

**PROFITABLE
OIL AND GAS
DOWNSTREAM
BUSINESS IDEAS
NOT FOR SALE**
WITH
**STEPS TO GET STARTED AND
START MAKING MONEY**

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INTRODUCTION

The oil and gas sector of the economy as you may know by now is a highly lucrative sector of the economy of most nations of the world. As of August 2021, according to verifiable records, the United States of America (USA), Russia, and Saudi Arabia are amongst the 3 top oil-producing nations in the world. While some nations produce, some nations import and. All the same, this goes to show you how profitable and important this sector is to the world's economy.

While Some people may look at the cost of starting and profiting from doing business in the oil and gas sector as overwhelming and so much and may want to be discouraged, well the truth is that it may be capital intensive to go into the oil and gas business, but then the good news is that some aspects of this business are less capital intensive than some other aspects of this business. I will explain shortly:

Now the oil and gas sector of the economy is mainly divided into 3 aspects:

The upstream sector

The midstream sector and

The downstream sector

Let's briefly look at each, shall we? Alright let's go:

The upstream sector is mainly involved with the Exploration and Production (E&P) of oil and gas. Here, the oil is extracted from discovered oil reserves and drilled into oil reservoirs. So here, we have exploration, production, and drilling of oil and gas going on.

The midstream sector is mainly involved with the transportation of these drilled oil and gas from the reservoirs to the refineries where it can be refined from its crude state to a usable state. It can be done through underground pipelines. This sector of the oil and gas industry is also involved with the storage of these oil and gas.

The downstream sector is mainly involved with the refining and marketing as well as sales of this transported crude oil. is done after the fractional distillation process of crude oil where it has been refined to use products which petroleum or motor gasoline, diesel, jet fuel, fuel oil, lubricants, liquefied petroleum gases (often referred to as propane or butane, which is a flammable gas whose around homes like in cooking gas), kerosene, biofuels. etc. And when it is not been converted into fuels to power our cars or as cooking gas for homes, it can be used in other ways like in plastic production of all kinds, tires, ammonia, and other sterilizing/cleaning liquids, perfumes, insecticides .etc.

Now, in this book, we are narrowing down to the downstream sector of the oil and gas sector to see business ideas that you can use and make a good profit from yourself. So here, we will be considering refining and marketing as well as sales of oil and gas to discover the potential

business ideas embedded in this sector.

You may wonder that how do the downstream sector makes its profit; it's simple - from the profit margin between the cost price of the raw crude oil and the selling price of the refined and usable oil and gas product(s). So in simple terms, it is

PROFIT IN THE DOWNSTREAM SECTOR = SELLING PRICE FROM REFINED AND USABLE OIL AND GAS PRODUCTS - COST PRICE FROM RAW CRUDE OIL.

I believe the equation above is very clear and explicit. The number and size of the refineries also play a role in the profit that comes to this sector of the oil and gas industry.

Now that we have known what profit means for the downstream sector, let's now go ahead and explore the different ways these profits can be made from the downstream sector. These includes

- 1) Refineries
- 2) Marketing and Sales of Oil Products
- 3) Marketing and Sales of Gas Products
- 4) Petrochemical Products Production
- 5) Marketing and Sales of Petrochemical Products

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1) REFINERIES

Refineries make their money from what is called the crack spread. Before I explain this, let's see how oil refineries process crude oil into various products using a 3 step process:

- I) The Separation process: At this stage, the crude oil is passed through hot furnaces in its liquid form into vapor or gaseous form and then when it begins to settle, it fractionates into the various distillation units based on their boiling points.
- II) The Conversion process: At this stage, the heavy hydrocarbon molecules are cracked using heat, pressure, and a catalyst into lighter ones
- III) The treatment process: At this stage, the refinery puts together different hydrocarbon streams to create finished refined product(s) .eg. gasoline, diesel. etc.; then the refined products are stored and later transported to the end users like fuel stations, gas stations .etc.

Now the crack spread is simply the difference in the price of the unrefined crude oil and the price of the refined petroleum products which is of a higher value than the raw crude oil. This, in simple terms, is one of the ways refineries make their profit.

Other ways include processing the crude oil into refined products like:

Gasoline, diesel, jet fuel, naphtha, waxes, lubricants, asphalt, and kerosene and then transporting them to the stations where they are sold to the end-users and profit made.

Some large oil companies(sometimes known as Integrated Oil Companies - IOCs because they deal with the entire value chain of the oil and gas industry) own their refineries and this helps them to make money not only from the crack spread and producing oil but also because they purchase this oil at low prices and sell the refined products at high prices, and so even if there is fallen oil prices, it doesn't affect their earnings.

Now one way to earn here is by being an investor and investing in these independent refinery companies which are less capital intensive to operate, compared to operating the upstream oil and gas sector. And because these downstream oil and gas sector requires less capital to operate, you as an investor with them have higher chances of getting very good returns on your investments which can be dividends and share repurchases.

Also, since refiners tend to benefit from declining crude oil prices, this can favor you as an investor because there will be more profitable for the refiner, and as such there can be an increase in your dividends and share repurchases payouts and this alone is good for you as an investor who is looking forward to making a profit from your investment(s).

However, since these independent refining companies (IRCs) trades on public stock markets, investors seeking to have direct exposure to the oil and gas sector may have to consider doing business with the integrated Oil Companies (IOCs) since they deal with the entire value chain of the oil and gas sector and also has enough resources to go into deep refining activities.

2) MARKETING AND SALES OF OIL PRODUCTS

Another way of making money from the oil and gas sector is by marketing oil and gas products like gasoline, diesel, kerosene, etc. Now to do this, you have to understand what marketing means.

Marketing is all about creating awareness of a product or services or products and services, to make a sale or sales later. So from this basic definition, you can see that for you to successfully create awareness with the result of making sales, one very key thing is in form of a question - who and who is your product(s) or service(s) meant for?

Answering that question will lead you to know your target market and this can be achieved by the process of conducting market research. So conducting thorough market research before you start marketing your product is very vital if you must succeed in the marketing of oil products.

After that, another strategy you can use is utilizing maximally social media tools and space. Good enough, we are in the digital age where almost everything is digitalized and you can reach a much broader audience through social media. This you can do by running facebook ads, Instagram ads, email marketing, creating a functional oil products marketing website. etc.

Closely following proper marketing, is sales. With sales, you must have two things in mind because the sales process passes through two stages which are:

Suggestion Stage: This is where you enumerate the features of the product to the potential buyer. This stage appeals to the logic/ reasoning faculty of the buyer.

Persuasion Stage: This is where you give the potential buyer reasons why he or she should patronize your product. This you do by listing the benefits of the product and what the person stands to gain from using the product. This stage appeals to the emotions of the buyer and this is when the buyer can then make his/her decisions.

So please take note of these two stages when you are creating the sales page for your product. This sales page or landing page or even a website can be very helpful in closing a deal for you, most especially if the sales copy is compelling enough.

Again, in this process of marketing and sales of oil products, you might want to consider starting a filling station and selling petroleum products like gasoline, diesel, and kerosene.

In starting a filling station, you will have to get an operation license and in as much as the process to obtain this license can be quite demanding but it will be worth it in the end when you start selling and making profits.

3) MARKETING AND SALES OF GAS PRODUCTS

Before I explain this point, let's first understand what natural gas is and how it is processed.

Natural Gas just like crude oil is also a fossil fuel made from the decomposed remains of plants and animals throughout thousands of years. They both are made up of different hydrocarbons but then they are used to produce energy as well as, as a medium of heat source.

The major difference however between both is that crude oil is composed of complex hydrocarbons which makes them require extensive refining before they can be used for commercial use while natural gas is composed mainly of a singular hydrocarbon, methane which makes up about 80% of the constituents of natural gas, in addition to other hydrocarbons like ethane, propane, butane and pentane which also make up the remaining constituents of natural gas and this it's less complex hydrocarbon constituents makes it require less extensive refining before it can be used for commercial use when compared to crude oil.

After the natural gas is found, it is extracted and then transported through pipelines to wellheads as well as to natural gas processing plants where they are processed to get pure natural gas which has been refined and fit to use for commercial purposes.

Natural gas is usually gotten from oil wells, gas wells, and condensate wells but whatever the source of the natural gas might be, once it is separated from any crude oil that might be present in it, still contains some hydrocarbons in minute quantities like ethane, propane, butane, pentane and natural gasoline which are generally called Natural gas liquids (NGLs), in addition to containing water vapors, carbon dioxide, hydrogen sulphide, helium, nitrogen, and other compounds.

Now natural gas processing involves separating the purely natural gas from all these various hydrocarbons and fluids to get what is called pipeline-quality dry natural gas. These NGLs is also known as associated natural gas like ethane, propane, butane, pentane, and natural gasoline are not waste as they are used in providing raw materials for oil refineries or petrochemical plants, sources of energy, and also for enhancing oil recoveries in oil wells.

So in addition to the natural gas being processed and purified at wellheads and centralized processing plants, it also passes through "straddle extraction plants" which are located at major pipeline systems for further extraction of these natural gas liquids (NGLs) to get the purest form of natural gas, fit for commercial use by the final consumers.

The natural gas value chain consists of:

Gas processing systems: where the natural gas is discovered and processed to its purest form

Transportation systems: where the natural gas is being transported after being processed through pipelines (either interstate, that is across long distances or intrastate, that is across short distances) and later stored if not needed for use as at the time in question, directly by large wholesale users like industrial or power generation customers. They can also be used for commercial purposes by customers like as feedstock for chemical synthesis.

Distribution systems: this is however the final step in distributing natural gas to the final consumers. This is where the natural gas is been passed through small-diameter distribution pipes to the retail customers which residential natural gas users can then use the natural gas as cooking gas in their various homes.

So you might want to consider being an investor in this sector and investing in these local gas utility or local distribution company which is where the distributed gas finally gets to before been distributed to the final retail consumers and you can make good profits from this if only you strategized well, having your business plans and giving it time.

Also, closely related to the marketing and sales of petroleum products is the marketing and sales of gas products. This is another way that one can make money from the oil and gas sector. This can be the marketing and sales of cooking gas. Just like in the case of the

marketing and sales of oil products in filling station, where you need a license to operate and though the process of obtaining this license can be quite demanding but it will be worth it after all at the end; the Same applies here for the marketing and sales of cooking gas.

4) PETROCHEMICAL PRODUCTS PRODUCTION

Another way to make money from the oil and gas sector is from the production of petrochemicals which are one of the derivatives of crude oil.

Petrochemicals are made from fossil fuels such as natural gas and crude oil. Others are usually from coal and biomass. Now when these fossil fuels are passed through a petrochemical refining plant, the hydrocarbons in them are separated through various distillation phases into what is known as "feedstock" which are like the raw materials for producing various petrochemical products like plastics, adhesives, paper, detergents and fibers. All these are after they are passed through facilities called "crackers" where the fossil fuels are converted into the chemical feedstock like ethylene, propylene, polystyrene, benzene, butadiene, toluene, xylene, methanol .etc, and then this chemical feedstock is used as raw materials for the petrochemical products like plastics, detergents .etc.

Now, I know all these might look like scientific mixup, but let me explain it to you in a layman's way.

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Let's take, for example, the chemical feedstock, ethylene which is the monomer (basic unit) that also acts as a raw material for the polymer products, polyethylene which is the petrochemical product made from this particular chemical feedstock. polyethylene is used for packaging goods and products and easy mobility of such goods and products from one place to another. It is popularly called in local parlance as "polythene bag", now does that name ring a bell to you, especially if you are from some countries in the west region of Africa. I know it does ring a bell; that "polythene bag" is properly called polyethylene bag and it's one of the popular petrochemical product derivatives.

Still not clear on that, let's look at another example, in this case, we look at the chemical feedstock, styrene, made from a combination of ethylene and benzene. Now, this styrene is the raw material for the polymer (multiple units) called polystyrene which is the petrochemical product derivative from this styrene. This polystyrene is what is used for packaging delicate products like some electronics, used in making disposable plates, cups, spoons, and forks that are sometimes used in giving takeaway foods at parties and during celebrations .etc.

5) MARKETING AND SALES OF PETROCHEMICAL PRODUCTS

Another way of making money from the oil and gas sector is from the marketing and sales of

petrochemical products like the ones we have listed in No. 4 above; which include polyethylene bags, polystyrene "take away" plates, cups, spoons, and forks .etc.

Now, the marketing and sales of these petrochemical products have the same principles for marketing and sales as in the case of No. 2 and 3 above. Just that I would like to add here, that you can also use organic means to market your products in addition to the inorganic means(paid means) like facebook ads, Instagram ads, .etc. that were mentioned in the marketing and sales of oil and gas products like in No. 2 and 3 above.

By organic means, I mean unpaid means, which can include word of mouth, one on one personal advert, perhaps putting up images and videos of your product(s) on your WhatsApp status, .etc.; in fact, all means which does not require paying money to advertise your products.

CONCLUSION

In summary, people are making money from the downstream sector of the oil and gas industry from all these means mentioned above and so you too can pick any one of them and start, even if you have little capital; even if you don't have the capital to start, you can collaborate and dropship as well as do affiliate marketing for the people who have these products. I mean, you might want to consider No. 2,3 and 5 above where you just have to enter into partnership with the sellers of these oil, gas, and petrochemical products and use your digital tools like running Facebook ads, Instagram ads.etc., you can market and sell these products and get a commission on each and with time, from these monies you make, you can register your marketing and sales business for either the oil, gas and/or petrochemical products and start your company from there and make more profits.

And then with much profits and possible collaborations, you can go into the No. 1 and 4 which are capital intensive, later on.

The point in all these is just for you to ensure you kill your excuses and start taking to make money from the oil and gas business as well as the sector after reading this book.

For more inquiries, you can contact me on Whatsapp 08174249416

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