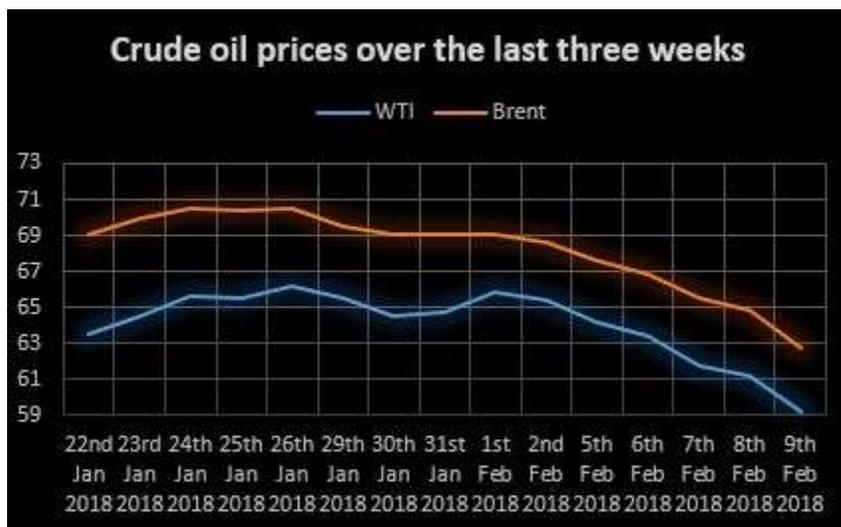
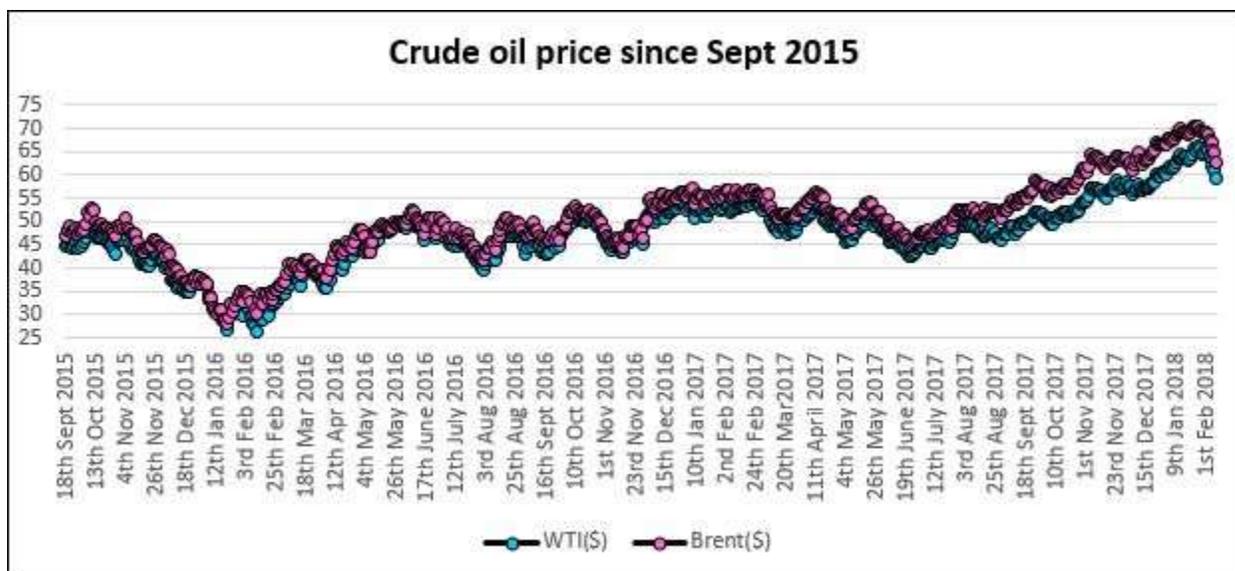


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- The price of the barrel has been falling since the beginning of this week, following the surge in the US oil output, as well as a rising US dollar. Apparently, the US oil output has crossed the 10 mb/d mark (was 10.25 mb/d this week), and as per Citigroup Inc., it will cross the 11 mb/d mark by the end of summer. Such high production poses a problem for OPEC efforts of production-cuts to balance the market. Per EIA, the US crude output increased for a fourth week, and the stockpiles increased by 1.9 mb last week. The number of rigs drilling for crude rose by 6 to 765, the highest since August 2011, as per Baker Hughes data. The decline in the price of the barrel

was also influenced by the stock market crumble at the beginning of the week, reducing the confidence in the energy markets.

- Oil companies, drillers and refiners are happy with the tax breaks announced by President Trump. These corporate tax breaks (35% to 21%) have come at a time when the price of the barrel has risen, by over 50% since June 2017. All the big oil companies are excited about it, and describe the step as very positive. The tax break announcement in Dec 2017 has been followed by the announcements by different oil companies of higher dividends or share buy backs. With the low process of the barrel in the recent past, the shareholders have had a raw return on their investments. The next series of quarters should weigh in as yielding handsome returns, provided the price stays above \$60.
- Interestingly, as a first, a cargo of American condensate was bought by UAE in December 2017. The very light US crude is a preferred grade for the UAE processing plants. UAE used to import condensate from Qatar, but back in June 2017, due to a political dispute, UAE decided to ban the import of all petroleum products from Qatar.
- The Venezuelan crude production has been falling over the recent months due to recession in the country, and underinvestment in the oil sector. Last month, the production dropped by 30,000 b/d to 1.67 mb/d, which is the lowest since 1989, as per data from Bloomberg. According to the IEA, Venezuela's crude production could decline further due to the 'crippling debt, failing infrastructure and US sanctions'. President Trump's administration had imposed sanctions on a dozen Venezuelan officials and President Maduro, following accusations of electoral abuses and human rights violations. Despite the production shortfall in Venezuela, the OPEC intends to keep the production constrained till the end of the year to ensure stockpile surplus gets eliminated from the market. There have been production changes within the OPEC also. For example, Saudi Arabia's output in January rose by 60,000 b/d to 10.01 mb/d. Iran's output was in excess by 30,000 b/d to 3.83 mb/d, and that of UAE declined by 40,000 b/d to 2.85 mb/d. Overall, it looks like the compliance by the 14 OPEC members is good, rising by 20,000 b/d to 32.4 mb/d in January 2018. If the US imposes sanctions on Venezuela in the near term, which seems quite probable, it will put a tight squeeze on its economy.

So much for the industry news this week.

On the lighter side

In my school-going days, several times I had heard an expression '*from here to Timbuktu*', for referring to a far-off place. I had the impression that it is an imaginary place that for some reason is referred to the way it is, and never bothered to check it out. It is only recently that I came to know that Timbuktu is a real city in central Mali, in West Africa, to the north of River Niger, and south of Sahara Desert. Timbuktu started as an early settlement of nomads around 1100, which years later developed into a trading place for the local tribal. By the 13th century it became a permanent trading center, where

gemstones, salt, ivory and slaves were traded for gold. At around the same time Timbuktu had also become a place of Islamic learning, where an ancient Islamic university was set up, mosques were built, and it emerged as a Muslim educational center. By early 14th century, Timbuktu was regarded as a superior center of Islamic learning in the world, and led to the writings of thousands of manuscripts. From the 14th to the 17th century, Timbuktu, with about 100,000 inhabitants remained a premier commercial center, a renowned place of learning, and an attraction for European expeditions. Because it was rather difficult to get there in those times, the descriptions of the visit to Timbuktu began referring to it as an isolated far off, exotic and a mysterious place, which is perhaps where from its famous reference originated. Interestingly, English language dictionaries also cite Timbuktu as a metaphor for a far-off place.

As it usually happens, an attractive place becomes an easy target for invaders, and Timbuktu was gradually plundered of its wealth and learning, and it lost its leading position, with people fleeing to other safer places. Many shrines were destroyed, and the city lost its well-earned glory. Besides, the whole area surrounding Timbuktu has been gradually threatened by Sahara desertification. The city is now inhabited by some 30,000-odd people, living in poverty and poor living conditions.

Timbuktu was designated as a United Nations World Heritage site in 1988, when restoration work was started and carried out till 2005. In July 2012, radical Islamist rebels took over the city, and many of the city's shrines have since been destroyed or damaged.

Did you know?

... what the life-span of a common housefly is?

Yes, it is 15 to 30 days.

During a housefly's short life span, it goes through four different stages. A female housefly lays eggs, which in a few hours transform to larva. In a matter of a few days or weeks, the larva develops into pupa, and a protective coating builds around it. The pupa takes 2 to 10 days to emerge from its shell into an adult. In the next few days the adult gets ready to reproduce. And houseflies reproduce quickly, especially in warm areas. A female can lay hundreds of eggs in groups at a time, which can multiply fast. The houseflies live in homes or food shops, feed on food and waste, and bring disease, as they carry pathogens with their feet and mouth.

I hope you find this information interesting. So much for this post!

Till the next post, stay safe and happy!