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ABSTRACT

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The International Upstream Oil & Gas Industry – The Ultimate Reality Show!

The upstream international oil and gas industry is full of wonderful real life examples of the difference between perception and reality; truth and accuracy; and hope and expectations. Dreams become reality, while reality sometimes becomes a nightmare. In this sense, the oil business is the ultimate reality show.

Like all good reality shows, the key ingredient is the presence of disparate participants with diverse agendas interacting within a communal goldfish bowl. Major oil companies, the financial might of which can be measured on the same scale as the national economies of small countries, occupy the prime position in a reality house that is also populated by tiny independent oil companies the total value of which is less than the wealth of many high net worth individuals. In between these two extreme house guests, a host of different sized corporate entities bounce around colliding occasionally with each other and with a spasmodically supportive but, basically fickle, market, the terms of reference of which are often quite different from those which guide most industry players.

Throw into this potent mix the impact of the actual rocks and the result can be pure entertainment. These inanimate pieces of silica and carbonate, that have done very little and traveled hardly any distance, during many millions of years, can, within an instant and with an utter disrespect for corporate size, turn a top flight team of corporate technicians and managers into apparent masters of the natural universe or, seemingly, complete fools. Add a dash of fast rising oil prices as the surprise house guest and you can find yourself viewing a situation which is increasingly light on humility, big on quick profits and inherently unstable.

Analysis of these quirky elements of the international oil business, referenced to real life examples, may help to disseminate a broader understanding of the way the industry works at a time when the number of new industry participants and watchers is increasing dramatically in time with the beat of a booming market.