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Prospects of Development of the Oil Industry Under Fierce Conditions of Competition

World oil industry covers all developed countries. It is the main state source of income and at the same time it is the industry that determines the stability of the currency and the domestic economy. Thanks to the oil processing industry, we get a large variety of products – starting with fuel and finishing by synthetic fabrics and detergents. The main oil producing areas are: Russia, USA and Saudi Arabia. There are the largest oil producing companies in these countries, such as Rosneft, LUKOIL, Gazprom Neft, Saudi Aramco, National Iranian oil company, ExxonMobil and PetroChina.

However, the forecasts for the oil industry greatly differ today in comparison with the data of the previous years. The traditional structure of oil cartels was replaced by increased supply and decreased demand. Global economic crisis resulted in decreasing economic growth in China and worsening financial situation in Europe. The main reasons of that decrease are accepting tough regulations in terms of fuel economy, introducing new forms of alternative energy and developing modern and efficient engines that do not require oil products. In addition, new deposits of shale oil are under exploration thus making the situation worse. An extended crisis taking place in oil markets followed by the fall in oil product price and great reduction in capital costs. It should be noted that the prospects of the oil industry fall significantly in connection with the development of alternative types of energy, such as the wind and the sun. One of the main competitors is also nuclear energy. Another one is waste recycling that can cause a significant impact in future. Such industry will allow reusing lots of materials derived from oil processing and that will also reduce the demand for oil products.

It is very important to open new oilfields in order to increase the demand for oil. As an example, it may be investing money in exploration. Using the services of geological consultants for searching and drilling of new wells allows increasing the efficiency of oil exploration. The purchase of modern equipment and application of new technologies will also allow increasing the efficiency of the wells and increasing the volume of oil production.

Additionally, oil and gas producers are required to make thorough assessment of their portfolios to ensure that each operation is suitable for the company principal strengths and weaknesses, customer demand and preferences. Only a small of companies is able to meet customer demand and improve margins by consolidating their assets and liabilities that are essential elements of survival in the energy industry today.