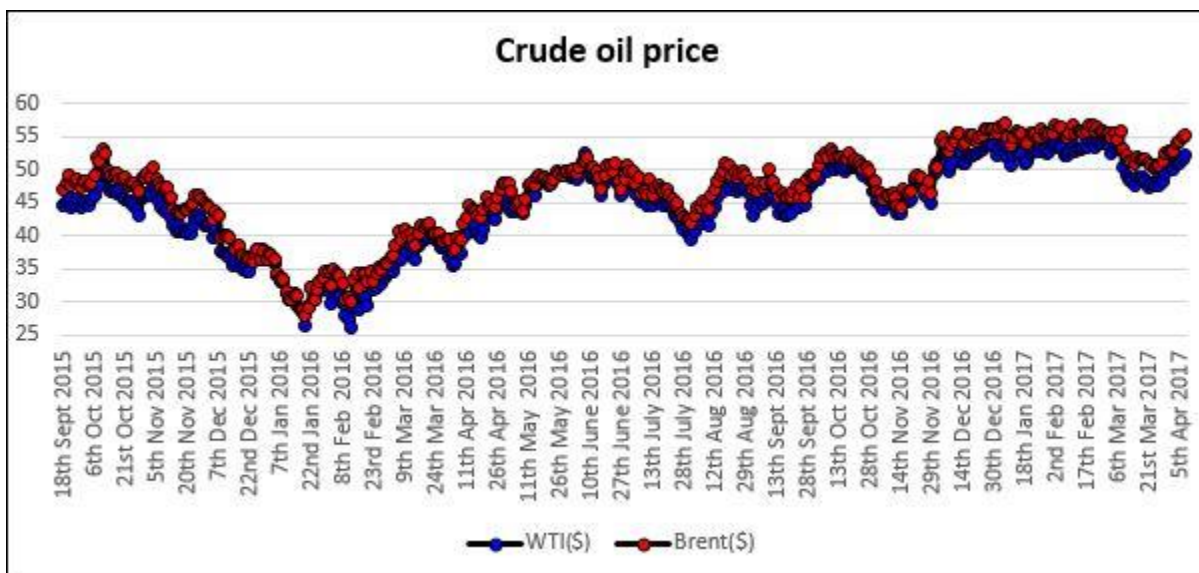


www.chopr seismic.com

Calgary, Canada

The price of oil has risen last week for a few reasons as given below:



1. The Syncrude oilsands facility in northern Alberta got damaged last month due to a fire, as a result of which the company brought forward the planned maintenance. Consequently, the 350,000 barrel a day facility has been shut down, which in turn has resulted in a shortage of the heavy Canadian crude, pushing up their prices. This has also forced ConocoPhillips to reduce production at its 140,000 barrels a day Surmont thermal plant as it uses light synthetic crude from Syncrude to dilute tarry bitumen into a heavy blend that can flow through pipelines. Besides this, the Suncor Energy's 180,000 b/d Firebag thermal plant is also undergoing planned maintenance in this quarter, and has added to the shortage of heavy crude. Canada produces around 4 mb/d and exports 3.1 mb/d to the US.
2. According to OPEC's Secretary-General Mohammad Barkindo, the crude stockpiles worldwide have started declining and the production cuts implemented earlier this year are bringing the market to balance. Accordingly to Morgan Stanley, the 'less visible' crude stockpiles, including those in China, Japan and floating storage around the world, declined 72 mb/d this year.
3. Early Friday morning US missiles attacked Syria. This was after the Syrian regime used poison gas to kill scores of civilians, an act that drew public condemnation. Though Syria produces little oil, but the strike poses increased risks of tension between Russia and the US. The crude oil price surged after the attack in response to the increased geopolitical risk. This gain in the oil price may be temporary in the light of other factors, including the US shale oil production and whether OPEC production cuts are extended past June.

4. Libyan crude oil output, which has dropped last week to 500,000 b/d, when production at its Sharara oilfield was halted, has now risen to 660,000 b/d. This had a somewhat dampening effect on the crude oil prices.
5. The Buzzard oilfield in UK North Sea had an unexpected shutdown. The field produces 180,000 b/d and this production got curtailed as a result of repairs to an onshore processing terminal.

The above factors have had a roller coaster ride, but the overall effect on the prices has been positive.

So much for the industry news this week.

For the lighter side this week

The downturn in the oil industry over the last 2+ years has got stretched for too long. Several thousand employees around the world have lost their jobs. The impact that it has had on the victims and their families is unprecedented. The emotional turmoil that the affected people have gone through has had such far reaching consequences, that many such people have lost faith in the oil industry, and have already moved to other fields. Many are not willing to cope with the cyclic nature of the oil industry, and wish to be part of an industry or business that brings stability to their everyday job. The emotional impact the present downturn has had on employees whose services were terminated, especially those in their 50s has proved to be adverse. They have gone through from being sad, angry to being confused and asking, 'why me'? I have experienced this once (in 2004), and so can relate to their state of mind.

The eventual impact that it is going to have on the oil and gas industry is that when the turnaround does take place, there will not be many experienced G & G people left for hiring. Such a situation will be similar to the great crew change that is being talked about in many oil companies. Does anyone have a remedial action plan? Probably not. Each such suggestion has its own downsides. I guess we just wait and watch for the present.

Did you know?

When cats get tossed in the air, or fall from a height, they always land on their feet.

This is because cats have a highly-tuned sense of balance and flexible backbones, which allow them to twist their bodies around to make sure they always land on their four feet. When a cat falls freely, it immediately senses with its sight to determine up from down and accordingly rotates its body to face downwards. Also, their light bone structure, thick fur helps them decrease their terminal velocity, so as to lessen the impact when they touch the ground.

I hope you find this interesting. ☺