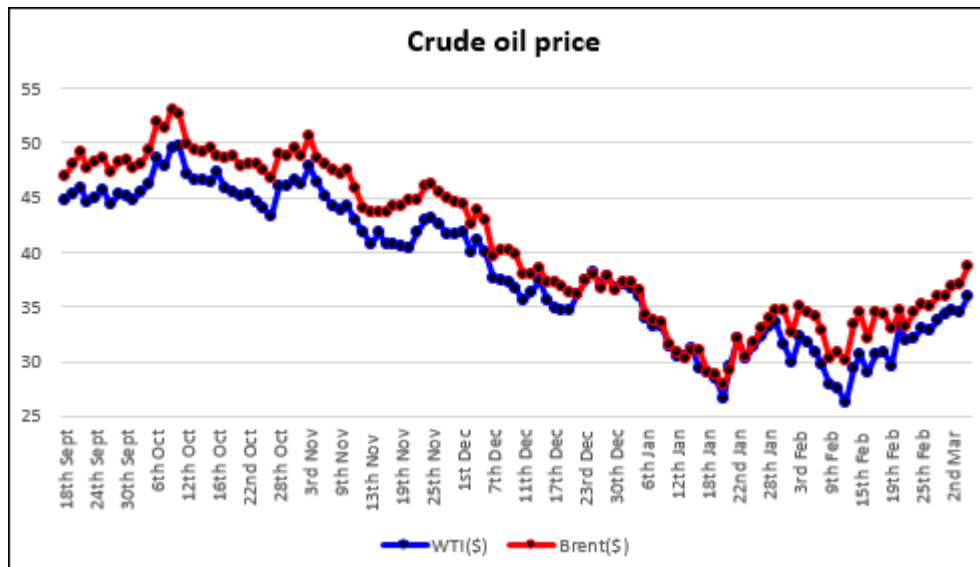


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Calgary, Canada

Some of the news items for this week are as follows:



1. Crude oil prices this week have fluctuated in the \$33 and \$36 range.
2. Concerns over crude oil price may not only be just dependent on shale oil production in the US. Even if Saudi Arabia and other oil-producing countries come to an agreement over freezing crude oil to January 2016 levels, as has been mentioned before, the increasing production of crude from Iran needs to be factored in.

The biggest challenge to the crude oil pricing will be the huge stockpiles of oil that have crossed 1 bbl. It will take some time for such stockpile to draw down and reflect on the prices. According to some estimates, it may take the next 4 to 5 years before the oil prices comes to a reasonable level. But then the question is, what is that reasonable level?

Over the last year the US shale producers have been pumping oil despite the drop in the oil prices. But now, many of the oil companies are deciding against increasing or maintaining production and preserving cash on hand. Consequently, they have scaled back their targets for 2016. It is probably better for them to leave their barrels in the ground.

Meanwhile, Nigerian Petroleum Minister has indicated that OPEC intends to meet non-member producers in Russia on March 20 to discuss the cap on oil output that was proposed in Doha last month. One can expect some fluctuation in oil prices near that time. Daniel Yergin, vice-chairman of energy group HIS Inc. has said that the tentative agreement between Saudi Arabia and Russia last month to cap production will help stabilize the market, and trigger a rebound in prices in the second half of 2016.

3. Since the beginning of this year, in the US more than 100 rigs have been idled. The overall production in the US fell by 33,000 b/d to 9.14 m in February 2016. US production is expected

to fall in 2016. These may be early signs that the OPEC decision to keep pumping last year might have worked.

4. Sometime early last year some of the major shale producers had said that if the oil price were above \$60, they could produce more. Since that time, greater efficiency and advancements in technology have enabled them to say that if the price of the barrel is between \$40 and \$45, they could consider getting back to producing more. This is a step change in the cost of production of shale oil.
5. Speaking at a seminar in Oslo, the new head of IEA's oil industry and market division said that the oil prices have bottomed out and that they will start growing through 2016 and into 2017. Some analysts say that this growth will not be gradual, but could be sudden, and that the price by the end of this year could be \$60.
6. Petronas announced early this week that it is adopting a new business structure, which will result in a loss of about 1000 jobs. At the end of 2014, the company had 51,000 employees.
7. Nexen, the Calgary-based company that was acquired by China's CNOOC Ltd. more than 3 years ago, announced on Tuesday that it has cut 120 jobs, again citing low oil prices for the decision. Last month, Husky Energy, Chevron, Statoil, Cenovus Energy and Devon Energy had announced job cuts.
8. Repsol announced on Thursday that it would lay off 10 to 15% of its workforce in Calgary due to the low oil prices.

As the above scenario suggests the situation is pretty grim, both in terms of employment and the oil prices.

For the lighter side this week

Have you heard of the term 'siesta'?

When I was at high school at Shimla, as part of our English literature curriculum for the Senior Cambridge examination, we had 5 books to study over a two-year period (classes 10 and 11), on which the final examination was conducted. There was one thick book entitled '*A Pattern of Islands*' by Sir Arthur Brimble, which is a vivid description of islands and the life that the author spent at Gilbert Islands, in central Pacific Ocean, as a cadet officer and then as a District Officer. The island life and the colonial rule was described very well, and amongst the lot of information that I gained from the book, a couple of things stood out and are engrained in my mind. One was the hunting of an octopus with human bait, the other was *siesta*, and amusingly enough burping after a meal was considered polite there, which reminded me of the Arab in the classic Hollywood movie Ben Hur, where he says that if the guest burps after a meal, it symbolizes for the host that the meal has been appreciated.

Siesta refers to a short break that is taken during the early afternoon after lunch every day for taking a nap. Apparently, this habit originated in Spain, where during the hot afternoons the workers in the fields could get some respite from the heat. After sleeping for a couple of hours they would get refreshed and then could continue with their work till the late evenings, which would be difficult to do otherwise. This is not only practiced by people working in the fields, but in Spain there are laws that set aside time for

siesta. Hiding from the heat, as people sleep and take rest in the afternoon, the businesses also close down during the afternoons.

Siesta is not practiced in Spain. I have visited Mexico a few times and in PEMEX (the national oil company), the lunch break is longer (1 pm to 4 pm) accommodating siesta. Of course work begins early and goes on till late in the evening adjusting the extra siesta time. Siestas are also observed in many hot countries, specifically those that are Spanish-speaking especially in Latin America, though not limited to them. Greece, Serbia, Slovenia, and China are other countries where siesta is popular. The present day reality is that with the fast lives that many people lead, siesta is being observed less in these countries, what with air conditioning in the offices helping with the afternoon heat. Life does not come to a standstill in the afternoons, but some business folks do observe it.

Health wise, some people prefer the slower pace of life that siesta brings along in terms of rest, which is physically and mentally as well, reviving energy levels, so that one is alert and can concentrate for the rest of the afternoon. Of course the physical activity that the human body needs daily should not be compromised.

Though I grew up in a cold place (Shimla used to be a lot colder in the 60s and 70s than it is now), and never observed siestas then, I do look forward to observing my weekend siestas (1 hour) now, if I can get them. I remind myself, probably, I am getting older now.

Did you know?

We are all aware that Mount Everest is the tallest mountain on Earth, standing at 29,029 ft. above sea level. But technically speaking, Mount Everest is not the tallest mountain on Earth.

The earth is not exactly a sphere, but has an oblong shape. As it spins on its axis, the centrifugal force makes it bulge out at the equator. Thus the peak of Mount Everest is 6382.3 km from the center of the Earth.

There is another mountain by the name Mount Chimborazo in Ecuador, in the Andes, which is 20,561 ft. above sea level, but its peak is 6384.4 km from the center of the Earth. On the basis of this technicality, Mount Chimburazo is farther away from the center of the Earth, and so taller than even Mount Everest. In terms of the height above mean sea level, Mount Everest is still the tallest.

Interesting eh!

So much for this week! Till the next post, stay safe and happy!

