

Post 4th July 2015

Some of the news items doing the rounds this weeks are as follows:

1. What have been the effects of the slump in oil prices in the last 7 to 8 months? First, let us list the gainers. People pay less to fill up their vehicles and drive more and get lower bills for heating their homes (in cold countries). Countries like India and China are paying less now for their oil imports. Next, the losers have been far too many. Many oil and gas companies and associated service companies employees' have lost their jobs, or are facing layoffs. The fresh graduates don't have many good opportunities to explore and get employed. Many of the oil and gas companies and the service company profits have plummeted and their budgets have been curtailed. Some of these points are a repetition from my earlier facebook posts, but have been added here for the sake of completeness.
2. The recent takeover of BG by Shell for \$81b is the biggest takeover in the oil sector in the last 20 years. The biggest takeover that I remember from before was the Exxon Corp. takeover of Mobil Corp. in 1998 for \$182b. This might indicate a beginning of such takeovers/mergers that usually take place during such slow periods. The people to benefit the most from the BG-Shell transaction are the BG shareholders. The takeover makes Royal Dutch Shell as the company worth \$345b. I believe ExxonMobil remains the world's most valuable company with its worth over \$410b.
3. Both Brazil and Iraq have announced a decrease in their oil exports, as per the IEA. Due to the low oil prices, Brazil's national oil company, Petrobras, has reduced its 5-year plan outlay by 1.4 mb/d. Similarly, Iraq is trying to get a feel for a more practical footing for fixing its oil objectives. This move is likely to help the price of oil and the slump in the US shale production.
4. Some of the service companies in the US are adopting ways to smarten up and increase the efficiency in their services offered for shale production. By trying to first understand the reservoir well and then integrating the drilling, completion and production or trying to maximize value from the existing wells, service companies are reporting successes. In some cases re-fracturing the shale formations long the lateral length of the wells is also paying back. This has resulted only after the problems for each well are identified, and then a workplan/solution developed for it.
5. The search for new technologies is always going on so that smart ideas can be implemented for making the bottomline of companies look better. Technology also decides the breakeven price of oil. Let us hope more advances in technology are reported in the near future.

That is all for now. More next week. Till then, stay well and be good.

4th July 2015 (evening)

I was invited by Mr. Rohit Sinha, Country Manager, ONGC Videsh Ltd, and based in Calgary to attend the 'CEO Business Leadership Forum on Energy Partnerships', held today at Hotel Fairmont Palliser here. It was chaired by Mr. Dharmendra Pradhan, Minister of State for Petroleum and Natural Gas, GOI, and attended by a delegation from OVL, IOC and EIL. Presentations were given by the Minister himself, Mr. N.K. Verma, MD-OVL, Mr. B. Ashok, MD-IOC, and Ms. Shukla from EIL. The thrust of the presentations and the discussion that followed was to explore and express interest for potential partnerships between the Indian and Canadian companies.

It was indeed encouraging to see a good turnout from the local energy companies despite the Stampede festivities on a Saturday. The meeting went off well in a congenial atmosphere.

I captured a few pictures with my cell phone and am posting them below. The pictures did not come out so well as the place where I was sitting was directly opposite a window, bringing in bright light from outside. I have appended a couple clicked from outside the meeting venue as well.



Minister of State for Petroleum and Natural Gas, Mr. Dharmendra Pradhan

Chairman Indian Oil, Mr. B. Ashok

MD OVL Ltd., Mr. N. K. Verma

Ms. Shukla from EIL,



A couple of pictures from the Stampede festivity that is gripping Calgary this week. Spread over 10 days, it is a very big show and has been celebrated for the last 100years. It show cases the western cowboy culture through what they call the Rodeo show.