

COLUMN ONE

U.S. Oil Industry Faces Huge Task in Repairing Storm Damage in Gulf

Underwater Avalanches, Triggered By Hurricane, Destroyed Pipelines

Traders Decried 'Ivan the Terrible'

By RUSSELL GOLD

A few hours after Hurricane Ivan slammed into the Alabama coast last month, Robert Bea got an urgent call. An engineer with the French oil company Total SA wanted Mr. Bea to send him everything he had ever written on underwater mudslides in the Gulf of Mexico.

Mr. Bea, an engineering professor at the University of California at Berkeley and former chief U.S. engineer for Royal Dutch/Shell Group, had studied

IEA Sees Data Crisis

- The IEA warns of a "crisis" over its energy data.
- Refinery work may lift U.S. heating-oil prices.

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these unusual submarine avalanches on and off for three decades. As early as 1971, Mr. Bea argued that mud slides could be far more destructive to the growing Gulf of Mexico oil- and natural-gas industry than hurricane-force winds, waves or currents.

Overnight, Mr. Bea's obscure theory had been validated. Hurricane Ivan had triggered a multitude of mudslides that crippled production in a sizable chunk of the gulf, a region that satisfies about one-quarter of the U.S. oil demand. Now the industry faces a titanic task: finding and repairing pipelines that have been broken, buried and slung about the sea floor. Until they are fixed, billion-dollar floating platforms will be idled and unable to get oil to land.

The storm, which some oil traders and analysts have taken to calling "Ivan the Terrible," is shaping up as one of the worst disruptions ever in U.S. energy production. It has knocked a total of more than 25.1 million barrels of oil off world markets—and continues to hold back more than 400,000 barrels a day. That is 25% of the Gulf's normal daily production of 1.7 million barrels a day. It could be six months before all the production can be restored.

This sudden shortfall has helped drive up crude-oil to \$55 (€43) a barrel today from \$43 a barrel before Ivan hit on the night of Sept. 15. The hurricane's body blow to the gulf came at one of the global oil industry's most vulnerable times in recent years. Surging demand for oil in China, supply outages in Iraq and other troubled nations, and years of underinvestment in oil production have left the world with its thinnest buffer of spare oil-pumping capacity in decades—about one million

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Young, Scrappy Gumshoes Help Fight Spitzer's War Against Big Corporations

Interns Fire Up Low-Budget Office; An Enthusiastic 'Look at This!'

By KATE KELLY

One of New York Attorney General Eliot Spitzer's team of investigators was perusing a stack of subpoenaed documents last month when he let out a yelp, slammed

Marsh Makes Changes

- Marsh moves to avoid indictments.....M1
- New boss is a prober with connections.....M1
- Moves against Marsh raise questions.....M5

down his coffee and sprinted down the corridor. The find: a Marsh & McLennan Cos. employee's e-mail soliciting a fake bid from an insurance provider to help Marsh steer new business to a favored insurance provider.

The sleuth: Craig Winters, a 27-year-old intern. Mr. Winters recalls that he breathlessly appeared in the 23rd-floor Manhattan office of his boss, Matthew Gaul, to show him the evidence. "I was like, 'Oh my God,'" recalls Mr. Winters, a second-year New York University law student.

Weeks later, Mr. Spitzer sued Marsh, accusing the world's biggest insurance brokerage house of bid-rigging, which led to the resignation of its chief executive on Monday and set the stage for an overhaul of the industry's way of doing business.

Mr. Winters' gumshoeing illustrates the low-budget, Please Turn to Page A5, Column 3



Craig Winters



ON A ROLL

The Mittal family of London gains heft in the U.S. market. Article on Page A4



CORNER KICK

Pay-TV bidding could net a goal for French soccer. Article on Page A8



POWER PLAYER

Developing countries face a tough customer at the loan window. Article on Page M1

The Washington Post

■ **Lynrd Skynyrd's opinion may not tip the vote, but that isn't stopping specialty magazines from weighing in with their own election coverage. Page A3**
■ **Robert J. Samuelson worries that litigation could become a permanent part of U.S. politics. Page A6**

What's News—

Business and Finance

BP NEARLY DOUBLED its third-quarter net income to \$4.48 billion, amid soaring oil prices. But the petroleum titan also warned that higher oil-field costs are forcing it to ratchet up spending on energy exploration and production, a trend that could hit other big energy companies reporting their earnings this week. (Pages A1, M8)

The IEA warned of "a looming crisis" in compiling the agency's energy data, conceding its figures were compromised and a new legal framework may be needed. (Page A2)

Six Hollywood studios settled charges that they artificially inflated prices of their films for European TV stations, the EU announced. (Page A2)

Omnicom reported earnings rose 17%, and WPP said third-quarter revenue climbed nearly 4%, but some ad firms are hesitant about fourth-quarter prospects and 2005. (Pages A4, M8)

Parmalat's administrator has decided to unblock nearly €25 million in debt claims against the collapsed Italian dairy firm by Deutsche Bank. (Page M1)

U.S. consumer confidence fell in October, the Conference Board said, as the U.S. election campaign's focus on negatives in the economy and job concerns damped sentiment. (Page A2)

U.S. blue chips jumped as investors celebrated Marsh & McLennan's decision to remove its CEO and to try to settle accusations in New York. The Dow industrials rose 138.49 points, or 1.42%, to 9888.48. (Page M2)

Marsh & McLennan said it will no longer accept commissions of any kind from the insurers to whom the insurance broker steers business from corporate clients. (Pages M1, M5)

The European Commission cleared Oracle's bid for PeopleSoft, paving the way for a possible proxy fight for the business-software maker next year. (Page A2)

A Monsanto genetically modified corn was cleared by the European Commission for use in food products. (Page A4)

U.S. business groups, including the Chamber of Commerce, are starting to challenge the authority of the SEC to impose new regulations. (Page M1)

European stocks rose moderately, helped by a pullback in crude-oil prices and rebounding shares of insurers. (Page M3)

Nokia's global market share for cellphones rose to 31% in the third quarter. Motorola's share slipped to 14% and Samsung's was flat at 14%. (Page A4)

Halliburton posted a net loss, as profits from its core oil-field services business were offset by a charge for resolving asbestos cases. U.S. government contracts related to Iraq slowed. (Page A4)

Converium swung to a \$116.3 million loss but said it had secured a \$1.6 billion credit facility with banks to help reassure its clients. (Page M3)

India's central bank raised a key rate for the first time in four years, a surprise move in its battle against inflation. (Page M4)

News Corp. investors backed Rupert Murdoch's global expansion plans, approving the transfer of the firm's headquarters to the U.S. from Australia. (Page M8)

World-Wide

A SHOWDOWN WAS expected in the EU Parliament today.

As lawmakers prepared to vote on Barroso's picks for the European Commission, the executive's incoming president appeared well short of support after meeting with pivotal Liberal party members and failing to win them over. A "no" vote on the commission could temporarily paralyze the EU. Barroso proposed new civil-rights legislation aimed at placating concerns over Buttiglione, his choice for justice chief, who faces objections over comments about homosexuals and women. Some members suggested a vote be postponed, but experts said the law makes that difficult. (Page A1)

The conflict comes to a head two days before the EU plans to celebrate its drafting of a constitution to govern its expanded self with a ceremony in Rome.

Israeli lawmakers approved, 67-45, Sharon's Gaza-pullout plan, but the ruling coalition faced defections if the premier doesn't call a referendum. Arafat, who broke a Ramadan fast for medical reasons, was said to have a gallstone.

U.S. forces killed a Zarqawi aide in a Fallujah airstrike, officials said. Allawi blamed the U.S.-led coalition for "great negligence" in an ambush that killed 50 Iraqis.

Bush urged Democrats to vote for him, saying their leaders lack resolve. Kerry accused the president of hiding bad decisions. As the race hit its last week, Americans abroad are lining up to vote in record numbers. (Page A1)

Vote-tallying concluded in Afghanistan's presidential election with U.S.-backed leader Karzai a clear winner, a top official said.

European envoys resume talks with Iran today on a last-chance offer of incentives aimed at halting Tehran's uranium enrichment.

Turkey's prime minister met with Chirac and Schröder to discuss economic ties and signed a deal to buy 36 European jets.

U.S. safety officials blamed a co-pilot's response to turbulence for the 2001 crash of an American plane over New York. (Page A4)

An exercise practiced intercepting illicit arms by U.S., French and Japanese forces, apparently as a message to North Korea. In Seoul, Powell called for more talks.

Putin praised Ukraine's premier in a TV appearance criticized as Kremlin pressure on voters, but didn't make an open endorsement.

Musharraf signaled a major shift in Pakistan's Kashmir position, calling for talks on a "change of status" for the disputed region.

The U.S. is weighing new sanctions on Lebanon, as anti-Syrian politicians were excluded from the nation's new cabinet.

At least 78 detainees died in police custody in restive southern Thailand. Officials said Ramadan fasting contributed to the deaths.

What's at Stake

The European Parliament's decision to approve or reject the European Commission could help answer some broad questions hanging over the European Union. Among them:

- Will the EU be sidetracked from making Europe more competitive economically?
- Will the European Parliament wield greater clout—or be sidelined as all talk and no action?
- Will a messy political battle turn off voters in elections to approve the EU constitution?
- Will a breakdown make it difficult to make decisions in an expanded EU?

Incoming Commission President José Manuel Barroso



Crisis Looms at EU Over Commissioners

Barroso May Lack Support For Approval of His Team; Liberal Predicts Defeat

By DAN BILEFSKY

STRASBOURG, France—A battle that could decide how power will be wielded in a newly expanded European Union headed for an unpredictable showdown today that could plunge the EU into crisis.

The fight pits a commission president installed by the leaders of 25 member countries against an oft-derided European Parliament that could raise its low profile by rejecting the entire commission. As of yesterday evening, European Commission President-designate José Manuel Barroso appeared well short of votes after meeting with pivotal Liberal party members and failing to win them over. "It seems to me the European Commission will be defeated tomorrow," said Liberal leader Graham Watson, a British legislator who had urged his members to vote for approval of the commission.

The conflict comes to a head just two days before the EU plans to celebrate its drafting of a constitution to govern its expanded self with a ceremony in Rome—the seat of the Italian government, which nominated the commissioner whose criticisms of gays and working women sparked opposition. It has become a broader standoff between EU institutions, each promising to assert new strength in their roles as the union seeks

a more effective global voice.

"This is an historic moment in the history of the European Parliament. It has come of age and is ready to flex its muscles ... and that is a positive step for EU democracy," said EU constitutional expert Andrew Duff, another Liberal member. "I see this as less of a crisis than an opportunity."

But with neither side so far able to back down or find an effective way out, EU leaders were also at risk of being too damaged to push member countries to adopt tough new measures to achieve Europe's goals: revive a stagnant economy, become more economically competitive, and formulate common immigration and security policies. Under EU rules, Parliament can't reject individual commissioners, only the entire group.

That threat hung over Mr. Barroso as he canvassed Parliament members to try to quell the revolt. Mr. Barroso proposed new civil-rights legislation aimed at placating concerns over Rocco Buttiglione, the Italian nominee for justice commissioner who called homosexuality a "sin" and said women's main role is to have children. Mr. Barroso made his case directly to the 732-member Parliament, which became the world's largest directly elected legislature when the EU expanded from 15 countries in May, telling the body that other governments included flawed members and that it wasn't reason enough to justify damaging the European agenda. Some members sympathetic to Mr. Barroso suggested the vote be postponed, but legal experts said that would be difficult since by law the new commission must be in

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BP's Net Soars, But Firm Warns Of Cost Pressures

Amid Record Prices for Oil, Rising Production Expenses Force a Surge in Spending

By CHIP CUMMINS

LONDON—BP PLC said net income nearly doubled in the third quarter amid soaring oil prices. But the petroleum giant also warned that higher oil-field costs are forcing it to ratchet up spending on energy exploration and production, a trend that may hit other big energy companies reporting their earnings this week, including Exxon Mobil Corp. and Royal Dutch/Shell Group.

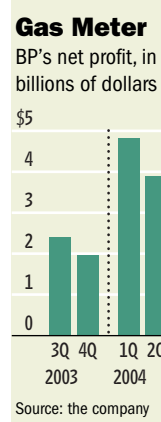
BP and other major oil companies have tried to keep a lid on spending,

Investors Unimpressed

High costs will increase capital expenditures. Commentary on page M8

having been burned by volatile energy-price swings in the past. BP, for instance, shoveled a large chunk of this year's energy-price windfall to shareholders by buying back some \$5.5 billion, or €4.3 billion, of its shares.

The penny pinching has pleased energy-company investors. But it hasn't helped the global oil industry boost production capacity amid today's ultra-tight markets, soaring oil prices and mounting concerns the industry is underinvesting in future supplies. Recent demand growth has narrowed the world's excess capacity. At the same time, worry about security in places like Saudi Arabia and Iraq has underscored the vulnerability of supply. The strongest demand growth in a generation has driven oil prices up nearly 70% this year. In a string of recent sessions, the benchmark futures contract for U.S. crude hit its highest level since trading began in the early 1980s. Yesterday afternoon, benchmark oil futures on the New York



Source: the company

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U.S. Expats Hope Votes Will Count

Absentee Ballots, Tangled In Red Tape and Snafus, Could Give Kerry a Boost

By JOSÉ DECÓRDOBA

SAN MIGUEL DE ALLENDE, Mexico—From liberal-minded expatriates in this laidback artists' colony to ultraorthodox Jews poring over Biblical commentaries in Israel, Americans abroad are lining up to vote in record numbers, believing their ballots could provide the margin of victory in this year's presidential race.

Across the world, the Nov. 2 election in the U.S. has stirred deep passions

U.S. Presidential Election

- Bush and Kerry place distinctive stamps on America's divide.....A2
- If a catastrophe occurred, could the vote be postponed?.....A3

among the four to six million Americans estimated to live overseas. Most remember well the results of the 2000 election—when Al Gore won the popular vote but

The U.S. Electorate Abroad

A look at voter-participation rates in the last election for the estimated 4 million to 6 million Americans—plus 550,000 members of the armed forces and their dependents—living overseas.

- In the 2000 election, 3 million absentee ballot applications were sent overseas.
- 69% of uniformed servicepeople overseas cast a ballot absentee or in person, or attempted to vote, a 5% increase from 1996.
- Among civilian federal employees abroad, the participation rate was 65% (52% voting absentee, 13% voting in person or attempting to vote).

Source: U.S. Defense Department; WSJ research

President George W. Bush won the election after Florida shifted the electoral vote in his favor. Bush received a helping hand from 537 expatriate voters.

The result: Democrats and Republicans are working hard to capture votes abroad, while expatriates are flooding their former home states with absentee ballots.

In China, Democratic clubs have sprung up in Beijing, Shanghai and Guangzhou. In Europe, Republicans Abroad has hosted

cocktail parties in capital cities in the hopes of luring citizens to vote for Mr. Bush. In Hong Kong, Brett Rierson, a 38-year-old former technology venture capitalist, quit work to spend the past year setting up a Web site, www.overseasvotecom.com, which has registered 66,000 voters, 40% of whom may vote in battleground states.

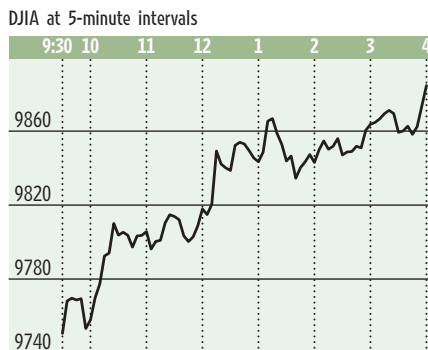
But with the election days away, many expatriates are waiting anxiously Please Turn to Page A5, Column 4

MARKETS SUMMARY

Markets & Currencies

	CLOSE	CHANGE	% CHG.	YTD % CHG.
DJIA	9888.48	+138.49	+1.42	-5.41
DJ STOXX 600	236.65	+0.70	+0.30	+3.20
FTSE 100	4583.4	+18.9	+0.41	+2.38
Xetra DAX	3862.26	+7.85	+0.20	-2.60
CAC-40	3619.48	+10.42	+0.29	+1.73
S&P 500	1111.10	+16.29	+1.49	-0.07
Nasdaq Comp.	1928.79	+14.75	+0.77	-3.72
Euro (in US\$)	1.2753	-0.0044	-0.34	+1.37
£ (in US\$)	1.8353	-0.0061	-0.33	+2.79

The Dow's Performance



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Country	Rate	Country	Rate	Country	Rate
Austria	€2.30	Iceland	ISK 285	Portugal (CZ)	€2.30
Bahrain	B.D. 1.50	Ireland	€2.30	Saudi Arabia	Rials 14.00
Belgium	€2.30	Israel	NIS 12.00	Slovenia	SIT 440
Croatia	KN 16	Italy	€2.30	South Africa	Rand 26.00
Cyprus	€2.135	Jordan	Din 2.00	Spain	€2.30
Czech Rep.	KC 100.00	Kuwait	K.D. 1.00	Sweden	SK 23.00
Denmark	DK 20.00	Lebanon	LL 4000	Switzerland	SF 4.00
Egypt	C./V US \$1.75	Luxembourg	€2.30	Syria	Sps 150
Finland	€2.30	Morocco	Din 24.00	Tunisia	Din 4.50
France	€2.30	Netherlands	€2.30	Turkey	TL 2,900,000
Germany	€2.30	Norway	NK 25.00	UAE	DH 14
Greece	€2.30	Oman	Rials 2.00	U.K.	£1.20
Hungary	FT 450	Poland	Z 9.00	U.S. Military (Eur)	\$1.75



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