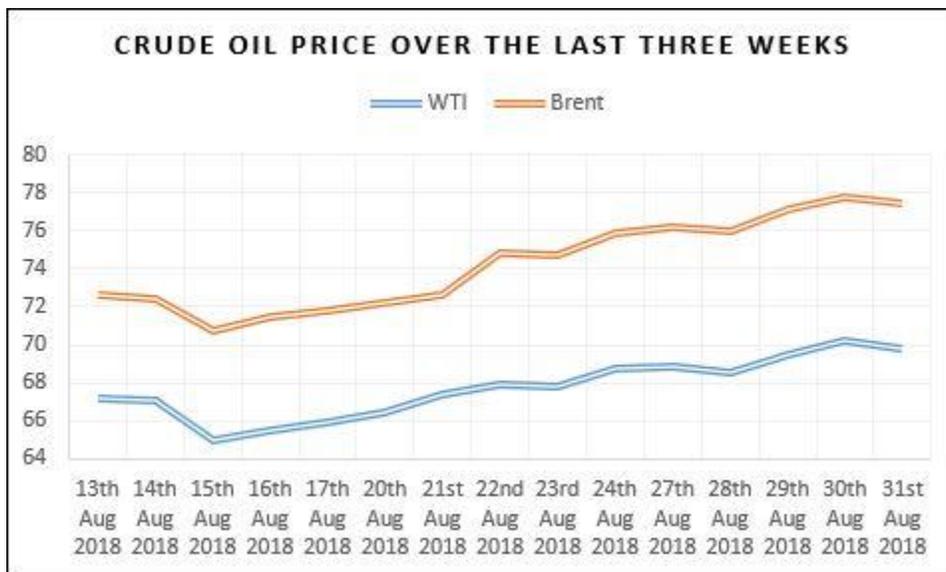
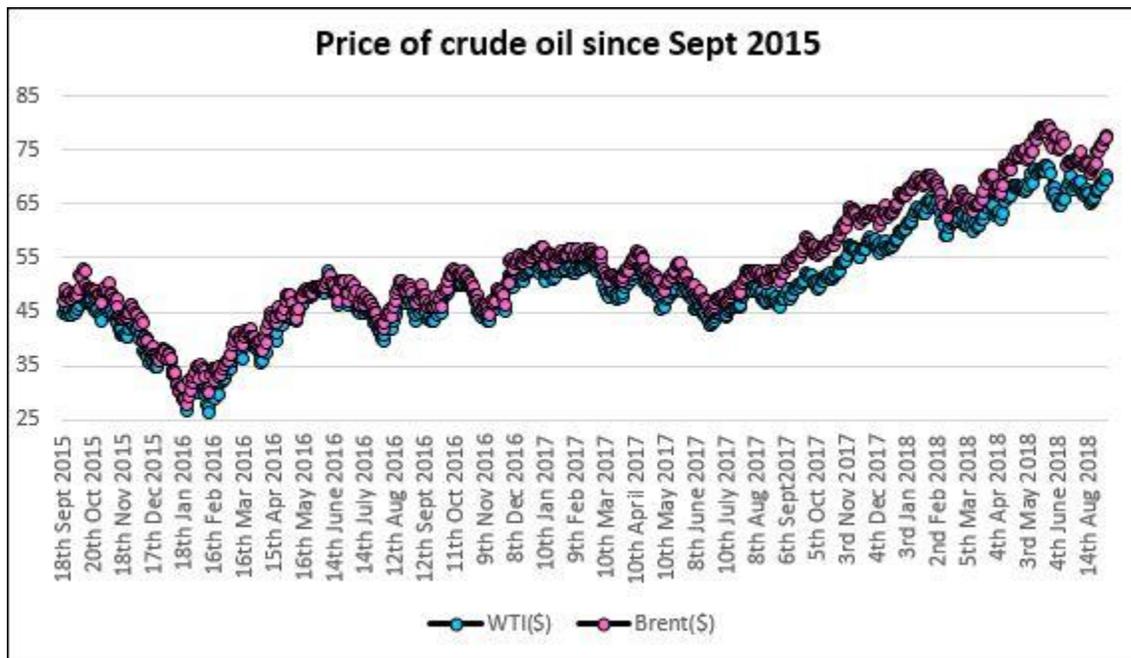


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 Calgary, Canada



- Crude oil advanced this week as indications of a tighter market surfaced. Per the EIA, while the crude production in US remained at a standstill, oil stockpiles fell by 2.57 mb last week. Some of Iran’s customers have started looking elsewhere, in view of the US-imposed sanctions which are to take effect on November 4 this year. The crude prices were also affected with the working rigs in the US declining the most last week (to 860) since May 2016, as per Baker Hughes data released last week. These developments indicated that after the brief period in June and early July this year, when the market seemed oversupplied, it is getting tighter.

- The collapse in the price of crude oil back in 2015 had prompted some of the big players operating the aging oil fields offshore Norway to reassess their priorities. The result was that some of the aging, but profitable, producing fields (such as Valhall, Balder, Ringhorne, Draugen, etc.) offshore Norway, got relegated to lower down on the priority list of companies such as BP, Shell, ExxonMobil Corp. and Total SA. These companies got into mergers or asset sales, often backed with private equity, and left the operations of such fields in the hands of smaller and more specialized companies. Such strategic decisions seem to be paying off now, as the level of investment being done has not been seen in existing fields before and the production from the fields has also been increased. The production from these fields is likely to continue to produce for many more years into the future.
- Large volumes of crude oil produced off Canada's eastern coast have been shipped for years to US refiners in the proximity. But in recent years, the boom in US shale oil production has reduced the demand from those refiners, and the Canadian east coast oil is now reaching new buyers that include Norway, Croatia and China. The Canadian crude production from Newfoundland province is expected to double by 2030, which likely will find markets in Europe and beyond.
- The International Maritime Organization, a UN agency for regulated shipping, is expected to issue a directive that will cap the sulphur content of ship fuel and limit the emissions of the pollutant that is linked to asthma and acid rain. In view of this, refiners will demand low-sulphur crude, to maximize their profits. Such developments are likely to have a bearing on the price of crude oil also. Many of the vessels in the world's commercial fleet of 93,000 will look for installing scrubbers that will allow them to keep burning high-sulphur fuels but limit emissions. But as per one forecast, the crude price could rise by \$4 to \$5 a barrel, should the IMO rules be implemented by end 2019.
- In the first half of 2018, the top Russian crude producers doubled their combined profits. This has come about due to the rallying crude prices, as well as the weaker ruble. The operating costs of the producer companies is low, and production is at record levels. The combined revenue of Russia's top five oil producers jumped 32% to over \$145 billion. The fresh US sanctions on Russia this month on the poisoning of a Russian agent and his daughter, and more stringent measure likely coming in November, could put pressure on the Russian economy.
- Iran has again said that if it is not allowed to ship its crude through the Strait of Hormuz, it will halt Middle East oil exports. The Strait of Hormuz is at the mouth of the Persian Gulf, and the biggest fleet of tankers pass through it, carrying about 30% of the seaborne-traded oil and other liquids during the year.
- Iraq, which exported 3.595 mb/d this month, has expressed its willingness to export more crude if OPEC agrees. OPEC will take a decision at their meeting in Algeria next month, on the split share of the production increase of 1 mb/d that it had agreed to two months ago.

So much for the industry news this week.

### *For the lighter side this week*

Every year thousands of acres of forest land goes up in smoke resulting in loss of timber and wild life habitat. But looking on the positive side, good things do come out of this. All forests contain decaying

plant matter or residue, forming an underbrush on the ground surface. There are dead trees and dense growth at places, so that sunlight is not able to reach the ground.

When fires take place in forests because of natural or man-made causes, they can be low-intensity or intense fires, which can happen depending on the dryness of the area. The winds can help low intensity fires become intense too, leading to high temperatures. The duration of fires impacts the temperatures reached. The low-intensity and fast-moving fires can have minimal effect on soil nutrients compared with intense fires.

The nutrients such as phosphorus, potassium, magnesium, zinc and manganese remain stable in the fire heat, and are usually not lost in combustion. However, they could be lost through blowing ash and post-fire soil erosion. Fires also kill bacteria and fungi at the ground or soil surface. In the low-intensity fires, the bacteria can recolonize, as the deeper layers still have them intact. But in the case of intense fires, not only is the soil organic matter destroyed, several inches of the top soil also get sterilized.

As fresh nutrients get added to the soil after the fires, new plant matter could come up.

Once the debris and underbrush from the forest floor is gone, using the leftover nutrients for recolonization of plants helps them grow healthier and stronger. The animals (birds and mammals) who run away during the fires, return as the vegetation come back in the form of regenerated grass, herbs and shrubs.

The changing climate patterns and global warming has led to increased air temperatures, which is leading to frequent droughts, and more instances of wildfires. The cost to control the wild fires has been soaring.

Fires help the ecological system balance. The soil holds carbon in the form of organic matter (roots), which gets lost in the fires through volatilization. The removal of dead or other undesired vegetation by fire helps invigorate the forests by way of increasing sunlight to the forest floor, which now helps plant growth. Ashes left behind after low intensity fires increases the availability of nutrients to the soil.

I hope you find these interesting.

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