RMB loan for Sahara is queried

PRESSURE group Western Sahara Resource Watch has picked another target in its campaign to stop companies participating in oil exploration on Moroccan licences in and off Western Sahara, *writes Barry Morgan*.

Last week, international co-ordinator Javier Garcia Lachica urged Rand Merchant Bank chief executive Michael Pfaff to clarify whether RMB Resources — a UK subsidiary of the First Rand Group — has given loans to Dublin-registered Island Oil & Gas, to help it pursue a recconnaisance contract with Moroccan state oil company ONHYM onshore the Sahrawi Arab Democratic Republic (SADR).

SADR, through its military arm Polisario, has maintained a ceasefire for several years under United Nations' auspices, amid diplomatic efforts to organise a referendum on the sovereignty.

Lachica said RMB's readiness to finance exploration "undermines the principles of international law."

In an open letter to Pfaff, Lachica asked RMB to "make sure that capital from RMB will not be used for any petroleum exploration purposes in occupied Western Sahara [and will] not provide loans or any other support to Island Oil & Gas or their partners for these specific purposes".

RMB declined comment but was said to have told the SADR its cash wuld not be used in Western Sahara.

Island, together with Rabat-registered San Leon and Jersey-registered GB Oil & Gas Ventures, renewed its reconnaissance licence for the Zag Basin in December for another 12 months.

San Leon is operator with 50%, alongside GB Oil & Gas on 30% and Island with 20%.

Lachica argued that, since Pretoria recognised the SADR government-in-exile, it would not want its banks to finance deals that undermined the territory's quest for sovereignty.

Island said it had reached a deal with RMB to extend its existing $24 million loan facility for another 60 days from the end of March, and that RMB would consider a further extension after that.

Alaska Democrats call for players to back line bid

DEMOCRATS in Alaska have asked the State Attorney General and Governor Sarah Palin to prepare litigation against the major North Slope natural gas holders for undermining attempts to have a natural gas pipeline built, *writes Blake Wright*.

In a letter to Palin and Attorney General Talis Colberg, nine state Democrats called for a lawsuit to be brought against the producers to enforce the state's legal right to require companies such as ExxonMobil, ConocoPhillips and BP to sell gas into a viable pipeline.

Representative Les Gara said: "For the last three years the major oil companies have done more to block a gas line than anyone else.

"Whenever a company interested in building [a pipeline] comes forward, [ExxonMobil] and others simply say, 'you can't build one unless we sell you our gas'."

The group said that no pipeline builder would spend billions of dollars to construct a gas line without a commitment from producers to provide gas volumes.

They added that any litigation aiming to force the hand of the Prudhoe Bay leaseholders would be "complex, lengthy and expensive", and that preparing for the process would delay matters.

"My concern is with what is best for Alaska," said Representative Harry Crawford.

The same group of Democrats also wrote to the North Slope producers in February asking for a commitment to sell their gas into an economic project but they say the operators have yet to respond.

By all accounts: oil executives (left to right) Stephen Simon, senior vice president of ExxonMobil, John Hofmeister, president of Shell Oil, Peter Robertson, vice chairman of Chevron, John Lowe, executive vice president of ConocoPhillips and Robert Malone, chairman of BP America testify in front of the US House Select Committee on Capitol Hill in Washington this week Photo: EPA

Big Oil grilling over fuel costs

Company chiefs are called before US committee over record profits

BLAKE WRIGHT
Houston

OIL company heads were brought to account on Capitol Hill again this week by US Federal legislators looking for answers to rocketing fuel costs in light of record corporate profits.

Lawmakers were critical of Big Oil's lack of investment in renewable resources, given the tax breaks that have afforded them greater income.

"Americans are hoping that top executives from the five largest oil companies will tell us that these soaring gas prices are just part of some elaborate hoax," said Edward Markey, chairman of the House Select Committee on Energy Independence and Global Warming.

Executives from ExxonMobil, Shell, BP, Chevron and ConocoPhillips were heavily criticised for the $123 billion profit the combined group enjoyed in 2007 while American consumers bear the burden of fuel prices of more than $3 a gallon.

"The American people deserve answers and it is time for Big Oil to go on the record about these record prices," said Markey.

Democrats in Congress have tried at least twice to push through legislation that would strip oil companies of about $18 billion in tax breaks, and channel those funds into programmes for the development of renewable resources.

Each time they lacked the support needed to override a veto threatened by President Bush if incentives were removed.

The oil executives at the hearing gave little ground during the session, with many voicing the need for increased domestic oil and gas production ahead of renewables development, and stressing that the cyclical nature of the oil business had created many periods during which oil companies did not profit.

"We depend on high earnings over the up-cycle to sustain investment over the long term, including the down-cycles," said Stephen Simon, senior vice president for ExxonMobil.

"Our worldwide profits have grown but taxes have grown even more."

Retiring Shell Oil president John Hofmeister and Chevron's vice chairman Peter Robertson added that the US government restricts supply to the American people by keeping 95% of the US outer continental shelf off limits to oil and gas exploration.