Peak Oil - For Europe, This Time The Wolf Is Here: Triple Red Flag From The International Energy Agency

1 “Global conventional crude oil production peaked in 2008 at 69 mb/d and has since fallen by just over 2.5 mb/d” (-3.6%)
"New conventional crude oil projects (...) only half the amount necessary to balance the market out to 2025"
"US tight oil is unlikely to pick up the slack on its own"

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Burn Baby Burn
The shale business hasn't funded itself whether oil is at $100 or $50 a barrel

- Permian
- Bakken
- Eagle Ford
- Niobrara

Note: Free cash flow for a sample of 33 shale-weighted E&P companies.
Data: Bloomberg; graphic by Bloomberg Gadfly

Rystad, 11-2018 | "MORE THAN 75% OF DEDICATED US SHALE OIL COMPANIES KEEP REPORTING CAPEX IN EXCESS OF CFO"
US tight oil is unlikely to pick up the slack on its own

Reuters, March 20.

(...) The Permian is expected to generate 5.4 million barrels per day (bpd) by 2023 - more than any single member of the Organization of the Petroleum Exporting Countries (OPEC) other than Saudi Arabia, according to IHS Markit. Production this month, at about 4 million bpd, will about double that of two years ago.

(...) Chevron said it would produce 900,000 bpd by 2023, while Exxon forecast pumping 1 million barrels per day by about 2024. That would give the two companies one-third of Permian production within five years.

(...) Even as the majors have ramped up operations, the total number of drilling rigs at work in the Permian has dropped to 464, from 493 in November, as independent producers have slowed production, according to oilfield services provider Baker Hughes.
1+2+3 “Our projections already incorporate a **doubling in US tight oil from today to 2025**, but it would need to **more than triple** in order to offset a continued **absence of new conventional projects**”

= “**The risk of a supply crunch looms largest in oil**”

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**Figure 1.19** Declines in current oil production and demand in the New Policies and Sustainable Development scenarios

- **Observed and natural declines in oil production are much faster than the drop in demand in the Sustainable Development Scenario:** new upstream investment remains crucial.
Surrounded by “mature” oil fields, Europe caught off guard?

*No decline expected by the IEA*

*Possible decline from now to 2025*

**EU IMPORTS OF OIL, Q1 2018 (EUROSTAT)**

- Egypt 5%
- Iran 5%
- Libya 6%
- Nigeria 8%
- Kazakhstan 8%
- Iraq 7%
- Saudi Arabia 6%
- USA 4%
- Norway 11%
- Others 6%

**Oil production peak passed (probably irreversibly)**

Russia is Only 3 Years Away From Peak Oil, Energy Minister Warns
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Surrounded by mature oil fields, Europe caught off guard?

- Norway peak in 2001 - 41% in 2017 (1.9 Mb/d)
- Azerbaijan peak in 2010 - 24% in 2017 (0.8 Mb/d)
- Algeria peak in 2008 - 21% in 2017 (1.5 Mb/d)
- Mexico peak in 2004 - 41% in 2017 (2.2 Mb/d)

- Angola undulating plateau since 2007 peak from now to 2025, says the IEA (1.4 Mb/d en 2025)

11.4 Mb/d in 2017 peak in 2025 at 11.5 Mb/d (10.9 in 2030), says the IEA ...
... or as soon as 2021, according to Alexander Novak, Russian Energy Minister
Peak Oil - For Europe, This Time The Wolf Is Here: 
*Triple Red Flag From The International Energy Agency* 

![Graph showing IEA WEO New Policy Scenarios - conventional crude production](http://www.iea.org/weo/)

**History of WEO projections of crude production**
Surrounded by “mature” oil fields, Europe caught off guard?

EU IMPORTS OF OIL, Q1 2018 (EUROSTAT)

- Norway 11%
- Russia 28%
- Libya 6%
- Iran 5%
- Kazakhstan 8%
- Nigeria 8%
- Iraq 7%
- Algeria 3%
- Mexico 3%
- Angola 1%
- Azerbaijan 4%
- Saudi Arabia 6%
- USA 4%
- Others 6%

Oil production peak passed (probably irreversibly)

No decline expected by the IEA

Possible decline from now to 2025

Oil production peak to occur before 2026, says the IEA

by Matthieu Auzanneau