



This is not about blowing smoke, even at the end, I don't think

Posted by [Heading Out](#) on May 16, 2006 - 12:05am

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Well, just in case you thought that the worsening tropical storm situation was confined to the US Gulf, we have another [warning](#) that this year might continue with the same intensity that has already been suggested by the [storms hitting Australia](#). Now there is [this](#).

Typhoon Chanchu, which means "pearl" in Chinese, was about 600 kilometers (372 miles) south of Hong Kong early Tuesday, the observatory said. It was moving at 16 kph (10 mph) and packing maximum sustained winds of 170 kph (105 mph), the observatory said.

Chanchu was the strongest typhoon on record to enter the South China Sea in May, the observatory said.

The storm roared towards Hong Kong after whirling over the Philippines last weekend, killing at least 37 people and leaving thousands homeless..

With the Phillipines already suffering some [problems](#) because of the increased price of oil, which is reported to have slowed growth by more than a percentage point not only there but also in Thailand, Taiwan, Singapore and Malaysia, as well as contributing to inflation, the bright spot for them is their currencies are appreciating relative to the US dollar.

There is a different problem in [India](#) where the price of oil is subsidized.

finance ministry on Thursday rejected petroleum ministry's plea to slash duties to ensure that petrol and diesel prices were raised by a small amount.

There is, however, near unanimity on not raising the prices of cooking gas and kerosene and making ONGC, Oil India and GAIL India foot one-third (Rs 24,000 crore) of the revenue loss incurred by Indian Oil, HPCL and BPCL.

The oil marketing companies face a shortfall of Rs 73,500 crore this fiscal due to their inability to raise retail prices.

The current plan appears to be to allow oil retailers to issue bonds which will allow them to continue the subsidies. The problem, of course comes when it is realized that this is not a temporary price hike, but is likely to be here from now on. As a result, in much the same way as

The Oil Drum | This is not about blowing smoke, even at the <http://www.theoildrum.com/story/2006/5/16/051/05060> the American suggestions to give individuals a tax break, or a hundred dollars, the problem is not being addressed, but there is an attempt to paper it over (with money). The subsidy is also extended to fertilizer, apparently, which is, due to the same underlying cause, also not likely to drop in price.

And next door in Bangladesh the [power supply problems](#) are taking away a potential growing advantage that the textile workers there might have as China moves to raise its minimum wage, as a way of attracting more labor into the textile industry over there, which is facing a shortage of help. The problems in Bangladesh are thus not only occurring in the [farming areas](#) where the lack of power is raising concerns for the availability of future food supplies. At the same time the IMF is urging them to [increase oil prices](#).

At the other extreme, Saudi Arabia are quadrupling their [exploration activities](#) in order to increase oil reserves. But there is an interesting quote hidden in the story

Aramco, the state oil firm of the world's top exporter, has 260 billion barrels of proven oil reserves and a sustainable production capacity of 10.8 million barrels per day (bpd), said Mohammad Al Qahtani, manager, production and facility development department.

Seems to me that may be around 2 mbd less than we have heard recently, and hence the need for more exploration. Though later in the story they do return to that number.

"Over the next five years, we are almost more than quadrupling our exploration activities, keeping the level of exploration for the non-associated gas programme and also heavily increasing our exploration in the crude programme," Al Qahtani said.

He said Aramco was employing technology to overcome the challenges to exploration in the kingdom which is characterised by a diverse geology, harsh environment and some difficulties in acquiring land seismic data.

Aramco has been using advanced and smart well technology at Abqaiq field, which has been producing since 1948.

. I had intended to refer earlier to their plans to explore up along the border with Kuwait, where, if my memory serves, they are anticipating finding around 260 billion barrels, to help them toward a total new addition of 900 billion barrels by 2025, which means that they will have only produced around 15% of their reserves. (You should probably go and read the article to reassure yourselves that I am not making this up).



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