

# Oil dips after Saudi pledge; investors wary about Israel

NICOLE JAO

New York, October 11

**OIL PRICES FELL** over 2% on Wednesday as fears of disruption to supplies due to conflict in the Middle East receded a day after top OPEC producer Saudi Arabia pledged to help stabilise the market.

Brent futures fell \$2.10, or 2.4%, to \$85.55 a barrel by 10:41 a.m. EDT (1441 GMT). US West Texas Intermediate (WTI) crude fell \$2.55, or 3.0%, to \$83.42. Brent and WTI had surged more than \$3.50 on Monday on concern the clashes between Israel and Palestinian Islamist group Hamas could escalate into a broader conflict that could disrupt global oil supply. Prices settled slightly lower on Tuesday after Saudi Arabia

## PRICE SOFTENS

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said it was working with regional and international partners to prevent an escalation, and reaffirmed its efforts to stabilise oil markets.

"We've taken 6.4% of the refinery utilization rate off the table in the last three EIA (US Energy Information Administration) reports... That's over

1,000,000 barrels that didn't go through the refinery," said Bob Yawger, director of energy futures at Mizuho, a bank.

Moreover, in the higherrates environment moving forward that "could put the brakes on the upside as far as crude oil," Yawger said. Interest rate hikes to tame inflation can slow economic growth and reduce oil demand.

Exxon Mobil agreed to buy US rival Pioneer Natural Resources in an all-stock deal valued at \$59.5 billion that would make it the biggest producer in the Permian shell, the largest US oilfield. "Both WTI and Brent retreated yesterday as concerns of a sudden and unexpected supply disruption have been swept aside for now," PVM analyst Tamas Varga said.

— REUTERS



# High oil prices to impact global recovery: Puri

Oil prices rose by over USD 3 each barrel but settled lower as concerns over supply due to Gulf clashes eased

PTI ■ NEW DELHI

India, the world's third-biggest oil consumer, on Wednesday warned that high oil prices will impact global economic recovery but expressed confidence of being able to navigate through the current geopolitical crisis.

Oil Minister Hardeep Singh Puri said India is closely watching the Israel-Hamas military conflict, which has so far not

impacted supply lines.

"It stands to reason that if the crude oil prices go up then that has a very strong impact and adverse impact on the attempts for a global economic recovery," he said.

Oil prices had risen by over USD 3 per barrel on Monday following military clashes between Israel and the Palestinian Islamist group Hamas but settled lower as concerns over potential supply disruptions eased.

"I think global markets will factor in all things into account," he said on the ongoing conflict. "If the supply lines are not disrupted, hopefully, we will be able to navigate through everything."

Brent crude was trading at USD 87.18 per barrel.

"What we are doing is



watching (the situation in the Middle East) on a real-time basis, and I am confident that we as India will navigate on avail-

ability and other factors," he added.

Speaking at ENRich 2023, the 14th edition of KPMG's flag-

ship Innovation and Energy Conclave, Puri said the world of energy is riddled with challenges on multiple fronts -

increasing population, dwindling resources, environmental degradation, rising food and energy prices.

The global energy trilemma challenge - security, affordability and sustainability, needs a nuanced approach, especially taking the needs of the global south into consideration, he said. "India's energy demand will continue to provide fuel for future economic growth, as it grows exponentially," he said. "India is the world's third-largest consumer of oil, third-largest LPG importer, fourth largest refiner, fourth largest automobile market."

India, he said, will account for 25 per cent of global energy demand growth over the next two decades.



## ● PURI FLAGS LARGE LIQUIDITY IN MARKET

# High oil prices may remain a problem

**Global crude prices have been volatile since September**

**FE BUREAU**  
New Delhi, October 11

**HIGH OIL PRICES** can remain a problem if large liquidity remains in the market even after the interest rate hikes by central banks, Minister of Petroleum and Natural Gas Hardeep Singh Puri said on Wednesday.

"If you already have a large amount of liquidity, and all those interest rate hikes that you have utilised and not been able to mop up that liquidity, then high oil process remain a problem," Puri said. "Half the world faces recession, another half will go into more recession."

Oil prices have been following a very volatile trajectory since September after Saudi Arabia and Russia first extended their output cuts till the end of the year. Even as the markets saw prices moderating, a speculative risk premium was soon added to the prices owing to the recent Israel-Hamas war.

"I think the global markets will factor all things into account. And if the supply lines

**HARDEEP SINGH PURI, MINISTER OF PETROLEUM AND NATURAL GAS**

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are not disrupted, hopefully, we will be able to navigate through," the minister said while talking about the speculations on oil market owing to the Israel-Hamas conflict that broke out last Saturday.

The oil minister also believes that India will be able to navigate through the situation.

"We are watching this on a real time basis. And I'm confident that we (India) will navigate through this both on availability and other factors."

Earlier this week, oil prices climbed 4% from their previous levels to \$87 per barrel after the news of Hamas launching an attack at Israel. Although the region is neither a major producing nor exporting area of crude oil, concerns were raised if the war spreads to other regions of the Middle

East as it accounts for almost one-third of the global oil production. If crude oil prices go up, that has a very strong and adverse impact on the attempts of global economic recovery, Puri said.

Further, reiterating his comments that India will account for 25% of the global energy demand growth over the next two decades, the minister said that the country's energy demand will continue to provide fuel for future economic growth. India, also in the recently concluded G20 summit, launched a Global Biofuel Alliance with the United States and Brazil, talking about which Puri said that the platform will facilitate knowledge sharing on key aspects such as best practices, technology development, and policy learnings.



# Exxon agrees to buy Pioneer for \$60 bn

The deal marks Exxon's largest takeover in more than two decades

Bloomberg  
[feedback@livemint.com](mailto:feedback@livemint.com)

**E**xxon Mobil Corp. agreed to buy Pioneer Natural Resources Co. for \$59.5 billion, the supermajor's largest takeover in more than two decades, as it seeks to become the dominant producer of shale oil.

Exxon will pay \$253 per share in an all-stock deal, according to a statement on Wednesday. The agreement paves the way for Exxon's biggest acquisition since merging with Mobil Corp. in 1999 and is the world's largest corporate takeover announced this year.

The transaction amounts to an 18% premium for Pioneer investors, based on the closing price on 5 October, when reports of the impending deal began to swirl. If finalized, the combination will make Exxon far and away the biggest player in the Permian Basin of Texas and New Mexico and bring the company's daily production to nearly 4.5 million barrels of oil equivalent a day—50% more than the next biggest supermajor.

The agreement will allow Exxon to boost daily output in the Permian region to the equivalent of 2 million barrels in 2027, or more than half of the oil titan's current worldwide production. Exxon also pledged to reduce net-carbon dioxide emissions from Pioneer assets to zero by 2035, or 15 years sooner than originally planned, according to the release.

Exxon's inventory of yet-to-be-drilled sites in the world's biggest shale basin will expand, giving it access to a vast number of potential onshore wells that, unlike deepwater ones, can be brought online within months and make Exxon far more nimble at keeping pace with erratic global demand. The acquired assets will turn a profit even if crude prices dip as low as \$35 a barrel, Exxon said.

The combined company will control the equivalent of 16 billion barrels of



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AP

crude reserves in the Permian region, according to the statement.

Exxon combining with Pioneer would also be the biggest push yet by an oil major into the Permian, consolidating a wide swath of the patch where production has been fragmented and largely the province of independent producers.

When shale output in the basin began to boom around the middle of the last decade, big companies like Exxon were nowhere to be found.

Supermajors initially shunned the Permian because they were skeptical the wells there could produce sufficient crude over a long enough period of time to yield big profits. It became clear, however, that low-cost, easy-to-drill shale wells enabled companies to quickly ramp up production when needed. It marked a revolutionary departure from Big Oil's offshore mega projects that cost billions of dollars and require a decade of plan-

ning.

The Permian went on to become the western hemisphere's most-prolific oil field, making the US the top global producer.

The majors began to take serious notice around 2017, when Exxon bought drilling rights in the Permian from the Bass family of Fort Worth for \$6 billion. Chevron Corp., Shell Plc and BP all went on to become big players there, too. Nonetheless, the basin still has more than 1,000 producers, and the majors only make up about 15% of overall production.

Exxon has been hunting for another significant acquisition in the Permian for years. The stars, however, never quite aligned.

The company's finances took a hit during the pandemic as oil prices plunged and as it ramped up spending on large global projects, forcing Exxon to borrow billions of dollars to pay dividends.



# India wants Aramco to join crude reserve plan

Reuters

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NEW DELHI

India wants Saudi Arabia's Aramco to participate in its planned 6.5 million tonnes (mt) strategic petroleum reserve (SPR) programme as the country wants to strengthen ties with its key oil supplier, according to a document seen by *Reuters*.

The two nations have been talking about Aramco's participation in the SPR programme for years. The talks, however, gained traction after Crown Prince Mohammed Bin Salman's meeting with Prime Minister Narendra Modi last month.

"Under Phase II Strategic Petroleum Reserves Programme construction of two new commercial-cum-strategic petroleum reserves of 6.5 mt have been approved," the Indian government said in an internal document, adding that "Saudi Arabia's Aramco can be invited to participate in the Phase II." Aramco declined to comment, while the Saudi government did not respond to emails seeking comment.

The prime minister's office, oil ministry and finance ministry did not respond either.

In 2021, India overhauled its SPR policy allowing commercial sale of the crude to boost private participation in the building of new storage facilities.



# ONGC Videsh interested in oil and gas exploration in Sri Lanka

**ENSECONOMICBUREAU**  
NEW DELHI, OCTOBER 11

ONGC VIDESH (OVL) is keen to participate in oil and gas exploration opportunities in Sri Lanka and is waiting for the island nation to unveil its roadmap and policy on developing the upstream petroleum industry.

OVL is the overseas investment arm of India's state-owned

oil and gas major Oil and Natural Gas Corporation (ONGC). According to OVL's Managing Director Rajarshi Gupta, a presence in oil and gas assets in Sri Lanka would gain from the synergies of the larger ONGC group, as the parent company has significant upstream assets and infrastructure in southern India.

Geologically, the island nation and its offshore areas are quite similar to part of southern India,

and ONGC is experienced in operating in such zones. Sri Lanka's Geographical proximity to India is also seen as a major attraction for OVL. Gupta added that OVL would be open to government-government negotiations, competitive bidding, or any other route that the Sri Lankan government decides on to enable participate in the island country's upstream petroleum sector. **FULL REPORT ON**  
[www.indianexpress.com](http://www.indianexpress.com)

# ONGC arm keen on Sri Lankan blocks

**ENS ECONOMIC BUREAU**  
New Delhi, october 11

**ONGC VIDESH (OVL)** is keen to participate in oil and gas exploration opportunities in Sri Lanka and is waiting for the island nation to unveil its roadmap and policy on developing the upstream petroleum industry. OVL is the overseas investment arm of India's state-owned oil and gas major Oil and

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# India will navigate on availability, other factors: Petroleum Minister on price rise amid Israel-Hamas conflict

**STATESMAN NEWS SERVICE**  
NEW DELHI, 11 OCTOBER

Union Minister for Petroleum and Natural Gas, Hardeep Singh Puri on Wednesday said if the crude oil prices go up, then that has a very strong & adverse impact on the attempts at global economic recovery.

"We are watching it on a real-time basis and I am confident that India will navigate this both on availability and other factors," the minister said on crude oil price change speculation..

While speaking at the 14th edition of KPMG's Innovation and Energy Conclave, Puri said many important oil-producing countries are showing worrying signs, and availability and affordability of oil needs to be looked at.

"I think the global markets will factor all things into account and if the supply lines are not disrupted, hope-



fully, we will be able to navigate through everything. But this is not something on which I would like to speculate," he said.

"India's energy demand will continue to provide fuel for future economic growth, as it grows exponentially: India is the world's 3rd largest consumer of oil, 3rd largest LPG consumer, 4th largest LNG importer, 4th largest automo-

bile market," he observed.

"My belief is if you have a large amount of liquidity then high oil prices mean a problem."

It is worth highlighting that global crude oil prices moved in the northward direction following the Israel-Hamas war.

Also, key OPEC+ members, Saudi Arabia and Russia, have continued with their policy of voluntary cuts.

Last week, Saudi Arabia announced that it would continue with a voluntary cut of one million barrels per day (bpd) until the end of 2023. Russia said it would keep a 3,00,000 bpd voluntary export curb until the end of December. On Tuesday, Puri said India is watching carefully the ongoing conflict between Israel-Hamas and added it would handle its energy needs with 'maturity'.

"As far as the energy sector is concerned, the place where the action is taking place is in many respects the centre of global energy. We will watch very carefully," Minister told reporters addressing the 26th Energy Technology Meet at New Delhi.

"We will navigate our way through this." These kinds of uncertainties only encourage people to move into sustainable, cleaner fuels, he opined citing the 'Global Bio-fuel Alliance' as an example.





## MOVE TO HERALD WAVE OF CONSOLIDATION

# Exxon Mobil to Buy Pioneer for \$60 B to Create Shale Giant

Deal is Exxon's largest since its merger with Mobil in the late 1990s

**New York:** Exxon Mobil Corp. agreed to buy Pioneer Natural Resources Co. for \$59.5 billion, the supermajor's largest takeover in more than two decades, as it seeks to become the dominant producer of shale oil. Exxon will pay \$253 per share in an all-stock deal, according to a statement. The agreement paves the way for Exxon's biggest acquisition since merging with Mobil Corp. in 1999 and is the world's largest corporate takeover announced this year.

The transaction amounts to an 18% premium for Pioneer investors, based on the closing price on Oct. 5, when reports of the impending deal began to swirl. If finalised, the combination will make Exxon far and away the biggest player in the Permian Basin of Texas and New Mexico and bring the company's daily production to nearly 4.5 million barrels of oil equivalent a day 50% more than the next biggest supermajor.

Exxon shares dropped 1.7% at 6:39 a.m. in pre-market trading in New York. Pioneer fell 1%.

The agreement will greatly expand Exxon's inventory of yet-to-be-drilled sites in the world's biggest shale basin, giving it access to a vast number of potential onshore wells that, unlike deepwater ones, can be brought online within months and make Exxon far more nimble at keeping pace with erratic global demand.



## EXPAND INVENTORY

**The agreement will greatly expand Exxon's inventory of yet-to-be-drilled sites in the world's biggest shale basin**

The combined company will control the equivalent of 16 billion barrels of crude reserves in the Permian region, according to the statement. Exxon combining with Pioneer would also be the biggest push yet by an oil major into the Permian, consolidating a wide swath of the patch where production has been fragmented and largely the province of independent producers. When shale output in the basin began to boom around the middle of the last decade, big companies like Exxon were nowhere to be found. **Bloomberg**

# ‘तेल की ऊंची कीमतों का दुनिया पर असर पड़ेगा’

नई दिल्ली, एजेंसी। भारत ने बुधवार को आगाह किया कि कच्चे तेल के ऊंचे दाम वैश्विक आर्थिक पुनरुद्धार को प्रभावित कर सकते हैं। पेट्रोलियम मंत्री हरदीप सिंह पुरी ने कहा कि भारत इजराइल-हमास सैन्य संघर्ष पर करीबी निगाह रखे हुए है। इस संघर्ष का अब तक तेल की आपूर्ति श्रृंखलाओं पर कोई असर नहीं पड़ा है।

इजराइल और फलस्तीनी समूह हमास के बीच सैन्य संघर्ष छिड़ने के बाद सोमवार को कच्चे तेल की कीमतों में तीन डॉलर प्रति बैरल से अधिक की बढ़ोतरी हुई थी। हालांकि, आपूर्ति में अड़चनों को लेकर चिंताएं कम होने से बाद में कच्चे तेल के दाम नीचे आ गए।

पुरी ने केपीएमजी के प्रमुख नवोन्मेषण एवं ऊर्जा सम्मेलन के 14वें संस्करण 'एनरिच-2023' को संबोधित करते हुए कहा कि वैश्विक बाजार सभी चीजों को ध्यान में रखेंगे।



## ऊर्जा की दुनिया में कई मोर्चों पर हैं चुनौतियां

पुरी ने कहा कि ऊर्जा की दुनिया कई मोर्चों पर चुनौतियों से भरी हुई है—बढ़ती आबादी, घटते संसाधन, पर्यावरणीय गिरावट, खाद्य और ऊर्जा की बढ़ती कीमतें। उन्होंने कहा, विशेष रूप से वैश्विक दक्षिण की जरूरतों को ध्यान में रखते हुए वैश्विक ऊर्जा चुनौती—सुरक्षा, सामर्थ्य और स्थिरता, के लिए एक सूक्ष्म दृष्टिकोण की आवश्यकता है।

उन्होंने कहा, अगर आपूर्ति श्रृंखलाएं बाधित नहीं होती हैं, तो उम्मीद है कि हम हर चीज से निपटने में सक्षम होंगे।