

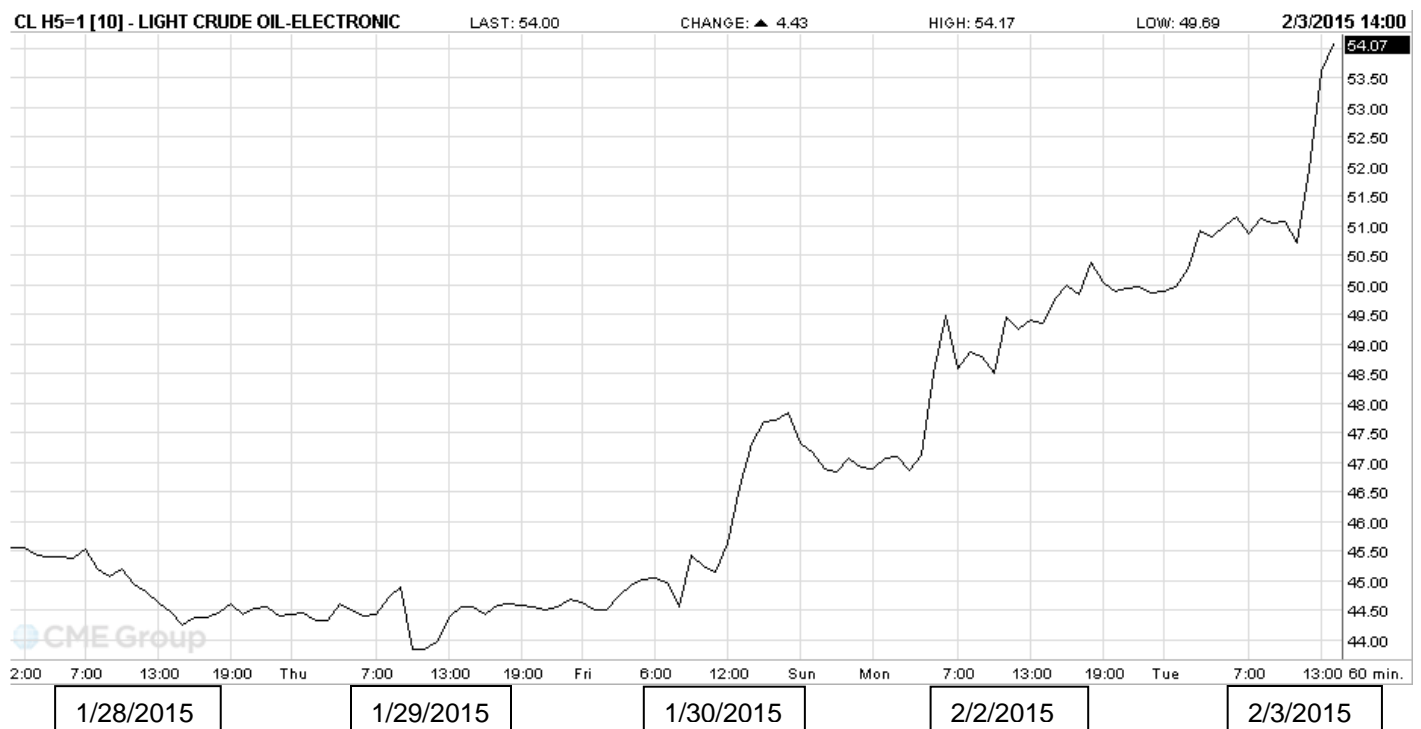
# Oil Up Over 9 Dollars the Past Week

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It looks like we have a little good news today for a change. The world price of West Texas Intermediate crude oil came up about \$9.50 per barrel over the past 6 or 7 days. At 1:00 AM today, it was **\$54.07 and rising**. It hasn't been that high since Dec. 29, 2014. Our Highest Posted Price yesterday was \$44.75, and today it is \$46.00. When we have enough information to understand exactly what has caused this rise, I might feel a little more comfortable with it. If the price does keep going up a little at a time, that should provide a small amount of stability, but, please remember, things can go sour very quickly. This little rise will go on our June, 2015 payment check, and if the price holds, it will certainly make an appreciable difference, something that the June check will sorely need.

It might help our collective attitudes a little to know that yesterday, while our oil was bringing \$46.00, North Dakota Williston Basin Sweet (Bakken) oil was bringing only \$33.19 per barrel. This was largely due to the high cost of transportation to get it out of there, but, we've also got better stuff to sell. And, when we do get all of our drilling problems solved, we sure need to have more infrastructure in place to efficiently take away the products. We are venting and flaring tons of natural gas right now. Pipelines are the only way to move gas, and they are much less expensive than trucks to move oil. Our Minerals Council really needs to be thinking about this. It will cost less to build it now while the prices are depressed. A lot of the pipeline contractors are idle now, and are looking for work. There are aggressive Producer's out there who would be willing to partner with us and we could all make money. If we don't look to the future, we won't be ready when it gets here, AGAIN.



EXCERPT FROM:

**David Fessler interview with John Hoffmeister, former President of Shell Oil---**

**The Future of Natural Gas**

**February 3, 2015**

*David Fessler:* Okay. Well, John, I appreciate your insights on that. Let's switch gears just for a second. I'm a big fan of natural gas as a transportation fuel, and I know you are. Every time gasoline prices retreat, talk of natural gas as a transportation fuel gets put on the back burner, no pun intended. With as much natural gas as we have – and I live in Pennsylvania, where we have the Marcellus – and as cheap as it is, why aren't we making more progress transitioning to it? Do we have to live it up, so to speak, on oil [PRODUCTION](#) before that happens?

*John Hofmeister:* I think we're going to need a crisis. I'm sorry to say that, but the only way to move the political system in the United States of America to help enable this to happen is in the face of a crisis. And here's the crisis: the crisis will be \$5 a gallon gasoline in the 2017 to 2018 time frame because there's just not going to be enough oil in the world to meet the growing demand. Remember, by 2020, we're going to need 100 million barrels a day of oil to meet the demand. Most people agree with that statistic. A hundred million barrels by 2020. What we don't know how to do is get from 93 million to 100 million. We know how to produce 93 million; we don't know how to get the next 7 additional million barrels a day. Nobody's plans have that baked in. So as we go through the 2017 to 2018 timeframe, so 2017, 2018, and the price keeps rising, we don't seem to be able to catch up with the price rises. That's going to create the crisis at the pocketbook, which will finally, I hope, drive these politicians – now, I hope it's a year earlier. I hope that the candidates for president in 2016, both the Democratic and the Republican candidates, have to explain to the nation, "Why have prices risen so much, and what have you done about it?" Because I submit that they will have done nothing between now and 2016 on the natural gas front or on the oil front to help move the nation to more [SECURITY](#). And so you're absolutely correct that the answer is natural gas, whether it's CNG or LNG for trucking, whether it's ethanol or methanol for natural gas for personal vehicles, automobiles, we should be moving at record speed to build the infrastructure, to build the capability, to switch from oil to natural gas, because there's just not going to be enough oil, as we move towards the end of this decade, to satisfy the world, and why should we be victimized by high oil prices when we, as a country, have so much natural gas, we don't even know how much we have?

Because the number keeps inflating, keeps rising, because we keep finding ways to produce more and more and more. And it's going to be cheaper than oil for decades to come. So it's shame on us if we don't get behind the natural gas as an alternative fuel to oil as rapidly as we possibly can, and there's no time like the present to begin that process.

*David Fessler:* Yes, what seems patently obvious to some of us, just it doesn't seem – it isn't even on the politicians' radar screens, and I know you're frustrated by that, and I'm sure a lot of others are as well. John, I'd like to –

*John Hofmeister:* I blame both parties. Both parties. They're both – you know –

*David Fessler:* Yeah, I agree. There's no – they're both at fault. It's the U.S. political system, and that's – you and I could talk about that for hours on end. John, I'd like to thank you for joining me today and for providing us with your insights on the oil and gas sectors, and I look forward to speaking with you again soon.

*John Hofmeister:* I look forward as well. Thank you.

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Ray McClain, Osage Mineral Estate Beneficiary