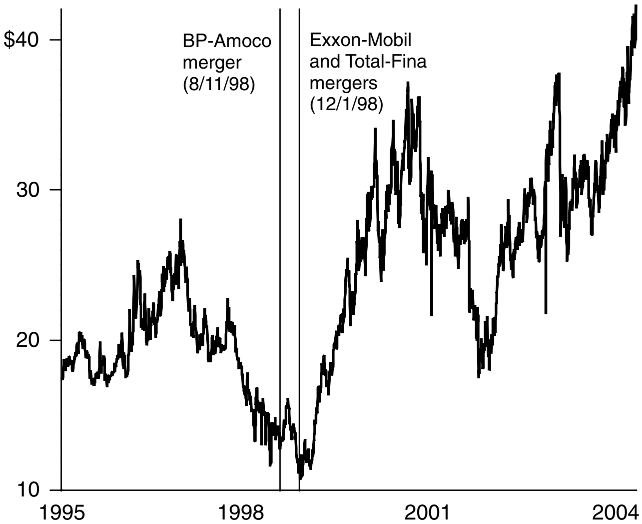
FIGURE 2
Mega-Mergers of Oil Companies Occurred During Low Oil Prices
Oil Price, West Texas crude
($ per barrel)



Source: *Wall Street Journal*

Cartel Instruments: IPE and NYMEX

But the IPE and the NYMEX, where nary a barrel of oil is to be seen, are the in-house tools of the House of Windsor Raw Materials Cartel, and its allies in the banking world.

Consider the IPE, which was created in 1980. Today, the IPE is run by a Knight of the British Empire and former Royal Dutch/Shell official, Sir Robert Reid, and has a board which includes Lord Fraser of Carmyllie, representatives of Goldman Sachs, Morgan Stanley, BNP Paribas, Credit Lyonnais, and French oil giant Total. In 2001, the Atlanta, Georgia-based Intercontinental Exchange purchased the IPE. The Intercontinental Exchange's board includes the retired CEO of Royal Dutch/Shell's trading arm Coral Energy, the Chicago Board of Trade's Richard Sandor (himself a former banker with Banque Indosuez and Drexel Burnham Lambert), and one Jean-Marc Forneri, a banker who from 1994-96, was a partner at Demachy Worms & Cie., where he ran the investment-banking activities of Group Worms. World War II U.S. Intelligence services identified Banque Worms as the central powerhouse of the Synarchist fascist movement in Vichy, France.

The biggest oil derivatives traders which run trading on the IPE include Barclays Capital, Bear Stearns International, J.P. Morgan Securities, Deutsche Futures London, BP Oil International, Shell International Trading and so forth—the key components of the British oligarchy's world oil cartel.

The NYMEX's pedigree is the same as the IPE's.

It is lawful that the same Intercontinental Exchange which purchased and owns the IPE, was leading the speculation that drove up U.S. electricity prices during the manipulation of 2001-02, which featured other players such as Enron.

In an attempt to break the oil price spiral, this past week Saudia Arabia has committed to producing 2 million additional barrels of oil per day. However, as of June 2, speculators had taken out 77,000 oil futures at the NYMEX taking a "long" position; ie, betting that the oil price would rise. Through such bets, they act to make the price go up, and cover their own bets. Because each contract represents 1,000 barrels, the "longs' " contracts constitute the equivalent of three-quarters of a billion barrels of oil, a far larger sum—which the speculators would use to overwhelm the Saudi's production increase of 2 million barrels per day. This is part of the warfare now ongoing.

Oil Geopolitics Central To Cheney Task Force

From January through May, 2001, Vice President Dick Cheney headed up the Bush Administration's National Energy Development Task Force, which tenure became legendary for its bull-headed cover-up of criminal bilking of California for billions of dollars in illegal electricity trades, contrived power shortages, black-outs, etc. Just this May, yet more evidence was released on Cheney's protection racket: transcripts of taped phone calls of Enron energy speculators gloating over swindles in California—swindles which Cheney's Task Force stubbornly protected from investigation.

However, the geopolitics of oil, as well as natural gas, were also a central part of the stated, and the secret dealings of the Cheney energy czarship. Three aspects of the Vice President's energy policy illustrate the essentials of his record.

Energy NAFTA: The Cheney/Bush campaign announced its energy policy on Sept. 28, 2000; its central concept was an "Energy NAFTA." The idea was to open up for Enron, El Paso Gas, Reliant, Exxon-Mobil, and the rest, a border-free zone for operations and all kinds of speculation—oil, natural gas, refinery control, electricity, etc. Bush said he would "invite the governments of Canada and Mexico to join in developing a North American Energy Policy" rooted in the "principles of free trade and the free flow of energy across our borders." In fact, "Energy NAFTA" was just a cynical propaganda gloss for the shift already underway, for U.S. oil imports to come predominantly from Mexico, Canada and Venezuela, and not from Saudi Arabia or elsewhere. The “Energy NAFTA” import patterns are shown in the Table on page 8).

Global Oil Control: On May 16, 2001, the Cheney Task Force presented his final, 170-page report, “Affordable and Environmentally Sound Energy for America’s Future.” While downplaying California’s unprecedented crises, and calling for more energy deregulation across the board, the Cheney report called for *international control over priority oil resource regions.* The report’s theme was “development of future supplies,” the refrain used earlier in a March 19, 2001 interim report of Cheney’s, as a rationalization to reject providing any price caps or Federal relief for energy hyperinflation in the Western states. The related theme, repeated in recent years as a sop to popular opinion, was, to reduce dependence on “foreign oil.”

How to do this? Take oil and gas from the Americas. Bush’s prepared statement on the Cheney report, also released May 16, said, “We’ll also need to recognize the energy potential of our neighbors, Canada and Mexico, and make it easier for buyers and sellers of energy to do business across our national borders.”

Cheney’s imperial view of “future energy supplies” can be seen in the map of oil resources and infrastructure in Iraq, that the Cheney Task Force was working on in March 2001—it was subsequently obtained by Freedom of Information action. The 2003 Iraq war succeeded in “securing” these supplies. They, and Saudi Arabia’s, are actually now completely unstable and insecure; but Cheney’s own Halliburton oil company received some $1.7 billion in no-bid contracts from the U.S. government, for doing business in Iraq oil fields.

—*Marcia Merry Baker*

Cheney’s Plan To Grab Iraqi Oil

The Cheney task force was working with this map in March 2001.

Efforts to Drive Up Oil Price

The Oil Cartel is employing two other tactics to push up the oil price. **Figure 2** shows that the oil cartel has reduced U.S. oil refining capacity to below the level of 1980. The U.S. knew perfectly well that the demand for refined oil products, such as gasoline and jet fuel, would rise during the 1990s and the first decade of the 21st Century. It was criminal to reduce capacity, but reduced capacity pushes up the price. *EIR* has learned that during the past few years, the Saudis offered to invest in constructing new oil refining capacity in America, but the offer was rebuffed.

The June 1 *Financial Times* reports that because of restricted capacity, the largest U.S. oil refinery companies—Valero, Premcor, Tesoro, and Ashland—are making more than $10 for each barrel of oil that they refine. It should be stressed that the oil majors make one-third of their revenues from refining and marketing.

The oil companies’ have plunged into a predatory gobbling up of each other, which has also caused the oil price to rise. **Figure 3** shows a striking relationship between oil prices and major oil company mergers. In August 1998, with oil hovering in the $12 a barrel range, British Petroleum bought Amoco, one of the top U.S oil companies, with large holdings of domestic oil and natural gas. In late November 1998, two more giant mergers were announced: Exxon bought Mobil, and France’s Total bought Petrofina. These three mergers, along with the October 2000 takeover by Chevron of Texaco, significantly consolidated the oil cartel. The Seven Sisters have been reduced to five: Royal Dutch/Shell, BP (née British Petroleum), ExxonMobil, ChevronTexaco and Total (which also gobbled up Elf Aquataine). During this crisis, the stocks of major oil companies have jumped up.

The massive oil futures speculation, buttressed by the deliberate reduction in U.S. oil-refining capacity, and the long-term effect of merging of the oil companies, pushed the price of U.S. light crude oil for July delivery to a record closing