

[20725001]

(

⑤



1040

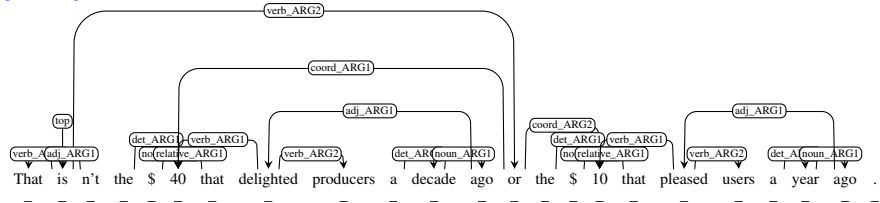
100



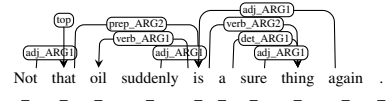
(

(

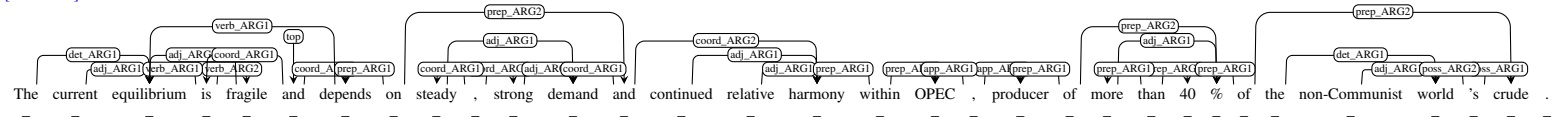
[20725017]



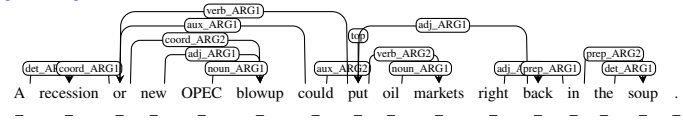
[20725019]



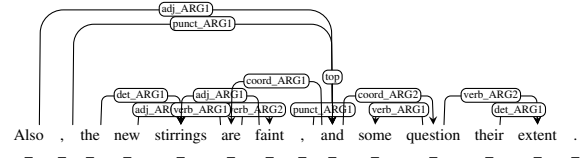
[20725020]



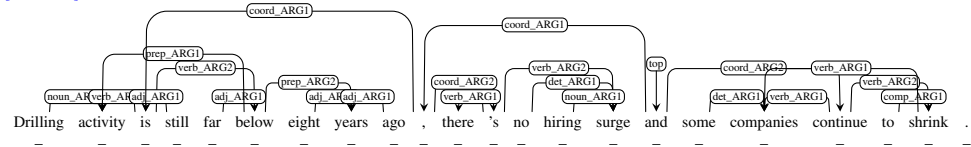
[20725021]



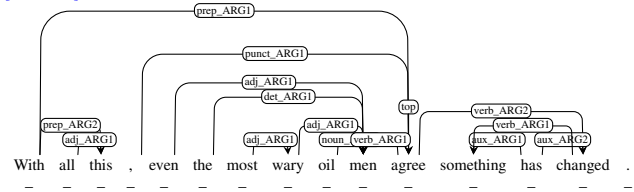
[20725022]



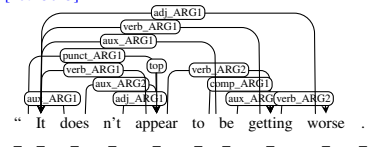
[20725023]



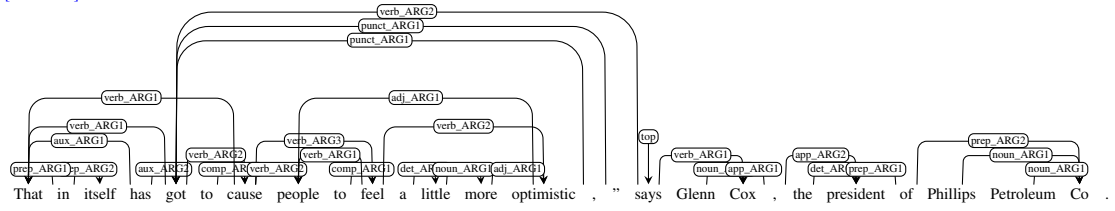
[20725024]



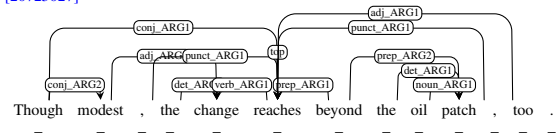
[20725025]



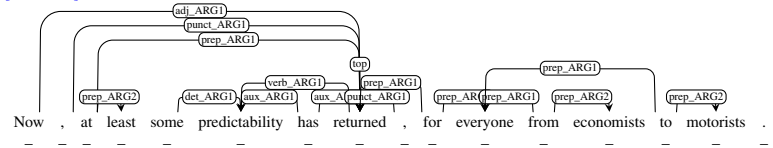
[20725026]



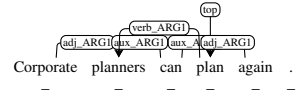
[20725027]



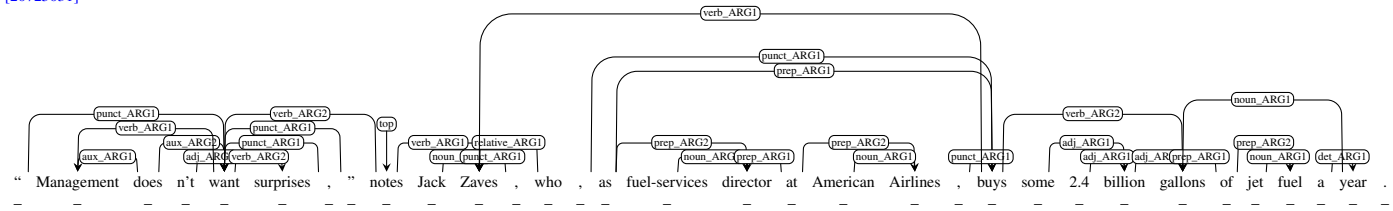
[20725029]



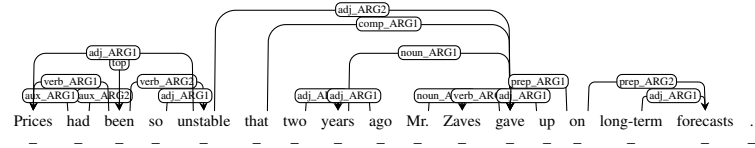
[20725030]



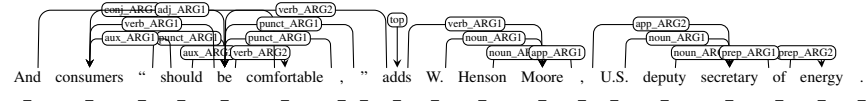
[20725031]



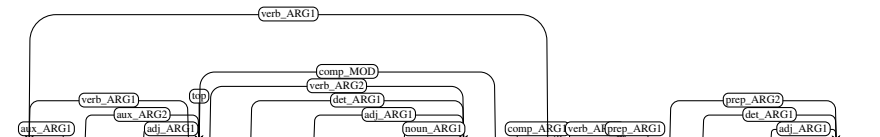
[20725032]



[20725033]

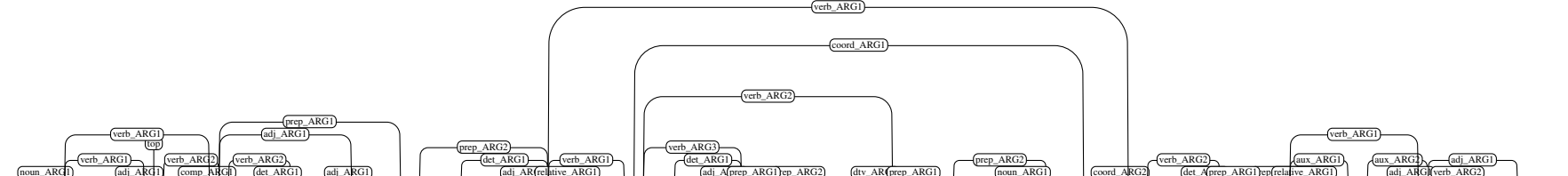


[20725034]



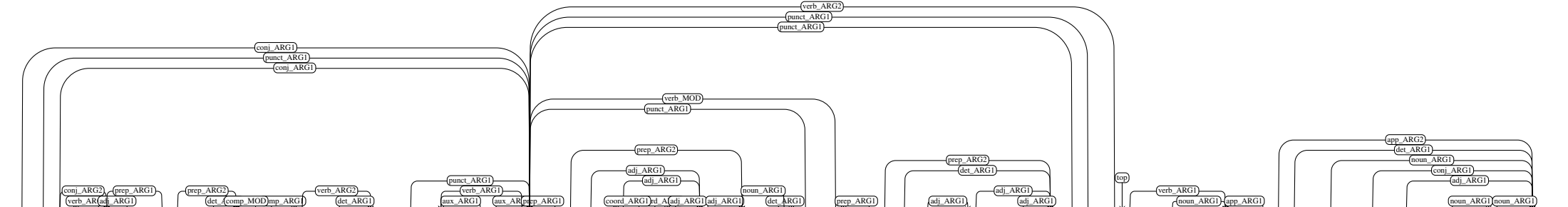
 OPEC has repeatedly raised its self-imposed production ceiling to legitimize some of that unauthorized output .

[20725049]



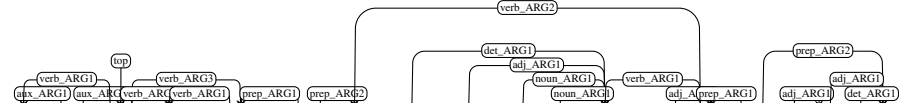
 Oil ministers now hope to solve the issue for good through an Iranian proposal that gives a larger share of output to countries with surplus capacity and reduces the shares of those that ca n't produce more anyway .

[20725050]



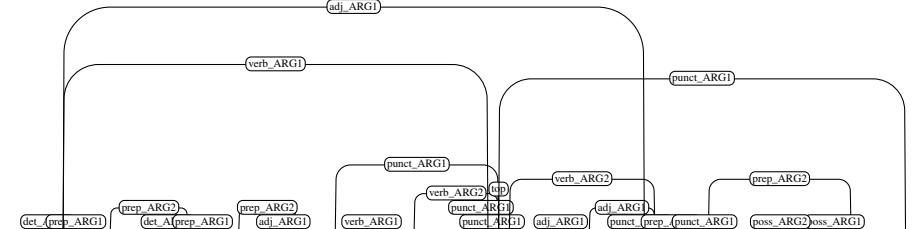
 But " if they walk out without any effort to resolve their problem , production could increase to 23 million or 24 million barrels a day , making for a very troublesome first quarter , " warns Nordine Ait-Laoussine , a consultant and former Algerian OPEC delegate .

[20725051]




 That would send prices plummeting from what some gun-shy U.S. oil executives still regard as too low a level .

[20725053]



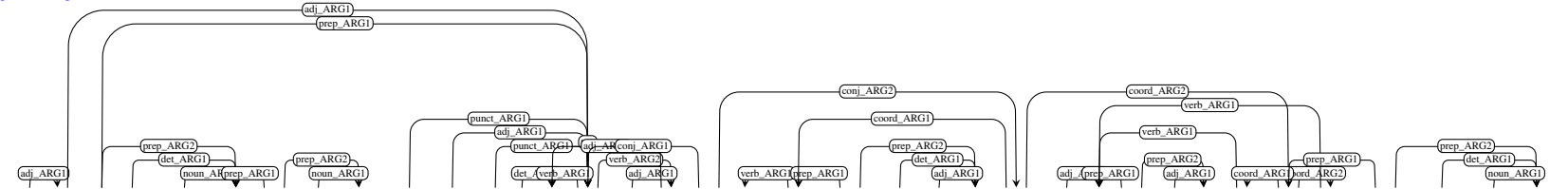
 The view of some others in Big Oil , he maintains , " is very much [similar to] Amoco 's outlook .

[20725054]



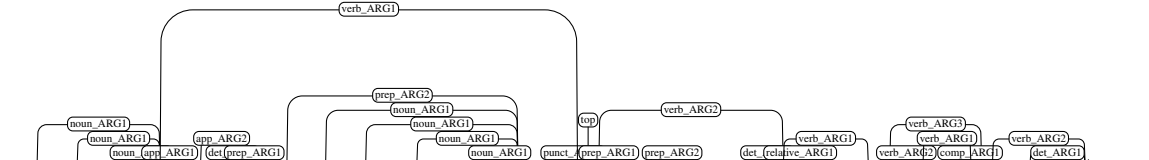
 Just this week Mobil Corp. disclosed new cutbacks in its domestic exploration and production operations .

[20725055]



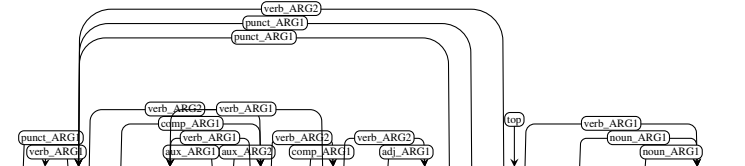
 Out here on the Querecho Plains of New Mexico , however , the mood is more upbeat ; trucks rumble along the dusty roads and burly men in hard hats sweat and swear through the afternoon sun .

[20725056]



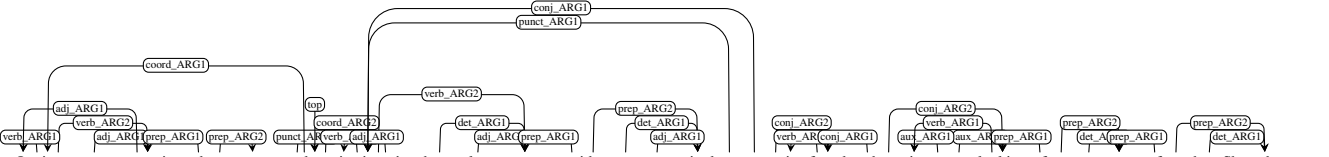
 Santa Fe Energy Co. , a unit of Santa Fe Southern Pacific Co. , bought from Amoco the rights that allowed it to drill the Sharpshooter .

[20725058]



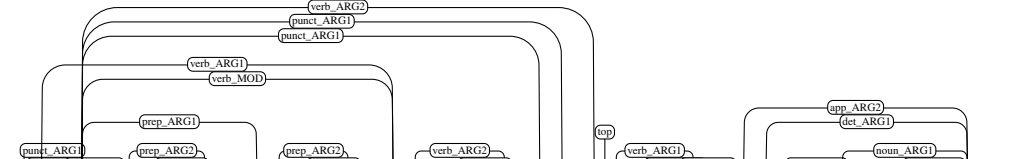
 " Talk is that everybody is going to drill more wells , " says foreman Tommy Folsom .

[20725060]




 It is more aggressive than most , but it is n't the only company with a new attitude , as it found when it went looking for a partner for the Sharpshooter .

[20725061]



 " We went to six companies over two days pitching the prospect , " says Tim Parker , a Santa Fe exploration manager .

[20725062]



 " Five were interested . "

[20725063]

Mitchell Energy & Development Corp. became the partner , ponying up more than half of the \$ 600,000 in drilling and start-up costs .

Mitchell will get a half-interest in the oil .

Now " everybody is a lot more optimistic . "

One attraction for oil operators here and in other fields is the bargain-basement cost of drilling and equipment , reflecting service companies ' hunger for work .

Kadane Oil Co. , a small Texas independent , is currently drilling two wells itself and putting money into three others .

One of its wells , in southwestern Oklahoma , is a " rank wildcat , " a risky well where oil previously has n't been found .

" At this price , \$ 18 plus or minus , and with costs being significantly less than they were several years ago , the economics are pretty good , " says George Kadane , head of the company .

" If you know you 've got stability in price , you can do things you would n't do with the volatility of the past few years . "

The activity is enough to move some oil-service prices back up a little .

Some drill-bit prices have risen 5 % in the past month .

In the Gulf of Mexico , a boat to deliver supplies to offshore rigs now costs around \$ 3,000 a day , up nearly 60 % since June .

Some service boats recently were auctioned for about \$ 1.7 million each , up from less than \$ 1 million two years ago .

At the bottom of the slump , Schlumberger Inc. was discounting 75 % on an electronic evaluation of a well ; now it discounts about 50 % , drillers say .

[20725077]

Still , there is money to be made .

[20725078]

Most oil companies , when they set exploration and production budgets for this year , forecast revenue of \$ 15 for each barrel of crude produced .

[20725079]

Prices have averaged more than \$ 2 a barrel higher than that - not a windfall , but at least a pleasant bonus for them .

[20725080]

So , according to a Dun & Bradstreet Corp. survey , companies that had been refusing to spend even their very conservative budgets may loosen up before year end .

[20725081]

It says 40 % of those surveyed report that 1989 exploration spending will exceed 1988 's .

[20725082]

Funds for drilling may inch up more next year if oil prices stay stable .

[20725084]

Outside investors , scarce since '86 , are edging back .

[20725086]

Wall Street generally likes the industry again .

[20725087]

The appetite for oil-service stocks has been especially strong , although some got hit yesterday when Shearson Lehman Hutton cut its short-term investment ratings on them .

[20725088]

Contractors such as Parker Drilling Co. are raising cash again through stock offerings , and for the first time in years , two oil-service companies recently went public .

[20725089]

(They are Grace Energy Corp. of Dallas and Marine Drilling Co. of Houston .)

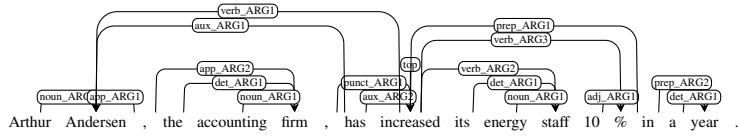
[20725090]

Most oil companies are still reluctant to add to the office and professional staffs they slashed so deeply .

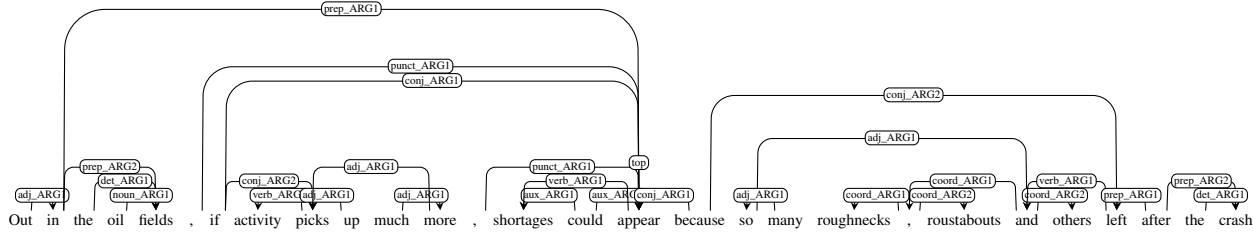
[20725091]

But a few new spots are opening .

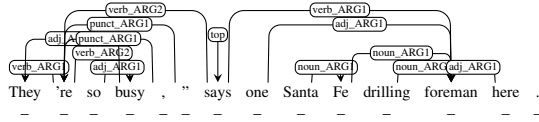
[20725092]



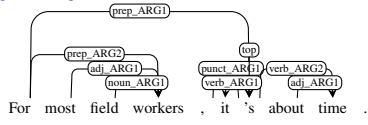
[20725093]



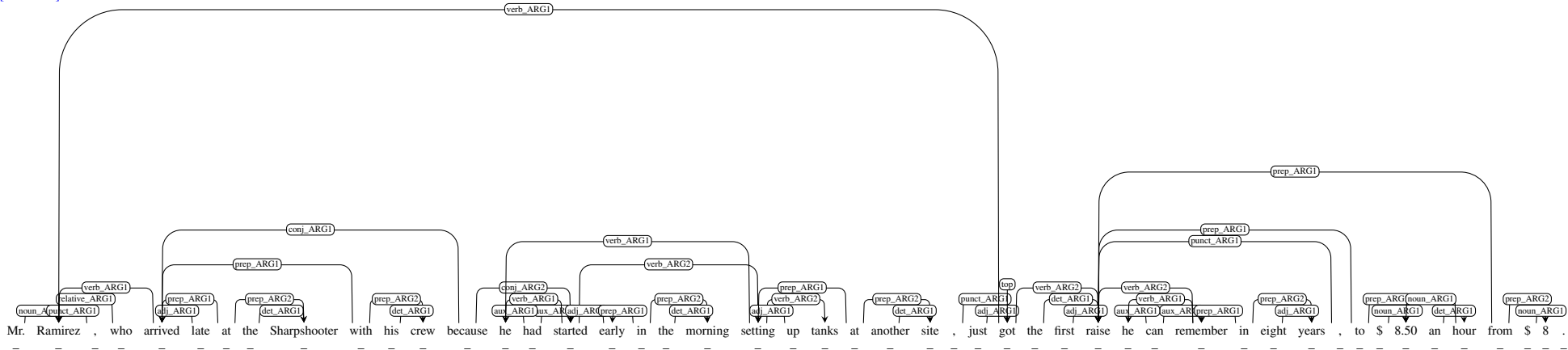
[20725095]



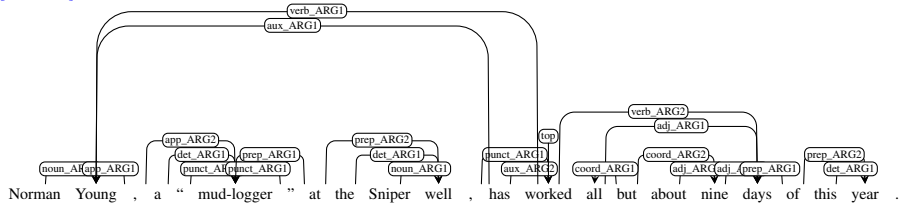
[20725096]



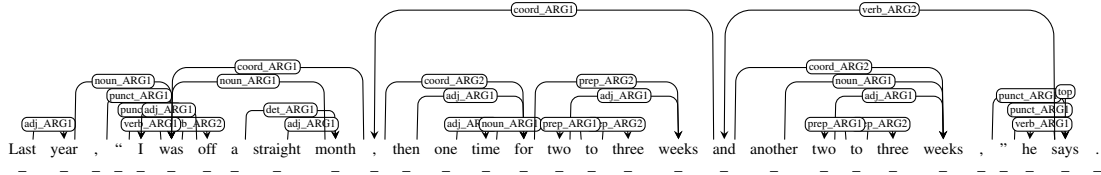
[20725097]



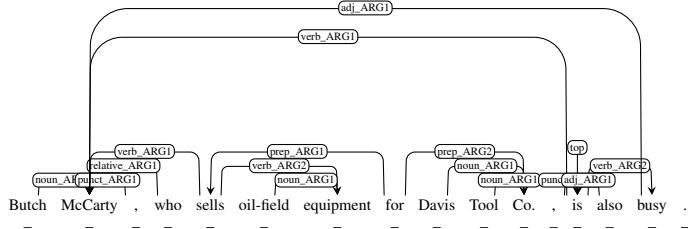
[20725098]



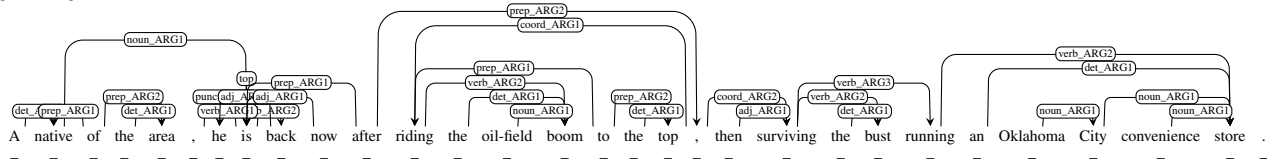
[20725099]



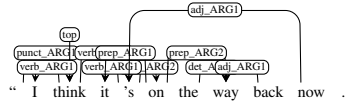
[20725100]



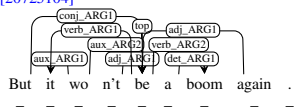
[20725101]



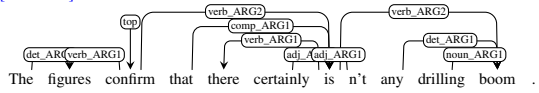
[20725103]



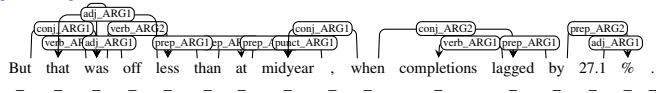
[20725104]



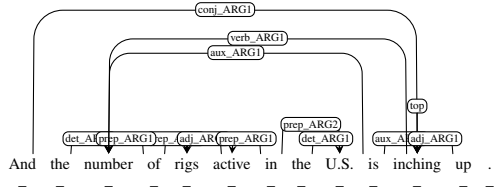
[20725107]



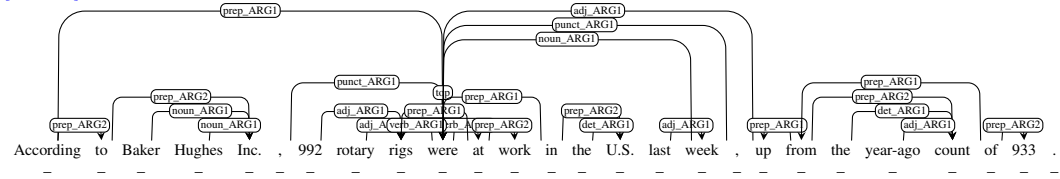
[20725109]



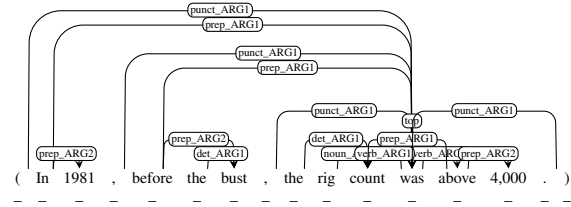
[20725110]



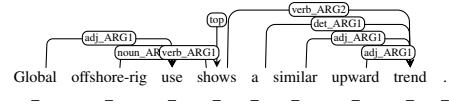
[20725111]



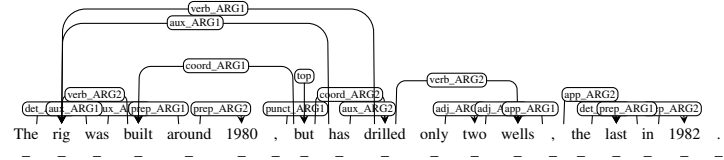
[20725112]



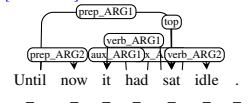
[20725113]



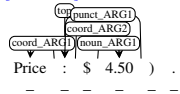
[20725116]



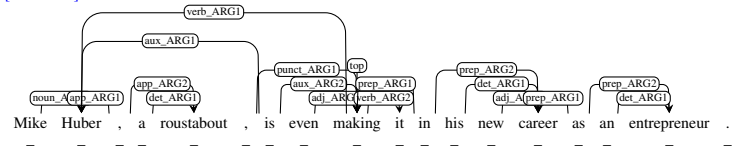
[20725117]



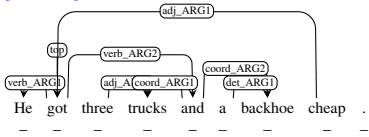
[20725120]



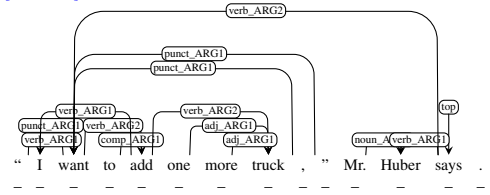
[20725121]



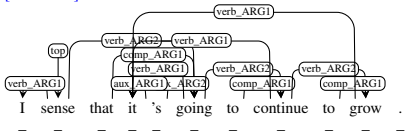
[20725123]



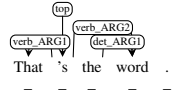
[20725124]



[20725125]



[20725126]



[20725127]

