Clinton Long

Industry Analysis Report

Oil and Gas Industry

**Industry Identification:** SIC Code = 13

**Industry Overview:**

The following is a brief summary of the oil and Gas timeline and history.

|  |  |
| --- | --- |
| **450 BC** | Herodotus described oil pits near Babylon |
| **325 BC** | Alexander the Great used flaming torches of petroleum products to scare his enemies. |
| **c100 AD** | Plutarch described oil bubbling from the ground near Kirkuk in present day Iraq. |
| **347AD** | Chinese drilled holes in ground using bamboo to extract oil. |
| **1264** | When visiting the Persian city of Baku (now Azerbaijan), Marco Polo recorded oil being collected from seeps for use in medicine and lighting. |
| **1800** | Oil from seeps in the Carpathian Mountains in Poland was burned in street lamps to provide light in the Polish town of Krosno. |
| **1807** | Streets of London lit by coal oil. |
| **1814** | One of the first wells that produced oil on a commercial scale was drilled near Marietta, Ohio. The well was almost 500 feet deep and produced about a barrel or so of oil per week. |
| **1849** | Abraham Gesner developed a method for distilling kerosene from crude oil. |

**Factors that affect growth:**

* Natural Disasters and extreme weather conditions
* Inability to expand or renew reserves
* Environmental restrictions and regulations
* Industry Competition
* Volatile Oil and Gas prices

**Leading Businesses in the Industry:**

1. Saudi Aramco – 12.5 Million Barrels per day
2. Gazprom – 9.7 Million Barrels per day
3. National Iranian Oil Company – 6.4 Million Barrels per day
4. ExxonMobil – 5.3 Million Barrels per day
5. Petro China – 4.4 Million Barrels per day

**Trends in Sales over recent years:**

1. The technology supply chain is increasing the need for cyber risk management
2. Cyber risk management will be more customized
3. Future competitive advantages depend on technological innovation
4. An aging workforce s creating higher risk managements, infrastructures and risk managements
5. Data continues to create differentiates

**Marketing Strategies for Oil and Gas Companies:**

1) Gasoline and low sulphur diesel to drivers via service stations and 3rd parties who have their own service stations.  
2) Jet fuel to airports and airlines  
3) Furnace fuel to homeowners and businesses  
4) Lubricants & waxes to industrial customers or retailers  
5) Marine fuel to industrial customers such as government navies, as well as to individual boat owners.  
6) Bunker fuel oil to fleets of large vessels like cruise ships or navies

**The Oil and Gas industry is not seasonal but certain locations deal with weather conditions that slow down productions.**

**This industry is not sensitive to economic fluctuations**

**Industry Developments, News, Innovations, & Government Regulations**

**Government Regulations:**

Most Government regulations that deal with Oil and Gas involves contracting on when and where companies are allowed to drill on certain land and certain waters.

Latest Bills that have been passed

* S.176 - A bill to reject the final 5-year Outer Continental Shelf Oil and Gas Leasing Program for fiscal years 2013 through 2018 of the Administration and replace the plan with a 5-year plan that is more in line with the energy and economic needs of the United States.

# H.R.1011 - To prohibit the Secretary of the Interior from issuing oil and gas leases on portions of the Outer Continental Shelf located off the coast of New Jersey.

# Industry Developments and Innovations:

# Most Industry developments and innovations in the Oil and Gas industry are driven behind drilling performance and efficiency, safety, and economic advancements.

* December 2013 - DTI, LLC, a global leader in offshore oil and gas motion compensation systems, introduces a new riser recoil valve that offers an efficient, reactive and reliable option during planned or emergency riser recoil events. The streamlined, patent-pending design behind this new technology significantly improves riser recoil valve performance.
* January 2013 - Drilling Technological Innovations, LLC (DTI) has received ISO 9001:2008 certification for the design, development, manufacture and assembly of motion compensation systems, to include riser tensioner systems, for the offshore oil and gas industry.

**Consumer Market Data:**

### Employment:

| **Data series** | **Back data** | **Jan. 2014** | **Feb. 2014** | **Mar. 2014** | **Apr. 2014** |
| --- | --- | --- | --- | --- | --- |
| **Employment (in thousands)** |  | | | | |
| **Employment, all employees (seasonally adjusted)** |  | 205.3 | 207.8 | 207.8 | 208.9 |
| **Employment, production and nonsupervisory employees** |  | 110.6 | 110.8 | 109.8 |  |

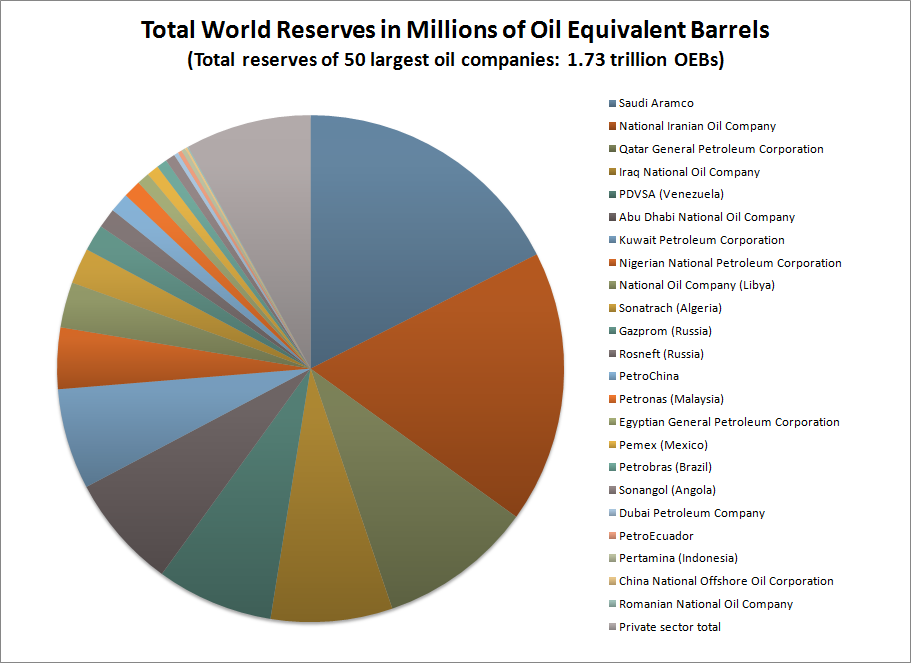
### Earnings and Hours of All Employees

| **Data series** | **Back data** | **Dec. 2013** | **Jan. 2014** | **Feb. 2014** | **Mar. 2014** |
| --- | --- | --- | --- | --- | --- |
| **Average hourly earnings** |  | $36.46 | $36.83 | $36.91 | $39.03 |
| **Average weekly hours** |  | 43.8 | 42.3 | 42.8 | 42.8 |

**Competitor Information:**

**Top Competitors in the Oil and Gas industry**

1. **Saudi Aramco** is the leading business in the Oil and Gas industry and is based in Dhahran, Saudi Arabia and was founded in 1933 making it 81 years old and the top market share in the Oil and Gas industry
2. **Gazprom** is the second leading business in the Oil and Gas industry and is based in Moscow, Russia and was founded in 1989 making it 25 years old, although one of the younger businesses in the industry, its BOE production has given it the second highest market share in the industry
3. **National Iranian Oil Company** is another company that leads in the top 5 businesses for market share and are based in Tehran, Iran where they were founded in 1948 giving them 66 years in the industry.
4. **ExxonMobil** is an American multinational business in the Oil and Gas industry that is based in Irving, Texas, which was founded in in 1999. Although they are one of the youngest businesses in the Oil and Gas sector, they are in the top 5 for market share due to their government contracting with other countries allowing them to do multinational drilling at high and efficient rates.
5. **Petro China** is China’s biggest Oil and Gas Company located in Beijing, China and founded in 1999. Being the arm of Chinas Oil and Gas production made Petro China a powerhouse in the oil and gas industry and making them one of the top 5 business in the market share.

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