

by Michael Economides  
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## The Color of Oil: *The History, the Money and the Politics of the World's Biggest Business*

*(The Color of Oil is a new book prominently featured nationally in many book stores. Signed copies will be for sale at the meeting.)*

**O**il is not just black... it affects all shades of life and industry. In fact it colors everything.

The first color of oil is green. The greenback, both literally and figuratively, has defined the value of oil. Today the petroleum industry is the world's biggest business, and hydrocarbons (including coal) account for over 90 percent of all energy needs. The Energy Wealth and Poverty of Nations is the prevailing indicator at the turn of the millennium. Oil is black, and this, in contrast to the crystalline transparency of water, contributes to the great mystery often associated with finding and producing oil.

Oil is red, white and blue with roots in northwest Pennsylvania and with the giant ghost and modern manifestations of John D. Rockefeller, no industry better exemplifies certain traits that define the American character. Red is also the color of oil—as red as the blood of the millions who died in two great world wars and many other conflicts in this century. Central to the causes and prosecution of the wars was access to oil.

The primary colors of oil today are money (lots of it), technology (basic but demanding) and people (special ones). The colors of the rainbow can be seen in the 100+ oil producing countries. There are a dozen large petroleum producing and exporting countries. Yet most have little in their history that links them to wealth, technology and management. Corruption among the elite and governments, mismanagement and the squandering of the petroleum wealth are endemic. Culture is everything, and no

other human endeavor makes this as pointedly obvious as the world of petroleum.

Government, willingly, by default or unwittingly, can turn oil from some of its more constructive colors to a tawdry yellow. Governments have infringed by regulation, neglected critical research needs and failed to take strategic and enabling actions. Environmentalism and the new green, couched in difficult-to-combat superficial imagery has taken a sinister turn, highly politicized and with gross disregard for the impact that the energy industry has on the world economy. Using moralistic yet blatantly dishonest slogans and pseudo-science, the environmental movement has digressed dangerously and has replaced some of the most radical movements for social experimentation of the century. One of the most fundamental truths rarely surfaces among the movement: there is no credible alternative to hydrocarbons in both the near and far foreseeable futures.

The petroleum industry is here to stay and prosper in the third millennium. Energy demand will increase, and the use of petroleum will be emphasized and expanded. This is the color purple.

### Biographical Sketch

MICHAEL J. ECONOMIDES is University Professor of Chemical Engineering at the University of Houston. Until the summer of 1998, he was the Samuel R. Noble Professor of Petroleum Engineering at Texas A&M University and served as Chief Scientist of the Global Petroleum Research Institute (GPRI).

Prior to joining the faculty at Texas A&M University, Professor Economides was the Director of the Institute of Drilling and Production at the Leoben Mining Institute in Austria (1989-1993).

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HGS Dinner Meeting • Monday, October 9, 2000 • Westchase Hilton, 9999 Westheimer, Social 5:30 p.m., Dinner 6:30 p.m.

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From 1984 to 1989, Dr. Economides worked in a variety of senior technical and managerial positions with the Schlumberger companies. Publications include authoring or co-authoring of 7 textbooks and more than 150 journal papers and articles. Economides does a wide range of industrial consulting, including major retainers by the Halliburton Companies, PDVSA (Venezuela) and PDO (Oman). He is the founder and a major shareholder in OTEK (Australia), a petroleum service and consulting firm with offices in five Australian cities. He is also a partner in Eclipse Resources, a Canadian independent producer of oil and gas. He writes regularly for the *Houston Chronicle* and he is a columnist for the *Dallas Business Journal*. □