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COUNTRY ANALYSIS BRIEFS

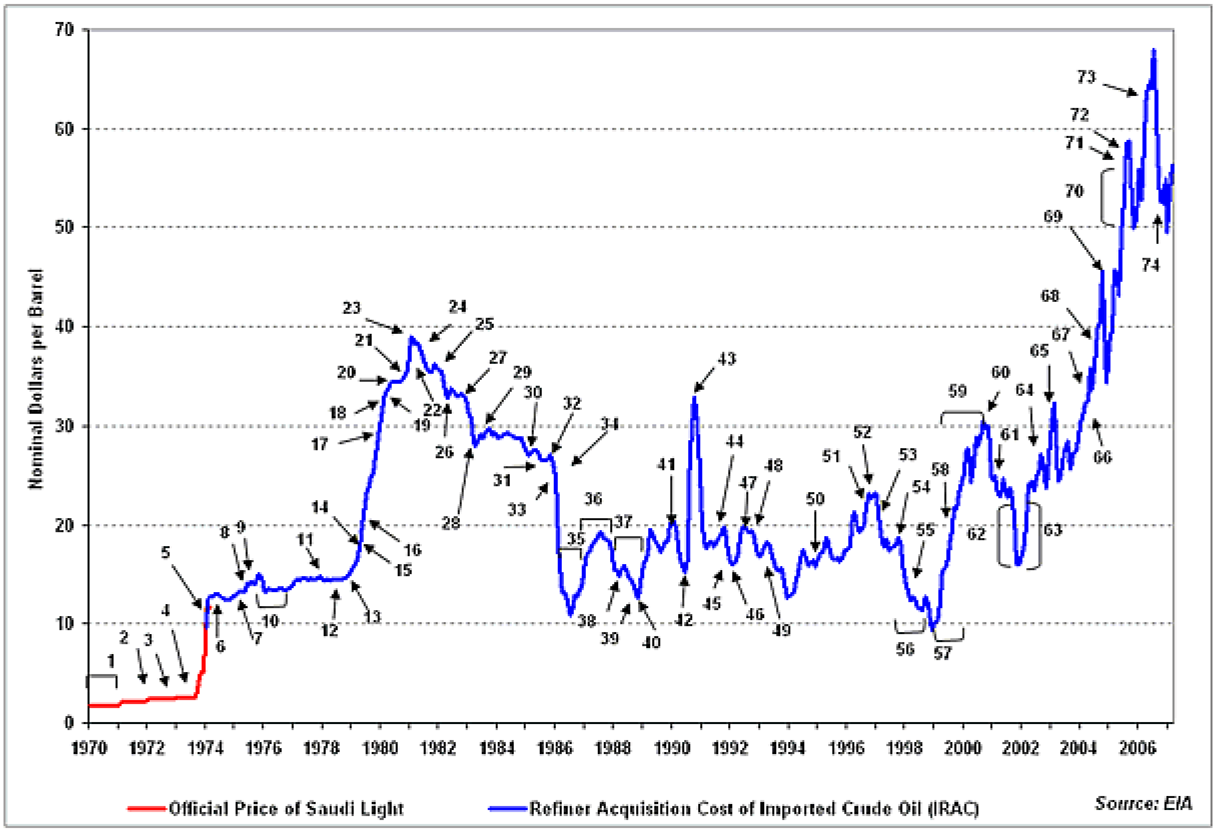
Annual Oil Market Chronology

Last Updated: July 2007

Overview

This chronology was originally published by the Department of Energy's Office of the Strategic Petroleum Reserve, Analysis Division. Updates for 1995-2006 are from the Energy Information Administration. Please click here for the latest monthly chronology and for a more detailed chronology for past years.

World Nominal Oil Price Chronology: 1970-2006



The price data graphed above are in nominal terms, i.e., they are in "dollars-of-the-day" and have not been adjusted for inflation. Clicking the picture above will enable you to access oil prices in real terms that **are** adjusted for inflation. Historical and forecast real and nominal crude oil and gasoline price information is maintained on a more frequent basis on the Short Term Energy Outlook Webpage.

1. OPEC begins to assert power; raises tax rate & posted prices
2. OPEC begins nationalization process; raises prices in response to falling US dollar.
3. Negotiations for gradual transfer of ownership of western assets in OPEC countries
4. Oil embargo begins (October 19-20, 1973)
5. OPEC freezes posted prices; US begins mandatory oil allocation
6. Oil embargo ends (March 18, 1974)
7. Saudis increase tax rates and royalties
8. US crude oil entitlements program begins
9. OPEC announces 15% revenue increase effective October 1, 1975
10. Official Saudi Light price held constant for 1976
11. Iranian oil production hits a 27-year low
12. OPEC decides on 14.5% price increase for 1979
13. Iranian revolution; Shah deposed

14. OPEC raises prices 14.5% on April 1, 1979
15. US phased price decontrol begins
16. OPEC raises prices 15%
17. Iran takes hostages; President Carter halts imports from Iran; Iran cancels US contracts; Non-OPEC output hits 17.0 million b/d
18. Saudis raise marker crude price from 19$/bbl to 26$/bbl
19. Windfall Profits Tax enacted
20. Kuwait, Iran, and Libya production cuts drop OPEC oil production to 27 million b/d
21. Saudi Light raised to $28/bbl
22. Saudi Light raised to $34/bbl
23. First major fighting in Iran-Iraq War
24. President Reagan abolishes remaining price and allocation controls
25. Spot prices dominate official OPEC prices
26. US boycotts Libyan crude; OPEC plans 18 million b/d output
27. Syria cuts off Iraqi pipeline
28. Libya initiates discounts; Non-OPEC output reaches 20 million b/d; OPEC output drops to 15 million b/d
29. OPEC cuts prices by $5/bbl and agrees to 17.5 million b/d output – January 1983
30. Norway, United Kingdom, and Nigeria cut prices
31. OPEC accord cuts Saudi Light price to $28/bbl
32. OPEC output falls to 13.7 million b/d
33. Saudis link to spot price and begin to raise output – June 1985
34. OPEC output reaches 18 million b/d
35. Wide use of netback pricing
36. Wide use of fixed prices
37. Wide use of formula pricing
38. OPEC/Non-OPEC meeting failure
39. OPEC production accord; Fulmar/Brent production outages in the North Sea
40. Exxon's Valdez tanker spills 11 million gallons of crude oil
41. OPEC raises production ceiling to 19.5 million b/d – June 1989
42. Iraq invades Kuwait
43. Operation Desert Storm begins; 17.3 million barrels of SPR crude oil sales is awarded
44. Persian Gulf war ends
45. Dissolution of Soviet Union; Last Kuwaiti oil fire is extinguished on November 6, 1991
46. UN sanctions threatened against Libya
47. Saudi Arabia agrees to support OPEC price increase
48. OPEC production reaches 25.3 million b/d, the highest in over a decade
49. Kuwait boosts production by 560,000 b/d in defiance of OPEC quota
50. Nigerian oil workers' strike
51. Extremely cold weather in the US and Europe
52. U.S. launches cruise missile attacks into southern Iraq following an Iraqi-supported invasion of Kurdish safe haven areas in northern Iraq.
53. Iraq begins exporting oil under United Nations Security Council Resolution 986.
54. Prices rise as Iraq's refusal to allow United Nations weapons inspectors into "sensitive" sites raises tensions in the oil-rich Middle East.
55. OPEC raises its production ceiling by 2.5 million barrels per day to 27.5 million barrels per day. This is the first increase in 4 years.
56. World oil supply increases by 2.25 million barrels per day in 1997, the largest annual increase since 1988.
57. Oil prices continue to plummet as increased production from Iraq coincides with no growth in Asian oil demand due to the Asian economic crisis and increases in world oil inventories following two unusually warm winters.
58. OPEC pledges additional production cuts for the third time since March 1998. Total pledged cuts amount to about 4.3 million barrels per day.
59. Oil prices triple between January 1999 and September 2000 due to strong world oil demand, OPEC oil production cutbacks, and other factors, including weather and low oil stock levels.
60. President Clinton authorizes the release of 30 million barrels of oil from the Strategic Petroleum Reserve (SPR) over 30 days to bolster oil supplies, particularly heating oil in the Northeast.
61. Oil prices fall due to weak world demand (largely as a result of economic recession in the United States) and OPEC overproduction.
62. Oil prices decline sharply following the September 11, 2001 terrorist attacks on the United States, largely on increased fears of a sharper worldwide economic downturn (and therefore sharply lower oil demand). Prices then increase on oil production cuts by OPEC and non-OPEC at the beginning of 2002, plus unrest in the Middle East and the possibility of renewed conflict with Iraq.
63. OPEC oil production cuts, unrest in Venezuela, and rising tension in the Middle East contribute to a significant increase in oil prices between January and June.
64. A general strike in Venezuela, concern over a possible military conflict in Iraq, and cold winter weather all contribute to a sharp decline in U.S. oil inventories and cause oil prices to escalate further at the end of the year.

65. Continued unrest in Venezuela and oil traders' anticipation of imminent military action in Iraq causes prices to rise in January and February, 2003.
66. Military action commences in Iraq on March 19, 2003. Iraqi oil fields are not destroyed as had been feared. Prices fall.
67. OPEC delegates agree to lower the cartel's output ceiling by 1 million barrels per day, to 23.5 million barrels per day, effective April 2004.
68. OPEC agrees to raise its crude oil production target by 500,000 barrels (2% of current OPEC production) by August 1—in an effort to moderate high crude oil prices.
69. Hurricane Ivan causes lasting damage to the energy infrastructure in the Gulf of Mexico and interrupts oil and natural gas supplies to the United States. U.S. Secretary of Energy Spencer Abraham agrees to release 1.7 million barrels of oil in the form of a loan from the Strategic Petroleum Reserve.
70. Continuing oil supply disruptions in Iraq and Nigeria, as well as strong energy demand, raise prices during the first and second quarters of 2005.
71. Tropical Storm Cindy and Hurricanes Dennis, Katrina, and Rita disrupt oil supply in the Gulf of Mexico.
72. In response to the hurricanes, the Department of Energy provides emergency loans of 9.8 million barrels and sold 11 million barrels of oil from the SPR.
73. Militant attacks in Nigeria shut in more than 600,000 barrels per day of oil production beginning in February 2006.
74. OPEC members agree to cut the organization's crude oil output by 1.2 million barrels per day effective November 1, 2006. In December, the group agrees to cut output by a further 500,000 barrels per day effective February 2007.

More detail for 2006 here.

Original concept for the chart was by the Analysis Division in the Office of Management Operations; Strategic Petroleum Reserve. Modified and updated by the Office of Energy Markets and End Use in the Energy Information Administration.

1970s

Jump to a Specific Year

1970 1971 1972 1973 1974 1975 1976 1977 1978 1979

1970

Jan 1 U.S. Federal oil depletion allowance reduced from 27.5 to 22.0 percent.

May 3 TAP line from Saudi Arabia to the Mediterranean interrupted in Syria, creating all-time tanker rate highs from June to December.

Sep 4 - Oct 9 Libya raises posted prices and increases tax rate from 50 percent to 55 percent. Iran and Kuwait follow in November.

Dec 9-12 OPEC meeting in Caracas establishes 55 percent as minimum tax rate and demands that posted prices be changed to reflect changes in foreign exchange rates.

Back to top

1971

Jan 12 Negotiations begin in Tehran between 6 Gulf producing countries and 22 oil companies.

Feb 3-4 OPEC mandates "total embargo" against any company that rejects the 55 percent tax rate.

Feb 14 Tehran agreement signed. Companies accept 55 percent tax rate, immediate increase in posted prices, and further successive increases.

Feb 24 Algeria nationalizes 51 percent of French oil concessions.

Apr 2 Libya concludes five weeks of negotiations with Western oil companies in Tripoli on behalf of itself, Saudi Arabia, Algeria and Iraq. Agreement raises posted prices of oil delivered to Mediterranean from $2.55 to $3.45 per barrel; provides for a 2.5 percent annual price increase plus inflation allowance; raises tax rate from a range of 50-58 percent to 60 percent of posted price.

Jul 31 Venezuela's Hydrocarbons Reversion Law mandates gradual transfer to government ownership of all "unexploited concession areas" by 1974 and "all their residual assets" by 1983.

Aug 15 U.S. Government institutes Phase I price controls. Invoking the powers granted to the president by the Economic Stabilization Act of 1970, President Nixon orders 90-day nationwide freeze on all wages, prices, salaries and rents.

Sep 22 OPEC directs members to negotiate price increases to offset the devaluation of the U.S. dollar.

Nov U.S. Phase II price controls begin. Plan is to allow for gradual 2-3 percent annual price increases, however, domestic petroleum prices remain at Phase I levels.

Dec 5 Libya nationalizes British Petroleum concession.

Back to top

1972

Jan 20 Six exporting countries - Abu Dhabi, Iran, Iraq, Kuwait, Qatar and Saudi Arabia - conclude ten days of meetings with Western oil companies. An agreement is reached to raise the posted price of crude by 8.49 percent to offset the loss in value of oil concessions attributable to the decline in value of the U.S. dollar.

Mar 11-12 OPEC threatens "appropriate sanctions" against companies that "fail to comply with . . . any action taken by a Member Country in accordance with [OPEC] decisions."

Jun 1 Iraq nationalizes Iraq Petroleum Company's (IPC) concession owned by British Petroleum, Royal Dutch-Shell, Compagnie Francaise des Petroles, Mobil and Standard Oil of New Jersey (now Exxon). The concessions were valued at over one billion dollars.

Jun 9 In a show of support for Iraq, OPEC moves to prevent companies whose interests were nationalized in Iraq from increasing production elsewhere; appoints mediators between Iraq and IPC.

Sep 30 Libya acquires a 50 percent interest in two ENI concessions.

Oct 27 OPEC approves plan providing for 25 percent government ownership of all Western oil interests operating within Kuwait, Qatar, Abu Dhabi and Saudi Arabia beginning on January 1, 1973, and rising to 51 percent by January 1, 1983. (Iraq declines to agree.) Agreements signed on December 21.

Back to top

1973

Jan 11 U.S. Phase III price controls begin. Allows for voluntary instead of mandatory price control on all U.S. prices. This does not prevent a sharp rise in heating oil prices caused by a severe winter and shortage of product.

Jan 17 President Nixon suspends mandatory oil import quota on No. 2 heating oil through April 30.

Jan 23 Shah of Iran announces that the 1954 operating agreement between a consortium of oil companies and Iran will not be renewed when it expires in 1979. The consortium was formed in 1954 as a means to settle a dispute between a new ministry in Iran and the Anglo-Iranian Oil Company (AIOC). The consortium included Standard Oil of New Jersey, Standard Oil of California, SOCONY-Vacuum, the Texas Company, Gulf, Royal Dutch-Shell, the Compagnie Francaise de Petroles, and the AIOC.

Feb 28 Iraq and IPC reach an agreement on compensation for nationalization.

Mar Special Rule No. 1 reimposes mandatory (Phase II) price controls on the 23 largest oil companies. Smaller companies, representing 5 percent of the market, enjoy uncontrolled prices.

Mar 16 Shah of Iran and Consortium members agree to nationalize all assets immediately in return for an assured 20-year supply of Iranian oil.

Mar 16-17 OPEC discusses raising prices to offset decline of U.S. dollar value.

Apr 1 OPEC increases posted prices by 5.7 percent.

Apr 18 U.S. Government ends Mandatory Oil Import Program. Program, established in 1959 by President Eisenhower, had limited imports of crude and product east of the Rocky Mountains to a percentage of domestic crude production.

Jun 1 Eight OPEC countries raise posted prices by 11.9 percent.

Jun 11 Libya nationalizes Bunker Hunt concession; Nigeria acquires 35 percent participation in Shell-BP concession.

Jun 14 Nixon administration imposes 60-day economy-wide price freeze, superseding Special Rule No. 1 for oil companies.

Aug Libya nationalizes 51 percent of Occidental Petroleum concession and of the Oasis consortium.

Aug 17 President Nixon's Cost of Living Council imposes two-tier price ceiling on crude petroleum sales: production of "old" oil (that produced at or below 1972 levels from existing wells) to be sold at March 1973 prices plus 35 cents; production of "new" oil (that produced above 1972 levels from existing wells and oil produced from new wells) to be sold at uncontrolled prices.

Sep 1 Libya nationalizes 51 percent of nine other companies' concessions: Esso, Libya/Sirte, Mobil, Shell, Gelensberg, Texaco, SoCal, Libyan-American (ARCO), and Grace.

Sep 5-9 Conference of less developed countries approves forming "producers' associations," calls for withdrawal of Israeli forces from occupied Arab lands.

Sep 15-16 OPEC supports price hikes and designates six Gulf countries to negotiate collectively with companies over prices. Other members to negotiate individually.

Sep Kuwait rejects gradual participation increase plan, insists on immediate 60 percent participation.

Oct 6 Beginning of fourth Arab-Israeli War.

Oct 7 Iraq nationalizes Exxon and Mobil shares in Basrah Petroleum Company representing 23.75 percent equity in the company.

Oct 8-10 OPEC meets with oil companies to discuss revision of 1971 Tehran agreement and oil prices. Negotiations fail.

Oct 16 The Gulf Six (Iran, Iraq, Abu Dhabi, Kuwait, Saudi Arabia and Qatar) unilaterally raise the posted price of Saudi Light marker crude 17 percent from $3.12 to $3.65 per barrel and announce production cuts.

Oct 17 OPEC oil ministers agree to use oil weapon in Arab-Israeli War, mandate cut in exports, and recommend embargo against unfriendly states.

Oct 19-20 Saudi Arabia, Libya, and other Arab states proclaim an embargo on oil exports to the United States.

Oct 23-28 Arab oil embargo extended to the Netherlands.

Nov 5 Arab producers announce 25 percent cut in production below September levels. Further cuts of five percent are threatened.

Nov 18 Arab oil ministers cancel the scheduled 5 percent cut in production for EEC.

Nov 23 Arab summit conference adopts open and secret resolutions on the use of the oil weapon. Embargo extended to Portugal, Rhodesia, and South Africa.

Nov 27 President Nixon signs the Emergency Petroleum Allocation Act (EPAA). Authorizes petroleum price, production, allocation and marketing controls.

Dec 9 Arab oil ministers announce a further production cut of 5 percent for January for non-friendly countries.

Dec 22-24 OPEC Gulf Six decides to raise the posted price of marker crude from $5.12 to $11.65 per barrel effective January 1, 1974.

Dec 25 Arab oil ministers cancel January 5 percent production cut. Saudi Arabian oil minister promises 10 percent OPEC production rise.

Back to top

1974

Jan 7-9 OPEC decides to freeze posted prices until April 1.

Jan 29 Kuwait announces 60 percent government participation in BP-Gulf concession; Qatar follows on February 20.

Feb 11 Washington Energy Conference opens. Attended by 13 industrial and oil producing nations. Called by U.S. to resolve the international energy problems through economic cooperation among nations. Henry Kissinger unveils Nixon Administration's seven-point "Project Independence" plan to make the U.S. energy independent. Libya nationalizes three U.S. oil companies that had not agreed to 51 percent nationalization in September.

Feb 12-14 Heads of state of Algeria, Egypt, Syria, and Saudi Arabia discuss oil strategy in view of the progress in Arab-Israeli disengagement.

Mar 18 Arab oil ministers announce the end of the embargo against the United States, all except Libya.

May 18 Nigeria announces 55 percent government participation in all concessions.

Jun 1-3 Arab oil ministers decide to end most restrictions on exports of oil to the United States but continue embargo against the Netherlands, Portugal, South Africa, and Rhodesia.

Jun 4 Saudi Arabia announces that it will increase its participation in Aramco to 60 percent. Abu Dhabi and Kuwait follow in September. Increases are retroactive to January 1.

Jun 13 IMF establishes its "oil facility," a special fund for loans to nations whose balance of payments have been severely affected by high oil prices.

Jul 10-11 OAPEC lifts the embargo against the Netherlands.

Sep 13 OPEC instructs its Secretary General to "carry out a study of supply and demand in relation to possible production controls."

Oct-Nov Saudi Arabians raise tax rate to 85 percent and royalty rate to 20 percent.

Nov 15 International Energy Agency formed in Paris within OECD framework. Saudi Arabia, Qatar, and United Arab Emirates announce a slight reduction in posted prices and tax rates.

Dec U.S. Crude Oil Entitlements Program enacted, retroactive to November 1974.

Dec 22 Iraq announces plans to increase its production capacity to 3.5 MMB/D by 1975 and to 6 MMB/D by 1981.

Back to top

1975

Jan 1 U.S. Federal oil depletion allowance eliminated for large producers.

Jan 13 Business Week publishes Kissinger interview hinting at military action against oil countries in case of "actual strangulation."

Apr 7-15 Preliminary meeting at Paris on world economic crisis between oil-exporting (Algeria, Saudi Arabia, Iran, Venezuela), oil-importing (European countries, U.S., Japan), and non-oil Third World countries (India, Brazil, Zaire). Talks collapse after nations fail to decide whether agenda should focus on oil/energy issues or have a broader economic scope.

Apr 9 Twenty-four OECD members sign an agreement to establish a $25 billion lending facility to provide assistance to industrial nations hurt by high oil prices.

Jun 13 World Bank establishes its "Third Window," a fund to make loans to countries too rich to qualify for "soft" no-interest loans, but too distressed to afford loans at the prevailing normal lending rates. Action represents significant cooperation between oil-exporting and industrial nations.

Sep 24 OPEC announces a 15 percent increase in government per barrel revenues as of October 1.

Oct 28 Venezuela and foreign oil companies agree on nationalization as of January 1, 1976.

Dec 1 Kuwait and Gulf and BP agree on terms of nationalization.

Dec 9 Iraq completes nationalization by taking over the BP, CFP, and Shell shares of the Basrah Petroleum Company.

Dec 22 President Ford signs the Energy Policy and Conservation Act (EPCA) effective February 1976. Authorizes the establishment of the Strategic Petroleum Reserve (SPR), participation in International Energy Program, and oil price regulation.

Back to top

1976

Official price of Saudi Light remains at $12.37 per barrel throughout 1976.

Feb EPCA 3-tier price regulation begins. Small changes in Entitlements Program.

April - May Lebanese civil war causes drop in Iraq exports through trans-Lebanon pipelines to Mediterranean.

May OPEC issues press release vowing to "take appropriate measures" to protect OPEC interests in light of protectionist actions by certain countries.

Sep 1 U.S. stripper well oil prices decontrolled.

Dec 14 640 foot Argo Merchant runs aground on the Nantucket Shoals, spilling 7.6 million gallons of No. 6 fuel oil.

Dec Moderates and OPEC "hawks" disagree on how fast price should rise. Saudi Arabia and United Arab Emirates increase prices by 5 percent, others by 10 percent.

Back to top

1977

Jan OPEC goes to two-tier pricing (Saudi Arabia and United Arab Emirates use $12.09 per barrel and other OPEC countries use $12.70per barrel).

May Fifty percent of Saudi Arabia's 10 MMB/D production is halted briefly due to fire damage to separation facility in Abqaiq field. Prices increase slightly.

Jul OPEC prices reunified at $12.70 per barrel as Saudi Arabia and UAE fall into line, then official price rises to $13.66 per barrel.

Oct 23 Dry dock complex opens at Bahrain; only facility between Portugal and Singapore capable of servicing VLCCs.

Back to top

1978

Jan Student protests against government of Reza Pahlavi, Shah of Iran, begin, touching off a wave of political unrest and violent clashes between police and demonstrators. Throughout the year increasing anti-Shah activities are led by Muslim fundamentalists seeking to establish a Muslim state.

Mar Amoco Cadiz tanker runs aground off the coast of France, spilling 1.6 million barrels of crude oil. (Largest crude spill to date.)

June Iran and Saudi Arabia block efforts of OPEC price hawks to fix the price of OPEC oil in a currency more stable than the U.S. dollar. Say world economy cannot support associated price increases. Are accused by hawks of being U.S. agents.

Sept Shah puts Iran under military rule. Muslim leader Noori arrested in crackdown of opposition groups.

Oct Iranian strikes; departure of foreign technicians.

Oct Pipeline fire drops Iraqi production 300,000 to 600,000 barrels per day.

Nov Iranian oil production starts dropping.

Dec Iranian production hits 1.5 MMB/D in mid-December; 500,000 on December 27, a 27-year low. OPEC production rises 1.6 MMBD over two months due to increased Saudi production.

Dec 17 OPEC decides on a 14.5 percent price increase for 1979, to be implemented quarterly.

Back to top

1979

Jan First emergency Crude Oil Buy-Sell Program allocations.

Jan 16 Shah leaves Iran on vacation, never to return. Bakhtiar government established by the Shah to preside until unrest subsides.

Jan 20 Saudi Arabia announces drastic cut in first-quarter production. 9.5 MMBD ceiling imposed. Although actual cuts never reach announced levels, spot prices of Middle East light crudes rise 36 percent.

Jan 20 One million Iranians march in Teheran in a show of support for the exiled Ayatollah Komeini, fundamental Muslim leader.

Feb 12 Bakhtiar resigns as prime minister of Iran after losing support of the military.

Mar 5 Iran resumes petroleum exports.

Spring Gasoline shortage/world oil glut.

Mar 26 OPEC makes full 14.5 percent price increase for 1979 effective on April 1. Marker crude raised to $14.56 per barrel.

May DOE announces $5 per barrel entitlement to importers of heating oil. Saudi Arabia announces intention to increase direct sales and to sell less through Aramco. Both announcements send prices higher.

Jun 1 Phased oil price decontrol begins. Involves gradual 28 month increase of "old" oil price ceilings, and slower rate of increase of "new" oil price ceilings.

Jun 26-28 OPEC raises prices average of 15 percent, effective July 1.

Oct Buy-Sell Program sales average more than 400,000 B/D from October 1979 through March 1980 - highest level since February 1976, due to emergency allocations.

Oct Canada eliminates light crude oil exports to U.S. refiners, except for those exports required by operational constraints of pipelines.

Nov 4 Iran takes western hostages.

Nov 12 Carter orders cessation of Iranian imports to U.S.

Nov 15 Iran cancels all contracts with U.S. oil companies.

Dec 13 Saudi Arabia raises marker crude price to $24 per barrel.

Back to top

1980s

Jump to a Specific Year

1980 1981 1982 1983 1984 1985 1986 1987 1988 1989

1980

Mar 1 Windfall Profits Tax enacted.

May Saudi Light raised to $28.00 per barrel, retroactive to April 1.

Apr-Sep Buy-Sell Program allocations drop to average of 120,000 B/D for period April to September 1980.

Sep 17 Iraq breaks 1975 treaty with Iran and proclaims sovereignty over Shatt al-Arab waterway.

Sep 23 Iraq invades Iran. Mutual bombing of installations.

Nov 10 Iraq captures southern port of Khorramshahr.

Nov 20-24 U.N. gulf war mediator Olaf Palme makes first unsuccessful peace shuttle between Tehran and Baghdad.

Dec Collapse of OPEC's pricing structure. Saudis use $32 per barrel marker, others use $36 per barrel benchmark.

Back to top

1981

Saudis flood market with inexpensive oil in 1981, forcing unprecedented price cuts by OPEC members. In October, all 13 OPEC members align on a compromise $32 per barrel benchmark. Later, benchmark price is maintained, but differentials are adjusted.

Jan Iraq repels first major Iranian offensive.

Jan 28 President Reagan lifts remaining domestic petroleum price and allocation controls originally scheduled to expire in September 1981.

Apr After meetings in Baghdad and Teheran, attempts by nine Islamic Conference leaders to mediate peace between Iraq and Iran fail.

Aug Windfall profits tax reduced.

Sep 27-28 Iran defends its besieged port of Abadan, driving back Iraqi forces.

Oct OPEC reaches an agreement to unify crude price at $32 per barrel through 1982 and sets an ultimate price ceiling of $38 per barrel.

Nov 29 Major Iranian offensive mounted on central front.

Back to top

1982

Indications of a world oil glut lead to a rapid decline in world oil prices early in 1982. OPEC appears to lose control over world oil prices.

Mar Damascus closes Iraq's 400,000 bbl/d trans-Syrian oil export pipeline to show support for Iran.

Mar 11 U.S. boycotts Libyan crude.

May 24 Iran recaptures Khorramshahr.

Jun Iran demands $150 billion in war reparations; pledges war until Iraq's Hussein stands trial.

Jun 10 Iraq declares unilateral cease-fire.

Jul 13 Iran launches first attack into Iraq.

Back to top

1983

Oil glut takes hold. Demand falls as a result of conservation, use of other fuels and recession. OPEC agrees to limit overall output to 17.5 MMB/D. OPEC agrees to individual output quotas and cuts prices by $5 to $29 per barrel.

Apr Iraq increases missile attacks on Iran.

Jul 20-30 Iran moves into northern Iraq. Casualties top 13,800 in ten days.

Jul 26 U.S. threatens action to preserve navigation in Persian Gulf.

Jul-Aug Heavy fighting and casualties in Iran-Iraq war.

Oct Iran attacks northern Iraq, threatening Kirkuk pipeline.

Back to top

1984

Feb-Mar Iran captures Najnoon Islands.

Mar 27 Beginning of "tanker war." Over the next nine months, 44 ships, including Iranian, Iraqi, Saudi Arabian and Kuwaiti tankers, are attacked by Iraqi or Iranian warplanes or damaged by mines.

Mar-Jun Iran mobilizes 500,000 troops to southern front. No offensive materializes.

May 26 President Reagan rules out U.S. military intervention.

Jun Civilian target truce in Iran-Iraq war.

Oct Norway and Britain cut prices in response to falling spot market. Nigeria follows, renewing pressure on OPEC price cuts.

Oct 17 OPEC cuts production to 16 MMB/D, but agreement is negated by cheating and price-discounting.

Back to top

1985

Jan Nine OPEC members adjust prices to cut gap between light and heavy crudes from $4 to $2.40 per barrel. Saudi light price cut one dollar to $28 per barrel.

Mar 11-19 Iranian offensive; heavy casualties.

May-Jun "Battle of the cities" - heavy bombing from both Iran and Iraq.

Jun OPEC output falls to 20-year low of 13.7 MMB/D.

Jun Iran begins hit-and-run raids on Iraq.

Jul OPEC loses customers to cheaper North Sea oil. More OPEC price cuts.

Aug Saudi Arabia links prices to spot market. Output rises from 2 MMB/D in August to 5 MMB/D in early 1986.

Aug 15 First Iraqi air raid on Iran's main oil export terminal, Kharg Island.

Nov 6 Exploratory well in Ranger, Texas, blows out, spilling 150,000 BBLS of crude oil.

Dec OPEC output hits 18 MMB/D boosting a glut and triggering a price war.

Back to top

1986

Average world oil prices fall by over 50 percent in 1986. There is wide use of netback pricing in 1986.

Feb 3-4 OPEC fails to agree upon a production accord after a two-day meeting in Vienna.

Feb Iran captures southern Faw peninsula, starts northern offensive.

May 7 Iraq bombs Tehran refinery.

Jun OPEC production-cut talks fail, ending in a tentative majority pact on an average 1986 ceiling of 17.6 MMB/D.

Jun 8 Iraqi jets attack Assadabad satellite station.

Jul Brent price dips under $9 per barrel. OPEC production rises to 20 MMB/D.

Jul 27 Iraqi jets attack central Iranian city of Arak. Iran threatens missile attack of gulf states supporting Iraq.

Aug 2 Hussein offers peace in open letter to Iran.

Aug 4 Reports of probable OPEC agreement on output quotas sends oil prices higher.

Aug 12 Iran fires missile at refinery near Baghdad. Iraq raids Iranian terminal at Sirri Island severely disrupting Iranian exports.

Dec 19 OPEC reaches an accord that would cut production by seven percent for the first six months of 1987 (from 17 MMB/D to 16 MMB/D) and would raise prices immediately toward a target world oil price of $18 per barrel.

Back to top

1987

Jan OPEC price accord begins to deteriorate.

Feb OPEC majors stick to fixed prices.

Jun-Aug Gulf war escalates.

Dec OPEC meeting failure.

1988

Wide use of crude formula pricing in 1988.

Feb OPEC price meeting set.

Mar OPEC/Non-OPEC meeting failure.

Jul Iran accepts cease fire.

Oct 14 Crude oil prices jump in anticipation of possible production accord at Gulf Cooperation Council meeting set for October 16.

Nov 28 OPEC reaches production accord. Six-month agreement to set production at 18.5 MMB/D. Although the recent OPEC quota had been 19.0 MMB/D, actual OPEC production had been closer to 21.0 MMB/D.

Dec Fulmar/Brent outages.

Back to top

1989

Mar Exxon tanker Valdez runs aground, spilling 11 million gallons of crude oil in the waters of Price William Sound. Oil prices react upward to news of the spill and to potential shortages on the west coast cased by refinery fires there.

June OPEC raises their production ceiling to 19.5 MMB/D.

Back to top

1990s

Jump to a Specific Year

1990 1991 1992 1993 1994 1995 1996 1997 1998 1999

1990

Aug Iraq invades Kuwait. Crude and product prices soar upward; exchange markets react wildly to any middle east news events; cash markets dominate prices after trading hours; jet fuel prices rise to record spreads over other products due to increase in defense demand. In late August, OPEC president fails to revive floundering attempts to organize a formal OPEC meeting to discuss crisis/production strategies. Informal meetings held in Vienna result in record price falls. Conflicting reports of promises to increase OPEC output to compensate for embargo of Iraq and Kuwait oil further compound market uncertainties.

Aug 2 Iraq invades Kuwait.

Bush orders troops to Saudi Arabia.

Aug 27 Market prices plunge as OPEC nears informal agreement to increase output to cover 4 MMB/D shortfall due to invasion. Cash market trading experiences abrupt decline.

Sep 6 U.S. citizen is shot in Kuwait. API reports 4.4 MMB weekly draw in domestic crude stocks. Oil markets surge on aggressive U.S. statements toward Iraq.

Sep 21 Reports that U.S refinery problems will lead to a 200,000 B/D loss in capacity and aggressive remarks by

Saddam Hussein send crude prices to new highs.

Sep 24 Iraq invades the French and Dutch missions in Kuwait; French President Mitterand called the action a violation of international law; a U.S. warship boards an Iraqi-flagged tanker bound for the port of Basrah.

Sep 18 Crude prices outpace increases in product prices and there is talk of cutting refinery runs.

Sep 20 Poor refining margins.

Sep 24 Saddam Hussein states his willingness to strike first and his intention to damage oil fields in the region if Iraq does strike.

Oct 1 Saddam Hussein says he may be willing to negotiate the occupation of Kuwait and would consider foreign participation in negotiations.

Oct 3 API reports a 9 MMB weekly U.S. crude inventory draw.

Oct. 9 Fear of war and long-term supply disruptions as Hussein threatens Israel.

Oct 10 API reports crude inventories dropped by more than 4 MMB in the last week.

Oct 11 Libya's Qadhafi says Israel must be eliminated, and U.K. Foreign Secretary Hurd says force would be used if Iraq doesn't withdrawal from Kuwait.

Nov 5 Reports of increasing Saudi production and lower world demand.

Nov 6 Iran's oil-producing region suffers a serious earthquake.

Nov 7 API reports 5 MMB U.S. crude inventory weekly increase.

Nov 8 Unconfirmed rumors that Bush would announce an airlift of supplies to U.S. embassy in Kuwait, which could ultimately trigger a military clash.

Nov 13 Saudis ask U.S. for rights to bid on SPR crude.

Nov 19 Report that Iraq will bolster its forces in Kuwait.

Nov 20 API reports crude inventory drop in U.S. of more than 4 MMB; Saddam Hussein announces plans to release German hostages; Soviet Union shows reluctance to endorse the use of force against Iraq.

Nov 21 French President Mitterand voices support of a proposed U.N. resolution that would authorize the use of force in the Persian Gulf.

Nov 26 U.S. proposes addition to U.N. resolution that would require Iraq's withdrawal from Kuwait by January 1.

Nov 29 U.N. Security Council approves U.S.-sponsored resolution authorizing the use of force in the Persian Gulf if Iraq does not withdrawal from Kuwait by Jan. 15, 1991.

Nov 30 President Bush offers to send Secretary of State James Baker to Baghdad to meet with Hussein.

Dec 4 An Iraqi official reports that Iraq will withdraw if it can retain control of the Rumailah field and keep Bubiyan and Werbah islands; also says that demands that the Palestinian issue be treated separately would not be surmountable.

Dec 5 Iraq announces willingness to speak with U.S. about resolving the Persian Gulf crisis.

Dec 13 Secretary of State Baker questions Iraq's seriousness about Middle East peace.

Dec 18 Bush reiterates his "no concessions" stance against Iraq.

Back to top

1991

Jan 4 Reports Iraq will accept U.S. offer for talks in Geneva.

Jan 7 Saddam Hussein prepares his troops for what he says will be a long violent war against the U.S.

Jan 9-14 At Geneva talks, Baker says that "regrettably" Iraqi Foreign Minister Aziz has indicated no softening in Iraq's position. Peace talks break down, but there is still talk of a peaceful solution to the crisis.

Jan 15 Report that Iraq has a new peace initiative.

Jan 16 U.S. begins air attack against Iraqi military targets. President Bush directs drawdown of Strategic Petroleum Reserve (SPR). U.S. Secretary of Energy James Watkins orders 33.75 MMB drawdown. Crude oil prices drop $9-10 per barrel in one day after having risen $3-5 per barrel during the first half of January.

Jan 17 Reports of early U.S. and allied success against Iraqi forces; DOE issues SPR sales notice.

Jan 18 Iraqi Scud missiles land in Israel.

Jan 22 Kuwaiti oil facilities are destroyed by Iraq and more Iraqi missile attacks on Saudi Arabia.

Jan 30 DOE selects 13 firms to purchase 17.3 MMB of SPR crude oil.

Feb Surplus of unsold oil held by oil producers reaches 80-90 MMB.

Feb 5 First SPR oil delivered to commercial buyers.

Feb 15 Daily market volatility as Hussein mentions withdrawal, but Bush calls his offer a "cruel hoax."

Feb 26 Signs of Iran crude now an option for U.S. refiners, but no imports from Iran likely in near future.

Feb 28 War ends. U.N. troops move into Kuwait City. Saddam Hussein orderstroops out of Kuwait. Iraqi soldiers ignite Kuwaiti oil fields during their retreat.

Mar 1 News that Kuwait will need to import crude in the short term.

Mar 12 OPEC announces production cut to 22.3 MMB/D.

Mar 13 API reports a 6 MMB weekly domestic crude inventory draw; Saudi Arabia and Iran say OPEC production cuts will take effect April 1.

Mar 19 Gorbachev says the Soviet Union will cut its oil exports by nearly half.

Mar 25 Nigerian crude becomes competitive in U.S. Gulf Coast as Nigeria cuts crude prices.

Apr 25 Iraq expects to resume crude and product exports by July.

June 3 Kuwait asks GCC members to produce 800,000 B/D of oil on its behalf.

Aug Unsuccessful coup attempt against Soviet President Gorbachev has minimal effect on oil markets.

Oct Soviet Union suspends petroleum product exports as its fuel shortages grow. NYMEX futures price for WTI climbs nearly $2, ending at $24 per barrel.

Nov Last of Kuwait oil well fires extinguished by well control teams.

Nov U.S. Senate filibuster causes withdrawl of an Alaska National Wildlife Refuge (ANWR) pro-leasing bill.

Dec Soviet Union collapses as a series of events precipitated by Ukrainian vote for independence leads to formation of Commonwealth of Independent States (CIS).

Back to top

1992

Jan Kuwait reports oil production of 400,000 B/D; insists on restoration of its pre-invasion OPEC quota of 1.5 MMB/D.

Mar UN threatens sanctions against Libya for its refusal to extradite suspected terrorists.

Mar CIS announces that 1991 crude exports dropped by 52%.

May Saudi Arabia supports a crude oil price hike during a late-month OPEC meeting. NYMEX Futures prices exceed $22 per barrel.

Oct OPEC production reaches highest level in more than a decade at 25.25 MMB/D.

Dec U.S., Mexico, and Canada sign NAFTA multi-lateral free trade agreement.

Back to top

1993

July Oil prices plunge on speculation that Iraq will accept U.N. missile test site inspections and receive approval to resume oil exports.

Nov Combination of OPEC overproduction, surging North Sea output, and weak demand lowers the price of Brent to near $15 per barrel.

Back to top

1994

Apr Oil Prices firm on strength of institutional shifting of U.S. investment funds from equity and bond markets to cash and commodities.

Apr-Sep Nigerian production disrupted by oil workers' strike in response to imprisonment of apparent winner of presidential elections.

Back to top

1995

Jan. 14 Mexico pledges profits from state-owned Pemex's $7-billion-per-year oil revenues in an effort to secure U.S. congressional approval of $40-billion worth of loan guarantees. Subsequently, President Clinton approved a $20-billion U.S. aid package for Mexico. (*DMN*)

Jan. 30 Norway's Statoil announces that a newly-formed consortium of 11 oil companies will develop a plan to supply Norwegian natural gas to the European continent. Three Norwegian companies recently signed a contract with Gaz de France to bring 1.4 trillion cubic feet of Norwegian gas to France between 2001 and 2027. (*DJ*)

Feb. 28 The Pentagon announces that it monitored Iranian installation of surface-to-air Hawk missiles in the Strait of Hormuz. The Iranians also have taken possession of and fortified the nearby Abu Musa and the Tunb Islands, which are claimed by both Iran and the United Arab Emirates (UAE). (*DJ*)

June 14 After OPEC's semi-annual meeting in Vienna, President Ida Bagus Sudjana discloses the Organization's intention to roll over its present crude oil production ceiling of 24.52 million barrels per day. The announcement is followed by a trip to Norway by Saudi Arabian Oil Minister Hisham M. Nazer. Upon arriving, the Saudi Minister asks Norwegian Minister of Industry and Energy Jens Stoltenberg to restrain his country's oil production in the hopes of stabilizing world oil prices. (*FT, DJ*)

June 30 Exxon signs a $15.2-billion deal to develop oil and gas fields near Russia's Sakhalin Island. The Sakhalin I project will develop the offshore Shayvo, Odoptu, and Arkutun-Dagi fields that together are estimated to contain 2.5 billion barrels of crude oil and 15 trillion cubic feet of natural gas. Exxon has a 30 percent stake in the project. (*NYT, DJ*)

July 6 Venezuela's Congress approves the country's first investment law allowing for foreign participation in oil exploration and production. The newly-passed "model agreement" authorizes the state-owned oil company Petroleos de Venezuela S.A. (PDVSA) to offer 10 exploration blocks to foreign investors. If oil is discovered, the government will maintain a majority stake in any joint venture formed to develop the new fields. (*FT, DJ*)

July 27 Saudi Aramco awards the giant Shaybah oil field development project to U.S.-based Parsons Corporation. The $2.5-billion project will develop the 7-billion-barrel field, including the construction of crude oil production facilities, gas-oil separation plants, and a 372-mile pipeline. The Shaybah field is located on the Saudi-UAE border and is expected to produce 500,000 barrels per day after it comes on line in 1999. (*PON*)

July 28 Norwegian Finance Minister Sigbjorn Johnsen says that Norway should not lower its crude oil production in an attempt to boost world oil prices. Norwegian Oil Minister Jens Stoltenberg believes production cuts may be necessary if prices begin to fall. Minister Johnsen's remarks follow last month's visit by Saudi Arabian Oil Minister Hisham M. Nazer, who asked Minister Stoltenberg to cut Norway's crude oil production. (*PON*)

Aug. 2 Saudi Arabia's King Fahd issues a decree replacing all members of the Council of Ministers who do not have blood ties so the royal Family. While most of the Council's top positions are unaffected by the reshuffling, Oil Minister Hisham Nazer is replaced with Ali bin Ibrahim al-Naimi. (*WSJ*)

Aug. 14 Iran's official news agency, IRNA, reports that Iran has been unable to sell 200,000 barrels per day of crude oil since the imposition of a unilateral oil embargo by the U.S. Iran increasingly has sold its crude oil on spot markets as opposed to long-term contracts. Larger purchases by France, Spain, Italy, China, India, Pakistan, and Thailand have failed to offset decreased demand by German and Japanese refiners. Before the U.S. embargo was announced in April 1995, U.S. companies were buying between 400,000 and 450,000 barrels per day, down from roughly 600,000 barrels per day in 1994. (*PON*)

Aug. 28 Kuwaiti Oil Minister Abdul Mohsen al-Medej announces that his country will increase its oil production capacity to as much as 3.5 million barrels per day by 2005. (*DJ*)

Sept. 13 The Kuwaiti Oil Ministry states its intention to seek a 200,000-barrel-per-day increase to its current 2-million-barrel-per-day crude oil production quota at the November 1995 OPEC meeting in Vienna. The announcement comes amidst growing non-OPEC oil production and weak oil prices. (*DJ*)

Nov. 22 OPEC states that it will roll over its current oil production quota of 25.42 million barrels per day. The roll-over was widely anticipated because of slack world oil demand, rising non-OPEC production, and weak prices. (*DJ, PON*)

Nov. 29 President Clinton approves legislation lifting a 22-year-old ban on exports of oil from the Alaskan North Slope (ANS). The ban was imposed after the oil embargo by Arab oil producers in 1973. The lifting of the ban opens up about one-quarter of U.S. crude oil production for export. The ANS legislation also waives royalty payments on deep water oil and gas leases in the Gulf of Mexico. (*WP*)

Dec. 12 Speaking in New York during a U.S. visit by Angolan President Eduardo dos Santos, Joaquim David, president of the state-owned oil company , Sonangol, states that Angola will increase its crude oil production by 10 percent per year over the next five years, reaching 720,000 barrels per day by the end of 1996 and 1 million barrels per day by 2001. The statement comes amidst sporadic violence involving government forces and the rebel group UNITA, less than a year after a peace accord was signed ending the country's 20-year-old civil war. At the end of 1995, Angola had raised its crude oil production to 690,000 barrels per day. (*PON, DJ*)

Back to top

1996

January 17 Iraq agrees to talks concerning a U.N. plan to allow for the Iraqi sale of $1 billion of oil for 90 days for a 180-day trial period. Under U.N. Resolution 986, proceeds from the sale would be used for humanitarian purposes. In the past, Iraq has opposed clauses 6 and 8b contained in Resolution 986. Clause 6 stipulates that oil exports under this plan must pass through the 1.6-million b/d Iraq-Turkey pipeline, which currently is unusable because of sludge build-ups and pumping station damage. By most estimates, the line would take a minimum of three months to repair. Clause 8b states that part of the proceeds from the sales would be disbursed under U.N. supervision to Kurdish provinces in northern Iraq. Negotiations between Iraq and the United Nations are scheduled to begin February 6, 1996. *(FT, PON, DJ)*

January 30 Vice Admiral Scott Redd, commander of the U.S. Fifth Fleet based in the Persian Gulf, states that Iran test-fired a new anti-ship missile near the Strait of Hormuz on January 6. The missile reportedly has a range of 60 miles and is viewed as a threat to regional security by U.S. naval forces operating in the area. Oil tankers carry about 15 million b/d through the Strait. *(DJ)*

April 24 In New York, the United Nations and Iraq end a third round of negotiations over Iraq's possible sale of $1 billion of oil for 90 days for a 180-day trial period. Under U.N. Resolution 986, proceeds from the sale would be used for humanitarian purposes. While both sides have reached agreement on most of the key issues, chief Iraqi negotiator Abdul Amir al-Anbari says that the United States and the United Kingdom have fundamentally altered the text of a proposed agreement which he had received from the United Nations early in the third round. Al-Anbari states that the changes have postponed any possible deal. The U.N.-Iraq talks are scheduled to restart on May 10. *(DJ)*

April 30 In the United States, President Clinton approves the sale of $227 million of crude oil from the Strategic Petroleum Reserve. At current oil prices, roughly 12 million barrels would be sold. The Clinton Administration hopes that the sale will lower gasoline prices in the United States, which are at their highest levels in five years. *(WSJ)*

May 20 In New York, the United Nations and Iraq agree to U.N. Resolution 986, which provides Iraq with the opportunity to sell $1 billion of oil for 90 days for a 180-day trial period. Under the resolution, proceeds from the sale would be used for humanitarian purposes. The agreement comes following months of heated negotiations. Iraqi oil exports are expected to begin by the Fall of 1996, after a pumping station on the Iraq-Turkey pipeline is repaired and U.N monitoring and aid distribution facilities are put in place. Shortly after the agreement, the White House announces its decision to allow U.S. oil companies to purchase Iraqi oil exports. *(FT, PON, WSJ)*

June 11 Exxon states that it will soon begin work on its $15-billion Sakhalin I oil and natural gas development in Russia's Far East. The Sakhalin I project will develop an estimated 5 billion barrels of oil and 15 trillion cubic feet (Tcf) of gas located in three offshore hydrocarbon fields. The $300 million appraisal program will include drilling one exploration well and conducting a 3-D seismic survey. The U.S. company says that it will start working despite ongoing differences with the Russian government over the country's new production sharing law, which is widely viewed as not offering adequate legal protection for foreign investment in the country's oil and gas sectors. *(FT)*

June 20 The Venezuelan Congress approves eight, multi-billion dollar, profit-sharing deals which allow foreign oil companies to explore and produce oil in Venezuela for the first time since the country's 1975 nationalization of the oil industry. The deals could boost Venezuela's current oil production by 500,000 b/d by 2005. Foreign oil companies such as Amoco and British Petroleum are expected to sign final deals with state-owned PdVSA within 10 days and may begin working on their new acreage by the third quarter of 1996. The eight blocks are estimated to hold between 7 to 11 billion barrels of light crude oil reserves. *(PON, DJ)*

July 7 OPEC issues a resolution announcing Gabon's withdrawal from the organization, effective January 1, 1995. Gabon had an OPEC quota of 287,000 b/d. *(FT)*

July 18 The United Nations formally approves an Iraqi aid distribution plan, a major step forward in the direction of allowing Iraq to sell oil under Resolution 986. *(DJ)*

August 6 President Clinton signs a new bill imposing sanctions on non-U.S. companies which invest over $40 million a year in the energy sectors of either Iran and Libya. Under the law, the President would be required to impose at least two of the following sanctions: import and export bans; lending embargoes from U.S. banks; a ban on U.S. procurement of goods and services from sanctioned companies; and a denial of U.S export financing. The European Union has stated its opposition to the U.S. law and threatened retaliation. *(FT)*

August 21 In Venezuela, a subsidiary of state-owned Petroleos de Venezuela (PdVSA), Corpoven, signs a memorandum of understanding (MOU) with U.S.-based ARCO. The MOU provides for a $3.5-billion joint venture to develop and upgrade roughly 200,000 b/d of crude oil from the country's 270-billion Orinoco Heavy Oil Belt. The project will produce 9° API gravity crude oil in the Hamaca region and upgrade it to 25° API for export to U.S. refineries. The project will be implemented in three phases, the last of which will be completed in 2006. Another PdVSA subsidiary, Maraven, recently signed another, similar deal with Conoco. *(PON, FT)*

September 5 Following U.S. cruise missile strikes on military facilities in southern Iraq, crude oil prices rise as the market speculates when Iraq will begin exporting oil under U.N. Resolution 986. Benchmark Brent Blend for October rises above $22/barrel amidst the uncertainty. The U.S. attack follows an Iraqi-supported invasion of Kurdish safe haven areas in the country's northern area. Subsequently, President Bill Clinton states that the U.N. oil-for-food sale should be postponed indefinitely. *(DJ)*

October 30 Exxon confirms that it is in talks with state-owned Qatar General Petroleum Corporation concerning the application of new technology to convert natural gas to petroleum products. Exxon believes that technology developed in a successful 200-b/d Anatural gas refinery project in Texas would work in Qatar, where a proposed $1-billion plant would be able produce between 50,000-100,000 b/d of middle distillate products. Under the proposal, Qatar's 270-Tcf North field would supply between 0.5-1 Bcf/d of gas for use as feedstock. In the past, technological barriers and high costs have precluded the development of natural gas refineries. *(WSJ)*

December 18 During a press conference, Iranian Deputy Foreign Minister Abbas Maleki states that Iran supports the free flow of oil through the Strait of Hormuz, but reserves the option of closing off the shipping route if it is threatened. Iran recently has admitted to deploying anti-aircraft and anti-ship missiles on Abu Musa, an island strategically located near the Strait of Hormuz's shipping lanes. *(DJ)*

December 30 The United Nations announces that a total of 21 contracts have been approved for the limited Iraqi oil sales under U.N. Resolution 986. The approved contracts will allow for 43.68 million barrels of oil to be exported in the first 90 days of the sale. At present, exports of 26.37 million barrels have been approved for the second 90-day period of the sale, which allows Iraq to sell up to $1 billion worth of oil every 90 days for an initial 6-month period. In mid-December 1996, Iraq restarted the Kirkuk-Ceyhan pipeline, which is expected to carry up to 450,000 b/d of oil under the sales agreements approved so far under U.N. Resolution 986. Iraq's remaining oil exports will flow through the Mina al-Bakr terminal. *(NYT, DJ)*

Back to top

1997

February 5 Japan's Ministry of Finance announces plans to cut import tariffs on crude oil and most petroleum products from April 1, 1997, in a phased process that will reduce the country's crude oil import tariff rate to zero in April 2002. *(DJ)*

February 24 Qatar inaugurates the world's largest liquefied natural gas (LNG) exporting facility and formally launches Qatar Liquefied Gas Co., which will have total output capacity of 6 million tons per year of LNG. The facilities are part of a new $7.2 billion industrial zone which also includes a sea port with a capacity to handle 25-30 million tons of LNG annually. Qatar plans to build more gas liquefaction plants in the area to exploit its natural gas reserves of around 237 trillion cubic feet. *(DJ)*

April 1 A Shell spokesman confirms the company will declare force majeure at its Nigerian Bonny terminal due to local protests which disrupted 210,000 barrels per day of the company's oil production. Although the protests have ended and production is returning to normal, the backlog is temporarily delaying loadings by 3 days. *(DJ)*

May 16 A final agreement creating the Caspian Pipeline Consortium (CPC) is signed by project participants: Russia (24 percent), Kazakstan (19 percent), Chevron Corp. (15 percent), AO Lukoil/Arco Corp. (12.5 percent), Mobil Corp. (7.5 percent), AO Rosneft/Shell Corp. (7.5 percent), Oman (7 percent), Agip SpA (2 percent), British Gas PLC (2 percent), Oryx Corp. (1.75 percent), and Kazakstan Pipeline Ventures, a joint venture of Kazakstan's state oil company and Amoco Corp. (1.75 percent). The Russian government plans to transfer its stake to two Russian oil companies, AO Lukoil and AO Rosneft. CPC plans to begin building a 932-mile pipeline to transport crude oil from the Caspian region to Russia's Black Sea coast in 1998 and begin shipping around 558,000 barrels per day of oil in 1999 (planned peak capacity is 1.4 million barrels per day). *(DJ)*

May 20 President Clinton signs an executive order barring new U.S. investment in Burma (also known as Myanmar), effective May 21 and renewable annually. U.S. companies have invested about $250 million in Burma, primarily in the oil and gas sector. The biggest U.S. investor is Unocal, which is building (with France's Total) a $1.2 billion pipeline from Burma's Yadana natural gas field to an electric power plant in Thailand. *(DJ)*

June 4 In a unanimous vote, the United Nations Security Council renews for another 180-day period its "oilforfood" initiative with Iraq. Under the resolution, Iraq may sell $2 billion worth of oil to buy food, medicine and other necessities to alleviate civilian suffering under the sanctions imposed when it invaded Kuwait in 1990. *(WP)*

July 22 The first shipments of oil produced from Kazakstan's Tengiz field arrive at terminals on the Black Sea in Novorossiysk (Russia) and Batumi (Georgia) for subsequent export through the Bosphoros Strait. Volumes total between

100,000 and 150,000 barrels per day. *(DJ)*

July 23 The U.S. State Department rules that Turkey's August 1996 agreement to purchase $23 billion worth of natural gas from Iran over a 20-year period does not violate the Iran and Libya Sanctions Act. In a May 1997 memorandum of understanding with Iran and Turkmenistan, Turkey modified the original arrangement so that the natural gas will be purchased from Turkmenistan rather than Iran. *(DJ)*

August 4 In Colombia, Occidental Petroleum, a California-based international oil company, and Ecopetrol, Colombia's national oil company, declare *force majeure* on all oil exports from the Cano Limon field. The declaration comes after a series of attacks dating back to July 30 knocked out a major oil pipeline transporting oil from the field to the Caribbean port of Covenas. The pipeline has been attacked 45 times this year which is equal to the total number of attacks for 1996. Responsibility for the attacks has not been determined, but leftist guerrillas from the National Liberation Army are usually blamed for such attacks. The *force majeure* declaration does not apply to the oil contained in the 2 million barrel storage facility at Covenas. *(DJ)*

August 8 The United Nations approves a sale-price formula for Iraqi crude oil sales under the oil-for-food plan. The approval cleared the way for Iraq to resume limited oil exports immediately through the Turkish port of Ceyhan on the Mediterranean Sea and Iraq's Gulf port of Mina al-Bakr. The United Nations will also begin reviewing contracts for Iraqi crude oil purchases. Iraq has until September 5 to raise the $1.07 billion allowed under the existing 90 day oil-for-food plan window. Iraqi officials state they will boost exports to 2 million barrels per day to meet the sales target. However, industry experts say that Iraq's export capacity is untested beyond 1.4 million barrel per day. *(DJ)*

September 12 The United Nations Security Council passes a resolution that allows Iraq to reach the $2.14 billion oil sales limit under its oil-for-food program by December 5. The current 6-month oil sales window, running from June 8 to December 5, will be split into a 120-day segment and a 60-day segment instead of two 90-day segments. During each segment Iraq can sell $1.07 billion worth of oil. The resolution should enable Iraq to make up for lost revenues during a delay in the start of oil sales during the first two months of the current six month sale period. *(DJ)*

October 29 Iraq's Revolution Command Council, the country's main decision making body, announces that it will no longer allow U.S. citizens and U.S. aircraft to serve with the United Nations (U.N.) arms inspection teams. The council's statement gives U.S. citizens working with the inspection teams one week to leave Iraq. Iraq has also asked the U.N. to stop flights by American reconnaissance aircraft monitoring its compliance with U.N. resolutions requiring the elimination of weapons of mass destruction. In response to this statement, the U.N. Security Council unanimously approves a statement condemning Iraq's threats to expel the Americans. *(DJ)*

November 20 Iraq's Revolution Command Council formally endorses an agreement, arranged by Russia, that enables United Nation's (U.N.) weapons inspection teams to resume operations in Iraq. The deal ends a three-week standoff between the U.N. and Iraq that began in late October 1997 after Iraq announced it would no longer allow U.S. citizens to serve on U.N. weapons' inspection teams. *(DJ)*

November 29 For the first time in four years, OPEC agrees to an increase in its production ceiling. OPEC has raised the ceiling to 27.5 million barrels per day for the first half of 1998, effective January 1, 1998. The new ceiling represents a 10 percent increase over the current ceiling. The new quotas are as follows: Saudi Arabia 8.76 million barrels per day (bbl/d), Iran 3.942 million bbl/d, Iraq 1.314 million bbl/d, Venezuela 2.583 million bbl/d, Nigeria 2.042 million bbl/d, Indonesia 1.456 million bbl/d, Kuwait 2.19 million bbl/d, Libya 1.522 million bbl/d, United Arab Emirates 2.366 million bbl/d, Algeria 0.909 million bbl/d, and Qatar 0.414 million bbl/d. *(NYT)*

December 4 Iraq's United Nations (U.N.) Ambassador Nizar Hamdoon warns that Iraq will not allow oil to flow during a third six-month phase of the U.N.'s oil-for-food sale until the U.N. approves an aid distribution plan. Despite the warning, the U.N. Security Council approves a third six-month phase following the end of the second six-month phase. Like the first two phases, the third phase allows Iraq to sell up to $1.07 billion of oil in each of two 90-day periods. However, the sales level may be increased by the Security Council in January 1998 after U.N. Secretary-General Kofi Annan reports on Iraq's needs. The next day Iraq stops pumping oil into the Iraqi-Turkish pipeline at the end of the second six-month phase of the United Nations (U.N.) oil-for-food program. *(WP, NYT)*

December 11 Delegates from 150 industrial nations attending a United Nations climate conference in Kyoto, Japan reach agreement on a protocol to control heat-trapping greenhouse gases. The protocol, if ratified, would commit nations to roll back emissions of six greenhouse gases (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride) below 1990 levels. Under the protocol, the United States would be required to reduce its greenhouse gas emissions by 7 percent below 1990 levels, while Europe and Japan would make cuts of 8 percent and 9 percent, respectively. Developing countries are exempt from the emissions ceilings for the time being. *(DJ)*

Back to top

1998

January 7 Due to the continuing Asian economic crisis, South Korea's refiners have reportedly cut operations to around 80 percent of capacity. The refiners have also had difficulty securing crude oil supplies for delivery in late January or February, which could cut operations to as low as 70 percent-75 percent of capacity. *(DJ)*

January 15 Environmentalists hail the implementation of a 50-year moratorium on mining and oil exploration in the Antarctic. A protocol for the protection of the Antarctic was adopted by twenty-six countries in 1991, but it could not be implemented until Japan's ratification cleared the way last month. Antarctica contains 70 percent of the world's fresh water, and the moratorium attempts to preserve the world's least polluted continent. *(WP)*

February 5 Following a ruling by a federal judge denying a request from environmentalists and Native Americans seeking to block the sale of the Elk Hills Naval Petroleum Reserve, the U.S. Department of Energy formally transfers ownership of the reserve to Occidental Petroleum Corporation. Occidental purchased a 78 percent interest in the field for $3.65 billion. Chevron Corporation currently holds the remaining 22 percent. Elk Hills contains 450 million barrels of proven oil reserves; however, officials from Occidental believe the reserve may contain one billion barrels of recoverable reserves. *(DJ)*

February 20 The United Nations (U.N.) Security Council votes unanimously to more than double the amount of oil Iraq can export under the U.N. oil-for-food program. The Security Council's vote increases the amount Iraq can export from $2.14 billion to $5.26 billion over six months. Iraq maintains that it only has the capability to export up to $4 billion over a six-month period. *(DJ)*

March 31 OPEC releases an official communique from its 104th (extraordinary) meeting convened in Vienna, Austria, on March 30, 1998. The communique states that member countries have agreed to voluntary cuts from each country's current production levels in an attempt to boost oil prices. OPEC has agreed to cuts totaling 1.245 million barrels per day effective April 1, 1998. The cuts, in barrels per day, break down as follows: Algeria 50,000; Indonesia 70,000; Iran 140,000; Kuwait 125, 000; Libya 80,000; Nigeria 125,000; Qatar 30,000; Saudi Arabia 300,000; United Arab Emirates 125,000; and Venezuela 200,000. In addition, non-OPEC oil-producing countries Mexico, Oman, and Yemen have agreed to cut production by 100,000, 30,000, and 20,000 barrels per day, respectively. Moreover, a third non-OPEC country, Norway, the world's third largest oil exporter, has pledged to reduce its oil production by 3 percent, or approximately 100,000 barrels per day. However, Norway's cuts will not take effect until mid-April 1998. (Cuts are from February production based on secondary sources.) *(DJ) (WSJ)(NYT)*

May 4 The Atlantic Richfield Company (ARCO) announces that it will acquire Union Texas Petroleum Holdings Incorporated, an independent oil company based in Houston, Texas, for $2.47 billion. The acquisition will add 140,000 barrels per day to ARCO's oil and natural gas production and increase ARCO's total oil and gas reserves by 14 percent. The deal also helps ARCO enter the Caspian Sea region, with ARCO gaining a 12.5 percent interest in the Caspian Pipeline Consortium and a 5 percent interest in Kazakhstan's Tengiz oil filed. ARCO also will gain additional interests in projects located in the United Kingdom, Indonesia, Alaska, and Venezuela. *(NYT) (WSJ)*

May 11 India announces that it has conducted three underground nuclear tests, the country's first since 1974. The tests were conducted simultaneously 330 miles southwest of New Delhi, near the Pakistani border. The Indian government indicates that the three tests included a thermonuclear device, commonly known as a hydrogen bomb. Two days later, on May 13, 1998, India announces that it has conducted two more underground nuclear tests in the same desert range. *(WP) (DJ)*

June 19 The United Nations (U.N.) Security Council unanimously approves a resolution allowing Iraq to spend $300 million on spare parts for its oil industry. The funding is intended to help Iraq increase oil exports under the fourth phase of the U.N.'s oil-for-food program. The spare parts are expected to expand Iraq's oil export capacity from 1.6 million barrels per day to 1.8 million or 1.9 million barrels per day. *(NYT) (DJ)*

June 24 OPEC agrees, at its 105th ministerial conference, to another round of oil production cuts. In recent weeks oil prices have fallen to their lowest levels in more than a decade. OPEC members have agreed to cut production by 1.355 million barrels per day, effective July 1, 1998, bringing the group's total reductions since March 1998 to 2.6 million barrels per day. Together with promises from non-OPEC nations such as Russia, Oman, and Mexico, world oil producers have pledged to cut world-wide production by approximately 3.1 million barrels per day. *(WP) (WSJ) (NYT)*

August 11 British Petroleum announces that it will acquire Amoco for $48.2 billion in stock. If the merger is approved by regulators and shareholders of both companies, it will be the largest oil industry merger and the largest foreign take-over of a U.S. company to date. The company will be known as BP Amoco, and it will be the world's third-largest multinational oil company in terms of net income behind Exxon and Royal Dutch/Shell Group. *(NYT) (WSJ) (WP)*

October 1 South Korea's oil refining sector fully deregulates, allowing for 100 percent foreign investment. Originally, South Korea had expected to fully deregulate its refining industry by January 1999, but it decided to move up the date in order to help reform its economy. *(DJ)*

October 7 European Union (EU) nations approve an accord in which European car makers will voluntarily agree to cut carbon dioxide emissions 25 percent by 2008. EU officials say they will seek similar deals with automakers in Asia and North America. *(WP)*

October 28 Japan's Nippon Oil Company, the country's second largest petroleum distributor and Mitsubishi Oil Company, the sixth-ranking company in the industry, agree to merge as of April 1, 1999. The combined company will be the largest oil distributor in Japan. *(WSJ)*

December 2 Exxon Corporation agrees to buy Mobil Corporation for approximately $75.4 billion, which will make the company the largest corporation in the U.S. The companies say they expect to cut about 9,000 jobs from their combined worldwide workforce of 122,700 and to close offices, saving $730 million. The merger comes in the context of low oil prices, which have hurt profits at many oil companies. *(DJ)*

December 23 The Colombian government says it will allow gasoline and diesel prices to float with international oil prices starting January 1, 1999. The move will end a system of artificial price fixing which has cost the government more than $3.2 billion in subsidies over the past five years. *(DJ)*

Back to top

1999

January 1 British Petroleum Company and Amoco Corporation complete their $53 billion merger. Chicago-based Amoco is the United States' fifth-largest oil company with roughly 9,300 gasoline stations. London-based British Petroleum, the world's third largest oil company, sells its products through a network of about 17,900 stations. *(DJ)*

February 4 Italy's ENI SpA and Russia's RAO Gazprom, the world's largest natural gas producer, agree to build a natural gas pipeline from Russia to Turkey at a cost of nearly $3 billion. Each project partner will hold a 50 percent stake in the project. The proposed pipeline, called the Blue Stream project, is expensive by industry standards partly because it would run at great depth under the waters of the Black Sea. *(Asian WSJ)*

February 10 U.S. Energy Secretary Bill Richardson visits Saudi Arabia to discuss potential U.S. investment in the Kingdom's oil and gas sectors. Following his visit, Richardson says the Saudis are primarily interested in foreign investment in the natural gas sector and in the oil refining and marketing sectors, rather than in the upstream crude oil sector. Secretary Richardson's visit comes several months after a September 1998 meeting between several U.S. oil companies, Saudi Crown Prince Abdullah and Saudi Oil Minister Ali Naimi, in which Abdullah requested proposals from the companies on the development of Saudi oil reserves. *(DJ, WSJ)*

March 23 In an effort to raise oil prices, which fell sharply in late 1997 and stayed low through 1998 and into early 1999, OPEC and non-OPEC countries agree to cut oil output by a combined 2.104 million barrels per day, effective April 1, 1999, for one year. OPEC members have pledged to cut 1.716 million barrels per day, while several non-OPEC countries have pledged total reductions of 388,000 barrels per day. During 1998, due mainly to low oil prices, OPEC crude oil export revenues fell 30 percent (to $100 billion) from the previous year. *(DJ, NYT)*

March 31 Arco agrees to be acquired by BP Amoco PLC for $26.6 billion in stock. If approved, the merger will create the largest oil producer in the United States and one of the largest energy companies in the world. The deal marks the fourth largest oil company merger since the onset of low oil prices in late 1997. *(DJ), (WSJ)*

April 5 Following the arrival in the Netherlands of two Libyan suspects in the 1988 bombing of Pan American Flight 103 that killed 270 people, United Nations sanctions against Libya are suspended. The sanctions, imposed on March 31, 1992, initially included a ban on the sale of equipment for refining and transporting oil, but excluded oil production equipment. Sanctions were then expanded on November 11, 1993, to include a freeze on Libya's overseas assets, excluding revenue from oil, natural gas, or agricultural products. *(DJ)*

April 15 The U.S. Department of Energy (DOE) announces that it will begin taking oil deliveries within the next few days under its plan to add 28 million barrels of oil to the U.S. Government's Strategic Petroleum Reserve (SPR) from federal oil royalty payments. In Phase 1 of the plan, the SPR is expected to acquire about 43,000 barrels per day over the next 3 months from oil companies operating in the Gulf of Mexico. Although about 50 percent of the oil supplied in Phase 1 will be imported, domestic producers would still benefit from the entire acquisition since the oil market is international and fungible, according to a DOE official. Under Phase 2 of the program, the DOE expects to acquire about 100,000 barrels per day of royalty oil over a 6-month period. *(DJ)*

April 17 An oil pipeline that transports oil from Baku, Azerbaijan, to Suspa, Georgia, is officially opened. This is the second pipeline dedicated to exporting Caspian Sea oil, but the first built since the Soviet Union disbanded in 1991. The other Caspian Sea oil pipeline, which runs through the Russian breakaway republic of Chechnya to the Russian port of Novorossisk, is often shut down. The new pipeline to Georgia has a capacity of 100,000 barrels per day. *(DJ)*

April 28 The U.S. Department of Treasury's Office of Foreign Asset Control (OFAC), notifies Mobil that it has turned down Mobil's request for a license to swap crude oil it produces in Turkmenistan in exchange for Iranian oil. Mobil had hoped to be allowed to ship oil produced in Turkmenistan to northern Iranian oil refineries, while Iran, in turn, would provide Iranian oil from Iran's Persian Gulf export terminals to Mobil for shipment to global markets as payment. OFAC is responsible for enforcing U.S. unilateral sanctions against foreign countries. As a result of OFAC's denial of a swap arrangement with Iran, Mobil will have to continue exporting its Turkmenistan oil production across the Caspian Sea by barge to Azerbaijan, where it is then carried by rail or pipeline to Black Sea ports. *(DJ, WP)*

May 1 U.S. President Clinton unveils a plan to apply the same standard for tailpipe emissions to cars, light-duty trucks, and most sport utility vehicles (SUVs). Based on current nitrogen oxides (NO_x) emission levels, the proposed plan would result in a 77 percent reduction for cars and a 95 percent reduction for light-duty trucks and SUVs. The new standards would be phased in from the 2004 to 2007 model years. At the same time, the Environmental Protection Agency (EPA) proposes a rule that would require refiners to reduce gasoline sulfur content from a current average of nearly 330 parts per million (ppm) to 30 ppm. The new sulfur standard is being proposed in conjunction with the new tailpipe emission proposal since sulfur impedes catalytic converter efficiency, thus making it more difficult to reduce tailpipe emissions without reducing sulfur content in gasoline. Oil industry representatives have vowed to protest the proposed rule, claiming that it will cost refiners $3 billion to $6 billion. The EPA estimates that the cost of compliance for both the automobile and oil industries will be between $3.4 billion and $4.4 billion. *(DJ)*

May 10 The Board of Argentine oil company YPF unanimously approved a $13.4 billion offer from Repsol, a Spanish company. Repsol, which already owns 14.99 percent of YPF, made an all cash offer to purchase the remaining 85.01 percent last month. The Board recommended to all shareholders to accept the Repsol offer. Two Argentine provinces, which own about five percent of YPF's shares, remain concerned about Repsol's intentions for their regions. *(WSJ)*

May 12 The Caspian Pipeline Consortium (CPC) begins construction of a 981-mile pipeline that will carry crude oil from the Caspian Sea to the Russian port of Novorossisk for export to foreign markets. The pipeline's planned capacity is about 1.3 million barrels per day, and the CPC is expecting to load the first tanker in mid-2001. *(DJ)*

May 17 The Environmental Protection Agency (EPA) states that it will not change its "Tier Two Plan" to cut gasoline sulfur content and tailpipe emissions, in response to a recent appellate court ruling that the EPA had overstepped its mandate in implementing some provisions of the Clean Air Act. Beginning in 2004, the Tier Two Plan would require refiners to cut gasoline sulfur content to an average of 30 parts per million, down more than 90 percent from the current national average. *(DJ)*

May 27 Exxon and Mobil shareholders approve an $81.2 billion merger, in which Exxon will issue 1.32 shares for each share of Mobil's approximately 780.2 million shares outstanding. The merger still must receive regulatory approval from the U.S. government and the European Union. The chairmen of both companies state that they expect regulatory approvals to be obtained by the end of the third quarter of 1999. *(DJ)*

June 1 Sudan starts pumping oil through its pipeline linking the Heglig oil field in Western Kordofan province to Port Sudan on the Red Sea. The pipeline has a capacity of 250,000 barrels per day, and was financed by a consortium of Chinese, Malaysian, Canadian, and Sudanese firms. *(DJ)*

August 9 The United States Department of Commerce dismisses a petition filed by Save Domestic Oil, Inc. under anti-dumping statutes. The petition alleged that Saudi Arabia, Venezuela, Mexico, and Iraq had sold crude oil to the United States at artificially low prices. The decision was based on the Department of Commerce's determination that "opposition to the petitions exceeded support." Majority support is defined as petitioner representation of at least 25 percent of the domestic industry and support from at least 50 percent of the industry expressing an opinion. Support from a majority in the affected industry is necessary under the law for Commerce to commence a formal investigation of an anti-dumping complaint. *(DJ, WP, NYT)*

September 14 French oil companies Total Fina and Elf Aquitaine agree to merge, after a lengthy takeover battle, in a deal which will form the world's fourth largest oil company. The deal will give Elf Aquitaine shareholders 19 shares of Total Fina for every 13 shares of Elf Aquitaine. According to Total Fina's management, the merger will result in annual cost savings for the combined firm of $1.56 billion. *(WP, WSJ)*

September 22 OPEC, at a meeting of its member states' oil ministers, decides to maintain current production cuts until March 2000, despite the fact the crude oil prices have doubled since early 1999. In another development, OPEC announces that its current Secretary General, Nigerian Rilwanu Lukman, will stay in office until March 2000. The announcement follows a vigorously contested race to succeed Lukman in the post, in which OPEC's three largest members, Saudi Arabia, Iran, and Iraq, had fielded candidates. *(DJ)*

September 28 Iranian Oil Minister Bijan Zanganeh announces that the National Iranian Oil Company has discovered a new oilfield, Azadegan, with 26 billion barrels of crude oil in Khuzestan province. The discovery is the largest new find in Iran in the last three decades. Zanganeh expects the field to produce between 300,000 and 400,000 barrels per day of crude oil three to four years after development begins next year. *(DJ)*

September 30 Japan suffers a serious nuclear accident at a uranium processing plant in Tokaimura, in which radiation is released after an apparent uncontrolled nuclear chain reaction. Three workers at the plant, operated by JCO, Inc., are injured. Japanese authorities issue a warning instructing 310,000 people in neighboring communities to stay indoors. *(DJ, WSJ)*

October 4 The United Nations Security Council agrees to raise the monetary ceiling on Iraqi oil sales to $8.3 billion from $5.26 billion, guaranteeing the continuation of Iraqi production until the November 20 end date for the current six month extension of the "oil-for-food" program. The move is a one time adjustment, and does not bind the Security Council to continue a higher ceiling if the program is renewed for another six month term. The increase reflects the difference between previous monetary ceilings and actual Iraqi sales during previous phases of the program. *(DJ)*

November 18 The heads of state of Turkey, Azerbaijan, and Georgia sign an agreement to build a pipeline for the export of crude oil from the Caspian Basin. The 1,080-mile pipeline will begin at the Azerbaijani capital, Baku, and run through Georgia and Turkey to the Turkish port of Ceyhan. The project is expected to cost $2.4 billion, and the government of Turkey has offered guarantees that the cost of the Turkish segment of the pipeline will not exceed $1.4 billion. The signing ceremony took place during a visit to Istanbul by U.S. President Clinton for a summit of the Organization for Cooperation and Security in Europe (OSCE). *(WP, NYT)*

November 30 The Federal Trade Commission (FTC) grants approval for the proposed merger between oil giants Exxon and Mobil. The $80 billion merger was approved by the FTC after the firms agreed to the largest divestiture of assets ever involved in a merger. The companies will sell over 2,400 retail outlets, mostly in the Northeast, Texas, and California, and a refinery in California. *(DJ)*

December 10 The California Air Resources Board approves a regulatory change that will halve the amount of sulfur allowed in gasoline sold in California from 30 parts per million to 15 parts per million, starting in 2003. The California limit would be half the national limit under a new rule proposed by the Environmental Protection Agency. The current federal sulfur limit for gasoline is 330 parts per million. *(WSJ)*

December 21 The Export-Import Bank drops a proposed $500 million loan to Russia's Tyumen Oil after Secretary of State Madeleine Albright exercises her statutory authority to block the transaction. The loan had been controversial in part because of Tyumen Oil's dispute with BP Amoco over the bankruptcy of Russian oil firm Sidanko, in which BP Amoco owns a major stake. BP Amoco and Tyumen Oil later settled the dispute on December 23. *(DJ)*

December 31 The Panama Canal Zone reverts to Panamanian sovereignty at noon, after nearly a century of American control. More than a half-million barrels of crude oil and petroleum products transit the Canal each day. *(DJ)*

December 31 After nearly two years of construction, ExxonMobil completes the Sable Offshore Energy Project, a $2 billion project to bring natural gas from fields offshore Nova Scotia to the northeastern United States. The fields are estimated to contain 3.5 trillion cubic feet of natural gas. *(DJ)*

December 31 Russian President Boris Yeltsin makes a surprise announcement that he is resigning immediately. Vladimir Putin becomes Acting President, and presidential elections will be held within 90 days, with a date to be set by the State Duma. Russia is the largest exporter of energy in the world. *(DJ)*

Back to top

2000s

Jump to a Specific Year

2000 2001 2002 2003 2004 2005 2006

2000

January 7 Energy companies and countries around the world report that they have passed into the year 2000 without significant problems from the "Y2K Bug." There was concern that the inability of some computers and embedded control systems to recognize the year 2000 could create serious problems. (DJ, WP)

January 26 The United Nations Security Council reaches agreement on the appointment of Hans Blix of Sweden, the former head of the International Atomic Energy Agency (IAEA), to lead the new United Nations weapons inspection organization for Iraq. Iraq has indicated that it does not intend to accept the new Security Council resolution. (DJ)

February 2 The Federal Trade Commission (FTC) acts to block the proposed merger between BP Amoco and Atlantic Richfield, saying the merger would unduly restrict competition along the West coast of the United States. (WSJ, WP)

February 9 The Federal Energy Regulatory Commission (FERC) issues a group of policy changes which extend the deregulation of the interstate natural gas pipeline system begun under Order 636 in 1992. Among the changes is a lifting, for a trial period of 30 months, of the price ceiling on secondary market exchanges of short-term gas pipeline capacity. FERC's lifting of the ceiling is meant in part to encourage gas shippers to use longer-term contracts which would promote market stability. (DJ)

March 6 The United States Supreme Court overturns the State of Washington's law establishing state regulation of oil tankers, ruling unanimously that federal laws take precedence. The attempt to impose tougher regulatory standards came in the wake of the 1989 Exxon Valdez disaster in Alaska. (WP, NYT)

March 7 New York Mercantile Exchange front-month West Texas Intermediate crude oil futures contract closes at $34.13 per barrel, the highest level in nine years. (WSJ)

March 15 Phillips Petroleum announces that it has agreed to purchase Atlantic Richfield's assets in Alaska for $6.5 billion. The sale is being made in an effort to secure approval from the Federal Trade Commission (FTC) for the merger of Atlantic Richfield with BP Amoco. Earlier the same day, the FTC announced that it had suspended its antitrust lawsuit seeking to block the merger, citing progress in talks with the companies involved. (DJ, NYT, WSJ)

March 20 EPA Administrator Carol Browner announces that the Clinton Administration intends to push for a phase out of the use of methyl tertiary butyl ether (MTBE) as a gasoline additive. The administration wants Congress to pass legislation which would end the requirement for the use of MTBE in gasoline sold in some smog-prone urban areas, and instead require nationwide use of ethanol. (DJ)

March 26 Vladimir Putin is elected president of Russia on the first ballot, winning 53 percent of the popular vote. Putin took office as acting president in December 1999 after the resignation of Boris Yeltsin. (DJ)

March 28 After two days of meetings, OPEC oil ministers agree on an increase in oil production of 1.452 million barrels per day by its members, excluding Iran and Iraq. Iraq, has not been subject to OPEC production agreements while under U.N. Security Council sanctions. Iran, though not formally signing on to the agreement, stated its intention to raise its production in order to avoid loss of its market share. This would represent about a 1.7 million barrel per day increase in OPEC production targets, if Iran was included. Several major non-OPEC producers, including Mexico and Norway, also have indicated an intention to raise production. (DJ)

April 12 Several Chief Executive Officers (CEOs) of major United States oil companies meet with senior Saudi Arabian officials to discuss possible investments in natural gas and petrochemical projects. The firms represented at the meetings include Chevron, Conoco, ExxonMobil, Marathon Oil, Phillips Petroleum, and Texaco. The Saudi government announces, in conjunction with the meetings, a package of legal changes that will make Saudi Arabia more open to foreign investors. Complete foreign ownership will be allowed for some types of projects, and the maximum corporate tax rate for foreign enterprises will be reduced to 15 percent. (WP)

April 14 BP Amoco receives approval from the Federal Trade Commission (FTC) for its $28 billion takeover of Atlantic Richfield Corporation (ARCO). As part of the approval, ARCO has agreed to sell its crude oil production operations in Alaska to Phillips Petroleum in a deal valued at $6.5 billion. (WP, WSJ)

May 16 Several sources, including the Washington Post, report a major oil find at the Kashagan field offshore from Kazakhstan, with reserves reportedly greater than 8 billion barrels. If these early reserve estimates prove correct, the additional production volumes could boost chances for construction of the proposed Baku-Ceyhan pipeline. (WP, DJ)

May 17 The Environmental Protection Agency (EPA) formally proposes a rule which, if finalized, would reduce allowable sulfur levels in diesel fuel by 97 percent over the next five years. The move is opposed by major refiners. (DJ)

May 17 The Energy Information Administration releases a study of oil reserves in the Arctic National Wildlife Refuge (ANWR), which currently is off-limits to oil exploration. The study estimates that there are between 5.7 and 16 billion barrels of recoverable oil in the ANWR. (WSJ)

June 6 The World Bank executive board votes to approve a loan of $193 million to support a project to build a crude oil pipeline from Chad to the coast of Cameroon. The countries will collect an estimated $2 billion in revenues from the project over a period of 25 years. (DJ)

June 8 The Brazilian government conducts an auction of oil exploration and production concessions covering a total of 21 blocks, both onshore and offshore. The auction represents an important step in the opening of Brazil's oil industry to international competition and investment. (NYT)

June 9 The United States and Mexico sign a treaty resolving the issue of economic rights over the deepwater "doughnut hole" area in the Gulf of Mexico between the two countries. The agreement is based on measuring distances from each country's coast, and gives the United States rights to 38 percent of the area. (DJ)

June 15 The German government announces an agreement with utilities for the complete phaseout of nuclear power. Nuclear power plants will be closed after a lifespan of 32 years. Nuclear power supplies about one-third of Germany's electricity, and the phaseout plan may complicate Germany's plans to reduce fossil fuel consumption to curb greenhouse gas emissions. (DJ)

June 19 The Energy Information Administration reports a one-week rise of five cents in the average price of regular gasoline, to $1.681. This is the seventh straight week of increasing prices. Gasoline prices in the Midwest are the nation's highest, at $1.874. (DJ)

June 21 OPEC oil ministers, meeting in Vienna, agree to raise crude oil production quotas by a total of 708,000 barrels per day. OPEC's total production quota (excluding Iraq) will rise to 25.4 million barrels per day as of July 1, 2000. The next day, crude oil futures rise, with the New York Mercantile Exchange (NYMEX) August West Texas Intermediate contract closing June 22 at $32.19. (DJ)

July 12 The Kuwaiti parliament ratifies a treaty with Saudi Arabia resolving competing claims to offshore mineral rights. The two countries will share revenues from the Khafji, Dorra, and Hout oil and gas fields. The treaty will allow the two governments to begin negotiations with Iran to settle conflicting claims, which have again surfaced as Iran has begun drilling in the Dorra offshore gas field. (DJ)

July 27 Italy's ENI signs a deal with Iran worth $3.8 billion for the development of the country's South Pars gas field in the Persian Gulf. The project will take five years to become operational, and will eventually produce 530 million cubic feet of gas per day. (DJ)

July 30 Venezuelan President Hugo Chavez wins reelection with 60 percent of the popular vote. His Patriotic Pole party also wins a controlling majority in the country's new unicameral legislature. (DJ)

August 10 Venezuelan President Hugo Chavez meets with Iraqi President Saddam Hussein in Baghdad as part of a tour of OPEC member states. Chavez is the first head of state to visit Saddam Hussein since the 1990 Iraqi invasion of Kuwait. (NYT, WP)

August 23 The Energy Information Administration reports that crude oil stock levels in the United States have fallen to their lowest level since 1976. Crude oil for October delivery closes at $32.02 on the New York Mercantile Exchange (NYMEX), up 80 cents. (DJ)

August 30 The Department of Energy awards contracts to create a two-million-barrel reserve of heating oil. The oil will be stored in privately owned facilities in Woodbridge, New Jersey, and New Haven, Connecticut. (DJ)

September 8 Truck drivers in Britain begin a blockade of oil refineries to protest high fuel prices. The blockade follows a similar protest in France. (DJ)

September 10 At a meeting in Vienna, OPEC agrees to raise production quotas by 800,000 barrels per day (to 26.2 million barrels per day, not counting Iraq) in an attempt to push crude oil prices back under $28 per barrel. The quota increases become effective October 1. (DJ)

September 20 Oil prices close at $37.20 on the New York Mercantile Exchange (NYMEX), after trading as high as $37.80 during the day's trading session. The price spike comes amid an increase in tensions between Iraq and Kuwait. This level sets a new ten-year high for NYMEX crude oil. (DJ)

September 22 President Clinton authorizes the release of 30 million barrels of oil from the Strategic Petroleum Reserve (SPR) over 30 days to bolster oil supplies, particularly heating oil in the Northeast. The release will take the form of a "swap," in which crude oil volumes drawn from the SPR will be replaced by the recipients at a later date. Crude oil for November delivery falls four percent, to $32.68, on the New York Mercantile Exchange (NYMEX). (DJ)

September 26 A summit of OPEC heads of government opens in Caracas, Venezuela. The summit is only the second OPEC meeting held at that level. The summit ends on a conciliatory note, with the communique calling for increased dialogue between OPEC and consuming nations. (DJ)

September 28 The United Nations Compensation Commission, which handles claims for reparations arising from Iraq's 1990 invasion of Kuwait, approves by consensus a $15.9 billion claim by Kuwait for compensation for lost oil production and damage to oil reserves and equipment. The proportion of revenues from Iraqi oil sales under the "oil for food" program which are used for payment of claims is reduced from 30 percent to 25 percent. Iraq condemns the decision, but states that it will not call a halt to oil exports, as had earlier been feared. (DJ)

October 12 Oil prices rise sharply on news of a terrorist attack on an American warship, the USS Cole, in the Yemeni port of Aden, as well as escalating violence between Palestinians and Israeli security forces. November crude oil on the New York Mercantile Exchange (NYMEX) rises $2.81 to close at $36.06 per barrel. Prices for Henry Hub natural gas hit a record high of $5.78 per million British thermal units (BTU) before falling back slightly to close at $5.63 per million BTU. (WSJ)

October 15 Chevron agrees to purchase Texaco for $35.1 billion in stock. The deal would create the fourth largest oil and gas company in the world, and follows a general trend toward consolidation among the major oil companies over the last two years. Analysts expect the merger, like other recent mergers, to face intensive antitrust scrutiny, especially as a combined ChevronTexaco would have a heavy share of both refining capacity and retail outlets on the west coast of the United States. (WSJ)

October 30 The president OPEC, Venezuelan oil minister Ali Rodriguez, announces that the cartel will raise production quotas by 500,000 barrels per day, beginning November 1st. OPEC's action comes as a result of its "price band" mechanism, which triggers an increase in production quotas when the price of the OPEC Basket of crude oils closes over $28 per barrel for twenty consecutive trading days. Many analysts voice doubt as to whether the OPEC quota increase will lead to an actual increase in production of that magnitude, given the lack of spare production capacity of most OPEC members. (DJ, WP, WSJ)

October 31 The United Nations Sanctions Committee approves an Iraqi request to be paid in Euros, rather than United States dollars, for oil exported under the "oil for food" program, which is part of the sanctions regime stemming from Iraq's 1990 invasion of Kuwait. (DJ)

November 3 Russia's Lukoil announces that it will purchase Getty Petroleum Marketing of the United States for $71 million. Lukoil eventually intends to switch Getty's 1,300 retail outlets in the Northeastern and Middle Atlantic states to the Lukoil brand name. The purchase represents the first takeover of a publicly traded American company by a Russian firm. (DJ)

November 12 OPEC oil ministers, meeting in Vienna, announce a decision to put any further production increases on hold until their next meeting scheduled for January 17, 2001. The move effectively ends OPEC's "price band" mechanism, which called for automatic increases in production quotas of 500,000 barrels per day when the price of the OPEC Basket of crude oils remained over $28 per barrel for 20 consecutive trading days. OPEC also selects the Venezuelan oil minister, Ali Rodriguez, as its new Secretary General. He will formally take over from Nigeria's Rilwanu Lukman on January 1, 2001. (NYT, WSJ)

November 16 Iraq's State Oil Marketing Organization (SOMO) demands that companies lifting cargoes of Iraqi crude oil begin paying a fifty cent per barrel surcharge starting on December 1, 2000. The surcharge would be paid directly to the Iraqi government rather than being channeled into the account administered by the United Nations under the "oil for food" program, and would constitute clear violation of sanctions. The Iraqi move leads to concerns over a possible Iraqi cutoff of oil supplies beginning December 1. (DJ)

November 26 The sixth Conference of Parties (COP-6) of the Kyoto Protocol in The Hague ends without an agreement between member states on implementing cuts in emissions of greenhouse gases. One of the main issues under negotiation at the conference was the possibility that member states could claim credit for "carbon sinks," forests and farmland which absorb carbon dioxide, as part of their overall commitment to reducing carbon dioxide emissions. Another main issue was "emissions trading," which would allow member states to purchase "emissions credits" from other member states whose carbon dioxide emissions were below their targets. (WP, WSJ, NYT)

December 1 Vicente Fox is inaugurated as Mexico's president. Ernesto Martens takes office as the new Minister of Petroleum. (DJ)

December 4 California utilities are forced to cut off electricity supplies to some "interruptable" customers due to a supply shortage. California has suffered shortages and high wholesale electricity prices since May 2000. The immediate shortage stems, in part, from a reduction in electricity imports from the Pacific Northwest as a result of cold weather in the area. Other problems include: gas supply problems, low availability of hydroelectric and nuclear generating capacity, and high power demand. (DJ)

December 5 The United Nations Security Council approves a six month extension to the Iraq "oil for food" program. (DJ)

December 16 Ukraine permanently shuts down the last reactor at its Chernobyl nuclear power plant, which gained notoriety for a major accident and radiation leak in 1986. The facility will still be the location of a major cleanup effort, as Ukraine tries to contain continuing radiation leakage from the containment structures around the reactors damaged in the accident. (DJ)

December 21 The Environmental Protection Agency (EPA) announces new regulations which will drastically reduce the allowable sulfur content in diesel fuel in the United States. The new diesel sulfur standard will be 15 parts per million (PPM). Oil industry trade groups have opposed the new standard. (DJ)

December 27 Natural gas prices in the United States surge above $10 per million British Thermal Units (BTUs) first time ever in response to cold weather and stockdraws reported by the American Gas Association (AGA). Henry Hub natural gas closes at $9.978, after falling slightly from its intraday peak price. (DJ)

December 27 Venezuelan President Hugo Chavez appoints Alvaro Silva Calderon to replace Ali Rodriguez as Minister of Petroleum. Calderon had previously served as a deputy minister. Rodriguez had recently been chosen as the new OPEC Secretary General. Both will assume their new posts effective January 5, 2001. (DJ)

December 31 Saudi oil minister Ali Naimi says that OPEC will cut production when ministers meet in Vienna on January 17, 2001. Oil prices have fallen sharply in recent weeks, with the OPEC basket reaching $21.50 per barrel on December 25th, down one-third from highs reached in October 2000. Despite the recent decline, average oil prices for 2000 were the highest (not adjusted for inflation) in seventeen years. (DJ)

Back to top

2001

January 10 The White House announces that President Clinton will not designate the Arctic National Wildlife Refuge (ANWR) as a national monument prior to his departure from office. Environmentalist groups had been pressing for national monument status for the ANWR to prevent oil drilling. (DJ)

January 17 OPEC agrees at a meeting of ministers in Vienna, to reduce members' production quotas by 1.5 million barrels per day. The move comes in response to OPEC members' concerns about declining prices. Analysts expect the actual production cuts to total somewhat less than 1.5 million barrels per day, as some OPEC members had quotas above their actual production capacity. (NYT, WP)

January 20 George W. Bush is sworn into office as the President of the United States. Later in the day, the Senate votes to confirm Spencer Abraham as the new Secretary of Energy. (WP)

February 20 The United States Supreme Court declines to consider an appeal by five major oil companies against Unocal's patent on production of cleaner "reformulated" gasoline sold in California, allowing a lower court ruling in favor of Unocal to stand. The ruling may eventually have effects beyond the California market, as tighter environmental standards for fuels take effect across much of the country.(DJ, WSJ)

February 28 The Environmental Protection Agency (EPA) announces that it intends to proceed with implementation of tighter restrictions on sulfur content in diesel fuel, which were proposed by the Clinton administration. The rule, which will require a reduction of 97% in sulfur content by 2006, has been opposed by many in the refining industry. (DJ)

March 4 Tests in recent days confirm the world's largest oil find in three decades in the Kashagan field in the Caspian Sea. Kashagan is a single reservoir at least 25 miles across, and two-and-a-half times the size of the nearby Tengiz field. (WSJ)

March 6 United States Secretary of Energy Spencer Abraham formally establishes the Northeast Home Heating Oil Reserve, a two million barrel government-owned reserve to be used in emergency circumstances. (US Department of Energy)

March 15 The world's largest oil rig, located 80 miles offshore Brazil and operated by the Brazilian state oil company Petrobras, suffers three explosions. This one platform accounted for more than 5% of Petrobras' total production. On March 20 Petrobras' Platform-36 sinks with 400,000 gallons of fuel and crude oil aboard. (WSJ)

March 17 OPEC (Organization of Petroleum Exporting Countries) decides to cut output by 4% or 1 million barrels per day, effective April 1. The cut is aimed at preventing a price collapse in a time of weakening demand. (NYT)

March 26 Kazakhstan's Prime Minister opens an oil pipeline from the giant Tengiz field to the Russian port of Novorossiisk on Monday, giving the Central Asian producer its first direct link to international markets. The 900-mile pipeline will carry 600,000 barrels of oil per day by the end of the year, and eventually 1.5 million barrels per day. (NYT)

April 17 A letter from U.S. Department of the Interior Secretary Gale Norton to Florida Governor Jeb Bush is released, stating that the Bush administration has decided to go ahead with plans to auction six million acres of potentially oil-and-gas-rich seabed in the Gulf of Mexico. The U.S. Department of the Interior estimates that the area contains 396 million barrels of oil and 2.9 trillion cubic feet of natural gas. (USAT)

April 30 U.S. Vice-President Dick Cheney previews the administration's energy plan in a speech in Toronto, Canada. Cheney, stating that conservation alone cannot solve America's energy needs, calls for increased domestic production of fossil fuels and increased usage of nuclear power to meet America's energy demand. He also calls for construction of new coal and gas power plants, as well as upgrading and expanding of the country's transmission grid. (WSJ, USAT)

May 17 President Bush issues the administration's new energy policy. Among the plan's 105 specific recommendations are calls for reduced regulations to encourage more oil, gas, and nuclear production, tax incentives to boost coal output, and other tax incentives to promote conservation and alternative fuels. The plan also calls for increasing energy assistance to low-income households and for making the electricity grid more interconnected, both domestically and with Mexico and Canada. (LAT, WP, WSJ)

May 18 Saudi Arabia selects the eight foreign companies to take part in its "Gas Initiative," three core venture gas projects that have an anticipated worth of $25 billion. They are: Core Venture 1: ExxonMobil (lead), Shell, BP, and Phillips; Venture 2: ExxonMobil (lead), Occidental and Enron (a joint bid); Venture 3: Shell (lead), TotalFinaElf, and Conoco. The Gas Initiative is the first major reopening of Saudi Arabia's upstream hydrocarbon sector since nationalization in the 1970s. (WMO)

May 21 The Enron Corporation's power generating venture in India, the Dabhol Power Company, serves formal notice that it will terminate its power supply contract and pull out. The $2.9 billion Dabhol project represents the single largest foreign investment in India. The gas-fired plant already had a generating capacity of 740 megawatts and another 1,444 megawatts was scheduled to go on line in June. (WSJ)

May 29 Natural gas futures plunge 6% to a 10-month low on speculation that growing U.S. inventories will help power plants meet summer demand for air-conditioning. The price for June delivery fell 23.5 cents, to $3.738 per million British thermal units on the New York Mercantile Exchange (NYMEX). Natural gas prices had reached a high of $10.10 per million Btu on December 27, 2000, but then fell sharply beginning in late January 2001. (LAT)

June 3 Iraq announces that it will halt crude oil exports in response to a United Nations Security Council resolution, approved May 31, that extends the oil-for-food program by only one month, instead of the normal six-month period. The oil-for-food program affects revenues from Iraqi sales of about 2.1 million barrels per day. However, it has been reported Iraq will continue to sell several hundred thousand barrels per day to its neighbors through sales that are outside of the oil-for-food program. OPEC announces that, if need be, it will make up for lost Iraqi production. Oil prices do not change greatly in response to either announcement. (NYT)

June 5 OPEC ministers agree to leave the cartel's oil production quotas unchanged for at least a month, until a scheduled emergency meeting July 3. OPEC had been expected to leave the quotas unchanged until September, but Iraq's suspension of oil exports on June 3 created uncertainty.(LAT)

June 7 BP announces that it will build a new $600-million platform offshore Trinidad that is expected to double the company's production of natural gas there by 2004. BP currently produces one billion cubic feet per day in Trinidad. (DJ)

June 11 Saudi Arabia announces that it has seized ownership, effective June 7, of the 1.6-million barrel-per-day IPSA pipeline that had carried Iraqi crude oil to the Saudi Red Sea port of Mu'jiz prior to Iraq's invasion of Kuwait. The seizure includes pumping stations, storage tanks, and the maritime terminal. Saudi Arabia claims that the asset was confiscated as a result of aggressive Iraqi actions. Iraq insists that it still owns the pipeline. (DJ)

June 15 ExxonMobil and Qatar Petroleum sign a letter of intent for a natural gas to liquids (GTL) project that would be the largest in the world. The plant would have a production capacity of 80,000 to 90,000 barrels per day, and would use about 640 million to 720 million cubic feet of natural gas per day as feedstock. The project is expected to cost between $1.6 billion and $1.8 billion to construct. (OD)

June 30 ENI of Italy signs a $550 million contract to develop Iran's Darquain (Darkhovin) field, with expected production of 160,000 barrels per day. This deal may be seen as a test of the U.S. government's resolve to enforce sanctions against foreign companies investing in Iran's energy sector. (LAT)

July 2 U.S. Secretary of the Interior Gale A. Norton states that the Bush Administration will seek to let oil companies drill on about 1.5 million acres of the Gulf of Mexico out of the 6 million originally under consideration. This removes acreage closest to the shores of Alabama and Florida. (NYT)

July 2 The United Nations (U.N.) Security Council, facing an almost certain Russian veto, agrees to postpone indefinitely a vote on the U.S.-led "smart sanctions" package for Iraq, despite support by the four other council members. Instead, it will extend, most likely through the end of the year, the program that allows Iraq to export oil and import food and other commodities under U.N. supervision (WSJ)

July 3 At a meeting of its oil ministers, OPEC agrees to maintain current production quotas. Ministers indicate that, if Iraqi oil returns to the market, they may cut production in response to maintain their desired level of prices. (WP)

July 5 Australia and East Timor sign an agreement to share royalties from oil and natural gas production in the Timor Sea, which separates the two countries. The deal supercedes the former agreement between Australia and Indonesia that divided royalties 50-50, with a new arrangement of 90% for East Timor and 10% for Australia. This agreement clears the way for $7.25 billion in proposed energy projects for the area and further downstream projects for Australia. (WSJ)

July 10 Amerada Hess agrees to acquire Triton Energy for $2.7 billion in cash. Both companies' boards have approved the transaction. Triton Energy is an international exploration and production company with major oil and natural gas assets in West Africa and Latin America. Triton's total proved reserves are estimated at 293.5 million barrels of oil equivalent. Amerada Hess' total proved reserves are estimated at 1.1 billion barrels of oil equivalent. (DJ)

July 11 Iraq resumes oil exports, ending a 5-week halt in protest of a U.S. and British-sponsored United Nations (U.N.) Security Council resolution that would have overhauled U.N. sanctions, after this resolution did not come to a vote (see July 2). The oil-for-food program will be extended for five months. (NYT)

July 24 An Iranian warship in the Caspian Sea threatens a BP oil exploration ship off the coast of Azerbaijan. This prompts BP to suspend exploration in the area. The two vessels were in the Araz-Alov-Sharg field 90 miles southeast of Baku. Iran claims the field is in Iranian waters. Caspian Sea region countries have been unable to agree on a division of the Sea. (NYT)

July 25 Faced with declining oil prices, OPEC ministers agree to cut crude oil production quotas by about 4%, or one million barrels per day. The cut will take effect September 1, and is aimed at maintaining the price of the OPEC basket of crude oils at around $25 per barrel. Crude oil futures for September delivery climbed 47 cents per barrel, to $26.78, on the New York Mercantile Exchange (NYMEX) after the announcement. (DJ)

July 26 Former Indonesian President Abdurrahman Wahid leaves the presidential palace and the country, ending a 2-day standoff and clearing the way for his successor, Megawati Sukarnoputri, the former vice-president, to take over. The National Assembly had voted on July 23 to remove Wahid from office and install Sukarnoputri in the presidency. (AP)

August 3 U.S. President George Bush signs into law the Iran and Libya Sanctions Act (ILSA) Extension Act of 2001. This Act provides for a 5-year extension of ILSA with amendments that affect certain of the investment provisions. ILSA sanctions foreign companies that provide new investments of over $40 million for the development of petroleum resources in Iran or Libya, or that violate existing United Nations prohibitions against trade with Libya. The law allows the president to waive sanctions against a foreign company if doing so is deemed to be in the U.S. national interest. U.S. companies are prohibited by U.S. law from engaging in any commercial or financial transactions with Iran or Libya. (NYT)

August 10 The United States and Great Britain reject a proposal by United Nations Secretary General Kofi Annan to permit the Iraqi government to use $1 billion per year to fund infrastructure improvements and to increase oil production capacity. It has been suggested that without infrastructure investment, Iraq's production could fall significantly over the next few years. (WMO)

September 7 The U.S. Federal Trade Commission approves Chevron's bid to buy Texaco. Texaco must sell its Equilon Enterprises and Motiva Enterprises units in order to complete the $39-billion deal. The new company, ChevronTexaco, will have a market value of over $100 billion, assets of $83 billion, net proven reserves of 11.5 billion barrels of oil equivalent (boe), and daily production of 2.7 million boe.(DJ)

September 11 The largest terrorist attack in world history occurs as 2 hijacked airplanes crash into the twin towers of the World Trade Center in New York City, one hijacked plane crashes into the U.S. Department of Defense's Pentagon headquarters, and another hijacked plane crashes into a rural part of Pennsylvania. The World Trade Center is destroyed, and the Pentagon is heavily damaged. Thousands of people die and economic damage is estimated to be in the billions. Aviation is halted in the United States and all major trading markets (including energy) are closed for the remainder of the week. The U.S. government blames the attack on Osama Bin Laden's terrorist network (NYT)

September 13 Relative calm returns to world oil markets as U.S. retail gasoline prices return to normal levels and Brent crude oil futures fall back to $28.02 per barrel for October delivery after spiking to above $31.00 in the aftermath of the September 11 attacks. Also, energy trading by Houston energy companies resumes and limited commercial aviation starts. (WMO)

September 17 Major trading markets in the United States, including the New York Stock Exchange and the New York Mercantile Exchange (NYMEX), reopen for the first time since September 11. (NYT)

September 24 Crude oil and petroleum products futures fall to their lowest levels in nearly two years amid fears that a recession will reduce energy demand. At the New York Mercantile Exchange (NYMEX), crude oil set for October delivery falls $3.96 to $22.01 per barrel, and crude oil for November delivery falls $3.82 to $22.44 per barrel. Over the past six trading sessions crude oil and gasoline futures have fallen more than 26% and heating oil futures have fallen nearly 29%. (NYT, DJ)

September 27 At its two-day meeting in Vienna, OPEC decides to keep its production quotas unchanged at 23.2 million barrels per day, despite crude oil being at its lowest price levels since 1999. (NYT)

October 7 Crude oil resumes flowing through the trans-Alaska pipeline after workers welded shut a bullet hole that caused 260,000 gallons of oil to spill out. The pipeline, which carries about 17% of the United States' oil production, had been shut down on October 4 after being pierced with a bullet in an apparent act of criminal mischief. (DJ)

October 15 The first tanker loading of the new $2.5-billion Kazakh-Russia Pipeline takes place. This is a trial run that informally inaugurates the pipeline. Initial capacity of the pipeline is expected to be 28.2 million metric tons per year (around 560,000 barrels per day). The Caspian Pipeline Consortium (CPC), led by ChevronTexaco, runs the pipeline. (Reuters)

October 16 The U.S. Coast Guard lifts a ban on liquefied natural gas (LNG) tankers entering Boston Harbor to makes deliveries to Distrigas' Everett LNG terminal that had been imposed on September 26 in response to the terrorist attacks of September 11. LNG regasified at the Everett terminal normally provides 15%-20% of the natural gas that heats homes and businesses in New England, with the percentage rising to 35% on the coldest days. On October 26, the Mayor of Boston asks a federal court to prevent tankers from entering because he claims there are inadequate disaster response plans. (Reuters)

October 18 Crude Oil for November delivery falls to its lowest level since August 1999 on the New York Mercantile Exchange (NYMEX). Light, sweet crude falls 50 cents per barrel to settle at $21.31 per barrel. Brent crude for December delivery closed at $20.36 at London's International Petroleum Exchange (IPE), down 37 cents per barrel. Poor economic prospects in the next few months, and OPEC's inability to respond so far are seen as factors contributing to the sliding prices of crude oil. (OD)

October 29 ExxonMobil announces that a consortium it leads will spend $4 billion over 5 years to develop large offshore oil and natural gas fields in Russia's far eastern Sakhalin region. The fields are estimated to contain 2.3 billion barrels of oil and 17 trillion cubic feet of natural gas. ExxonMobil will be the operator and own a 30% interest in the fields. Sakhalin Oil and Gas Development of Japan will own 30%, ONGC Videsh of India 20%, Sakhalinmorneftegas-Shelf of Russia 11.5%, and RN-Astra of Russia 8.5%. The total investment could grow to $12 billion over the 30-40 year project life. This is the single largest foreign investment in Russia, as Russia continues to undertake market reforms. (WSJ, NYT)

November 6 Crude oil for December delivery on the New York Mercantile Exchange (NYMEX) falls to a two-year low after OPEC members warn that a downward price spiral could occur if major non-OPEC oil exporters do not reduce oil production. The NYMEX price settles at $19.92 per barrel, down 10 cents per barrel from the low of November 5, and the first time it has been under $20 per barrel since mid-1999. (NYT)

November 9 Enron, the world's largest electricity and natural gas trading company, agrees to an all-stock takeover by former competitor Dynegy. ChevronTexaco, a 27% stakeholder in Dynegy, will immediately inject $1.5 billion cash into Enron, and an additional $1 billion into the combined entity. The merged company will be called Dynegy Inc., and Dynegy executives will occupy all top positions. The deal is expected to take at least six months to close. (Note: On November 28, 2001, Dynegy withdraws from the merger deal) (WMO)

November 10 An agreement is reached at talks in Marrakech, Morocco, on rules for implementation of the Kyoto climate change treaty. Rules for joint implementation projects, the Clean Development Mechanism, and funding for less developed countries are elaborated. The United States does not participate actively in negotiations or agree to the rules. (OD)

November 13 U.S. President George Bush orders that the Strategic Petroleum Reserve be filled to capacity over the next few years. The reserve has a capacity of about 700 million barrels of oil, and now contains about 545 million barrels of oil. The Strategic Petroleum Reserve is intended, in the short run, to smooth out price spikes and shortages caused by a supply disruption. (Reuters)

November 14 At its meeting in Vienna, Austria, OPEC announces that it intends to cut its crude oil output quotas by 1.5 million barrels per day effective January 1, but only if non-OPEC producers cut their output by 500,000 barrels per day as well. The production cuts are an effort to steady or raise world oil prices, which have fallen markedly since September. (DJ)

November 18 Phillips Petroleum and Conoco agree to merge into a new company to be called ConocoPhillips, which would be the third-largest oil and natural gas company in the United States, and the sixth-largest in the world, in terms of production. The company also would be the largest gasoline retailer in the United States and the fifth-largest refiner in the world. Combined total reserves of the new company would be 8.7 billion barrels of oil equivalent, and production would be 1.7 million barrels of oil equivalent per day. The new company expects to be able to compete more effectively with its larger rivals and to achieve significant cost savings. The new company will be based in Houston, Texas. (NYT)

November 29 The United Nations Security Council unanimously approves a resolution extending the Oil-for-Food program in Iraq for another six-month period. This resolution allows Iraq to sell unlimited quantities of oil on the condition that the proceeds are used to buy food, medicine, and other humanitarian goods, and to pay war reparations. This resolution also calls on members of the Security Council to agree by May 31, 2002, on a list of "dual use" items that would require United Nations approval before Iraq could import them through the program. (DJ, WP)

December 2 Enron files for Chapter 11 bankruptcy in the Southern District of New York for 14 affiliated entities, including Enron, Enron North America, Enron Energy Services, Enron Transportation Services, Enron Broadband Services, and Enron Metals & Commodity Corporation. Enron was formerly the world's largest electricity and natural gas trading company, and the seventh-largest publicly-traded energy company in the world. Enron also files a $10 billion lawsuit against Dynegy, alleging breach of contract, in connection with Dynegy's November 28 termination of its proposed merger with Enron. (DJ)

December 26 Crude oil prices on the New York Mercantile Exchange (NYMEX) record one of their largest one-day jumps of the year as traders become convinced that OPEC will follow through on production cuts. Prices per barrel for February delivery settle at $20.27 per barrel, an increase of $1.65, or 8.4% higher than the December 21 closing price (the last day of trading before the holiday weekend). Also contributing to the price increase was the return of cold weather to the northeastern United States and forecasts that show that the cold weather pattern may continue. Nevertheless, prices are still considerably lower than one year ago. (NYT)

December 28 OPEC oil ministers meeting in Cairo agree to reduce their crude oil output quotas by a combined 1.5 million barrels per day (about 6.5%) for a six-month period beginning January 1, 2002. OPEC ministers also announce that they will meet again in March. OPEC received commitments for 462,500 barrels per day of the 500,000 barrels per day in cuts that it had requested from non-OPEC exporters, close enough to the target for OPEC to go ahead and implement its concomitant cuts. This month, Russia announced an export cut of 150,000 barrels per day on December 5. Oman announced a cut of 25,000 barrels per day on December 11, and raised it to 40,000 barrels per day on December 20. Angola announced a cut of 22,500 barrels per day on December 14. Norway announced a cut of 150,000 barrels per day on December 17. Mexico had already announced an export cut of 100,000 barrels per day in November. (DJ, Reuters)

Back to top

2002

January 1 The OPEC crude oil production quota cuts of 1.5 million barrels per day, announced on December 28, officially go into effect for six months. Crude oil production or export cuts of 462,500 barrels per day by five non-OPEC oil exporters also go into effect. (Reuters)

January 9 U.S. Secretary of Energy Spencer Abraham announces that the Partnership for a New Generation of Vehicles program, started in 1993 in an effort to develop mass-produced vehicles that would get 80 miles per gallon of gasoline by 2004, will be replaced by a new program called Freedom Car. The Freedom Car program will emphasize developing fuel-cell vehicles, powered by oxygen and hydrogen, by an unspecified later date.(WP, NYT)

January 22 The U.S. Department of Energy opens the bidding process for oil companies to deliver 22 million barrels of crude oil to the Strategic Petroleum Reserve instead of making cash royalty payments. The royalty-in-kind oil is the first phase of the Bush administration's plan, announced last November, to fill the Strategic Petroleum Reserve to its capacity of 700 million barrels. (Reuters)

January 29 U.S. President George Bush delivers his State of the Union address. In his speech he identifies Iraq, Iran, and North Korea as part of an “axis of evil” that supports terrorism. President Bush also states, “The United States of America will not permit the world’s most dangerous regimes to threaten us with the world’s most destructive weapons.” (NYT)

February 13 Iraq says that it will not allow United Nations (U.N.) arms inspectors to return to Iraq. Iraqi Vice President Taha Yassin Ramadan states, "There is no need for the spies of the [U.N.] inspection teams to return to Iraq since Iraq is free of weapons of mass destruction." The United States has hinted that actions may be taken against the Iraqi government if U.N. arms inspectors are not allowed to return. (Reuters)

March 6 At a joint news conference, oil ministers of major non-OPEC oil exporters Mexico and Norway announce that they plan to maintain their respective export and production cuts through the end of the second quarter of 2002. This same day, non-OPEC Persian Gulf exporter Oman announces that it is willing to maintain its relatively small production cut through the end of the year. (Reuters)

March 7 Light, sweet crude oil for April delivery on the NYMEX closes at $23.71, the highest price since September 21, 2001, when oil prices had temporarily spiked because of the September 11 terrorist attack. Oil prices have been on the rise because of OPEC and non-OPEC production cuts, an improving U.S. economy, and concern over U.S. intentions toward Iraq. (OD)

March 12 Shareholders of Conoco and Phillips Petroleum approve a proposed $15.6-billion merger of the two major oil companies. The new company would be the third-largest oil company in the United States and the sixth-largest investor-owned oil company in the world. The company would also be the largest oil refiner in the United States. Joint reserves of the two companies are about 8.7 billion barrels of oil equivalent. (AP)

March 15 OPEC oil ministers meeting in Vienna decide to maintain their quota restrictions, established January 1, 2002, through the end of the second quarter of the year. On January 1, 2002, OPEC cut its crude oil production quotas by an aggregate 1.5 million barrels per day. (NYT)

March 20 Russian Prime Minister Mikhail Kasyanov announces that Russia will extend its voluntary crude oil export cuts of 150,000 barrels per day through the end of the second quarter of 2002. Russia, the biggest non-OPEC oil exporter, had agreed to implement the cuts beginning on January 1, 2002 as a cooperative move with OPEC. Many analysts question whether Russia has complied at all with its pledged cuts, and some data actually points to Russian exports rising since the beginning of January. (NYT)

April 1 India liberalizes its oil and natural gas sector by putting in place a series of market reforms, including: the end of government-fixed prices for gasoline and diesel; the end of subsidized cooking gas and kerosene prices; market competition for state-run downstream companies; and assigning the Oil Ministry the role of energy watchdog. (Reuters)

April 2 Royal Dutch/Shell agrees to buy Enterprise Oil for $5 billion in cash. This will increase Royal Dutch/Shell's production in the North Sea by 30% and overall production by 6%, according to the company. The acquisition will also add 1.5 billion barrels of oil to Royal Dutch/Shell's reserves. The company is also assuming $1.15 billion in Enterprise's debt. (NYT)

April 3 Venezuela sends out its first commercial shipment of 550,000 barrels of synthetic crude to a U.S. Gulf Coast refinery. Venezuela's Sincor heavy crude upgrade plant, which was inaugurated last month, refines ultra-heavy crude oil into 32 degree API syncrude. (Reuters)

April 4 The Angolan army signs a ceasefire accord with rebels of the National Union for the Total Independence of Angola (Unita). The agreement includes amnesty for former Unita soldiers and their demobilization and reintegration into society. The civil war, which began in 1975, has killed thousands of Angolans and taken much of the government's revenues from Angola's substantial oil production and exports. (NYT)

April 5 Thousands of workers at Venezuelan state oil company PdVSA stay home, close gates of facilities, and engage in protests. This is the largest disruption of PdVSA's operations in 2002, though it is not a full-blown strike by all PdVSA workers. Oil production and refining slows, and two of Venezuela's five main oil export terminals are unable to operate. The government of President Hugo Chavez threatens to militarize PdVSA's operations. (AP)

April 8 Iraq announces that it will halt its "oil-for-food" exports for 30 days as a "gesture of support" for the Palestinians' struggle with Israel. Iraq also requests that other OPEC countries do not raise production to make up for lost Iraqi exports. Iraqi "oil-for-food" exports had averaged about 1.7 million barrels per day to date in 2002. Major Arab OPEC exporters Saudi Arabia, Kuwait, and Qatar have expressed unwillingness to join in any embargo. (WSJ)

April 9 A general strike begins in Venezuela, shutting down many stores and factories and nearly halting oil production, refining, and export terminals. On April 12, Venezuelan President Hugo Chavez is ousted by the country's military after three consecutive days of general strikes during which oil production, refining, and exports-the mainstays of the Venezuelan economy-were seriously affected. Pedro Carmona is named interim President of Venezuela by the military high command. PdVSA operations that had been halted start up again, but rioting begins again the following day. On April 14, Interim President Carmona announces that he has resigned following large, and sometimes violent, pro-Chavez protests and a lack of support among many military officers. Several hours later, Hugo Chavez returns to power in Caracas and states that he never resigned the presidency. (WP, WSJ, Reuters, AP)

April 24 A summit of the leaders of the five littoral states of the Caspian Sea ends without an agreement on how to divide the Caspian's resources among the five countries. (Reuters)

May 8 Iraq starts pumping crude oil to its export terminals, following the country's announcement on May 5 that it would end its oil export embargo after one month, i.e., May 8. Iraq also submits price proposals for May crude oil loadings to the United Nations for approval. (Reuters)

May 14 The United Nations (U.N.) Security Council approves an overhaul of the "oil-for-food" program for Iraq that makes use of an extensive list of "dual-use" goods (goods that could have a military as well as civilian use). Iraq will be able to use its oil revenues, which go into a U.N. escrow account out of which suppliers exporting products to Baghdad are paid, in order to purchase items not on the list. The resolution renews the U.N. program until November 25, 2002. On May 16, official Iraqi news agency INA announces that it will comply with the new six-month tranche of the "oil-for-food" program voted by the U.N. Security Council on May 14, despite condemning the Security Council resolution in the same statement. Iraq officially accepts the U.N. proposal on May 29. (Reuters)

May 17 Russian Prime Minister Mikhail Kasyanov announces that Russia will not extend its 150,000-barrel-per-day crude oil export cut, agreed to with OPEC, into the third quarter of 2002 and furthermore, that Russia will gradually phase out the export cut in the remainder of the second quarter of 2002. Russia is the world's second-largest oil exporter. (WMRC)

May 24 U.S. President George Bush and Russian President Vladimir Putin agree to a major new energy partnership that will entail more investment from the United States in Russia's oil and natural gas sector. The leaders also agree to joint efforts to improve ports, pipelines, and refineries in order to expedite export flow. This could mean more Russian hydrocarbon exports to North America. (NYT)

May 28 The U.S. government decides to buy back leases for oil and natural gas drilling on the Florida coast and in the Everglades for $235 million because of environmental concerns. Secretary of the Interior Gale Norton has asserted that there are only 40 million barrels of oil equivalent in the area to be protected, about two days' worth of U.S. consumption.

(OD)

June 20 Norway's Oil and Energy Ministry states that, "The Norwegian government has decided not to extend the restriction on oil production into the second half of 2002." Norway had agreed with OPEC to reduce its crude oil production by 150,000 barrels per day for the first two quarters of 2002. (Reuters)

June 25 Russia formally announces that it will raise its crude oil exports by 150,000 barrels per day in the third quarter of 2002 and thereby, end its agreement with OPEC to limit crude oil exports by 150,000 barrels per day for the first and second quarter of 2002. Many analysts believe that Russia has already been exporting near capacity for some months. (Reuters)

June 26 OPEC ministers meeting in Vienna decide to leave their combined output quota, excluding Iraq, unchanged at 21.7 million barrels per day for the third quarter of 2002. It is estimated that OPEC-10 countries (i.e. excluding Iraq) are producing between 1 million and 1.5 million barrels per day above the quota agreement. OPEC members also agree to appoint Venezuelan Oil Minister Alvaro Silva as the cartel's new secretary general, replacing Ali Rodriguez, who will now head Venezuelan state oil company PdVSA. At the meeting, Algeria requests a larger share of OPEC's total quota, but the issue will not be taken up until the OPEC Board of Governors meeting in August. (NYT, DJ)

June 27 Mexico announces that it will continue its agreement with OPEC to limit crude oil exports to 1.66 million barrels per day into the third quarter of 2002. A statement from the Energy Ministry said that the decision was "based on national interests and conditioned upon the future conduct of the world oil market." Mexico is among the five largest oil exporters to the United States. (Reuters)

June 29 An official at Oman's Oil and Gas Ministry announces that the non-OPEC country will continue its 40,000-barrel-per-day production cut into the third quarter of 2002. Oman had agreed with OPEC to cut production 40,000 barrels in the first and second quarters of 2002. (Reuters)

July 1 The California State Legislature passes a bill that limits vehicle emissions of carbon dioxide, the first such bill to pass a state legislature. The specific regulations, to be developed by 2005, would take effect on 2009 model-year vehicles. The limits, enacted because of carbon dioxide's putative effect on global climate change, are likely to have significant repercussions beyond California because the State represents some 10% of the U.S. automobile market. Governor Gray Davis signs the bill into law on July 22. (LAT)

July 3 The supertanker Astro Lupus arrives offshore of the Port of Houston, carrying the first direct shipment of Russian crude oil to the United States. The oil, about 2 million barrels of Urals Blend, was exported by Yukos, Russia's second-largest producer and destined for two ExxonMobil refineries in Texas. Yukos hopes to make six such shipments this year. (NYT, WMRC, OD)

July 26 The U.S. Department of Energy announces that it intends to increase the rate at which the Strategic Petroleum Reserve (SPR) is filled by increasing the "royalty-in-kind" exchange program by 40,000 barrels per day. Under the "royalty-in-kind" program, oil companies deposit oil that is produced on federal leases in the SPR as a form of payment for those leases. (OD)

July 31 ChevronTexaco announces the resumption of crude oil exports from Nigeria after protests and a fire caused the company to declare force majeure on its exports for a ten-day period. Between 300,000 and 400,000 barrels per day were temporarily halted. ChevronTexaco has not fully resolved the issues between the company and protestors who disrupt operations. Before the fire, about 110,000 barrels per day were interrupted at times by protestors. Nigeria's army moved in to prevent protestors from damaging equipment, but declined to remove the protestors from the facilities. (DJ)

August 2 The U.S. Office of Management and Budget approves U.S. Environmental Protection Agency regulations that authorize new penalties for manufacturers of diesel engines that exceed various pollutant levels, to take effect October 1, 2002. The new rules are part of long-term plan, begun in the previous administration, to require diesel trucks and buses to reduce emissions by 90% by 2007. (NYT)

August 7 Mexican Energy Minister Ernesto Martens announces that Mexico will continue to limit its crude oil exports to 1.66 million barrels per day, in coordination with OPEC, although Mexico is not a member of the cartel. Mexico is the only major non-OPEC exporter cooperating with the cartel, after Norway and Russia ended their cooperation earlier in the year. (Reuters)

August 20 The NYMEX near-month crude oil futures price closes above $30 per barrel for the first time since February 2001. Concern over possible conflict in Iraq, OPEC quotas, and declining crude oil and product stocks are among the factors leading to a nine-straight-session rise in NYMEX prices. (Reuters)

August 29 U.S. Vice President Cheney states that a new round of U.N. weapons inspections in Iraq is likely to be insufficient to guarantee that Iraq has ended its biological, chemical, and nuclear weapons programs. That same day, Iraqi Vice President Ramadan declares that future inspections by the United Nations are a "waste of time," as the U.S. administration has already decided upon "changing the regime by force." (WP)

September 11 The International Energy Agency's (IEA) monthly oil market report notes that global oil stock levels have fallen to "uncomfortably low" levels that could lead to higher prices and more price volatility in the coming months. According to the IEA, OECD crude oil inventories fell by 790,000 barrels per day in August compared with July. (DJ)

September 11 The European Union (EU) releases a plan for coordination of member countries' crude oil reserves, including raising the minimum level of national oil stocks to 120 days of consumption from 90 days and putting one third of reserves into a stockpile which could be drawn on in times of crisis. The European Commission would have the power to release oil from the stockpile onto the market if prices rose to a level that, if sustained for a year, would raise the EU's external oil bill by an amount equal to 0.5% of its gross domestic product. Energy Commissioner Loyola de Palacio predicts that the new system will be in place in 2007. (Reuters)

September 12 U.S. President George Bush addresses the United Nations. President Bush declares in regard to Iraq that "The Security Council resolutions will be enforced -- the just demands of peace and security will be met -- or action will be unavoidable…and a regime that has lost its legitimacy will also lose its power." (Reuters)

September 13 The World Bank approves lending for a controversial oil pipeline between Chad and Cameroon. The bank is funding $140 million of the $4 billion project to develop the oil fields of Doba in southern Chad and construct a 665-mile pipeline to an offshore oil-loading facility on Cameroon's Atlantic coast. (Reuters)

September 18 Work begins on the $2.9 billion Baku-Ceyhan Pipeline, which will transport oil from the landlocked Caspian Sea to Turkey's Mediterranean coast. The BP-led pipeline will be 1,110 miles long when completed in 2005. Work begins on the Turkish section on September 26. (Reuters)

September 18 According to United Nations officials and representatives of the oil industry, Iraq has stopped attempting to impose illegal surcharges on oil it sells through the United Nations' "Oil-for-Food" program. Though the surcharges have provided funds to the regime, Iraq may be attempting to cooperate more closely with U.N. resolutions in the face of increased scrutiny by the United States and Britain. (DJ)

September 19 OPEC, meeting in Osaka, Japan, decides that its ten members subject to quotas (i.e. excluding Iraq) will not raise their current 21.7-million-barrel-per-day production ceiling. However, OPEC's communiqué states that OPEC is committed "to taking any further measures, including convening extraordinary meetings when deemed necessary…to maintain prices [OPEC basket price] within the range of $22-$28 [per barrel]." Also at the meeting, Qatari Oil Minister Abdullah bin Hamad al-Attiyah is appointed as the new OPEC President, replacing Rilwanu Lukman of Nigeria. (DJ)

October 3 Hurricane Lili makes landfall on the U.S. Gulf coast after passing through offshore hydrocarbon production areas and the Louisiana Offshore Oil Port (LOOP). Nearly all offshore production (about 1.5 million barrels per day of oil production), as well as some onshore refineries, the LOOP and the Capline crude oil pipeline are shut down. Refineries and offshore operations begin to come back on line on October 4, with most operations fully online by the second half of the month. There is little permanent damage. Hurricane Lili struck the U.S. Gulf coast only one week after Tropical Storm Isidore temporarily shut down the LOOP on September 24. (Reuters)

October 6 A French oil tanker chartered by Malaysian state oil company Petronas is attacked off the coast of Yemen, seriously damaging the ship and killing one crew member. The VLCC, with about 400,000 barrels of oil aboard, catches fire. The tanker does not sink, and is towed to port. Later, investigators determine that a terrorist suicide attack by a small boat is the cause of the explosion. The tanker was on its way to load additional oil in Yemen when attacked. (Reuters, DJ)

October 9 The U.S. Energy Information Administration (EIA) releases data showing that crude oil stocks in the previous week fell to their lowest levels (270.5 million barrels) since the agency began keeping weekly records over 20 years ago. Crude oil stocks have fallen by over 50 million barrels since February of this year and are now 39 million barrels below the year ago level and only 0.5 million above the EIA's "Lower Operational Inventory." While not implying shortages, operational problems, or price increases, the Lower Operational Inventory means that supply flexibility could be constrained. (Reuters)

October 11 The U.S. Senate votes to give President George Bush the authority to use force, if necessary, to persuade Iraqi President Saddam Hussein to abandon programs for the development of biological, chemical or nuclear weapons. The U.S. House of Representatives passed a similar measure the previous day. This moves the focus of debate to the

U.N. Security Council. (Reuters)

November 1 Greece, Bulgaria, and Russia agree to equal stakes in the $699 million Trans-Balkan Pipeline. The 159-mile pipeline will bypass the Bosphorus Strait in order to bring Russian oil from the Bulgarian Black Sea port of Burgas to the Greek Mediterranean port of Alexandroupolis. The pipeline will be able to carry about 697,000 barrels per day. (Reuters)

November 8 The United Nations (UN) Security Council unanimously adopts Resolution 1441, that Iraq must accept or reject within seven days, giving United Nations inspectors the unconditional right to search anywhere in Iraq for banned weapons. Furthermore, Iraq will have to make an "accurate full and complete" declaration of its nuclear, chemical, biological and ballistic weapons and related materials used in civilian industries within 30 days. The resolution requires violations to be reported back to the Security Council by inspectors before any actions could be taken against Iraq for violating weapons bans. (Reuters)

November 13 In a letter to United Nations (UN) Secretary General Kofi Annan, Iraq accepts UN Security Council resolution 1441 of November 8, granting UN inspectors the right to conduct unfettered inspections in Iraq, "despite its bad contents." In the letter, Iraq also denies that it possesses any weapons of mass destruction. (AP)

November 14 The TengizChevroil consortium, a consortium of companies led by operator ChevronTexaco that is developing the estimated 2.7-billion-barrel Tengiz oil field in Kazakhstan, announces that the consortium has decided to indefinitely suspend investment in the second phase of the project. Production from the first phase was about 12.5 million metric tons in 2001 (about 249,000 barrels per day). The second phase would require about $3 billion of investment in order to boost the project's output by about 3 million metric tons per year (about 60,000 barrels per day). (WMRC)

November 15 The U.S. Strategic Petroleum Reserve, an emergency crude oil stockpile administered by the U.S. Department of Energy, reaches 592 million barrels, the largest amount in the reserve since it was initiated in 1977. (Reuters)

November 18 The tanker Prestige, loaded with 24 million gallons of Russian fuel oil, splits in two and sinks 155 miles off the coast of northwest Spain. The tanker, flying a Bahamian flag and owned by a Liberian company based in Athens, Greece, spills about 2.5 million gallons of the fuel oil from a crack before sinking, polluting beaches in the region and harming marine life. Fuel oil may continue leaking from the sunken ship. (WSJ, WP)

November 26 Murphy Oil of the United States announces the discovery of 400-700 million barrels of oil in the Kikeh field off the coast of Malaysia's Sabah region on the island of Borneo. This is one of the largest discoveries in Southeast Asia in recent years. (WMRC)

November 27 Officials of four of Russia's largest oil companies, Lukoil, Yukos, Sibneft, and Tyumen, announce a preliminary agreement for a joint project to build a $1.5 billion dollar Arctic oil port near the town of Murmansk. This would enable Russia to expand ocean-going tanker exports. (WSJ)

December 2 Business and labor groups in Venezuela, including employees of state-oil company PdVSA, begin a strike in order to obtain an early referendum on the rule of Venezuelan President Hugo Chávez. The strike has little effect on its first day, but as the strike continues through the end of the month, oil production, refinery runs, and crude oil and refined petroleum product exports fall dramatically. Several refineries in the Caribbean dependent on Venezuelan crude are also adversely affected. This has a serious impact on the Venezuelan economy, but no agreement between President Chávez and the opposition forces leading the strike is reached by the end of the month. (Reuters)

December 4 The United Nations (U.N.) Oil-for-Food program is unanimously renewed by the Security Council for another six months, and shortly thereafter accepted by the Iraqi government. The Oil-for-Food program allows Iraq to sell unlimited quantities of oil, with revenues going into a U.N. account that pays vendors for approved goods that Iraq orders. (Reuters)

December 12 The government of Iraq cancels a $3.8 billion contract with three Russian companies-Lukoil, Zarubezhnest, and Machinoimport-to develop the very large West Qurna oilfield. Although the reasoning for the decision is not made clear by Iraq, it is thought that it is in response to Russian political decisions regarding United Nations inspections and the Oil-for-Food program. (NYT)

December 12 OPEC oil ministers, meeting in Vienna, decide to raise OPEC-10's (i.e. excluding Iraq) total production quota from 21.7 million barrels per day to 23 million barrels per day. OPEC ministers also urge strict compliance with the new quotas in an effort to cut back production, as OPEC-10 production is widely regarded to be exceeding even the new production quota of 23 million barrels per day. (LAT)

December 16 The near-month crude oil futures price on the NYMEX tops $30 per barrel for the first time since October 2, as the general strike in Venezuela impacts the world oil market. Later in the month, on December 27, the near-month crude oil futures price rises to $32.72 per barrel, the highest price since November 2000. (WSJ, AP)

December 17 The U.S. Department of Energy allows several oil companies to postpone delivery of an additional 430,000 barrels of crude oil to the Strategic Petroleum Reserve in an attempt to keep more oil in the market during the strike in Venezuela. The oil companies will have to deliver the oil at a later date. (Reuters)

December 19 U.S. Secretary of State Colin Powell declares that Iraq is in "material breach" of United Nations resolutions after reviewing Iraq's weapons of mass destruction declaration released December 7 to the United Nations. States Powell: "Our [U.S.] experts have found it to be anything but currently accurate, full or complete. The Iraqi declaration ... totally fails to meet the resolution's requirements." (Reuters)

December 28 A tanker with 22 million gallons of gasoline arrives in Venezuela from Brazil, providing crucial supplies to the country, as the strike by employees of state-oil company PdVSA has meant severe reductions in refinery runs in that country. Crude oil production, that was in excess of 3 million barrels per day before the strike, is less than 500,000 barrels per day for many days in December. (WSJ)

Back to top

2003

January 6 Venezuelan Minister of Energy and Mines Rafael Ramírez announces that the Venezuelan government plans to split state oil company Petroleos de Venezuela S.A. (PdVSA) into two separate entities as part of a large-scale restructuring of the company, most of whose 40,000 workers are currently on strike. Such a decentralization could limit the power of Caracas-based executives who have joined in the strike, which began on December 2, 2002. (NYT)

January 12 The Organization of Petroleum Exporting Countries (OPEC), meeting in Vienna, agrees to raise the aggregate production quota of its members (excluding Iraq) to 24.5 million barrels per day, up from the current 23 million barrels per day, effective February 1. Each member will receive a proportionately higher share of the quota, about a 6.5% increase. (NYT)

January 16 Fourteen U.S. corporations or subsidiaries launch the Chicago Climate Exchange, a trading program wherein companies would be able to earn redeemable credits for exceeding emissions reductions goals of 4% of 1998-2001 average emissions over the next four years. Companies unable to meet the goals would buy the credits. The Exchange intends to create means to verify that actual reductions in emissions have taken place. (WP)

January 21 The near-month crude oil futures price on the NYMEX settles at $34.61 per barrel, the highest price since November 29, 2000. The market is experiencing a variety of higher price pressures, including the strike in Venezuela, fears of a conflict in Iraq, a cold winter in the United States, and low commercial oil stock levels in the United States. (USAT)

January 28 The U.S. Department of Energy approves oil company requests to delay delivery of March shipments to the Strategic Petroleum Reserve (SPR). The announcement will allow 4.4 million barrels of crude oil designated for storage in the SPR, to be marketed to domestic refineries instead. (Reuters)

January 29 Striking managers at Venezuelan state oil company PdVSA confirm that oil production has surpassed 1 million barrels per day once again, after falling to as low as 200,000 barrels per day during the strike that began on December 2. On January 31, PdVSA President Ali Rodriguez announces that production is at 1.5 million barrels per day and that 5,300 striking workers have been fired. Opposition estimates of production are much lower at around 1.05 million barrels per day. (NYT, Reuters)

January 29 During his State of the Union address, President Bush proposes $1.2 billion in funding to support the research and development of hydrogen-powered vehicles. (Reuters)

February 3 Indian Petroleum Minister Ram Naik announces that the government of India plans to boost the country's strategic crude oil reserves to 45 days from 15 days at an estimated cost of 43.50 billion rupees ($910 million). (Reuters)

February 6 Iranian Oil Minister Bijan Zanganeh announces that phases two and three of the South Pars natural gas field are now on-line. These phases represent additional production of about 55 million cubic meters (1.9 trillion cubic feet) of natural gas per year, 85,000 barrels per day of condensate, and 1 million metric tons (11.6 million barrels) of liquefied petroleum gas per year. The two phases are officially inaugurated on February 15. (DJ)

February 11 BP invests $6.75 billion in Russia by creating a new joint venture company with TNK (Russia's fourth largest oil company) and Sidanco, of which BP already held a 25% stake. BP will have a 50% stake in the new company. TNK's shareholders, investment groups Alfa Group and Access-Renova, will hold the other 50% stake of the new firm, and board control will be balanced equally. The investment by BP is equivalent to almost 10% of Russian foreign exchange reserves and around 1.5% of Russian gross domestic product (GDP). (Reuters)

February 12 Data from the U.S. Energy Information Administration (EIA) show that U.S. commercial crude oil stocks have fallen to 269.8 million barrels for the week ending February 7, 2003. This is the lowest commercial crude oil stock level since 1975, and just slightly below the lower operational inventory level of 270 million barrels. The lower operational inventory level, while not implying shortages, operational problems, or price increases, is indicative of a situation where inventory-related supply flexibility could be constrained or nonexistent. (Reuters)

February 18 Exxon Mobil begins construction of the $3 billion Kizomba B offshore development project in Angolan waters. The project, when completed, is expected to produce 250,000 barrels of crude oil per day, beginning in 2006, with total production over the life of the field estimated to be about 1 billion barrels. Besides Exxon Mobil, which has a 40% stake, the other stakeholders are BP (26.67%), Eni (20%), and Statoil (13.33%). The concessionaire is Angolan state oil company Sonangol. (Reuters)

February 28 The NYMEX near-month heating oil futures price settles at an all-time high of 125.59 cents per gallon, as many of the same market forces affecting the crude oil market also have driven up the price of heating oil, especially increased demand from the cold winter. High sulfur distillate fuel inventories (also referred to as heating oil) plunged more than 15% over the most recent four-week period to end the week of February 28, at 35.6 million barrels, 32% below the level for the same period last year. (Reuters)

March 5 Some 500,000 bbl/d of Venezuelan production in the eastern region begins to come back on-line. It was shut off at the wellhead for a week because of bottlenecks at export terminals as Venezuelan state oil company PdVSA encountered problems in returning loading at terminals to pre-strike levels. The Venezuelan government claims that oil production is over 2 million barrels per day, while fired PdVSA workers claim production is at 1.1 million barrels per day. (Reuters)

March 6 Venezuelan President Hugo Chavez announces that force majeure is henceforth lifted on Venezuelan oil exports. Venezuela had declared force majeure on its oil exports shortly after the national strike began on December 2, 2002. It is later revealed that this lifting does not apply to certain petroleum products. President Chavez also refuses to consider rehiring any of the over 15,000 fired PdVSA workers. (Reuters)

March 7 The New York Mercantile Exchange (NYMEX) puts into effect expanded price limits on its energy contracts and reduces to five minutes the time trading is halted when those limits are reached. Under the revised rules, the initial price limits for light, sweet crude oil futures will be expanded to $10 per barrel in all months from the current $7.50 in the first two months and $3.00 in all other months. The initial Henry Hub natural gas futures limits will expand to $3.00 per million British thermal units (MMBtu) in all months from $1 in all months. The initial limits on heating oil, gasoline and propane futures will increase to 25 cents per gallon in all months from 20 cents in the first two months and 6 cents in all other months. (Reuters)

March 7 Officials in the U.S. Environmental Protection Agency (EPA) announce that new clean water regulations for smaller sites, to take effect March 10, will not apply to the petroleum and natural gas industries. Rather, these two industries will have a two-year exemption, because, according to the EPA, further study of the effects of these regulations upon these two industries is needed. (NYT)

March 11 The Organization of Petroleum Exporting Countries (OPEC) meets in Vienna and decides to maintain crude oil production quotas for its member countries (excluding Iraq) at 24.5 million barrels per day. Saudi Arabia's Oil Minister, Ali al-Naimi says, "There will be no shortage of oil. The test is, when the need is there, whether we will use the capacity or not and I can assure you we will. Most analysts, including EIA, believe that OPEC-10's (excluding Iraq) actual production is higher than the quota amount. (NYT, Reuters)

March 12 The near-month (April) crude oil futures price at the NYMEX settles at $37.83 per barrel, the highest near-month settlement price (in nominal terms) since October 1990. This comes as EIA reports today that commercial crude oil inventories for the previous week declined by 3.8 million barrels to 269 million barrels. This is below the 270 million barrel lower operational inventory level, which, while not implying shortages, operational problems, or price increases, is indicative of a situation where inventory-related supply flexibility could be constrained or nonexistent. This heightens supply concerns before an impending war in Iraq. (WSJ)

March 19 Military action in Iraq commences with a bombing raid and missile attack on targets in the Iraqi capital of

Baghdad (March 20 Baghdad time) by Coalition forces, given Saddam Hussein and his regime's rejection of U.S. President George Bush's March 17 ultimatum. Iraq launches several conventional missiles at Kuwait, but this has no effect on Kuwaiti oil production. However, the Kuwait Petroleum Company does implement an emergency plan to protect its workers and facilities. (Reuters)

March 23 Outbreaks of violence between soldiers and militants of various ethnic groups in the Niger Delta region of Nigeria prompt three major oil companies operating in the region - ChevronTexaco, Royal Dutch/Shell, and TotalFinaElf - to shut in operations in the area, totaling about 800,000 barrels per day. This represents about 40% of Nigeria's total production, including about 768,000 barrels per day in the West Niger Delta (all operations there for the three companies) and 50,000 barrels per day of Shell production in the East Niger Delta. Employees of ChevronTexaco, which had declared force majeure on its Escravos crude oil terminal three days earlier, return to Nigeria on April 4 to begin a gradual resumption of production. Force majeure is lifted on April 24, 2003. (NYT, Reuters)

March 24 After Coalition forces have pushed further into Iraq securing most of the southern oilfields over the weekend, Kuwaiti fire fighters are able to enter Iraq and are able to extinguish one of the wellhead fires. Iraq's southern fields represent about 40% of the country's output. Damage is assessed to be relatively minimal. Some pockets or Iraqi resistance in the southern oilfields remain, however. Furthermore, heavy Iraqi resistance in some parts of Iraq gives rise to market speculation that the war could last longer than initially thought. The NYMEX near-month crude oil price rises 6.5%, to settle at $28.66 per barrel, as the war in Iraq as well as the situation in Nigeria have traders concerned. (Reuters, DJ)

April 4 Coalition forces continue to make progress against the regime of Saddam Hussein in Iraq, with the U.S. military capturing Baghdad's main international airport. Also, according to the U.S. military, 80%-90% of Iraq's southern oilfield production is under coalition control, as well as all related export facilities, as of this date. (Reuters)

April 4 Royal Dutch/Shell restarts production and development work at the Soroosh and Nowrooz fields offshore southwestern Iran, after shutting down work at the two fields on March 19 because of fears that staff could be vulnerable to intentional or accidental attack, given the fields' proximity to the border with Iraq. Soroosh produces about 60,000 barrels per day, and the shut down has delayed the coming on line of the Nowrooz field, scheduled for later this year. (DJ, Reuters))

April 8 Syrian state oil company Sytrol informs customers that it will cut crude oil term export volumes by around 40% (about 150,000 barrels per day) as a result of the halt in Iraqi imports through the Iraq-Syria-Lebanon pipeline that is reported to have been shut down. Sytrol suggests that the reduction will continue for the rest of the year. (WMRC)

April 14 Pumping on the oil pipeline from Iraq's Kirkuk oilfields to the Turkish port of Ceyhan is halted as the storage facilities have reached their maximum capacity of about 6.5 million barrels. There has not been a loading of Iraqi crude oil at the port since March 20. (Reuters)

April 14 Tokyo Electric Power Company (TEPCO) shuts down for inspection the last of its 17 nuclear reactors still in operation. The shut downs result from the discovery last year that TEPCO had falsified data regarding reactor inspections, leading to the decision to shut down by Japan's nuclear authorities. Japan's largest power firm said that unless its reactors were started back up, there would be an electricity shortage of up to 9.55 million kilowatts during the summer, when electricity demand hits its peak. (Japan Times)

April 15 U.S. Secretary of Defense Donald Rumsfeld announces that the U.S. military has shut off an oil pipeline from Iraq to Syria that is alleged to have been carrying 100,000-150,000 barrels per day. "We have been told that they have shut off a pipeline," Secretary Rumsfeld told a Pentagon briefing. "Whether it's the only one and whether that has completely stopped the flow of oil between Iraq and Syria, I cannot tell you. ... I cannot assure you that all illegal oil flowing from Iraq into Syria is shut off. I just hope it is." (Reuters)

April 22 Yukos Oil Company and Sibneft, Russia's first and fifth largest oil companies, respectively, in terms of production, announce that they will merge in a deal in which Yukos will pay $13 billion in cash and stock for Sibneft. The new company will be the world's fifth-largest publicly traded oil and gas company, with a production of 2.4 million barrels per day. The new company plans to become a major player outside of Russia as well. (NYT, WSJ)

April 23 According to the American military officer in charge of restarting Iraq's oil production infrastructure, Iraq's southern fields have begun to produce again. Four southern wells have begun producing a modest amount of crude oil, but according to Brig. Gen. Robert Crear of the Army Corps of Engineers, southern wells should soon be producing about 170,000 barrels a day. Initial production would go toward meeting domestic demand, especially as more refineries come back on line. The country's northern oilfields are still offline. (WSJ)

April 24 OPEC oil ministers, meeting for emergency talks in Vienna, decide to simultaneously reduce crude oil production by 2 million barrels per day, as of June 1, and increase their overall production quota by 900,000 barrels per day to a total quota of 25.4 million barrels per day. This is a tacit admission that OPEC production is well in excess of the previous quota of 24.5 million barrels per day. Iraq does not participate in the meetings and is not subject to the quota regime. (LAT)

April 29 Brazilian state oil company Petrobras announces the largest-ever natural gas discovery in Brazil. The discovery, located about 85 miles off the coast of the state of Sao Paulo, is a field containing an estimated 2.47 trillion cubic feet of natural gas. This field raises Brazil's natural gas reserves by about 30%, according to some estimates. (Reuters)

May 22 The United Nations Security Council approves the immediate end of 13 years of economic sanctions on Iraq, dating from the time of Iraq's invasion of Kuwait in 1990. Resolution 1483 effectively grants the United States-led coalition forces control of Iraq until a new Iraqi government can be put in place. The end of the sanctions also makes it easier for Iraqi oil exports to resume without the auspices of the United Nations. Later, on May 27, the U.S. Department of the Treasury lifts most remaining sanctions on Iraq, thereby implementing U.N. Security Council Resolution 1483. Secretary of the Treasury John W. Snow states, "It is no longer a crime for U.S. companies and individuals to do business with Iraq." (WP)

May 28 Yukos of Russia signs a $150 billion agreement with China National Petroleum Company (CNPC), wherein CNPC agrees to purchase 5.13 billion barrels of oil between 2005 and 2030 via a $2.5 billion pipeline from Russia's Western Siberia fields to China's Daqing field. (Reuters)

June 2 Royal Dutch/Shell signs a $2 billion contract with an alliance of Japanese and Russian companies for the construction of Russia's first natural gas liquefaction plant in Sakhalin. This comes after Tokyo Electric Power Company (TEPCO) and Tokyo Gas agreed two weeks earlier to purchase about one-quarter of the liquefaction plant's planned capacity of 9.6 million metric tons per year. Shell owns 55% of the production rights for the natural gas supplying the planned plant. (NYT)

June 10 Federal Reserve Chairman Alan Greenspan notes that rising natural gas prices in the United States could have a negative impact on the economy in the months ahead if prices remain at high levels. States Greenspan, "I have no doubt that...if we stay at these very elevated prices we're going to see some erosion in a number of macroeconomic variables which are not evident at this stage. A very significant amount of natural gas using infrastructure in the American economy was based on $2 gas. That means a lot of noncompetitive structures are sitting out there." (Reuters)

June 11 Oil Ministers of the Organization of Petroleum Exporting Countries (OPEC) meeting in Qatar decide to keep OPEC crude oil production quotas unchanged for the ten members (i.e. not including Iraq) participating in the quota regime. The combined output quota for the ten members is 25.4 million barrels of crude oil per day. OPEC President Abdullah bin Hamad Al Attiyah, also Qatar's Minister of Energy and Industry, says, "We don't want to cut for the sake of it. We should justify it." (Reuters, DJ)

June 12 Two explosions damage the Kirkuk-Ceyhan oil pipeline, in what is later determined to be an act of sabotage. Several other Iraqi pipelines are damaged in acts of sabotage throughout the month, including a natural gas pipeline in the western desert on June 21, an oil pipeline west of Baghdad on June 22, and the now-stalled Iraq-Syria pipeline on June 23. (Reuters, AP)

June 14 ConocoPhillips announces that the company will proceed with its $1.5 billion liquefied natural gas (LNG) development project at the Bayu-Undan fields after government officials of Australia and East Timor approved the project in the Timor Sea Joint Petroleum Development Area. Natural gas from the field will be piped to an LNG liquefaction plant in Australia's Northern Territory. (WSJ, NYT)

June 17 The head of Iraq's North Oil Company, Adil al-Qazzaz, states that Iraq's main north-south crude oil pipeline, the so-called Strategic Pipeline, will not be operable for some time, especially because the K-3 pumping station was badly damaged during the recent war. Al-Qazzaz goes on to state that because the pipeline is not working, "[W]e don't have export flexibility, and that will have an impact." (WSJ)

June 22 Iraq exports oil for the first time since March 20, the first day of the war that eventually toppled the regime of Saddam Hussein. The crude oil, 1 million barrels, was part of the June 12 tender and will be sold to Turkish refiners from oil in storage at the Turkish port of Ceyhan. Loading of the oil onto a tanker begins today. (WP)

July 2 The European Parliament votes to cap European industry's carbon dioxide output and let firms trade the right to pollute. As of January 2005, many plants in the oil refining, smelting, steel, cement, ceramics, glass and paper sectors will need special permits to emit carbon dioxide (CO_2). "It means that the largest emissions trading scheme in the world to date will be a reality from 2005, and that the architecture foreseen under the Kyoto Protocol is coming to life," according to European Union Environment Commissioner Margot Wallstrom. (Reuters)

July 9 The government of Chad announces that it has begun its first-ever crude oil production, as wells began pumping on July 1. It will still take weeks before crude is shipped from the $3.5 billion project through a 650-mile pipeline to the Atlantic coast in neighboring Cameroon. The government does not announce the initial flow rate, but eventual production is expected to reach 225,000 barrels per day. Oil begins flowing through the pipeline on July 15. (Reuters)

July 12 Sakhalin Oil Development Corporation, the Japanese partner in an international consortium in the Sakhalin-1 project, announces that oil drilling offshore has begun. The project, which may eventually see $12 billion invested in oil and natural gas development, is potentially the largest direct foreign investment in Russia. Total recoverable reserves at the Sakhalin-1 area are estimated to be 2.3 billion barrels of oil and 17.1 trillion cubic feet of natural gas. (DJ)

July 15 The operator of Israel's Eilat-Ashkelon pipeline, a bi-directional pipeline linking the Mediterranean and the Red Sea, announces that the pipeline is operational. The pipeline, with a current capacity of 400,000 barrels per day, but a design capacity of 1.2 million barrels per day, provides an alternative to the Suez Canal, as both Israeli ports can handle VLCCs, whereas Suez cannot. Perhaps even more importantly, with the new southerly flow, Russian crude on small tankers from the Bosporus will be able to eventually load onto VLCCs bound for East Asia. (Reuters)

July 15 Hurricane Claudette hits the Texas coast about 80 miles southwest of Houston. According the U.S. Minerals Management Service, an estimated 2.5 billion cubic feet per day of natural gas had been shut in by Claudette, or about 18% of the Gulf's total gas output. Also, about 330,000 barrels per day of oil, or some 21% of the Gulf of Mexico's daily oil production, has been shut down. Production is quickly restored in the next few days. (Reuters)

July 16 Italian oil and gas major Eni announces that it has begun exporting oil production from the giant Karachaganak field in Kazakhstan to the Novorossiysk terminal on the Black Sea. In addition, Eni said that it and its partners had completed pipelines and treatment facilities so that output from the oil field could grow by the end of the year to 380,000 barrels of oil equivalent per day from the current 220,000 barrels of oil equivalent per day. (DJ)

July 16 Royal Dutch/Shell and Total successfully conclude the first deal with Saudi Arabia giving Western companies access to the Kingdom’s hydrocarbon reserves since the nationalization of its petroleum industry. The agreement entails natural gas exploration and development across 77,000 square miles in Saudi Arabia’s Empty Quarter. Previous efforts to open up Saudi Arabia's upstream natural gas sector, known as “Saudi Arabia’s natural gas initiative” and the three “Core Ventures” were larger, with each estimated to be worth $10-$15 billion. The Core Ventures fell apart in June due to conflicts with foreign investors over financial terms. (Reuters)

July 25 The first delivery of liquefied natural gas (LNG) since 1980 is made to the reactivated Cove Point LNG regasification plant in Maryland, as a tanker from Trinidad arrives carrying 22 million gallons of LNG. According to Dominion, owner of the facility, the plant will be able to supply 1 billion cubic feet of natural gas per day, and will be the largest LNG regasification facility in the United States. (WP)

July 31 Oil Ministers of the Organization of Petroleum Exporting Countries (OPEC), meeting in Vienna, decide to keep their crude oil production quotas unchanged until their next meeting, on September 24. The combined quota for the ten members participating in the quota regime (i.e. excluding Iraq) is 24.5 million barrels per day. (WSJ)

August 7 The United States estimates that restoring Iraq's oil sector to its pre-war status will cost at least $1.1 billion and take nine months to complete. Prior to the war, Iraq was producing around 2.5-2.6 million barrels per day and exporting around 2.0-2.1 million barrels per day. Current production is closer to 1 million barrels per day, with exports of about 600,000-700,000 barrels per day. (LAT))

August 14 Libya reportedly agrees to compensate families of the 1988 Lockerbie airplane bombing with $2.7 billion total. The money is to be released in three tranches, the first following a lifting of United Nations sanctions, the second after possible lifting of U.S. sanctions, and the third after Libya is removed from the U.S. State Department's state sponsors of terrorism list. (WMRC)

August 14 A huge electric power blackout hits large parts of the northeastern United States, the Midwest, and southern Canada late in the afternoon. Power is out for at least several hours in major cities like New York, Detroit, Cleveland, and Toronto. Three months later, on November 19, the U.S.-Canada Power System Outage Task Force, led by U.S. Secretary of Energy Spencer Abraham and Canadian Natural Resource Minister Herbert Dhaliwal, releases a 124-page investigative report which concludes that the blackout was "largely preventable" and cites several failures by regional utility companies and regulators. Analyses are also published by The Michigan Public Service Commission and the Electric Power Research Institute (EPRI). (NYT, WSJ, AP)

August 14 Russia approves a $13 billion merger between Yukos and Sibneft, creating "YukosSibneft," Russia's first "supermajor" and one of the world's largest publicly traded oil companies. (WMRC)

August 15 Iraq's crucial northern oil pipeline from Kirkuk to the Turkish port of Ceyhan is attacked, stopping flows on the line just two days after it reopened for the first time since the war. The pipeline had a pre-war capacity of 1.1 million barrels per day, but sustained significant damage during hostilities and had started pumping at only around 200,000 barrels per day. Repairs to the line from the latest attack may take weeks, while full restoration of the pipeline's pre-war capacity could take months. (WMRC)

September 1 Ibrahim Bahr al-Uloum, a former Iraqi exile, is appointed Iraq’s first post-war oil minister by the country’s Governing Council. Uloum replaces Thamir Ghadban, who had been the acting oil minister since early May. (Reuters)

September 10 The Inter-American Development Bank approves financing for Peru’s Camisea natural gas project. The Camisea fields were discovered by Shell in 1986 and are estimated to hold 13 trillion cubic feet of natural gas and 660 million barrels of condensate, possibly transforming Peru into a net energy exporter. (DJ, WP, WMRC, EIA)

September 11 The Federal Energy Regulatory Commission approves a plan for the new Cameron liquefied natural gas (LNG) import terminal in Hackberry, Louisiana. Cameron represents the first such project in the United States in over 20 years. (NYT)

September 12 The United Nations (U.N.) Security Council lifts 11-year-old sanctions against Libya. Development of Libya’s sizeable oil resources has been hindered by the sanctions, which were imposed in 1992 in an effort to extradite two Libyans indicted for the 1998 bombing of an American plane over Scotland. (AP

September 19 Iranian Oil Minister Bijan Zanganeh announces that the deal which granted a Japanese consortium preferential rights to develop Iran’s Azadegan oil field has expired. The consortium was granted the rights in late 2000, but had yet to negotiate and sign a contract. The Azadegan field is estimated to hold some 26 billion barrels of oil. (Platts)

September 24 OPEC members agree to cut the output ceiling for the ten member countries, excluding Iraq, by 900,000 barrel per day to 24.5 million barrels per day, effective November 1. Iraq attends the OPEC meeting for the first time since 1990. OPEC cited concerns that the world oil market will be oversupplied in 2004 leading to lower prices. (Reuters)

September 30 The Chicago Climate Exchange announces its first auction of emission allowances. Although emissions cuts are still voluntary, the exchange is considered an important prototype. (WMRC)

October 3 Chad's President Idriss Deby announced that the new Chad-Cameroon oil pipeline is officially "onstream." Chad began pumping oil into the pipeline in July 2003 from the Doba field. The $3.7 billion Chad-Cameroon oil pipeline represents the World Bank's single largest investment ever in sub-Saharan Africa. (NYT)

October 4 The Russian oil companies Yukos and Sibneft complete their merger, creating YukosSibneft, the world's fourth-largest private oil producer. The news is accompanied by rumors that major American firms are interested in making a deal with YukosSibneft in order to gain access to the Russian energy market. (WP)

October 14 Bowing to protests, Bolivian President Gonzalo Sanchez de Lozada announces he will not pursue a plan to export more than one billion cubic feet per day of liquefied natural gas (LNG) to the United States through Chile. The proposal had led to massive popular protests in Bolivia, resulting in the deaths of at least 16 people. (WSJ, WP, NYT)

November 4 The International Finance Corporation, the private lending division of the World Bank, approves a $250 million loan for the Baku-Tbilisi-Ceyhan pipeline. Later, on November 11, the European Bank for Reconstruction and Development approves its $250 million loan for the project. The 1-million-barrel-per-day pipeline will enable crude oil exports from the land-locked Caspian Sea region to reach world markets through the Turkish Mediterranean port of Ceyhan. (WSJ, EIA, WMRC)

November 18 ChevronTexaco reports that it has received final approval form the Federal Energy Regulatory Commission (FERC) to build the world's first-ever deepwater liquefied natural gas (LNG) import terminal at Port Pelican in the U.S. Gulf of Mexico. The plant will have a capacity of 1.6 billion cubic feet per day, with construction to begin in 2004 and to be completed in 2007. (WMRC)

November 21 The United Nations hands over the "oil-for-food" program in Iraq to the U.S.-led administration in Baghdad. The "oil-for-food" program was established by the United Nations in 1995, and used proceeds from the sale of Iraqi oil to buy food and medicine for Iraqis as well as to finance infrastructure and humanitarian projects. Iraqi oil exports reportedly have reached around 1.5 million barrels per day. (USAT, WMRC)

November 24 The U.S. Congress abandons plans to pass an energy bill before the end of the legislative session. The bill was approved in the U.S. House of Representatives on November 18, but then blocked in the Senate as its proponents were unable to close debate on the issue and call for a vote. The legislation has been under construction for three years and represents Congress's first attempt at a comprehensive energy bill since 1992. The bill's proponents intend to revisit the issue in 2004. (NYT, WP, WSJ)

November 28 Russian oil company Sibneft makes a surprise announcement suspending its merger with Russian oil major Yukos citing technical difficulties. The $13 billion merger was announced in April 2003, and would create the world's fifth-largest publicly traded oil company. (WP, WSJ)

December 2 President George W. Bush signs a $27.3 billion energy and water bill that includes funding for a nuclear waste repository at Yucca Mountain, Nevada. The repository remains a source of controversy between state and federal officials. (AP)

December 4 OPEC holds its 128th meeting to review oil markets in Vienna, Austria, leaving OPEC 10 output quotas unchanged. (DJ)

December 15 Oil prices fall 4% on the news that U.S. military forces capture Saddam Hussein near his hometown of Tikrit, Iraq. (CBS, WMRC)

December 18 BP signs a 20-year deal to sell 500 million cubic feet per day of liquefied natural gas (LNG) from its Tangguh facility in Indonesia to the U.S. energy company Sempra Energy. The LNG will be shipped to Sempra's proposed import and regasification terminal in Baja California, Mexico before being distributed to buyers in the United States. (DJ)

December 22 Libya announces that it will abandon its weapons of mass destruction programs and comply with the Nuclear Non-Proliferation Treaty. The United States welcomes the move, but says that it will maintain economic sanctions until it sees evidence of compliance. (WMRC, NYT)

Back to top

2004

January 18 Saudi Aramco formally inaugurates its new Haradh oil and natural gas facility. The Haradh plant is expected to boost Saudi natural gas production capacity by roughly 25%, most of which is slated for the domestic market. The Haradh facility also includes a gas-oil separation plant capable of processing 300,000 bbl/d, as well as infrastructure for delivering up to 170,000 bbl/d of condensates to the Kingdom's Abqaiq processing facility. Developing the country's relatively untapped natural gas potential could allow more oil to be allocated for export in the future. (Reuters, LAT, Platts)

January 22 U.S. Interior Secretary Gale Norton approves a plan to open parts of Alaska's North Slope to oil exploration and drilling. Nine million acres of Alaska's National Petroleum Reserve will be opened to long-term production. The site lies adjacent to the Arctic National Wildlife Refuge, which remains closed to oil and gas drilling. (WP)

February 11 OPEC delegates meeting in Algiers agree to lower the cartel's output ceiling by 1 million barrels per day, to 23.5 million barrels per day, effective April 1. OPEC members also urged immediate compliance with the existing OPEC ceiling, as overproduction has been estimated at roughly 1.5 million barrels per day. Assuming full quota compliance, the decision could remove a total of 2.5 million barrels per day from the world market in April. (NYT, WSJ)

February 19 The Royal Dutch/Shell group announces that the Securities and Exchange Commission (SEC) has begun a formal investigation into the company's restatement of its oil and gas reserves. On January 9, 2004, Royal Dutch/Shell announced that it had overstated its proven oil and gas reserves by 3.9 billion barrels, or 20% due to overly optimistic assumptions about plans for developing its fields around the world. (NYT)

February 25 Total (France) and Petronas (Malaysia) sign an estimated $2 billion agreement with the National Iranian Oil Company to build Iran's first liquefied natural gas (LNG) export facility. The two-train facility will have a capacity of 390 billion cubic feet per year, with natural gas to come from Iran's South Pars field. Production of LNG is expected to begin in 2009. Iran holds the world's second largest natural gas reserves—after Russia—and development of LNG facilities would allow the country to export gas around the world. (WMRC)

February 26 The United States rescinds a ban on travel to Libya and authorizes U.S. oil companies with pre-sanctions holdings in Libya to negotiate on their return to the country if and when the United States lifts economic sanctions. The United States first imposed sanctions on Libya in 1986 following terrorist attacks in Rome and Vienna. Several U.S. oil companies were forced to abandon their assets in Libya when sanctions were imposed in 1986, including the “Oasis Group” (Marathon Oil, ConocoPhillips, Amerada Hess) and Occidental Petroleum. (WSJ)

March 31 OPEC members unanimously agree to implement the cartel’s oil production cuts effective April 1, as agreed to in February. Relatively high prices for oil and petroleum products had prompted several consuming countries, including the United States, to suggest that OPEC members vote to postpone the cuts and put downward pressure on oil prices. According to the cartel’s official communiqué following the meeting, “Notwithstanding prevailing high prices, the Conference observed that the crude oil market remains more than well supplied as the world moves into the traditionally lower seasonal demand period.” (Reuters)

April 21 A car bomb explodes outside a police building in Riyadh, Saudi Arabia, marking the first major attack by militants on governmental targets in the Kingdom. Four people are killed and 148 are wounded. The country’s major export facilities are not harmed, but port authorities maintain a “heightened sense of security.” Saudi Arabia is the world’s largest oil producer and America’s second largest foreign supplier of crude oil and petroleum products after Canada. (Reuters, Platts, EIA)

May 22 OPEC oil ministers meet in Amsterdam at a forum of energy producing and consuming nations to discuss a response to high oil prices (near-month West Texas Intermediate was above $40 per barrel the previous week). Saudi Arabia calls on OPEC to raise production quotas by as much as 11%, but the ministers do not come to an agreement other than to meet again in Beirut on June 3. Saudi Arabia decides to unilaterally increase its crude oil production beyond its quota to 9.1 million barrels per day in June. (Reuters)

May 30 Saudi militants attack a complex in Khobar, Saudi Arabia, housing foreign workers. After killing various Saudis and foreigners upon entering the compound on May 29, the militants take hostages, and later kill nine of them. Three of the militants are able to escape despite the efforts of the Saudi security forces. This attack, as well as earlier ones in the kingdom, has foreigners and foreign firms reconsidering their presence in Saudi Arabia. (Reuters)

June 1 Near-month crude oil futures on the NYMEX reach a record nominal settlement high of $42.33 per barrel, with traders thought to be reacting to the weekend terrorist attacks in Saudi Arabia on top of an already tight market. This is the highest nominal settlement price since the founding of the NYMEX crude oil futures market in 1983. (WSJ)

June 3 OPEC Ministers meeting in Beirut agree to raise OPEC production quotas by a combined 2 million barrels per day effective July 1 and a further 500,000 barrels per day effective August 1. This will bring the combined quota in August for the 10 OPEC countries participating in the quota system (Iraq does not participate) to 26 million barrels per day. Crude oil prices fall somewhat in response to this news. OPEC is scheduled to meet again on July 21 to review this decision. (AP)

June 4 U.S. Assistant Secretary of Commerce William H. Lash announces that Libya has sent its first shipment of crude oil to the United States since the resumption of ties between the two countries in recent months. (AP)

June 15 Workers at French state energy companies Electricite de France and Gaz de France go on strike in protest over plans to privatize the two companies. Workers reduce electricity output by about 15% on June 15 and by 10% on June 16. A 225-kilovolt line between France and Spain is also cut, and reductions are targeted at areas where prominent politicians live and at national landmarks as the strike continues throughout the month. The striking workers also cause delivery reductions at two LNG terminals. (Reuters)

July 15 OPEC agrees to raise its crude oil production target by 500,000 barrels (2% of current OPEC production) by August 1—in an effort to moderate high crude oil prices. (WSJ)

July 22 Yukos, one of Russia’s largest crude oil producers, warns that it could go bankrupt within three weeks because of the government’s decision to freeze its assets and bank accounts, jeopardizing the operations of Russia’s largest oil producer and potentially disrupting the company’s exports to world markets. (WP)

August 9 The Russian government disregards the August 6 ruling of a Moscow court and seizes the main production unit of Yukos, Yuganskneftegaz. On August 6, the court had declared that the Russian government’s seizure of Yuganskneftegaz was illegal, a decision which had marked the first major court victory for Yukos since Russian authorities began proceedings against the company more than a year ago. Furthermore, on August 5, the government had unexpectedly withdrawn permission for Yukos to use its financial assets to continue operations, reversing a decision made 24 hours earlier. (WP, WSJ)

September 14 In the biggest disruption of the region's output in at least two years, Hurricane Ivan forces Shell Oil Co., ChevronTexaco, ExxonMobil, and Total, to shut some hundreds of thousands of barrels per day of Gulf of Mexico oil production as the companies evacuate more than 3,000 workers from the offshore platforms. Oil tankers from Venezuela also face a three-day delay on deliveries to the United States because of the hurricane. The U.S. Minerals Management Service reports that Ivan has reduced Gulf Coast oil production by 61%. (Bloomberg, DJ, Reuters)

September 20 President Bush lifts a variety of U.S. sanctions on Libya, paving the way for American oil companies to try to secure contracts or revive previous contracts for tapping Libya's oil reserves, estimated at approximately 36 billion barrels. (NYT)

September 24 In the aftermath of Hurricane Ivan, U.S. Secretary of Energy Spencer Abraham agrees to release 1.7 million barrels of oil in the form of a loan from the Strategic Petroleum Reserve. Refineries are reporting supply shortages due to cuts in production and delayed imports. Prices of NYMEX WTI prompt month crude oil rise $0.42 to $48.88 per barrel despite the release. A bout 472,000 bbl/d of crude oil production is shut-in, along with 2.3 billion cubic feet per day (bcf/d) of natural gas production. By February 2005, lasting damage from the Hurricane continues to cause shut-ins of over 43 million barrels of crude oil production (over 7% of the yearly production in the Gulf of Mexico) and over 172 Bcf of natural gas (almost 4% of the Gulf's yearly production). (NYT, MMS)

October 22 The NYMEX WTI prompt month crude oil contract price closes at an all-time high of $55.17 per barrel after the Energy Information Administration reports a fifth straight weekly decrease in U.S. heating oil stocks. Lasting effects from Hurricane Ivan have also forced the shut-in of natural gas and crude oil production from the Gulf Coast. (NYT, CNN)

October 28 After its approval by the Russian cabinet and the lower half of the Russian legislature earlier in October, the upper house of the legislature ratifies the Kyoto Protocol global climate treaty and returns it to the executive branch for its approval. Russian ratification is necessary for the Protocol to take effect because participating countries must have been responsible for 55 percent of global emission in 1990, and Russia is the only remaining country that can trigger the 55 percent threshold. One of the Protocol's main tasks is to implement a reduction in emissions of the six greenhouse gases to 1990 levels by 2012. The Bush administration announced three years ago that it would not join the accord. (WP, USA Today)

November 2 Saboteurs mount a large attack on Iraq's oil infrastructure by blowing up three pipelines in the north, thereby cutting exports at the Turkish port of Ceyhan. The first pipeline attack destroys a portion of the export route to Turkey, and other explosions occur in an area about 40 miles southwest of the oil producing center of Kirkuk. The explosions affect oil supplies to Iraq's biggest refinery at Baiji and imports of refined products. Crude oil exports resumed three days later. (Reuters)

November 16 A U.S. Senate probe finds that Iraq illegally earned approximately $21.3 billion by circumventing UN sanctions between 1991 and 2003. The figure is double the amount reported by the Duelfer report that was released in October 2004. The Senate's permanent Subcommittee on Investigations also releases details on the way in which Saddam Hussein manipulated the UN's oil-for-food program. (WP)

November 22 Ukraine holds a run-off presidential election between Prime Minister Vladimir Yanukovych and opposition leader Vladimir Yushchenko. Although exit polls show large-scale support for Yushchenko, initial official results show Yanukovych with a 2% lead. Massive opposition-led protests ensue in Kiev in what is commonly referred to as the "Orange Revolution". Ukraine is a pivotal transit state for Russian oil and natural gas exports to continental Europe, as well as a major regional producer of coal. Yushschenko later wins a third runoff election at the end of December 2004. (NYT, AP)

December 5 Around 300 unarmed Nigerian villagers - including women and children - from the Kula community in Rivers State in the Southern Niger Delta, seize three oil flow stations operated by multinational oil companies Shell and ChevronTexaco, shutting in 100,000 barrels per day (bbl/d) of production for one week. A community spokesman claims that his people are protesting because they feel they have been overlooked for jobs. The incident is the second attack on oil flow stations in the Niger Delta in two weeks. (WMRC)

December 10 In its quarterly meeting, OPEC agrees to cut production of crude oil to official quota levels. The OPEC Ministers say the cartel will lower crude oil production by 1 million bbl/d effective January 1. Currently, ten of OPEC's members are exceeding their 27 million bbl/d official quota by 1 million bbl/d (Iraq does not have a quota). OPEC members pledge to meet again on January 30 to discuss whether further cuts are necessary. Saudi Arabia plans to decrease crude oil output by 500,000 bbl/d starting on January 1, 2005. (NYT, AP, WP)

Decmber 18 Yuganskneftegaz, the largest subsidiary of Yukos, is auctioned off to a previously unknown company called Baikal Finans Group (BFG) for a well-below-market value of $9.4 billion. The unit is being sold to help cover more than

$27 billion in tax claims the Russian government says it is owed by Yukos over the last year -- part of a broader campaign against the company and its founder, Mikhail B. Khodorkovsky. Under threat of having the government auction its largest oil asset, Yukos filed for bankruptcy in a U.S. court in Houston, Texas, earlier in the week. In response, many banks that were preparing to back Gazprom in its bid for the oil unit dropped their support. Russian state-owned oil company Rosneft buys all of BFG five days later. (WSJ, NYT)

December 20 Exelon, the United States' largest nuclear power producer agrees to buy New Jersey-based Public Service Enterprise Group (PSEG) for a reported $13.2 billion in stock, thus creating the largest utility in the United States. Pending some anticipated regulatory hurdles, the combined company will increase Exelon's generating capacity about 50% to around 52,000 megawatts (MW). (Reuters)

December 26 The world's largest earthquake in 40 years triggers a devastating tsunami centered in the Indian Ocean affecting largely populated coastal areas of India, Sri Lanka, Malaysia, Indonesia, and Thailand. Almost 300,000 local residents and tourists are killed in the tidal waves, yet damage to energy infrastructure is limited. Relief aid flows into the area from all over the world, increasing the value of local currencies. (NYT, WP, AP, Reuters)

December 31 The Russian government gives its long-awaited final approval for a major oil pipeline to the Pacific port of Nakhodka that would allow for exports to Japan and the western United States. The decision to move ahead with the Nakhodka pipeline rules out a proposed line to Daqing, China; however some concessions to China are expected. State oil pipeline monopoly Transneft will build a 1.6-million-bbl/d capacity pipeline from Taishet in East Siberia to the Perevoznaya Bay in the Pacific Primorsk region. The government gives no firm timeframe for the project, but says final proposals should be made before May 2005. (Reuters)

2005

January 5 After the resolution of a dispute in southeastern Nigeria, Royal Dutch/Shell resumes 114,000 bbl/d of crude oil production from the Odeama flow station. Vandalism and community feuds had closed down crude oil production in the Niger Delta and forced Shell to declare a *force majeure* on December 22, 2004. However, Shell is still operating under a 114,000-bbl/d *force majeure*, and the company warns customers that it will not be able to meet its export contracts from the Bonny terminal until early February. The shut-in had affected both Shell and ChevronTexaco, but ChevronTexaco negotiated a deal with the community to develop roads and infrastructure and allowed the company to resume production of some 20,000 bbl/d last week. (WMRC, Reuters)

January 30 OPEC decides to leave its crude oil production quotas unchanged at 27 million bbl/d after a meeting in Vienna. The current OPEC president, Sheik Ahmad Fahd Al-Sabah of Kuwait indicates that the producers will reduce their production levels before the next meeting, scheduled for March 26, if prices fall. OPEC also temporarily suspends its price band of $22 - $28 per barrel, which had been in effect since March 2000. (NYT, AP)

January 30 Millions of Iraqis defy threats and suicide bombers to cast ballots in their country's first democratic national election. Iraq's Independent Electoral Commission estimates that approximately 60 percent, or about eight million, of the nearly 14 million registered voters actually vote. Another quarter of a million Iraqi exiles also vote, or 90 percent of those who had registered. (WP, NYT)

February 14 BP launches the first commercial crude oil production from its Central Azeri field off the Caspian Sea coast of Azerbaijan. The field, part of the Azeri will be a major contributor to the Baku-T'bilisi-Ceyhan (BTC) pipeline that will run through the Caucasus region to the Mediterranean sea port of Ceyhan, Turkey. Since the BTC pipeline has been delayed until 2006, BP will reroute the field's 2005 average production of 93,000 barrels per day to the Georgian port of Supsa and the Russian port of Novorossiysk. (Reuters, WMRC)

February 16 Eight years after it was first negotiated, the Kyoto Protocol on climate change goes into affect. Following Russia's approval of the treaty in November 2004, the treaty's signatories comprised the requisite 55 percent of world greenhouse gas emissions in order for it to take effect. One of the Protocol's main goals is to achieve a reduction in greenhouse gas emissions of the six designated greenhouse gases to 1990 levels by 2012. A total of 140 countries have ratified the pact, the first major international effort to reduce industrial emissions. The Bush Administration announced three years ago that the United States would not join the accord, but it would instead pursue other voluntary reduction programs. (Reuters, NYT, LATimes)

March 1 Iraq closes its northern crude oil export pipeline indefinitely due to sabotage concerns. The 600,000 bbl/d-pipeline, which runs from the city of Kirkuk to the Mediterranean port of Ceyhan has been the target of over 15 attacks since January 2005. The frequent closures of the pipeline make it difficult for Iraq to maintain its targeted crude oil production level of 2 million barrels per day. (WMRC)

March 16 OPEC meets in Isfahan, Iran, and agrees to lift oil production limits by 500,000 barrels per day (from 27 million bbl/d to 27.5 million bbl/d), effective immediately. OPEC also announces that it is prepared to add a further 500,000 barrels per day if prices stay high. In the days leading up to the OPEC meeting, Saudi oil minister Ali Naimi says that his country is willing to increase crude oil production by about 500,000 bbl/d or to its maximum capacity. EIA estimates that Saudi's maximum oil production capacity is around 10.5 million bbl/d. (OPEC website, Reuters, EIA)

March 24 An explosion at BP's Texas City oil refinery kills 15 people and injures more than 70. In part due to market fears that the refinery blast will curtail gasoline supplies, the NYMEX prompt month contract for gasoline increases 1.5 percent to $1.599 per gallon and the NYMEX WTI prompt month crude oil contract increases $1.03 to close at $54.84 per barrel. The 460,000-bbl/d refinery accounts for approximately 3 percent of U.S. refining capacity; however, the refinery blast did not significantly affect actual U.S. gasoline production. BP later attributes the explosion to ignition sources near a vent stack, but an independent commission is still examining the causes. (NYT, DJ)

May 20 A strike in France shuts down five of six oil refineries operated by international oil major Total. The strike is a result of a dispute between the company and its workers over the number of vacation days allotted to employees. The strike affects over 930,000 bbl/d of crude oil refining capacity, or about 90 percent of Total's total refining capacity in the country. The strike ends after a few days with a government-brokered agreement between Total and the union. France has the third-largest refinery capacity in Europe, with Total controlling some 56 percent of that capacity. (DJ)

June 15 At a meeting in Vienna, OPEC announces that it will increase its production quota by 500,000 bbl/d, to 28 million bbl/d and pledges to consider further quota increases in late 2005. (FT)

June 24 Chinese oil company Cnooc Ltd. bids $18.5 billion, or $67 per share, for U.S.-based Unocal. The all-cash offer comes after international oil major Chevron had offered $60 per share in a stock-cash offer. The bid is the largest attempted Chinese acquisition of a U.S. company. Cnooc wants to gain control of Unocal's sizable production assets and reserves in Asia. However, Cnooc could face difficulties getting approval of its bid from Unocal's shareholders or U.S. regulators. (DJ, WSJ)

June 25 Mahmoud Ahmadinejad is elected president of Iran. Ahmadinejad, the former mayor of Tehran, called repeatedly during his campaign for reform of the country's oil sector, especially a crackdown on inefficiency and corruption at the state-owned National Iranian Oil Company (NIOC). While Ahmadinejad is viewed as conservative, there is no clear consensus on how his election will affect Iran's oil and gas sectors. Iran is the second-largest oil producer in OPEC, with June 2005 crude oil production of four million bbl/d. (WP)

June 27 The price for near-month delivery of West Texas Intermediate (WTI) on the New York Mercantile Exchange (NYMEX) settles above $60 per barrel for the first time since the launch of the contract in 1983. The near-month WTI settlement price has risen 61 percent in the last twelve months. (Reuters)

July 5 Tropical storm Cindy disrupts oil and natural gas production in the U.S. Gulf of Mexico (GOM) region. The storm shuts-in oil and gas platforms and forces the closure of the Louisiana Offshore Oil Port, the largest U.S. oil import terminal. Cindy also causes some oil refineries in the region to cease operations. According to the Department of the Interior's Minerals Management Service (MMS), there is a total of 312.1 thousand barrels (bbl) of oil production and 1.68 billion cubic feet (Bcf) of natural gas production shut-in in federal waters due to Cindy. (Bloomberg, MMS)

July 8 A strike by local workers at Angola's Block 0 offshore oil project shuts in almost all production at the project. The local workers demand a pay increase to bring their salaries on par with expatriates. The strike ends later in the week, when local workers agree to return to the site while they negotiate with management. According to Chevron, the field's operator, Block 0 produces 450,000 bbl/d, almost one-half of Angola's total oil production of about 1.15 million bbl/d. (Reuters)

July 11 Hurricane Dennis causes serious damage to the Thunder Horse project, a semi-submersible platform under development by BP. According to reports, the storm damages one of the platform's ballast tanks, causing Thunder Horse to list some 30 degrees. BP is able to properly right the platform after a week of repairs. Thunder Horse was originally scheduled to come onstream by the end of 2005 with crude oil production of 250,000 bbl/d, but BP stated that it will not come online before the end of 2005. (DJ)

July 18 Production begins at Angola's offshore Kizomba B field. Operated by a unit of ExxonMobil, the field has an initial crude oil production capacity of 250,000 bbl/d. (Reuters)

July 19 Hurricane Emily shuts in most of Mexico's offshore oil production in the Gult of Mexico region. State-owned Pemex evacuates all workers from offshore rigs in the Gulf of Campeche, home to over 80 percent of Mexico's crude oil production. Several oil export terminals are also shut-in. Hurricane Emily does not cause any permanent damage to oil facilities, and Pemex resumes production after the passing of the storm. (Reuters, DJ)

July 27 Twelve people die in a fire on a large production platform in India's Bombay High offshore oil field. The fire destroys the platform, which produces roughly 100,000 bbl/d of crude oil. The Indian government announces that replacement of the platform will cost $300 million, but that it expects to reinstate 70 percent of the lost production by re-routing it through other platforms in the field. (Lloyd's List, Reuters)

August 1 King Fahd of Saudi Arabia, dies, with Crown Prince Abdullah replacing him as king. Abdullah has largely handled the day-to-day operations of the county since Fahd suffered a stroke in 1995. Abdullah vows that he will not make any major changes to Saudi oil policy. (Reuters, DJ, AP)

August 5 BP shuts in production at its 120,000-bbl/d Shiehallion oil field in the UK Sector of the North Sea due to a fire in the staff facilities. The field represents eight percent of the UK's crude oil production. The fire is representative of the kinds of problems that impair North Sea oil production in the first part of August 2005, with unplanned outages cutting production from the area by more than 250,000 bbl/d at one point. (Reuters)

August 15 Protests in Ecuador's northeast, oil-producing provinces shut in much of the country's crude oil production. Residents of the region block access roads, occupy oil production facilities, and vandalize some pipelines. Ecuadorian President Alfredo Palacio declares a state of emergency in the region, and state-owned Petroecuador declares a *force majeure* on its oil exports after it must shut in almost all of its 210,000 bbl/d of oil production; foreign oil producers in the country, such as EnCana and Occidential Petroleum, also lose some production. Negotiations between the Ecuadorian government and the protesters end the crisis on August 20. (WSJ, Reuters, AP, DJ)

August 28 Hurricane Katrina strikes the U.S. Gulf of Mexico (GOM) region near New Orleans, severely impacting oil and natural gas production there. According to the Department of the Interior's Minerals Management Service (MMS), 95 percent of oil and 88 of natural gas production in federal waters is shut in during the height of the storm. Katrina also impacts oil refineries, affecting the operations of at least fourteen facilities and shutting down some 2.2 million bbl/d of refining capacity. Finally, the storm shuts down key hydrocarbons infrastructure, including the Louisiana Offshore Oil Platform (LOOP), the Capline crude oil pipeline, and the Colonial and Plantation oil products pipelines. The U.S. government announces that it will loan out crude oil from the Strategic Petroleum Reserve (SPR) to help ease the disruptions, and members of the International Energy Agency (IEA) also announce that they will offer some of their emergency reserves to the U.S. (Reuters, AP, DJ)

September 2 U.S. President George Bush directs DOE to release as much as 30 million barrels of crude oil from the SPR. This release, in the form of an online auction, comes after DOE has already released 13.2 million barrels of crude oil under short-term exchange agreements (see above). The auction is a response to the impact of Hurricane Katrina on U.S. oil production in the Gulf of Mexico (GOM) region, and it is the first emergency-induced release from the SPR since the 1990-1991 Gulf War. Of the 30 million barrels, DOE sells 11 million barrels by the end of the month to five companies. Further, the International Energy Agency (IEA) agrees to release an additional 30 million barrels of oil from the commercial stocks held by its member countries. (DOE, IEA)

September 24 Hurricane Rita makes landfall along the US Gulf Coast. Energy companies operating in the region had shut in almost all oil and natural gas production in anticipation of the storm. Refiners also had shut in over 3.9 million bbl/d of refining capacity, which, along with the refining capacity already shut down due to damage caused by Hurricane Katrina, represents over one-quarter of total US capacity. Many refineries begin to restart immediately following the storm, and oil and natural gas companies return to offshore platforms to assess damage. However, significant effects of Hurricane Rita continue to linger into 2006 (see below). (DJ, Reuters, AP, DOE)

September 27 A strike at the largest oil refinery in France, Total's facility at Gonfreville, shuts-in 343,000 bbl/d of refining capacity in that country. A strike also closes the Lavera/Fos-sur-Mer complex, an important oil import terminal, LNG regasification facility, and refining center along France's Mediterranean coast. The action affects 570,000 bbl/d of crude oil refining capacity and 0.4 Bcf/d of LNG regasification capacity. In addition, it affects several oil pipelines that carry crude from the port to other points in Europe. In both labor actions, the affected facilities are able to operate without interruption in the short-term, due to stored supplies, but long-term outages could hinder the delivery of crude oil and refined products. (Reuters)

October 21 A strike by workers at Nigeria's Brass River crude oil export terminal shuts operations at the facility for two days. The terminal normally handles around 240,000 bbl/d of crude oil exports. Nigeria produced 2.5 million bbl/d in September 2005, of which it exported about 2.1 million bbl/d. (Reuters)

October 31 Workers at Royal Dutch Shell's Pernis refinery begin a phased shutdown of the facility, as part of a labor dispute with the company. With crude oil refining capacity of 418,000 bbl/d, the Pernis plant is the largest oil refinery in Europe. Workers at Shell's Moerdijk petrochemicals plant, with production capacity of 900,000 metric tons per year (t/y), join the strike and also shut operations. (Reuters)

November 3 Royal Dutch Shell reaches an agreement with workers at its Pernis refinery in the Netherlands. The workers launched a work stoppage late last month and began a controlled shutdown of the facility. The agreement allows Shell to restore full operations at the plant, after the strike had reduced output at the facility by 50 percent. Pernis is the largest oil refinery in Europe, with a crude oil distillation capacity of 418,000 barrels per day (bbl/d). (Reuters)

November 28 Royal Dutch Shell begins production at its offshore Bonga oil and natural gas field in Nigeria. At its peak, the Bonga field will produce 225,000 bbl/d of crude oil and 150 million cubic feet per day (Mmcf/d) of natural gas. The project will help Nigeria reach its goal of increasing its crude oil production to four million bbl/d by 2010; the country produced 2.5 million bbl/d of crude oil in October 2005. (EIA, Reuters)

December 4 An explosion damages one of the pipelines that supplies the Paraguana refinery complex in Venezuela. The pipeline normally supplies 400,000 bbl/d of crude oil to the facility. Government officials blame the blast on saboteurs attempting to disrupt upcoming national elections. Paraguana is the largest refining complex in the world, with a total refining capacity of 940,000 bbl/d. (AP)

December 9 At a meeting in Kuwait, OPEC announces that it will maintain its current level of oil production. The organization also states that it will re-consider this decision and possibly cut production by 1 million bbl/d at a meeting in January 2006. In December 2005, OPEC produced 29.9 million bbl/d of crude oil (Reuters, EIA).

December 14 Oil tankers transiting the Bosporus Straits face delays of 19 days, more than twice the delay faced at the same time last year. Poor weather and increased tanker traffic cause the increase. The Bosporus Straits are an important world oil market chokepoint, facilitating the export of crude oil from Russia and Central Asia through the Black Sea. In 2004, an estimated 3.1 million bbl/d of crude oil and petroleum products flowed through the waterway. (Reuters, EIA)

December 20 Militants in Nigeria's Niger Delta bomb a crude oil pipeline in two different locations. The bombings kill sixteen people and start a large fire. As a result of the incident, Royal Dutch Shell shuts in 180,000 bbl/d of crude oil production and declares *force majeure* on its crude oil exports from the country. The company is able to bring the production back online in a few days, when repairs on the pipeline are completed. Nigeria, a member of OPEC, produced 2.5 million bbl/d in October 2005. (DJ, EIA)

2006

January 1 Russia temporarily cuts natural gas supplies to Ukraine over a pricing dispute. The move effectively cuts natural gas exports to Europe, since most Russian exports travel via Ukraine. Russia resumes natural gas shipments within a few days and reaches a compromise agreement with Ukraine. However, the incident prompts a discussion in Europe over its future energy security, with many countries calling for concerted action by the European Union (EU) to reduce reliance upon Russian natural gas. Russia provides about one-quarter of total EU natural gas imports, with over 80 percent of this natural gas flowing through Ukraine. (DJ, Reuters, Eurostat)

January 4 The Department of Energy (DOE) completes delivery of the 11 million barrels of crude oil sold from the Strategic Petroleum Reserve (SPR) following Hurricanes Katrina and Rita. The SPR action was the first emergency drawdown since the 1991 Gulf War. (DJ)

January 31 In a regularly scheduled meeting, the Organization of the Petroleum Exporting Countries (OPEC) decides to maintain its current crude oil production quota (excluding Iraq) of 28 million bbl/d. In its official communiqué, OPEC states that the world oil market is in balance and well-supplied, blaming rising prices on “refining bottlenecks and other non-fundamental factors.” According to EIA, the ten members of OPEC bound by the quota produced 28.4 million bbl/d of crude oil in December 2005. OPEC will meet again in March 2006. (Reuters, OPEC, EIA)

February 8 Saudi Arabia begins production from its Haradh oilfield. According to state-owned Saudi Aramco, the field will eventually reach its full production capacity of 300,000 barrels per day (bbl/d) by the middle of 2006. Saudi Arabia aims to increase its crude oil production capacity to 12.5 million bbl/d by 2009. According to EIA, the country had a production capacity of 10.5-11 million bbl/d in February 2006. (Reuters, EIA)

February 21 Royal Dutch Shell extends the *force majeure* on its crude oil exports from Nigeria. The company has shut in 455,000 bbl/d of crude oil production in the country due to conflict in the oil-producing Niger Delta region. The shut-in production represents around one-fifth of Nigeria's total crude oil production. (Reuters, EIA)

February 24 Militants in Saudi Arabia try to attack the Abqaiq oil processing terminal with three truck bombs. Security forces are able to repel the attackers, before they penetrate into the core of the facility. Reports of the attack cause oil prices on the New York Mercantile Exchange (NYMEX) to rise 4 percent in a single day. The Abqaiq facility processes an estimated two-thirds of Saudi Arabia's crude oil production of 9.4 million bbl/d. (CNN, AP)

March 2 Workers at the Prudhoe Bay oil field in Alaska discover a leak in a pipeline, forcing field operator BP to shut-in 100,000 bbl/d of crude oil production. The leak, which had spilled 4,800-6,400 barrels of crude oil over several days, is in the GC-2 gathering system, a pipeline that brings production from the field to the Trans-Alaskan Pipeline. As of the end of the month, production at the field had not resumed, but BP plans to bring production back on-stream in early April. (DJ, AP)

March 8 At its meeting in Vienna, Austria, the Organization of the Petroleum Exporting Countries (OPEC) decides to maintain its current crude oil production ceiling (excluding Iraq) at 28 million bbl/d. In a communiqué released after the meeting, OPEC states that geopolitical risk and downstream bottlenecks contribute to its decision, despite its view that oil markets are well supplied and that inventories in the developed countries are high. OPEC production represents 40 percent of total world oil production, with total liquids production reaching 33.5 million bbl/d in February 2006. (EIA, Reuters)

April 21 The front-month price of West Texas Intermediate (WTI) crude oil on the New York Mercantile Exchange (NYMEX) closes above $75 for the first time in the history of the contract. A combination of rising global demand and geopolitical instability contribute to the higher price. (Reuters, DJ, AP)

June 1 At its meeting, the Organization of the Petroleum Exporting Countries (OPEC) decides to maintain its current level of production. In its communiqué, OPEC blames a lack of global surplus refining capacity as the principal cause of high world oil prices, not a lack of production by its members. Some members of OPEC, notably Iran and Venezuela, argue for a reduction in crude oil production. In May 2006, OPEC (including Iraq) produced 33.3 million bbl/d of petroleum, about 40 percent of total world oil supply. (Reuters, EIA)

June 19 An oil spill closes the Calcasieu Ship Channel near Lake Charles, Louisiana. The area is home to four oil refineries, with a combined capacity of 775,000 bbl/d. During the closure, the four facilities operate at reduced rates. In response to shutoff of crude oil supplies to the area, the Department of Energy (DOE) approves the loan of crude oil from the Strategic Petroleum Reserve (SPR) to two refiners, totaling 750,000 barrels. The Coast Guard re-opens the channel on June 30, after it cleans most of the spilled oil. (DJ, Reuters)

July 13 The Baku-Tbilisi-Ceyhan (BTC) crude oil pipeline is inaugurated in the southern port of Ceyhan, Turkey, with the leaders of Azerbaijan, Georgia, and Turkey presiding over the ceremony. The 1,087-mile pipeline is the first to allow crude oil to be exported from the Caspian Sea region without relying on the Russian pipeline system, crude oil swaps with Iran, or passage through the Bosporus and Turkish Straits. The BTC pipeline will have a transport capacity of 1 Mmbbl/d. (AP, Reuters)

July 24 A leak at a Royal Dutch Shell-operated pipeline in Nigeria shuts in 180,000 bbl/d of crude oil production, forcing the company to declare *force majeure* on its Bonny Light August loadings. Nigeria now has at least 718,000 bbl/d of crude oil output shut-in, owing mostly to continued militant attacks on Nigeria's oil infrastructure in the Niger Delta region. Outages in Nigeria have been a key factor underpinning high oil prices of late, as Nigeria is an important oil-exporting country. According to EIA estimates, Nigeria had net crude oil exports of 2.2 Mmbbl/d in June 2006. (EIA, Reuters, GI)

July 29 A leak occurs on one of the two mid-sized spurs of Russia's Druzhba oil pipeline, which is Russia's main oil export line to Europe. Russian authorities and the media have conflicting reports with respect to the pipeline damage and with respect to the size of the oil spill. In the ensuing days, news sources report that Belarus is receiving oil supplies from the pipeline while Lithuania is not, despite the two countries using the same spur of the pipeline. The Druzhba pipeline normally pumps 1.2 Mmbbl/d of crude oil to Europe, with the damaged spur supplying 250,000 bbl/d to Lithuania. (DJ, Reuters, Energy Intelligence)

August7U.K.-based oil and gas major BP announces that it will shut in production at the 400,000-barrels-per-day (bbl/d) Prudhoe Bay oil field in Alaska, following the discovery of leaks on a transit pipeline feeding the main Trans-Alaska Pipeline System (TAPS). BP is quickly able to restore 200,000 bbl/d of oil production in the western half of the field, as no pipeline damage is detected in this portion of the field. By month-end, some uncertainty continues regarding when BP will be able to fully reinstate the 200,000 bbl/d of production from the eastern operating region of the Prudhoe Bay oil field. (AP, GI)

August 29 ExxonMobil begins pumping its first crude oil for export at the DeKastri terminal at its Sakhalin-1 project on Russia's PacificCoast. The project is expected to produce up to 250,000 bbl/d of crude oil by year-end 2006, which would make it the largest new source of Pacific basin crude oil in more than a decade. Sakhalin-1's proximity to Japan, the second-largest net oil importer in the world, means that it is likely to be a primary customer. According to EIA figures, Japan had net oil imports of 5.3 Mmbbl/d in 2005. (EIA, Reuters)

September 5 A Chevron-led consortium announces that it has successfully completed a production test at the Jack #2 well in the U.S.Gulf of Mexico deepwater. During the test, the well sustained a flow rate of more than 6,000 barrels per day (bbl/d) of crude oil, which suggests that Jack can sustain commercial rates of production. The Jack well is the deepest successful well test in the U.S. Gulf of Mexico, located in ultra-deep waters in the Lower Tertiary region 175 miles from the Louisiana coast. Chevron estimates that the Lower Tertiary could hold between 3 billion and 15 billion barrels of recoverable oil reserves, which would increase existing proven oil reserves in the U.S. by 14 to 70 percent. The Chevron-led consortium will conduct additional appraisal well tests at the Jack site next year. (Energy Intelligence, OGJ)

September 11 OPEC convenes its 142nd meeting in Vienna, Austria. During the conference, OPEC decides to maintain its output ceiling of 28 Mmbbl/d, despite sinking crude oil prices since a mid-July peak. OPEC also agreed to hold an extraordinary meeting in Nigeria on December 14, 2006 to review oil market developments. OPEC last cut production in April 2004. According to EIA estimates, OPEC-10 members (which excludes Iraq) produced 27.8 Mmbbl/d of crude oil in September 2006. (EIA, Reuters)

October 19 During a consultative meeting in Doha, Qatar, members from the Organization of the Petroleum Exporting Countries (OPEC) agree to cut the organization's crude oil output by 1.2 Mmbbl/d. The move marks the first official cut in production by OPEC in more than two years, and exceeds the one million barrel per day cut that OPEC ministers initially proposed. According to a statement released by OPEC officials, the ten members subject to quotas (which excludes Iraq) will reduce their output from 27.5 Mmbbl/d to 26.3 Mmbbl/d effective November 1. This decision will be reviewed during OPEC's extraordinary meeting scheduled for December 14 in Abuja, Nigeria. (Reuters)

December 14 During an extraordinary meeting in Abuja, Nigeria, members from the Organization of the Petroleum Exporting Countries (OPEC) agree to cut the organization's crude oil output by 500,000 bbl/d, effective February 1, 2007. OPEC had previously cut its target output by 1.2 million bbl/d during a consultative meeting in October in Doha, Qatar, which marked the organization's first official cut in production in two years. According to a statement released by OPEC officials, the ten members subjected to quotas (which excludes Iraq) will reduce their collective output from 26.3 million bbl/d to 25.8 million bbl/d as of February 1. This decision will be reviewed during OPEC's scheduled ordinary meeting in Vienna, Austria on March 15, 2007. Also during the Abuja meeting, OPEC members unanimously voted to allow Angola to join the organization as its 12th member, effective January 1, 2007. (GI, Middle East Economic Survey)

December 26 A blast at a vandalized fuel pipeline in Lagos, Nigeria kills 269 people. The previous night, a criminal gang reportedly punctured the pipeline to divert supplies to the black market. Local residents flocked to the scene to stock up on the leaking fuel before the explosion occurred. This marks the second such explosion in Lagos this year, after about 200 were killed in a similar blast in May. Despite its status as a major oil exporter in Africa, Nigeria regularly faces domestic fuel shortages. (Reuters)

December 31 At year-end, EIA estimates that 615,000 bbl/d of Nigerian crude oil production remains shut-in as a result of accidents and militant attacks on oil infrastructure throughout the year. Nigeria is Africa's largest oil-producing country, with EIA estimates showing average production of more than 2.4 million bbl/d of total oil liquids in 2006. (EIA)

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