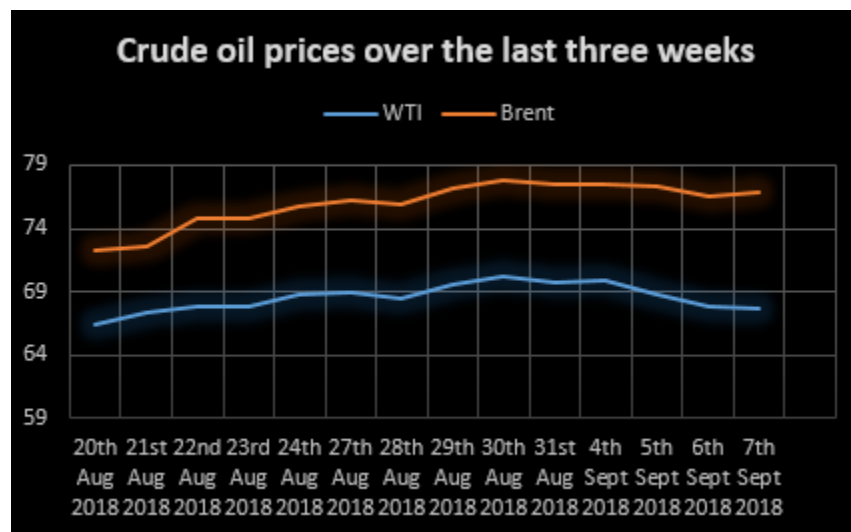
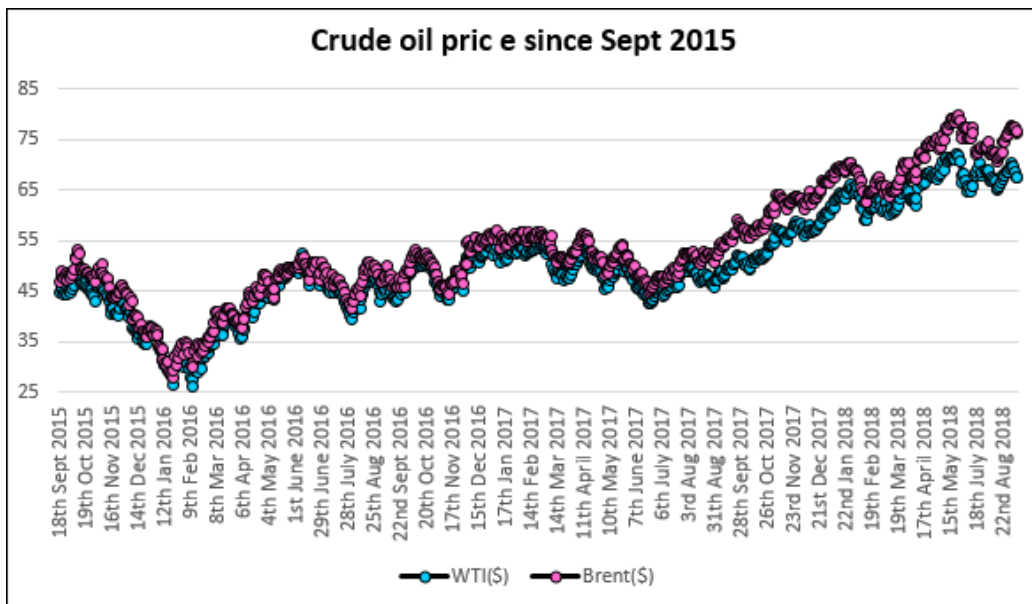


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Calgary, Canada



- Crude oil prices fell this week due to a few reasons, which are, a strong US dollar, tropical storm Gordon's smaller than expected impact on its Gulf Coast oil production, weakness in equity markets, and disappointing US inventory data. With the US job growth surging in August, and wages rising to the highest in the last nine years, the US dollar has strengthened. Tropical storm Gordon weakened and moved away from the oil producing areas allowing companies to restart operations. The US inventories fell by 4.3 mb to 401.49 mb last week, but the refined product stocks rose, coupled with a lower demand for fuel this summer's US driving season. All these factors led the crude price to drop somewhat.

- Crude oil production from OPEC rose to its highest level (32.74 mb/d) in 2018. Despite the reduction in Iranian exports due to US sanctions, Libyan crude oil output recovered (970,000 b/d in August) as the country's biggest oilfield Sharara restarted production. Production from Iraq and UAE was raised by 80,000 b/d each, Saudi Arabia's production was up by 20,000 b/d and Russian average production stood at 11.21 b/d for August. All this extra crude is offsetting some of the reduction in the market due to Iranian oil shortfall due to sanctions.
- Crude oil buyers have started skipping purchases from Iran for October, as it is getting too close to the November 4 deadline for US sanctions. Cargoes from Iran booked for October could arrive after the deadline, and the traders run the risk of being cut off from the US financial system. The buyers include refining companies from Japan and India, which are waiting for clarifications from their respective governments. The governments in turn are negotiating with the US over crude imports. Europe has also cut imports of Iranian crude because of US sanctions. Added to this, the owners of tankers that transport crude for Iran, the insurers, as well as banks that process the payments for crude are at risk of getting shut off from the US banking system. It is expected that Iran may resort to other ways of exporting oil after the US sanctions deadline that include discounts, bartering and smuggling. During the previous sanctions, Iran had disabled tracking systems of its fleet of tankers and this could continue this time post the sanctions this time. Some analysts predict that about 800,000 b/d of Iranian crude may be entering the market by these means. Iran has set a discounted price for its 'light oil grade' for Asia that is the lowest in the last 10 years, so as to keep the its oil flowing in the market. On a different note, the reduction in European crude imports from Iran has led to high Russian production that will now be diverted there. China, India and Turkey are expected to continue to buy Iranian crude though talks are underway between the Chinese and Indians with the US officials.
- Saudi Arabia's export of crude oil to the US has increased ever since President Trump gave a call earlier this year to cool down the market. But over the last three months the exports have been accelerated to almost 1mb/d. Earlier, the Saudi crude exports to US had dropped as part of the OPEC effort to fight a global glut that had a bearing on the oil prices. Saudi Aramco controls the largest refinery in the US, the Motiva plant in Port Arthur, Texas and this refinery has bought 70% of its crude from Saudi Arabia in recent months.
- Big oil companies such as Exxon Mobil, Shell and BP are now focusing on drilling in African waters this year. According to analysts, the rigs working in Africa have increased in the last two years, and while 17 wells were drilled last year, 30 are expected to be drilled this year. With oil prices somewhat steady, companies have already sought acreage in many areas offshore Africa. Exploration budgets that were cut during the downturn, may gradually be returning as we shall see over the coming months.
- Adopting data analytics and digital technologies for asset maintenance and operations could increase production and lower maintenance cost. However, there has been a lack of awareness, as to what technology is available and the potential value it can deliver to a business. Such technologies do have a high cost of implementation, and risk aversion to their deployment. But this situation is changing gradually as internet of things (IoT), cloud technology, analytics and computing power is enabling transformation of data into insights that can provide meaningful decision support and help companies to gain the next level of operational efficiencies.

So much for the industry news this week.

### *For the lighter side this week*

Just the other day, my colleague and I were chatting about how learning a language in adult life is difficult, than when learning in school. Interestingly, that very evening my wife, who is a teacher, shared with me this video: <https://youtu.be/MMmOLN5zBLY>, which discusses the topic in a practical way. So, that is why I ask:

Did you know that young children learn languages faster than adults? Yes, that is true! Have you ever wondered why?

According to researchers, the brain connections in a 2-year old child is almost twice that of an adult. Knowledge is absorbed by the brain as water gets soaked into a sponge, as the neural connections are made at a fast pace. The elasticity or flexibility of the young minds due to the rapid neural formations helps them grasp many languages that they are made to learn. In the adults, it is different as the brain now has the wealth of life experiences and looks for context. Besides, the adult mind not only learns the language itself but the grammatical rules that come with it. All this makes it difficult for the adults to pick up the language, but when learnt it is done with more context and depth.

The young minds also have the advantage that they are burdened with fewer responsibilities and more time. Speaking is a big part of learning a language and children do not care if they speak strangely, or how they sound. They are also not afraid of making mistakes. One can argue the case of shy children, who may be embarrassed in the presence of their peers, but by and large, children are more carefree. The adults however, are conscious of making mistakes, and the desire of not making mistakes is another reason that they find it somewhat difficult to learn a language.

As the brain develops, there are some pathways that are reinforced more, making the brain more efficient in certain ways. When a language is learnt later in life, the adult has developed the accent of his/her native language. While learning a new language, and making attempts to learn it faster, our brain uses certain neural pathways that are already in place, and thus we tend to fall back on sounds or syllables of our native language. This is not the case with babies, as they pick the accent(s) of one or more languages that they are learning, as they are still making those neural pathways in their minds. While learning a language later in life could be frustrating or a difficult experience for some, for others who are sufficiently motivated and may take it in their stride.

There is another aspect of learning a language. An adult is comfortable with his/her native language and now when given to learn a different language, thinks of different terms in his/her language, and the brain then translates that into the language being learnt. This does take a little more time to grasp, but with more practice this effect is minimized. For example, English speaking adults learning Spanish or French, get into thinking of the terms in English first, because that comes naturally to them. This is also true of individuals whose native language is different.

Thus, the babies when put in a class all together develop language skills faster as they have fewer inhibitions. They are also motivated to learn and communicate with one another. They just go ahead and learn the language with the proper accent. Adults are usually not in that situation.

I hope you find these interesting.

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