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Seven oil Companies Reserves & production

Mailing n°7-10

05.11.2008



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The price of the oil barrel passed from 20 to 50 dollars since the year 2000 to the year 2006, and from 50 to 100 dollars in 2007, however the world production of oil declined in 2007 (- 0.2%). We attended the most important rise in the price of oil in one century, add to that the fall of the production into 2007 (-0.2%), that deserves a little attention! Let us study the reserves and the production of oil of a sample of 7 oil companies among 10 more important in the world. Let us see how evolved/moved their production and their reserves of 2001 to 2007.

Only oil

In 2007, I retained [5 oil companies](#), today I retain 7 of them. The basic list was made up of 10 oil companies, I drew aside three of them because of a lack of clearness in the differentiation of their reserves or their production of oil and natural gas. The 7 companies more or less account for the 1/8 of the world production of oil.

In 2007, the subject related to reserves BOE of 5 oil companies, i.e. the globality of oil and gas reserves. The gas reserves are converted into BOE "*Barrel off oil equivalent*" and added with the oil reserves. We convert measuring units of a gas into measuring unit of a liquid, knowing that the quality of both is not constant and that one anglo-Saxon uses metric measures and the decimal system...

We convert 6000 cubic feet of gas (that is to say 170 cubic meters of natural gas) in an equivalent barrel of oil, it corresponds to 42 gallons, that is to say 159 liters. This conversion is built on the basis of energy produced by gas and oil measured into BTU (thermal British links). To complicate still a little, we sometimes use for conversion the Mtoe (ton oil equivalent), 1 Mtoe is equal to 7.2 Barrels oil equivalent. I will not talk about more exotic conversions which seem to only exist to increase the possibilities of miscalculations.

The BOE make it possible to compare the reserves of the oil companies, it is very useful because these [companies produce gas](#) and oil but in very variable proportions. On the other hand the BOE hide strong disparities between the companies, with equivalent reserves BOE, it is not similar to have 90% oil or 90% natural gas. Oil offers single advantages of transport, storage and use.

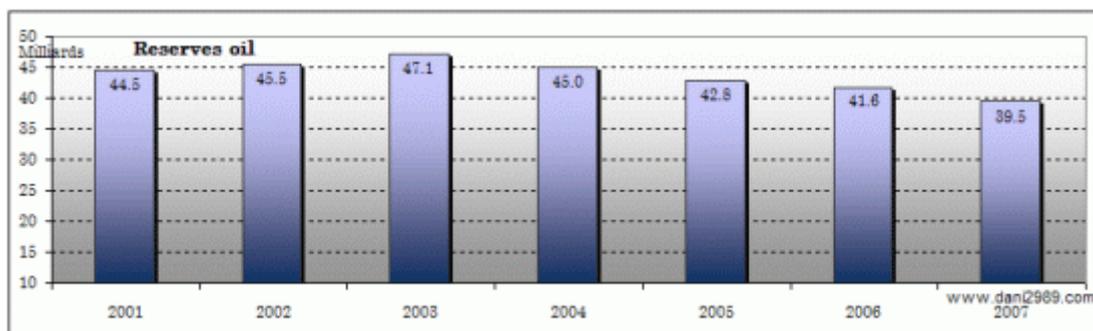
I give up the BOE in this article and I only keep the invaluable liquid, the black gold: oil. Do not think that the problem is completely solved. In the heading oil, if you take care to the words used well, it is registered "liquid", which results in: "*we add to this heading all liquids, the gas liquid, the condensate, the synthetic oil, the oil of bituminous sands*". However, there is a great difference in cost between oil resulting from bituminous sands, the synthetic oil of coal and that which leaves a tower of drilling.

Reserves of the seven oil companies

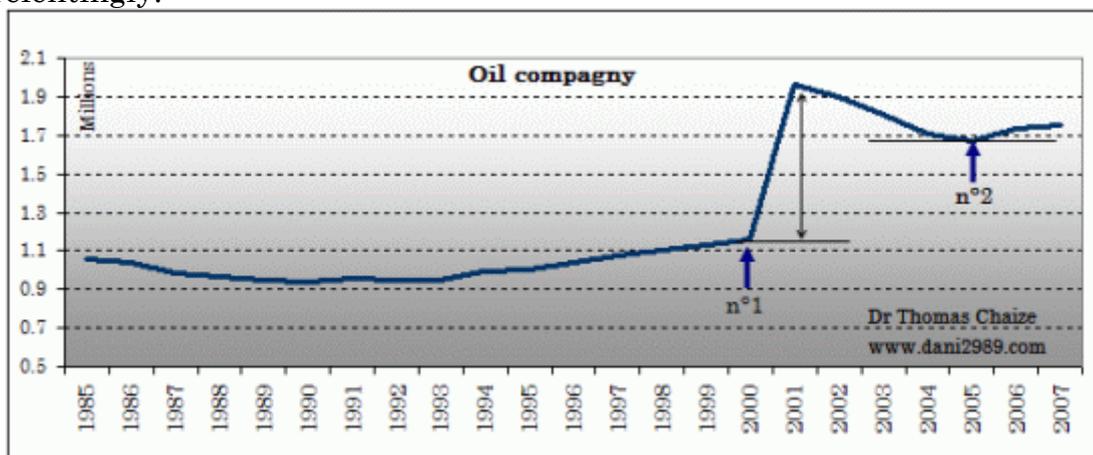
The cumulated reserves of these 7 companies are in lower part of the level of 2001 and even of 1999 which was 40.9 billion oil barrels, the maximum of the reserves was reached in 2003 with 47.1 billion barrels.

For this period, these seven oil companies bought other smaller oil companies to compensate for the natural déplétion their crude oil reserves and to counterbalance what it oil exploration had not given them. In spite of these purchases, their reserves nevertheless declined.

The purchase of small “*juniors*” companies is equivalent to outsource exploration, but provided that new companies of exploration arrive constantly with additional crude oil reserves. However the new available oil companies are increasingly rare and are increasingly small. There are not creation of crude oil reserves but concentration by the first ten world producers who buy the companies with proven and probable reserves of quality.



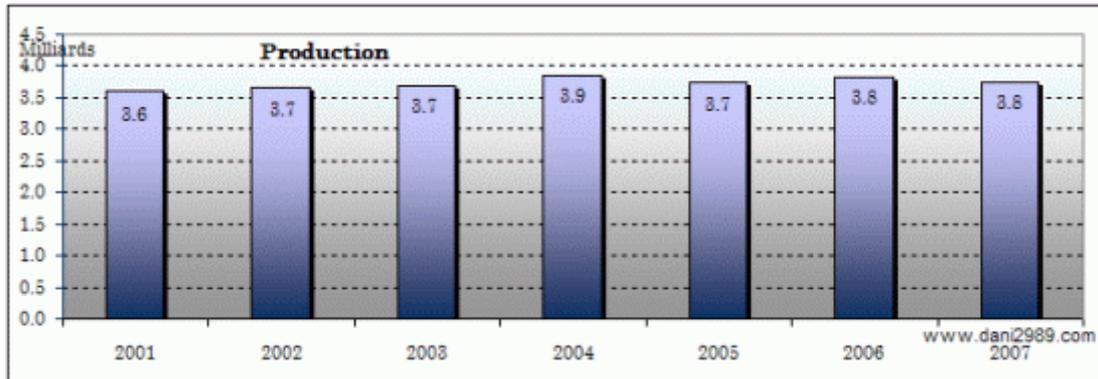
Here is the example of one of these seven companies, n°1 in 2000, it buys an oil company which almost allows him to double its production of oil. From 2001 to 2005, the production declines, the purchase of an oil company n°2 in 2005 makes it possible to stop the decline of the production and even lets appear a small rise. Notice that the first purchase made triple of the reserves of the second. The rise of production of this company does not bring anything more to the world production, since that it buys but does not discover of new reserves. When this type of purchase does not take place, the production declines gently but unrelentingly.



Production of oil of the seven oil companies

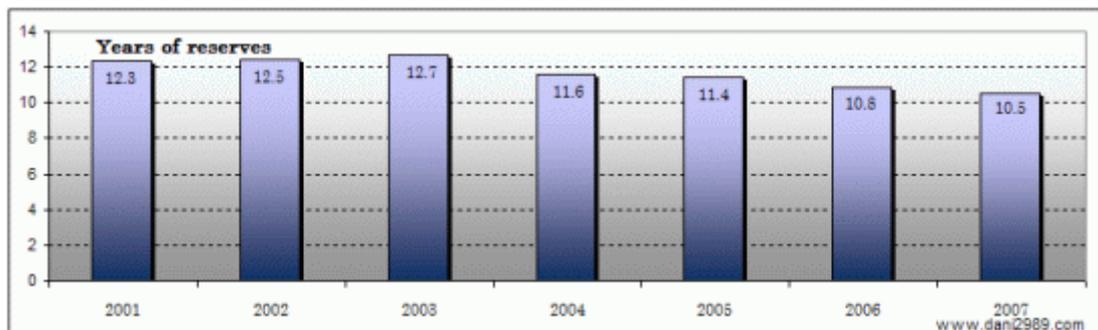
The production of oil of these 7 companies drops since the maximum of 2004 (- 3.9 billion oil barrels), but it remains still slightly higher than its level of 2001.

These 7 companies made a success of these last years to maintain their production, but the reserves indicate signs of weakness.



If we divide the total of the reserves by the production, we obtain a ratio corresponding to the lifespan of the reserves. This is artificial, actually the production is not constant, it declines gradually, therefore the lifespan is longer but with a production which declines more and more.

The reserves of these 7 oil companies passed from 12.3 years in 2001 to 10.5 years in 2007.



Faces with concerns about global peak oil, three arguments are recurring: we always succeeded in the past renewing the reserves; the new oil discoveries and technical progress will compensate.

We have just studied 7 companies members of “the aristocracy” of the oil companies which succeeded in the past, they explore and they innovate today and we see that their reserve and their production are in a kind of “stagnation /decline” in spite of their many repurchases of competitors.

They answer to the three criteria: success passed, exploration and technical innovation, however that is not enough today any more.

These seven companies account for the 1/8 of the world production of oil, the most dynamic part. They explored the ocean floor and drilled the deserts, accumulated seismic data, invested billion dollars, and reactivated given up wells, bought oil companies. They have existed for almost a century, they knew the birth of the car, they crossed two world wars, 2 oil crises, the crisis of 1929 and one cold war.

They survived one century of catastrophes and today, despite everything their efforts, they have crude oil reserves which drop and their production which stagnates whereas the price of the barrel was multiplied by 4 for this period...

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