 in September and now stand about 731 below the same week last year, the lowest level since Feb. 7, 2003, when there were 734 gas rigs operating.

Near record-high gas production last year and a deepening recession that sharply cut demand led to a severe oversupply that collapsed gas prices to about the \$3.50 per mmBtu level currently from their peak above \$13 last July.

### [PDVSA struggling to pay debt](#)

Venezuela state-owned PDVSA, plagued by financial problems related to the collapse of oil prices, has paid only about 5% of its outstanding debt to oil service companies and suppliers so far this year.

US company Helmerich & Payne has not received any payment from PDVSA, despite the fact that it halted operations in four platforms.

The company halted four rigs in Venezuela after the expiration of the contracts for 14 drills that the US service company has in the South America country due to a payment dispute. Helmerich intends to continue shutting down rigs as contracts expire.

### [North Sea companies welcome tax breaks](#)

North Sea oil and gas companies have welcomed new tax breaks in the Budget designed to stimulate investment, which has been battered by falling oil prices and a shortage of finance.

However, some companies in the sector warned that the measures were likely to have

only a marginal effect, given the severity of the squeeze on the industry, and have urged the government to go further in future.

### [Petrobras sets monthly oil record in March](#)

Brazil's Petrobras has set a new monthly oil production record of 1.99 million barrels per day for the month of March surpassing the previous month of 1.94 million bpd.

The company said the 52,000 bpd difference was mainly from the entrance of new wells in the platforms FPSO Cidade de Niteroi, P-53 (Marlim Leste) and P-54 (Roncador).

### [Iraq, Syria agree on plan to repair Kirkuk-Banias oil line](#)

Iraq and Syria, following broad-ranging talks between Iraqi Prime Minister Nuri Al-Maliki and his Syrian counterpart Mohammed Naji Otri, have agreed on a new plan to repair the bomb-damaged Kirkuk-Banias oil pipeline.

"Discussions led to a strategic agreement in the areas of oil, gas, power, and trade," said Al-Maliki, adding, "The two sides also reached agreement on repairing the pipeline across Syria."

### [GM to pull the plug on Pontiac](#)

The brand credited with originating the muscle car will not be part of GM's future.

### [Ford posts \\$1.4 billion first-quarter loss](#)

DEARBORN, Mich. - Ford Motor Co. reported a first-quarter loss of \$1.4 billion Friday and said it used less of its cash, emphasizing that it doesn't expect to seek any of the government assistance that is keeping the rest of the Detroit Three alive.

The nation's second-largest automaker said it spent \$3.7 billion more than it took in during the first three months of the year, far less than the \$7.2 billion it spent in the fourth quarter of 2008.

### [Jamaican army deployed ahead of tax increase](#)

KINGSTON (Reuters) - Jamaica's government put police and the army on alert to prevent violent demonstrations as it prepared to announce tax increases on gasoline, cigarettes and other consumer items on Thursday.

Police and soldiers were deployed at what the government called "strategic" locations across the Caribbean island to quell any violent protests. Finance and Planning Minister Audley Shaw was expected to announce the tax increases during a budget debate later on Thursday.

### [Earth Day and the Elephant In the Room](#)

Well, another Earth Day has come and gone. And amid all the articles and blogs, symposia and TV specials about all the things we can do to save the planet, once again it was hard to find any substantive discussion of the single biggest threat to the environment.

Namely, the staggering rise in global population.

### [San Jose street lights get smarter](#)

With expectations of cutting energy costs up to 40 percent, the city unveils plan for a "smart light" system.

### [Ivory Coast activists scupper palm oil project](#)

ABIDJAN (AFP) – Ivory Coast's main palm oil company, Palmci, on Friday announced it was abandoning a major plantation scheme in the south of the country after opposition by environmentalists to destruction of a forest.

"Palmci has decided to abandon this project in the face of the refusal of certain NGOs to accept the coexistence of environmental preservation and the development of economic activity," the firm said in a statement.

### [A Defense of the Incandescent Light Bulb](#)

Howard Brandston, an award-winning lighting designer, has worked on a number of high-profile projects in his career — from a makeover of the Statue of Liberty in the 1980s to helping to develop the nation's first standards for energy-efficient building design.

Now, amid a growing raft of legislation around the globe aimed at phasing out the standard incandescent light bulb (and in some corners, popular resistance to that idea), Mr. Brandston is stepping out of retirement and into the debate over energy-efficient lighting.

Specifically, Mr. Brandston accuses “energy zealots” of using faulty science to determine the efficiency of light bulbs, and he says that simplistic lumens-per-watt comparisons obscure questions of how well different bulbs do what they’re supposed to do: light up a room.

### [Blame oil, not banks, for recession](#)

“What was the mechanism by which U.S. problems were supposedly spread to other countries?” Mr. Reynolds asks. “It wasn’t by international trade. The dollar value of U.S. imports didn’t start to fall until August, 2008, and imports of consumer goods didn’t fall until September – many months after Japan and Europe fell into recession.” Further, U.S. bank failures didn’t occur until September, 2008, almost a year after Europe slipped into recession.

Mr. Reynolds does not deny the U.S. housing boom, and eventual bust, of 2002 to 2008. He simply argues that it wasn’t the housing boom that set off the global meltdown. “What really triggered this recession should be obvious,” he says, “since the same thing happened before every postwar U.S. recession save one (1960).” The real cause, he says, was the spike in the price of crude oil.

*The original article by Alan Reynolds can be read [here](#).*

### [T. Boone Pickens offers energy answer](#)

He calls himself an environmentalist, which may raise the eyebrows of those familiar with his long ties to conservative causes.

In 2004, he gave \$2.5 million to Swift Boat Veterans and POWs for Truth, which bought ads criticizing the military record of Sen. John Kerry, then the Democratic presidential nominee.

Nowadays, he says cheap oil has allowed presidents of both parties to drift away from ubiquitous campaign promises to wean the country off foreign oil. There’s been no energy plan.

### [The New Gospel of Less](#)

I started noticing new talking points oozing out this past week. Rather than cite specifics, I’d like to encourage you to be on alert for them. They all have to do with the new gospel of less.

### [Not Every Oil Company Is Hurting](#)

Deep-water drillers take advantage of tight supply and long contracts.

### [US Ex-Im Bank okays \\$900 million loan to Pemex](#)

WASHINGTON (Reuters) - The U.S. Export-Import Bank on Thursday said it had approved \$900 million in direct long-term loans for Mexico's state-owned oil company Pemex to import more than \$1 billion worth of U.S. goods and services to help develop oil and natural gas projects.

### [Volcano Idles Oil Platforms, Facility 'Indefinitely'](#)

Oil platforms in Alaska's Cook Inlet have been idled indefinitely because the nearby Redoubt volcano is still active and potentially explosive, officials said.

The Anchorage (Alaska) Daily News reported Wednesday that the oil platforms had to be closed because the Drift River oil terminal has not been restarted.

### [American Electric Profit Falls Less Than Estimated](#)

(Bloomberg) -- American Electric Power Co., the biggest U.S. producer of coal-fueled electricity, said first- quarter profit fell 37 percent as the recession eroded industrial electricity demand.

### [Monbiot: Miliband's coal decision is cynical and meaningless](#)

If coal plants go ahead on the condition that their emissions will one day be abated through carbon capture and storage technology, then emissions are a certainty.

### [James Schlesinger and Robert L. Hirsch: Getting Real on Wind and Solar](#)

Why are we ignoring things we know? We know that the sun doesn't always shine and that the wind doesn't always blow. That means that solar cells and wind energy systems don't always provide electric power. Nevertheless, solar and wind energy seem to have captured the public's support as potentially being the primary or total answer to our electric power needs.

Solar cells and wind turbines are appealing because they are "renewables" with promising implications and because they emit no carbon dioxide during operation, which is certainly a plus. But because both are intermittent electric power generators, they cannot produce electricity "on demand," something that the public requires. We expect the lights to go on when we flip a switch, and we do not expect our computers to shut down as nature dictates.

### [Russia sees no need for oil cuts as shortage looming](#)

MOSCOW (Reuters) - Russia believes global oil output cuts will have a short-lived effect and made no sense given a looming global supply shortage in the medium term, Energy Minister Sergei Shmatko said on Wednesday.

"According to various estimates, there will be a serious shortage of oil supply, maybe in one, maybe in two-three years," Shmatko told reporters.

### [The Peak Oil Crisis: Capping Carbon](#)

Seventeen years after the Kyoto Protocol was drafted, it appears that the U.S. is moving toward taking action to limit the nation's emissions of greenhouse gases.

Last week, with White House blessing, the U.S. Environmental Protection Agency issued a preliminary decision that carbon-dioxide emissions from burning fossil fuels constitutes a danger to the public. The ruling was in response to an April 2007 Supreme Court decision that said the government could restrict the emission of heat-trapping gases under the Clean Air Act if it found them a danger to health and welfare.

### [US urges Central Asia to boost gas export routes](#)

ASHGABAT, Turkmenistan – A recent crippling gas pipeline blast in Turkmenistan, which the government blamed on Russia's gas monopoly Gazprom, is proof that energy-rich Central Asian nations need to diversify their export routes, a senior U.S. diplomat said Friday.

Russia currently controls most natural gas export routes out of the region, but that grip is coming under growing pressure from China and the West.

### [Summit seeks secure gas deliveries for Europe](#)

SOFIA, Bulgaria — Energy projects that aim to guarantee secure gas deliveries for Europe will be discussed at a two-day summit of energy producing and consuming countries, starting in Sofia today.

But the absence of a key player — Russian Prime Minister Vladimir Putin, who unexpectedly canceled his participation amid disagreement over a pipeline project with Bulgaria — fueled doubts about what might be accomplished.

### [China, Russia oil pipeline to start operation at end-2010: CNPC](#)

An oil pipeline linking Russia's far east to China's northeast is set to start operation by the end of 2010, Zhou Jiping, deputy general manager of the China National Petroleum Corp. confirmed here at a conference Thursday.

The pipeline would run from Skovorodino, Russia to China's northeastern city of Daqing.

### [China's Government to Fund Overseas Oil Acquisitions](#)

(Bloomberg) -- China, which agreed last week to acquire a share in a Kazakh oil producer, will provide financing for overseas asset bids by domestic oil companies taking advantage of slumping energy prices, an industry official said.

The government will take up stakes in overseas oil projects that it will help to acquire, the official, who declined to be named, said in Shanghai today. The government will announce the financing plan as part of its oil and petrochemical stimulus package, due within a week, he said. The size of the energy stimulus, approved in February, is yet known.

### [Interview with Matt Badiali: Time to Buy Oil Service Companies](#)

Massive, massive depletion. Don't get me started on peak oil. The peak oil theory is based on engineering data. What the engineers never figured on is that we'd find oil and gas in places we never thought we'd find them, like off of South America right now. Nobody anticipated finding the oil that we're going to find in the sub-salt areas there.

### [Schlumberger profit tumbles 30% as drilling drops](#)

Schlumberger Ltd. said today its first-quarter earnings tumbled about 30 percent as oil and natural gas companies cut back on exploration and drilling due to lower prices and demand.

The world's largest oilfield services company said net income in the January-to-March period fell to \$938.5 million, or 78 cents per share. That compared with \$1.34 billion, or \$1.09 per share, a year earlier.

The result topped the average estimate of Wall Street analysts polled by Thomson Reuters, who expected earnings of 73 cents a share.

### [Automakers teeter on verge of industry shutdown](#)



While General Motors was prepping its workers and suppliers for extended plant shutdowns, Chrysler bondholders were readying a second counteroffer to help slash Chrysler's debt.

Both automakers are teetering on the verge of bankruptcy. Chrysler has just six days to complete a deal with Italian automaker Fiat or be cut adrift without government support. President Obama has said that if the two can't hammer out the details — which include a deal with creditors to cut Chrysler's debt load — he won't approve further loans for Chrysler, and it will end up in bankruptcy court.

### [Vermont must rebuild public transit](#)

Americans spend almost one-fifth of their income on transportation. Instead, public investments in trains and buses could be saving us money to spend at local stores and events. Aside from the contribution it makes to the community and economy, public transit is already at work reducing our impact on climate change, traffic congestion, and air pollution, and it may be a necessary "insurance policy" to survive peak oil.

### [Lighting a fire under self-reliance](#)

Vermont ranks last among all 50 states in its demand for petroleum products, and emerges second only to Hawaii in least consumption of natural gas. Still, nearly 3/5 of Vermonters use fuel oil as their primary source of home heating. Furthermore, in January 2009, the state paid on average \$0.315 more per gallon of Number 2 heating oil than the rest of the nation. Vermonters are not blind to this state of affairs. In Addison County, residents have acted to allay their concerns, establishing the ACORN Energy Co-Op.

"Essentially," said Greg Pahl, president of the organization's interim board of directors, "the Co-Op is a peak oil and global warming response initiative."

### [Mexican icon becoming a vanishing breed](#)

Mexico's donkeys are quickly being replaced by pickups and tractors even in the poorest areas, prompting efforts to save the animals.

### [Losing Its Cool at the Mall](#)

This spring, spending by teenagers, a closely studied but rarely understood segment of the population, is off by 14 percent, a direct reflection of the economy, according to a report this month by the investment bank Piper Jaffray. And that is having a profound effect on an already unraveling mall culture, where deep discounters and stores known



for heavy promotions are suddenly the popular destinations and aspirational brands are struggling to fit in.

### [Slump Creates Lack of Mobility for Americans](#)

Joseph S. Tracy, research director of the Federal Reserve Bank of New York, said the lack of mobility meant less income for movers and the people they employ and less spending on renovation and on durable goods like appliances. But, Dr. Tracy said, the most troubling prospect is that people were no longer able to relocate for work.

“The thing that would be of deeper concern is if job-related moves are getting suppressed and workers are not getting re-sorted to the jobs that best use their skills,” he said. “As the labor market started to improve, if mobility stays low, you can worry about the allocation of workers.”

### [Survey: Americans reclassifying luxury, necessity in recession](#)

A few years back, the list of "gotta-haves" for many Americans included a car, TV, microwave, home air conditioning and dishwasher.

Now, not so much.

A Pew Research Center survey released Thursday finds that the recession has changed Americans' minds about many items that used to be seen as necessities.

### [Recession, health concerns get Americans gardening](#)

DALLAS (Reuters) - Alison Baum of San Antonio, Texas hopes to save money and eat better by getting her hands dirty.

She is joining the swelling ranks of Americans who have started backyard fruit and vegetable gardening, a trend rooted in a desire to cut costs as the recession bites, fears about the safety of commercial food supplies and popular views that organic food is better for you.

There is also a growing sense in these tough economic times that food security starts at home.

"This recession got me thinking that if things turned out like the Great Depression then it would be better to grow your own stuff and be in control. I've even ordered baby chicks," the medical intern told Reuters in a telephone interview.

### [Website connects needy to the charitable](#)

The site was founded in 2007 by Dave Girgenti, a Cherry Hill, N.J., creative director inspired by what he calls the heroic acts of ordinary people after the 9/11 attacks and Hurricane Katrina.

Its largely anonymous members have granted more than 30,000 of about 46,000 wishes since its inception, according to a running meter on the website. Since the economic meltdown began, wishes have increasingly been pleas for groceries and gas money, Girgenti says.

"During major national disasters, it was people who came to the rescue first," says Girgenti, 37. "People want to help people."

### [U.S. May Raise Cap on Grants for High-Tech Power Grid](#)

The Energy Department might revise its guidelines for \$4.5 billion in smart grid grants after major electric utilities complained that the proposed \$20 million-per-grant limit was too low to encourage commercial-scale deployment of advanced technologies.

The smart grid spending is supposed to both create jobs and improve the efficiency and reliability of the electricity grid by lowering peak demand, reducing energy consumption, integrating more renewable energy sources and easing the pressure to build new coal-fired power plants. A variety of devices may qualify, including meters, grid management software and other equipment.

### [Lab finds new method to turn biomass into gasoline](#)

WASHINGTON (Reuters) - U.S. scientists have combined a discovery from a French garbage dump with breakthroughs in synthetic biology to come up with a novel method for turning plant waste into gasoline, without the need of any food sources.

A synthetic biology lab at the University of California San Francisco identified a compound able to use biomass to produce a gas that can be converted into a gasoline chemically indistinguishable from fossil-fuel based petroleum.

### [Peru Mulls New Reserves To Protect Amazon Tribes](#)

LIMA - Peru's government, which is encouraging energy companies to develop the resource-rich Amazon, is considering creating five new reserves to protect jungle tribes that are living in voluntary isolation.

Advocacy groups have been pressuring Peru to balance indigenous and environmental rights demands with those of foreign investors as the country tries to boost energy output.

### [Chevron is denied compensation of \\$500,000 for trial over Nigerian shooting](#)

In rejecting the request, a federal judge cites the income disparity between the oil giant and the villagers who lost a suit for alleged human rights violations in a 1998 incident.

### [Greenland's 'good news' methane finding](#)

Ice core research has revealed that a vast, potential source of the potent greenhouse gas, methane, is more stable in a warming world than previously thought.

### [BBC sends 'Ethical Man' on global warming quest](#)

Some of the family's new habits stuck; they still don't own a car or use the dryer, for instance. But Rowlatt and his wife were disappointed, after a year, that they only reduced their carbon footprint by about 20 percent.

"It was obvious that individuals alone can't do it," he said. "We were nowhere near a solution. And that's why we wanted to come to America, to explore these larger questions about what we can do as a society. America was kind of the obvious place to go because America has the kind of lifestyle to which everyone in the world aspires."

### [Top polluters in final round of climate talks](#)

SYRACUSE, Italy (AFP) – Environment ministers of the world's top polluters entered a final round of climate change talks Friday with agreement expected on stemming the loss of biodiversity.

The three days of talks in Sicily, buoyed by a sea change in US environmental policy, have also found new momentum towards a landmark deal to fight global warming at the end of the year.

### [California to limit greenhouse gas emissions of vehicle fuels](#)

California took aim Thursday at the oil industry and its impact on global warming, adopting the world's first regulation to limit greenhouse gas emissions from the fuel that runs cars and trucks.

The Air Resources Board voted 9 to 1 in favor of the complex new rule, which is expected to slash the state's gasoline consumption by a quarter in the next decade. It seeks to expand the market for electric and hydrogen-fueled vehicles and jump-start a

host of futuristic biofuels to replace corn-based ethanol, as well as oil.

### [Climate heavy-hitters to address House panel](#)

WASHINGTON – Hearings on a massive bill to curb the gases blamed for global warming are drawing to a close with some star power.

After three days of panels and testimony and more than 50 witnesses espousing on the nitty-gritty details of the 648-page draft, the grand finale on Friday will feature former Vice President Al Gore, former House Speaker Newt Gingrich and former Virginia Sen. John Warner.

### [Democratic Group Wants Utilities to Get Pollution Credits Free](#)

(Bloomberg) -- A group of Democrats on the House Energy and Commerce Committee want to give utilities free permits for all their existing carbon emissions, according to people familiar with a plan sent to the committee's chairman.

### [Forest Fires Mostly Overlooked by Climate Modelers](#)

(Bloomberg) -- Forest fires worsen global warming and make it harder for societies to adapt to drought and higher temperatures, scientists said.

Trees and brush set ablaze, by accident or through slash- and-burn farming in the tropics, fuel hotter weather, said Jennifer Balch, a researcher at the National Center for Ecological Analysis and Synthesis in Santa Barbara, California. That's because smoke adds more carbon dioxide to the atmosphere.

"We don't think about fire correctly," Balch said. "It's very intrinsic to the planet."

### [Rich nation greenhouse gas emissions rise in 2007](#)

LONDON/OSLO (Reuters) - Greenhouse gas emissions from industrialized nations rose by nearly one percent in 2007, led by strong gains in the United States, official data showed.

Carbon emissions from countries signed up to the Kyoto Protocol climate pact edged up by 0.1 percent in 2007, mainly due to rises in Japan and Canada.

### [Views on Global Warming Relate to Energy Efficiency](#)

Gallup data collected in 127 countries in 2007 and 2008 reveal a relationship between the percentage of citizens who believe global warming is a result of human activities and the amount of GDP produced for every unit of energy consumed.

### [Industry Ignored Its Scientists on Climate](#)

For more than a decade the Global Climate Coalition, a group representing industries with profits tied to fossil fuels, led an aggressive lobbying and public relations campaign against the idea that emissions of heat-trapping gases could lead to global warming.

“The role of greenhouse gases in climate change is not well understood,” the coalition said in a scientific “backgrounder” provided to lawmakers and journalists through the early 1990s, adding that “scientists differ” on the issue.

But a document filed in a federal lawsuit demonstrates that even as the coalition worked to sway opinion, its own scientific and technical experts were advising that the science backing the role of greenhouse gases in global warming could not be refuted.



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