

NCAC/CSIS Energy Policy Conference US Tight Oil in a Global Context

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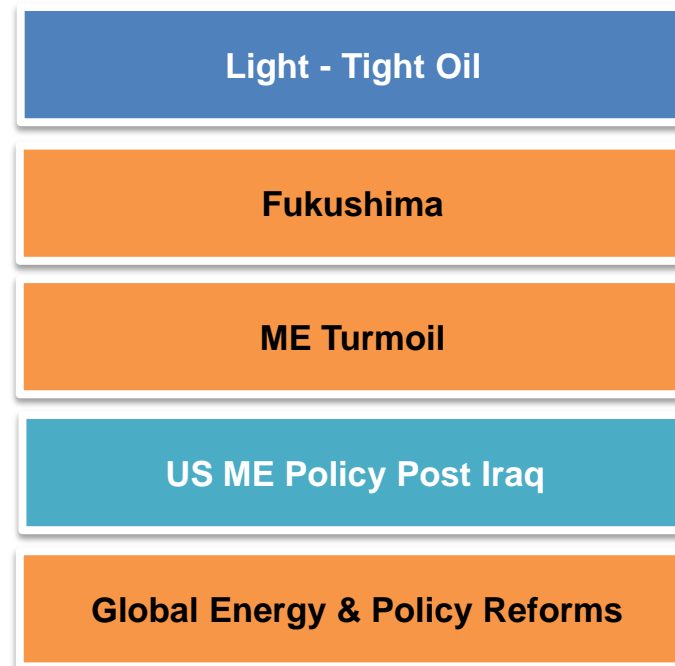
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Powerful Thinking
for the global energy industry

Strategic Trends: US Light -Tight Oil in a Global Context

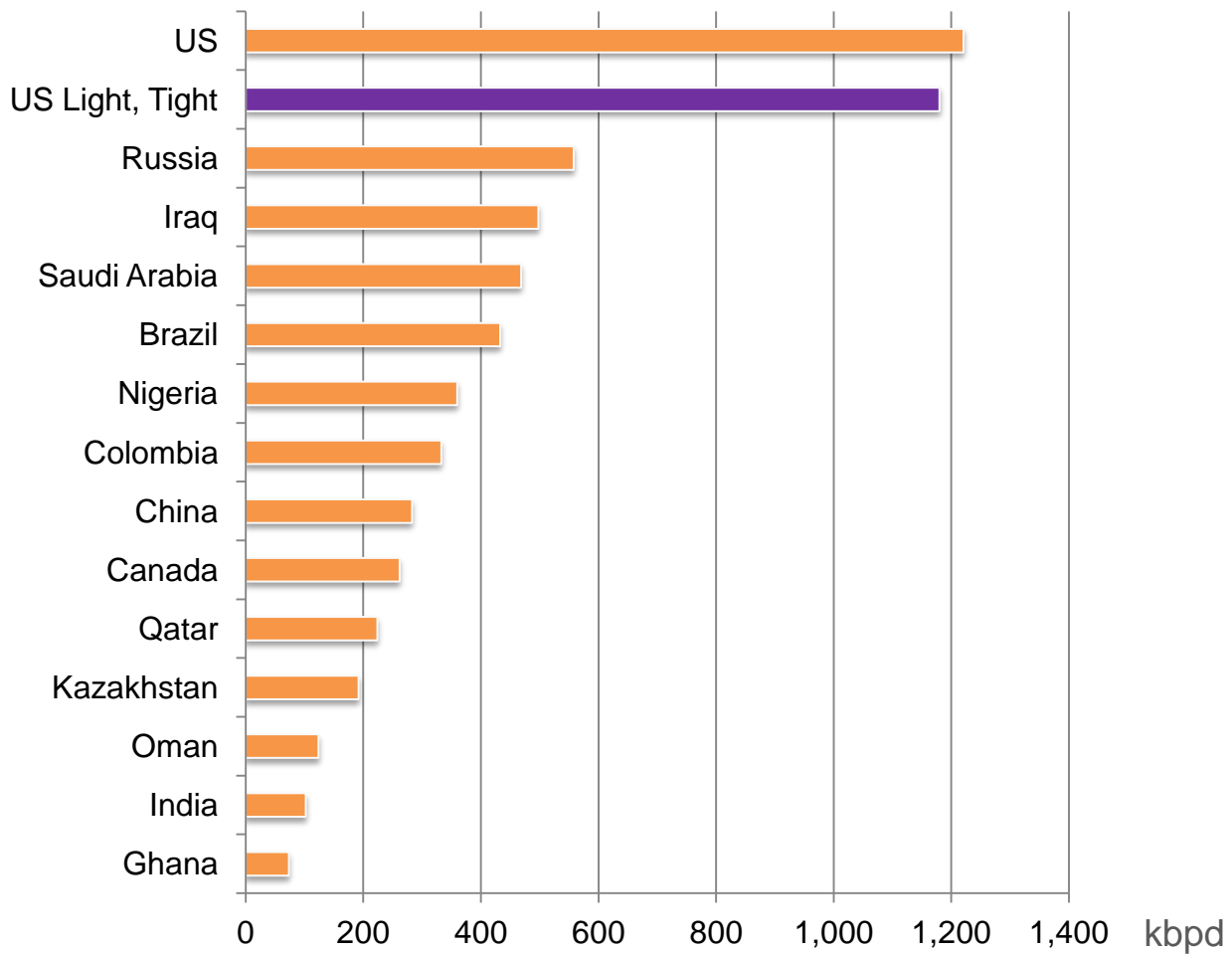
Key recent high-impact events; US home to many!



Source: Energy Intelligence

Global Oil Supply Increases

US major contributor to global expansion, 2008-11

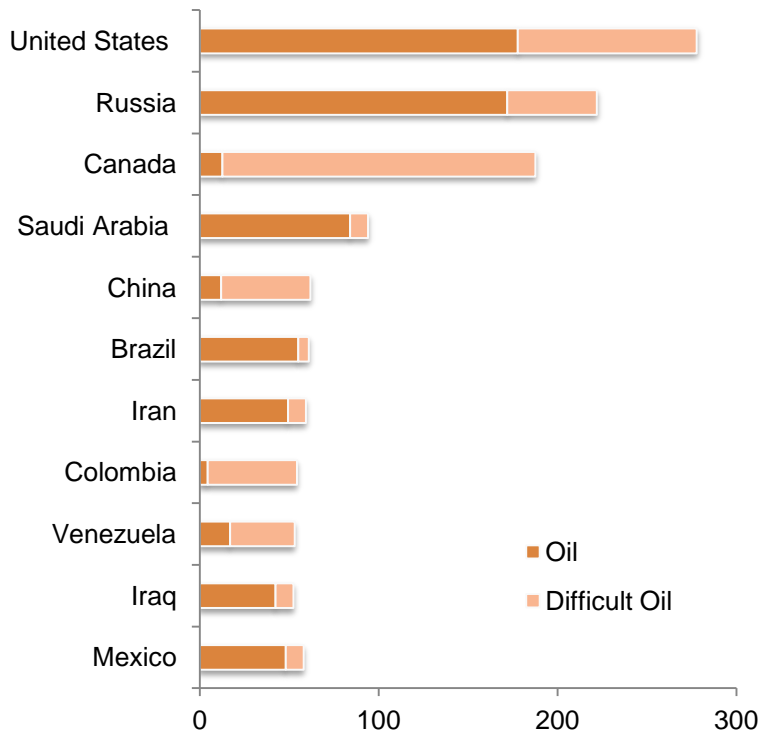


Source: Energy Intelligence – OMI

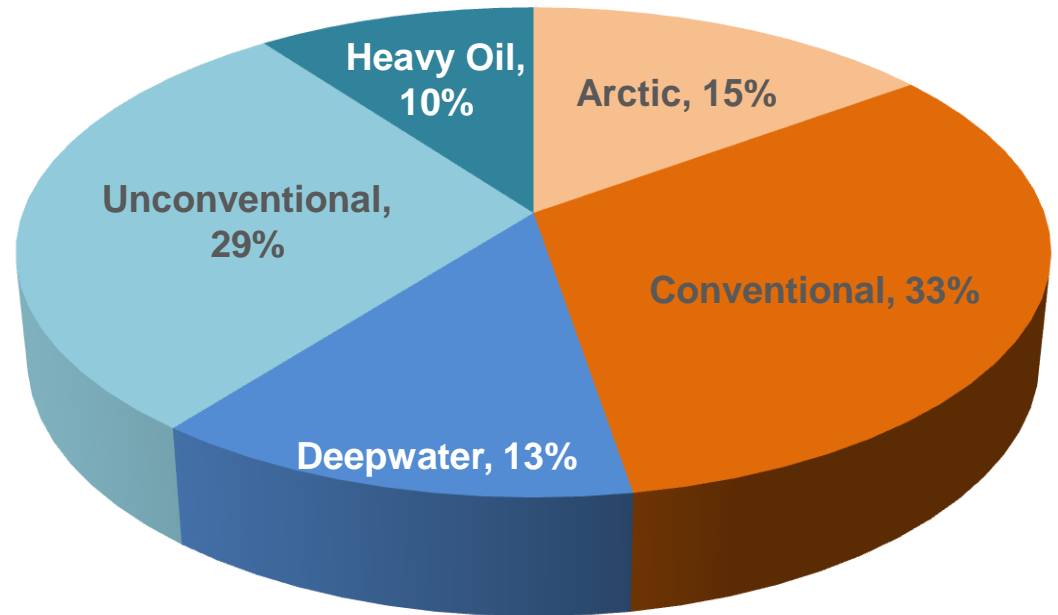
Global YTF Potential Has Increased Significantly

US oil potential now greater than Iraq!

YTF Oil Reserves, 1.5 Tn Boe



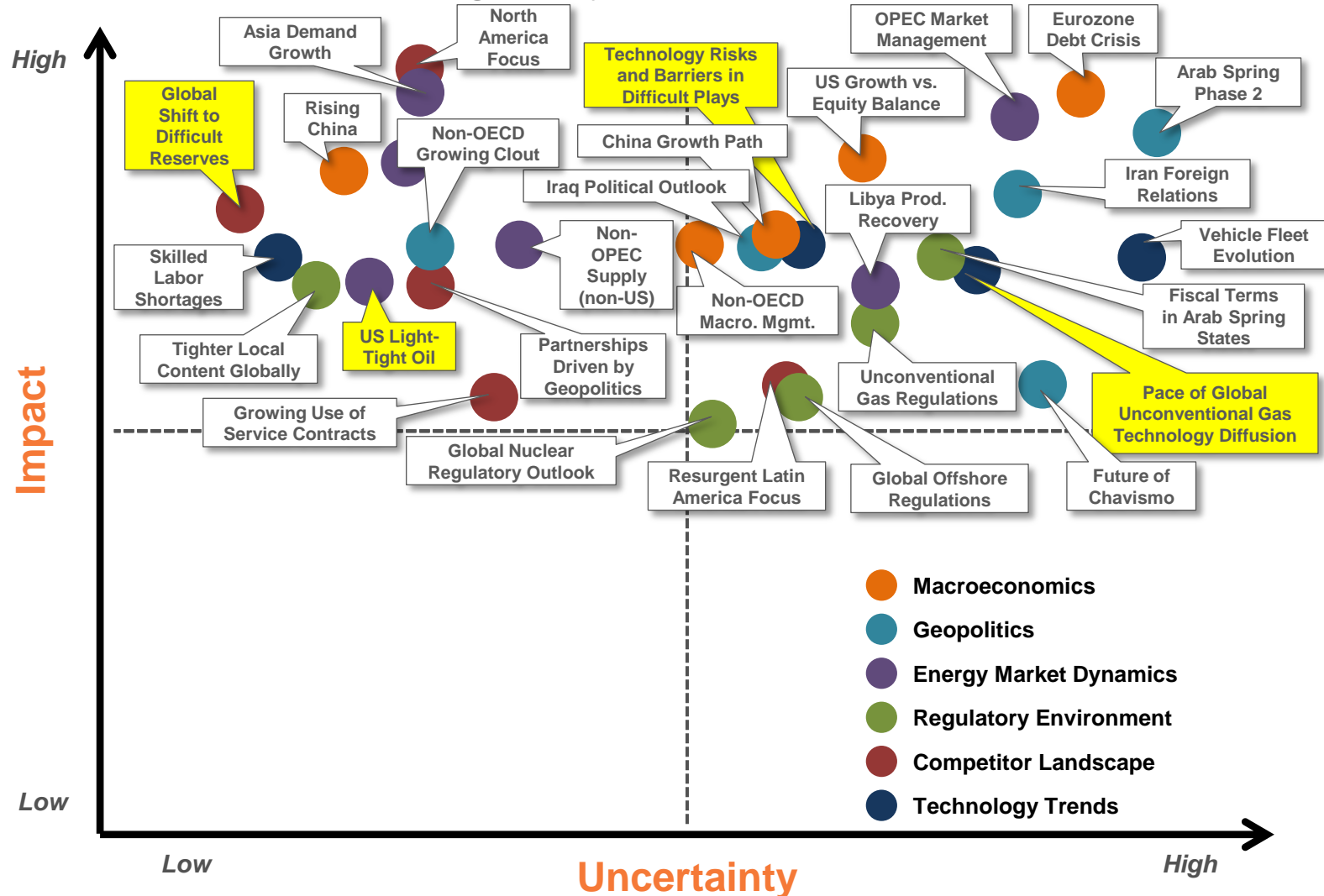
YTF Global, 3.9 Tn Boe



Source: Energy Intelligence – Research and Advisory

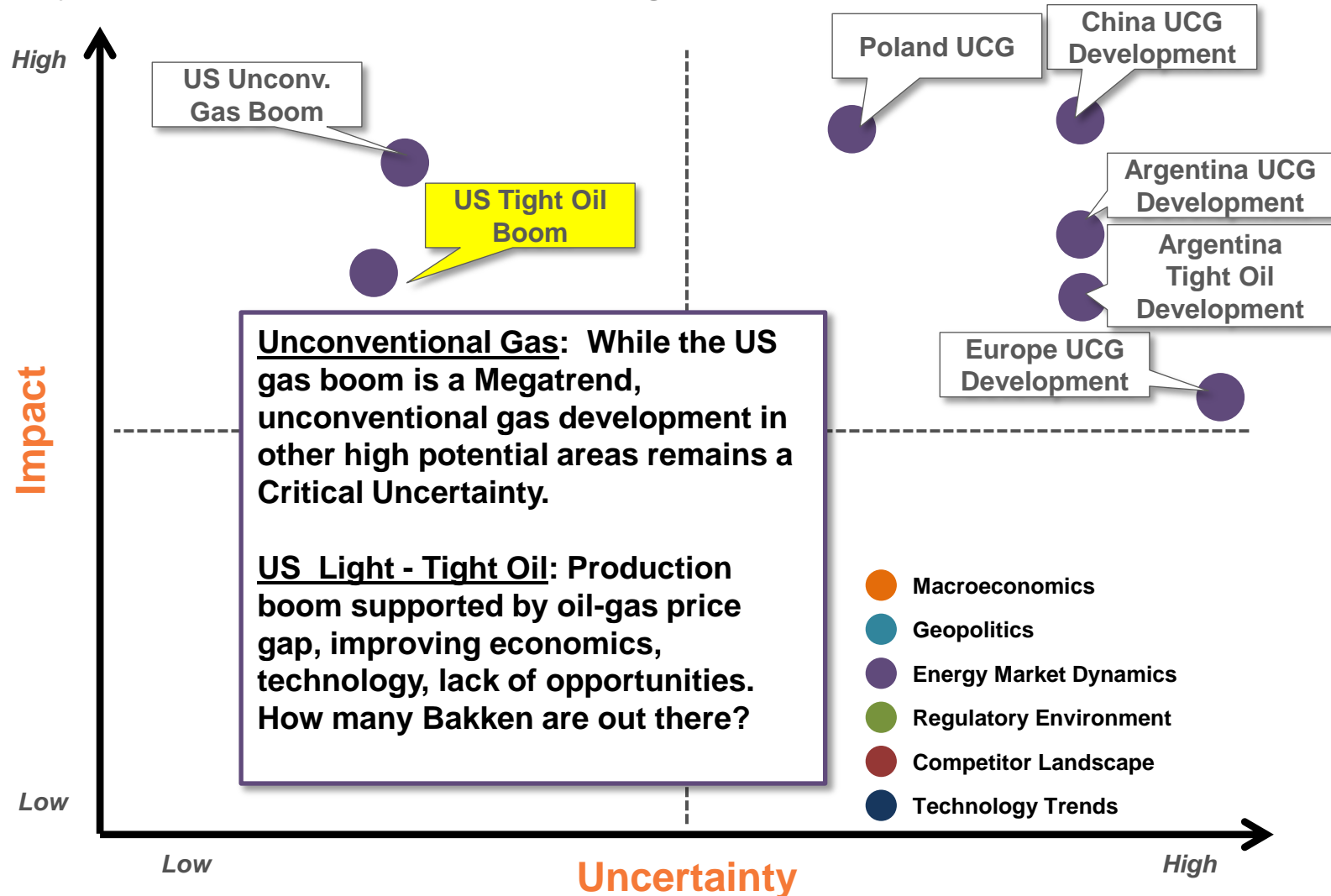
Strategic Trends: Megatrends & Critical Uncertainties

Economic, political and regulatory issues



Extending the New Boom Beyond the US

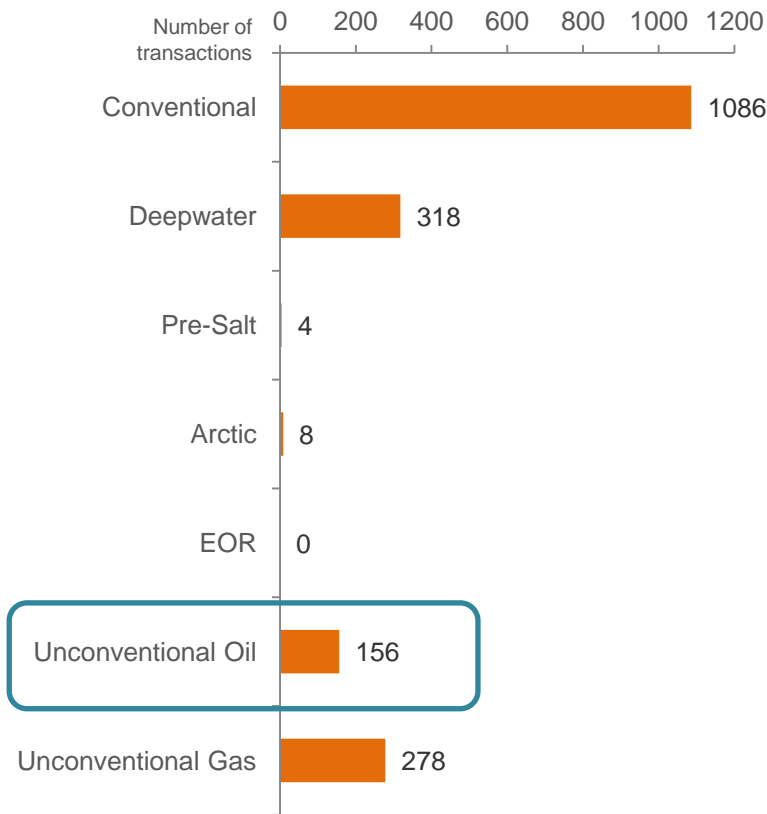
Key uncertainties remain in other regions with similar potential



Global Unconventional Oil M&A

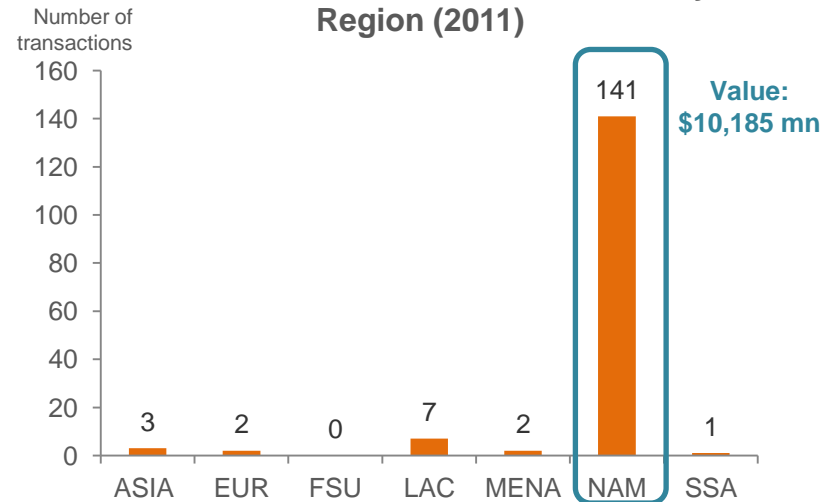
Concentrated in North America

M&A Transactions by Play Type (2011)



- Among global M&A transactions in 2011, unconventional oil represented only 8% of deals
- The bulk of these deals were concentrated in North America, with a handful of deals in Latin America, Asia and Europe

Unconventional M&A Transactions, by Region (2011)



Unconventional Oil = Oil Sands, Shale Oil, Oil Shale, Heavy Oil

Source: Derrick Petroleum, EI

Major Energy Markets: Current Reforms & Policy Shifts

Primary impact of policies being pursued; US one amongst many

Demand	Supply	Both
USA	Angola	Canada
KSA	Argentina	Iraq
Russia	Japan	Colombia
Germany	China	Norway
Iran	Mexico	Brazil

Source: Energy Intelligence – Research and Advisory

US Tight Oil - Unconventional Thinking

Distinguishing between hype and reality

Supplies and Technology

- **Hype:** Game-changing reserve additions in the US ...and globally?
- **Reality:** Complex relationship of resource type and local conditions drive production

Market Impact

- **Hype:** Boom in US light-tight oil provides windfall for US motorists
- **Reality:** Market distortions prevail because of mismatch between production and refinery requirements; US petrol prices still exposed to international events!

Economic Impact

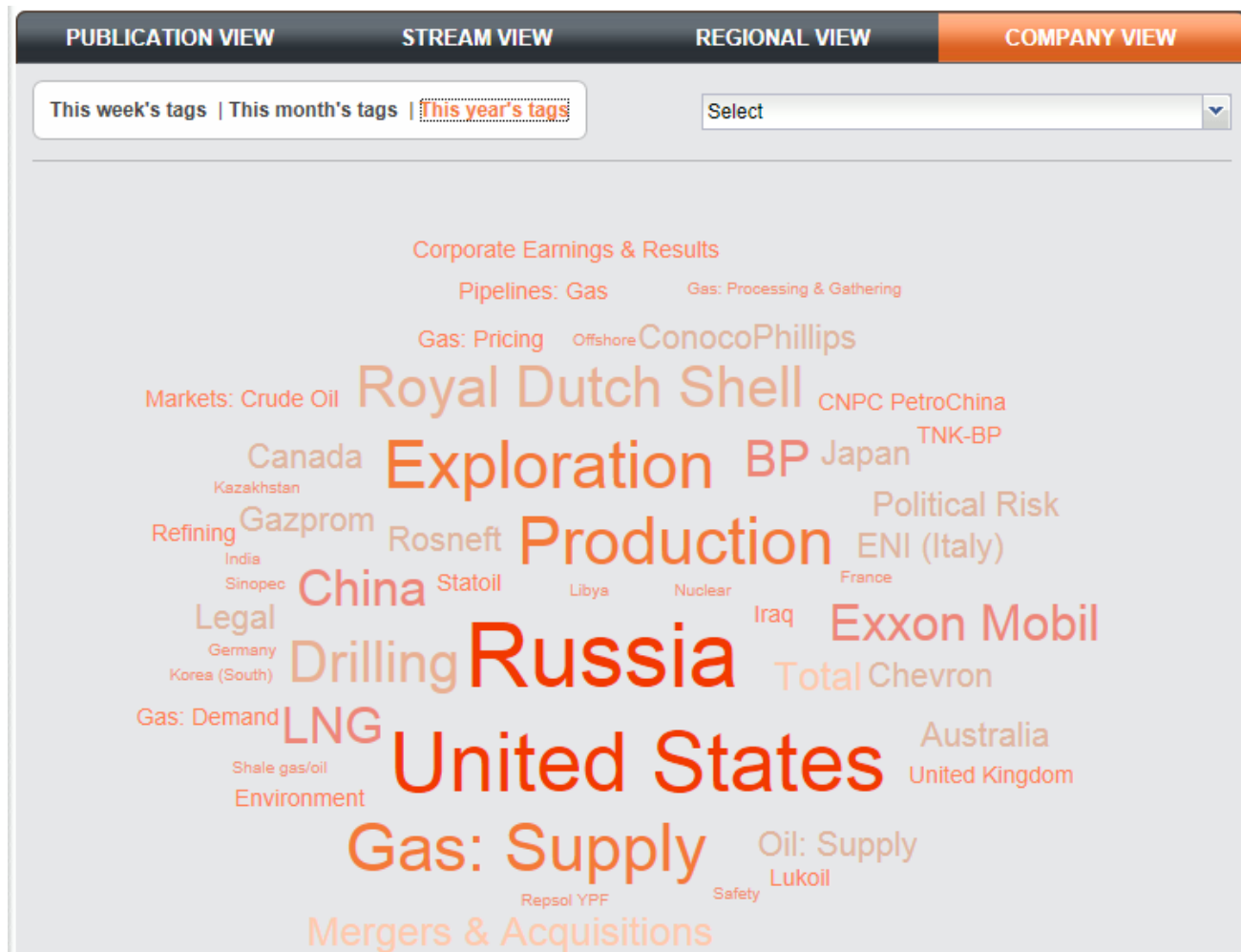
- **Hype:** The source of a second American Industrial Revolution
- **Reality:** While a prop for steel and petrochemicals, longer-term health dependent upon broader trends in the macroeconomy, relative competitive factors

International Political Impact

- **Hype:** US Energy Independence
- **Reality:** Does not eliminate interests in Middle East, but will reinforce “pivot” toward Asia; birth of US petro communities

What is Happening? What is Next?

EI News Cloud



Thank You

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