Author(s) – email address

Date

Literature Review and Competitor Analysis

MScFE Capstone Project

# Problem Statement:

Summarize your research problem or project topic from the previous module as a way of introducing your literature review.

# Literature Review

Add your literature review here, being sure that it has an introduction, a body and a conclusion. Reference all of the sources using the correct referencing style and conventions.

It is important that your body paragraphs are analytical and evaluate the literature you have read. To help with this, you may create paragraphs based on particular themes that you have noticed.

# Competitor Analysis

Conduct a SWOT analysis of competitors in your market space, and identify where your project will fit into the market.

# **Introduction**

The report provides an analytical review of international oil company in terms of SWOT analysis. Providing a balanced review of these aspects would assist in making a conclusion.

# West Texas Intermediate and Brent Crude

The major difference between the crude oils Brent Crude and West Texas Intermediate is that Brent Crude originates from oil fields in the North Sea between the Shetland Islands and Norway, while West Texas Intermediate is sourced from U.S. oil fields, primarily in Texas, Louisiana, and North Dakota. Both Brent Crude and West Texas Intermediate are light and sweet, making them ideal for refining into gasoline among the growing competition in its industry.

## Strengths

* Brent Crude is more ubiquitous, and most oil is priced using Brent Crude as the benchmark, akin to two-thirds of all oil pricing.
* Brent Crude is produced near the sea, so transportation costs are significantly lower.
* West Texas Intermediate is sourced from U.S. oil fields, primarily in Texas, Louisiana, and North Dakota. Both Brent Crude and West Texas Intermediate are light and sweet, making them ideal for refining into gasoline.
* The ICE West Texas Intermediate (WTI) Light Sweet Crude Oil Futures Contract offers participants the opportunity to trade one of the world's most liquid oil commodities in an electronic marketplace. The contract not only brings the benefits of electronic trading a US light sweet crude maker, but also brings together the world's three most significant oil benchmarks on a single exchange: Brent, Middle East Sour Crude and WTI.

## Weaknesses

* During times of crisis, the spread blows out as political uncertainty leads to surges in Brent Crude prices. West Texas Intermediate is less affected because it is based in landlocked areas in the United States.
* West Texas Intermediate is produced in landlocked areas, making transportation costs more onerous.
* A surprise increase in American oil stockpiles added fuel to fears of a global recession.
* US-China trade tensions have overtaken threats of supply disruption in the Persian Gulf as the biggest headwind to oil.

Nigerian Bonny Light crude, Qua Iboe crude oil

## Bonny Light oil is a high grade of Nigerian crude oil with high API gravity (low specific gravity), produced in the Niger Delta basin and named after the prolific region around the city of Bonny.

## Strengths

* The very low Sulphur content of Bonny Light crude makes it a highly desired grade for its low corrosiveness to refinery infrastructure and the lower environmental impact of its by products in refinery effluent.
* Demand is seen to be strong in Western markets given relatively high European gasoline cracks and the transition to a more expensive gasoline blend for the U.S. summer driving season.
* The Bonny Light is in high demand specifically by American and European refineries. It is therefore a major source of income generation from the oil rich nation.
* Exxon Mobil is facing reduced production of Nigerian crude oil benchmark Qua Iboe, as an oil-drilling rig was damaged.

## Weaknesses

* History of lobbying for climate change denial and against the scientific consensus that global warming is caused by the burning of fossil fuels.
* A resurgence in militant attacks in Nigeria’s oil-producing region has cut output by as much as 800,000 barrels a day to 1.4 million a day and “massively diminished” the nation’s income.
* Sometime faced a force majeure on its 250,000 barrels per day Bonny Light grade of crude oil because of the pipeline leakage.

# North Sea crudes (e.g. Brent Blend, Ekofisk)

Brent Crude is extracted from the North Sea and comprises Brent Blend, Forties Blend, Oseberg and Ekofisk crudes (also known as the BFOE Quotation). The Brent Crude oil marker is also known as Brent Blend, London Brent and Brent petroleum. Brent is the leading global price benchmark for Atlantic basin crude oils.

## Strengths

* North Sea Brent crude oil has relatively low sulfur content and a relatively high gravity on the American Petroleum Institute’s standard scale.
* Norway’s energy giant Equinor has made one of this year’s biggest discoveries in the North Sea estimated to contain up to 100 million barrels of oil equivalent in the most mature area of the basin.
* Large operators offshore the United Kingdom have been looking at ways to cut costs at major projects, and the majors and smaller players alike are also developing resources via tie-backs to existing infrastructure to reduce expenditure.
* Zennor Petroleum, is developing the Finlaggan gas condensate field in the UK Central North Sea with two wells that will be tied back 20 kilometers (12 miles) to the Britannia platform.
* New drilling technology has made it easier and more efficient to extract oil from the North Sea and in many cases new technology has extended the life of older fields by decades, making it possible to extract previously unreachable oil.

## Weaknesses

* Production of Brent crude is in decline and the number of freely available cargoes for trade is declining even more rapidly.
* The logistics of the Brent market meant that there was an average gap of roughly thirteen days between a dated Brent contract agreement being made and the first day of the three-day date range when the parcel of oil is to be loaded on to the vessel.
* Russian output has fallen due to contaminated crude and North Sea.
* European interest in West African crude is high.
* There’s not a plethora of oil out there, especially heavy oil.

# Bibliography

This is a very important part of your literature review. Ensure you cite all your sources correctly and include them in the bibliography to demonstrate the scope of your reading.