SUPPLY, DEMAND & THE PRICE OF OIL

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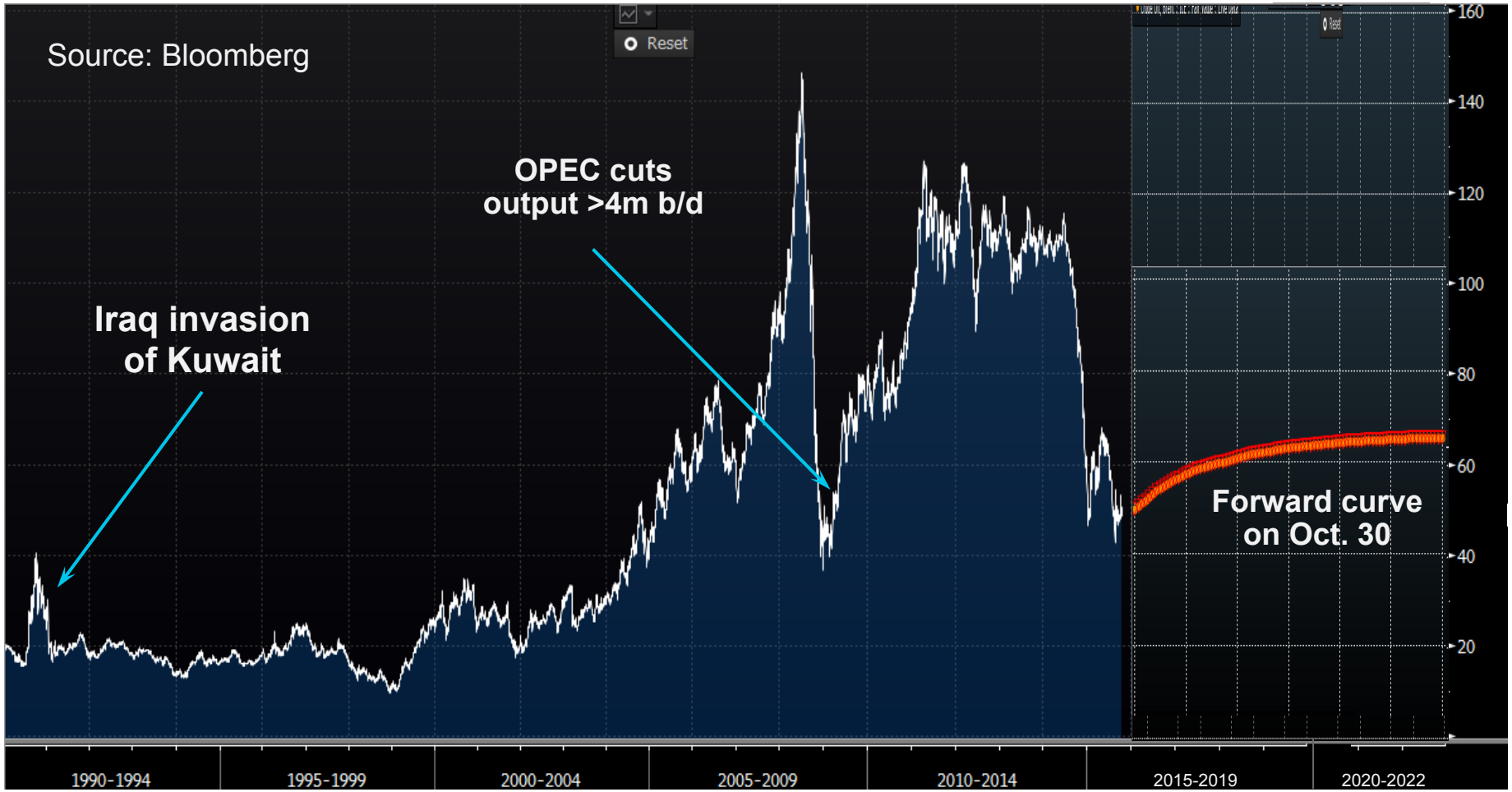
A NEW OIL PRICE ERA?

Dated Brent price ($/bbl)

“NEW NORMAL?”

Dated Brent price and forward curve ($/bbl)

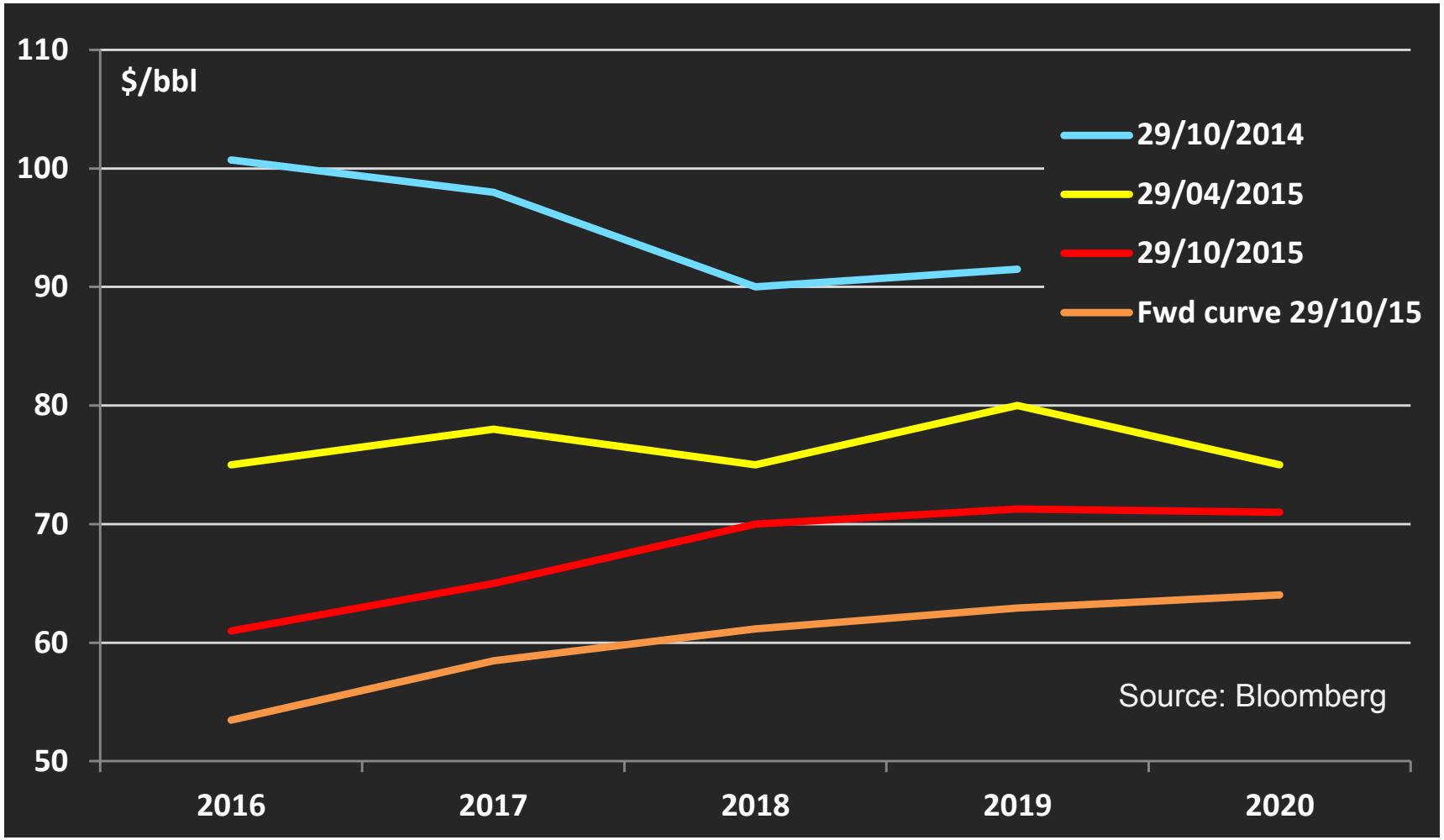


DETERIORATING OUTLOOK

Median Brent price forecasts for 2016-2020 ($/bbl)

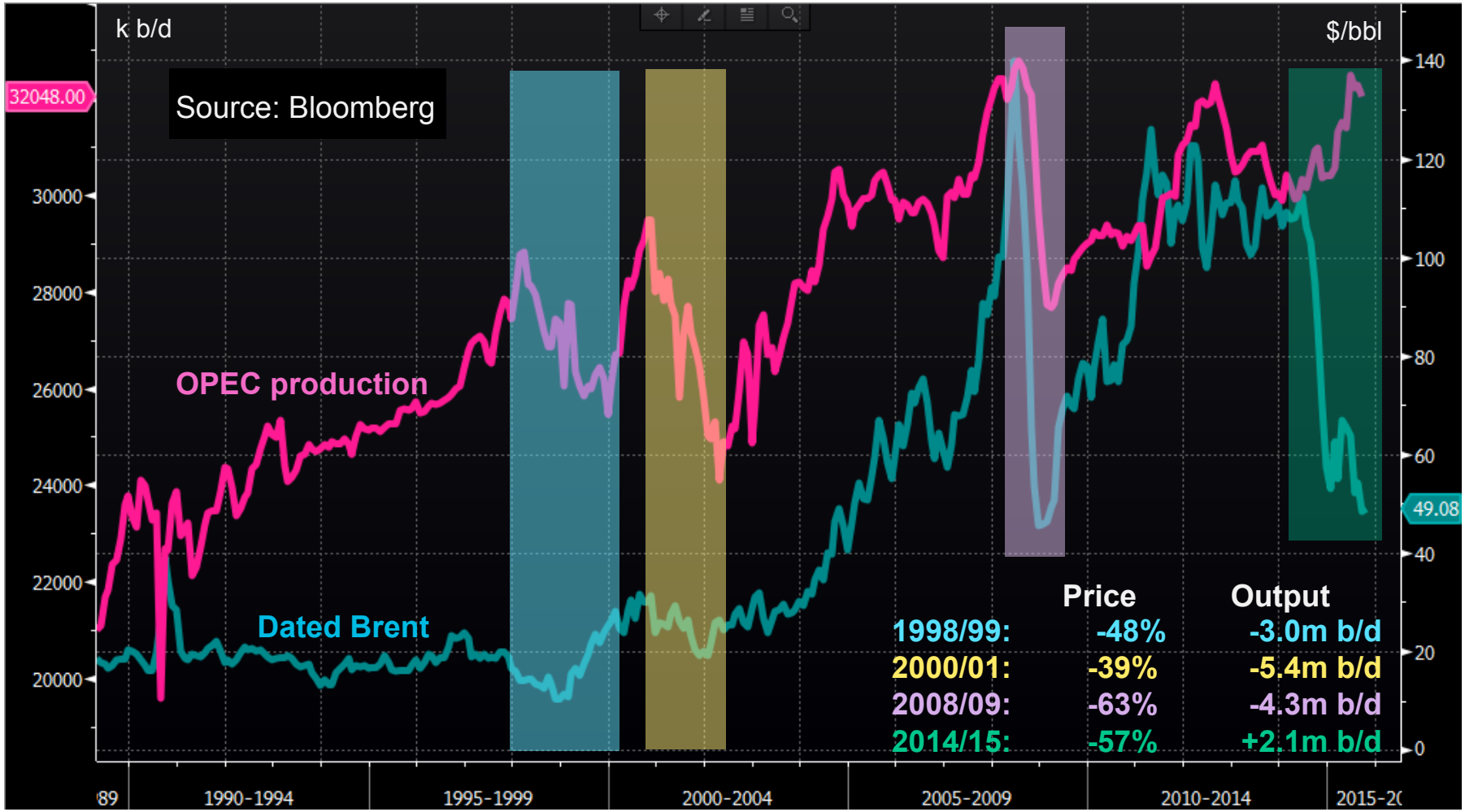
LOWER FOR LONGER

Median Brent price forecasts for 2016-2020 ($/bbl)



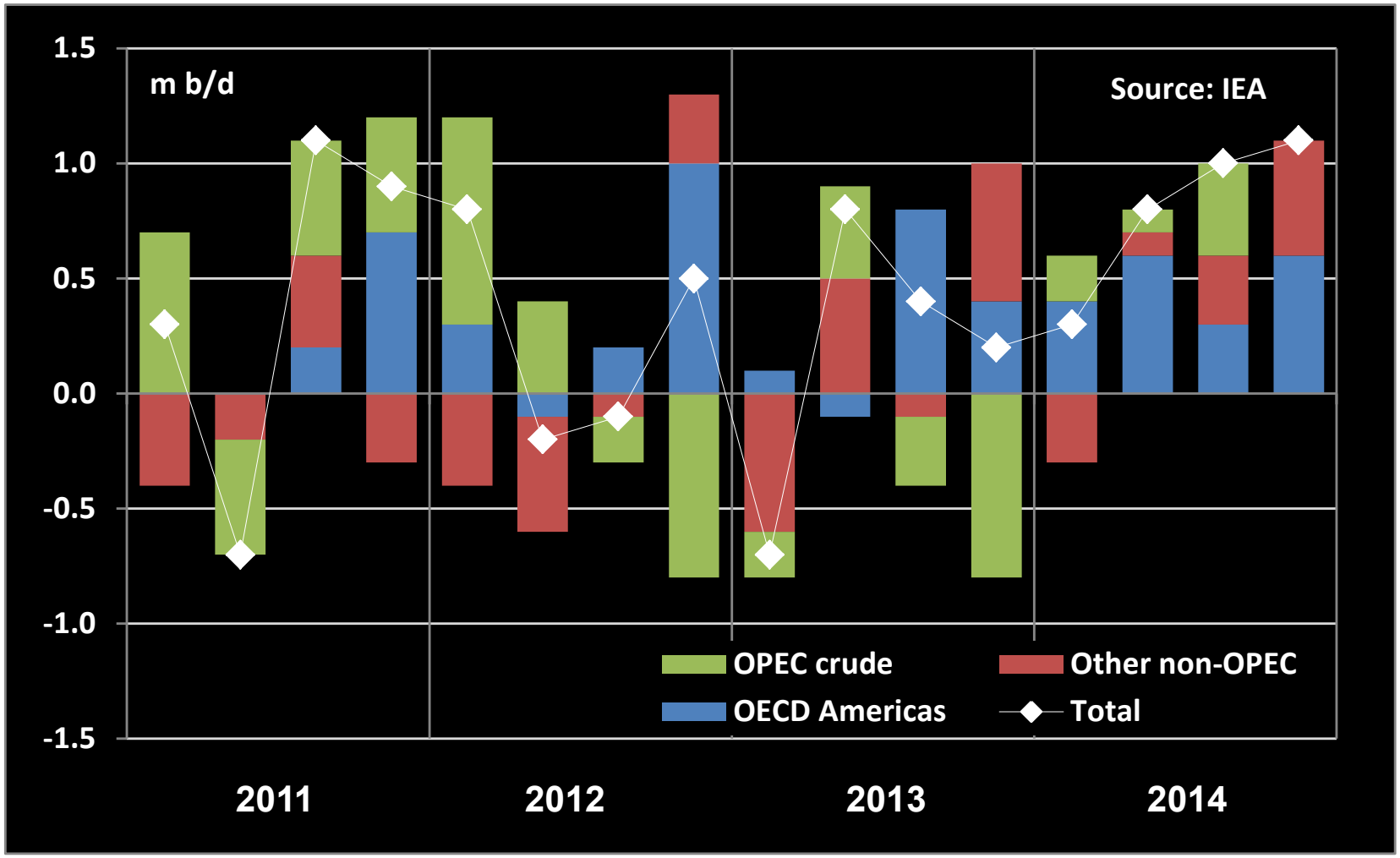
NO OPEC RESCUE

Brent price & OPEC production



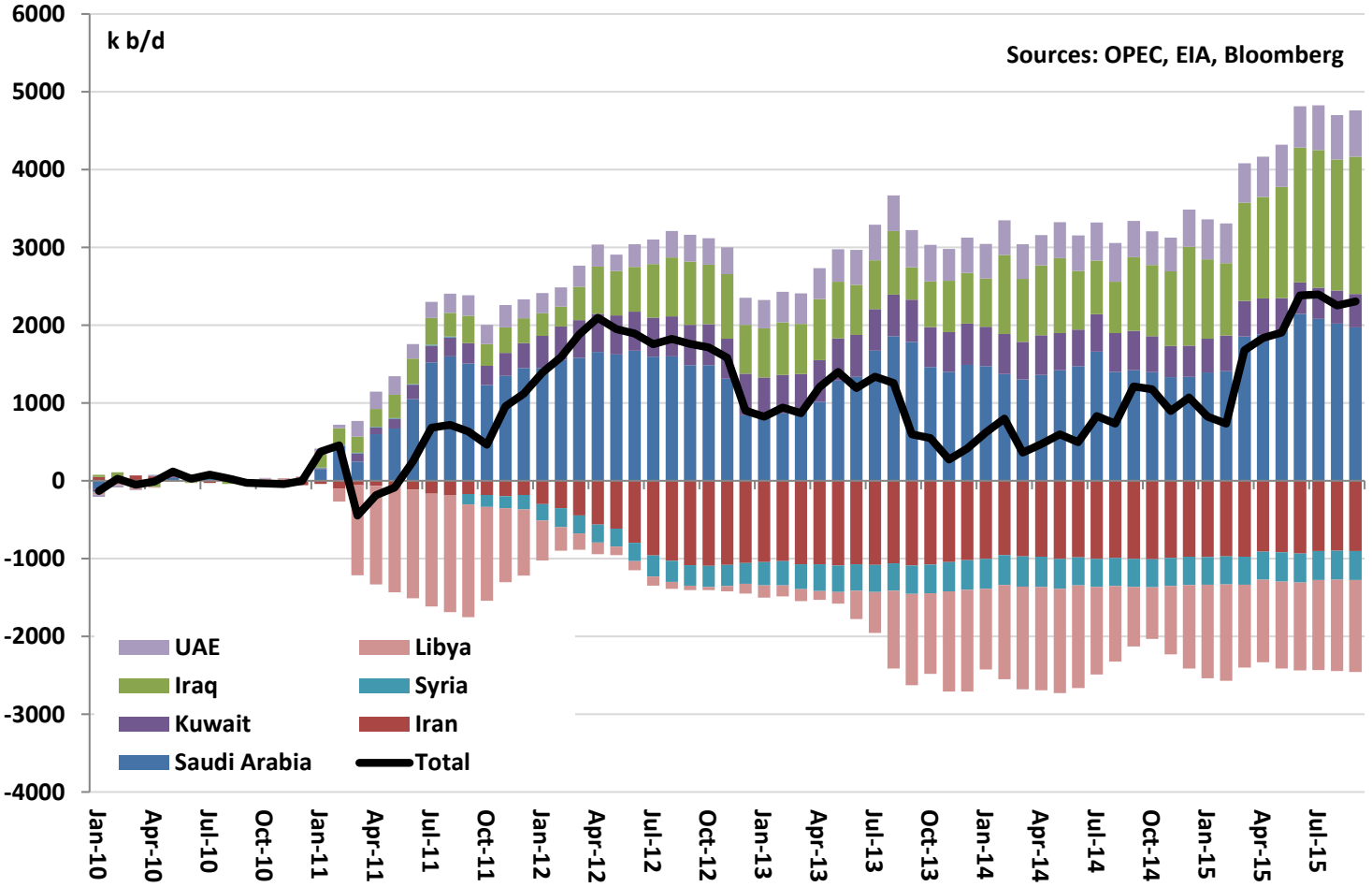
OPEC LOSS OF MARKET SHARE

Q/q change in oil production

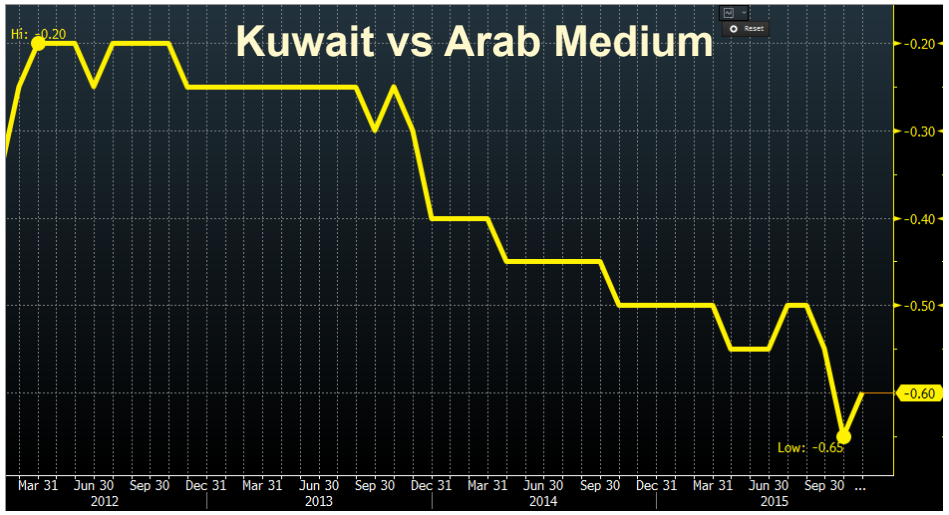


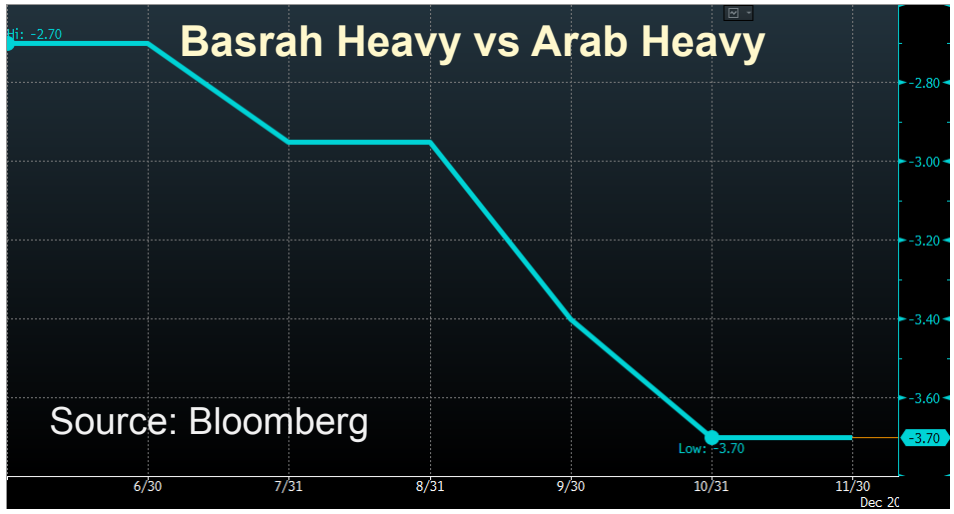
GULF ARABS OFFSET IRAN, LIBYA, SYRIA LOSSES

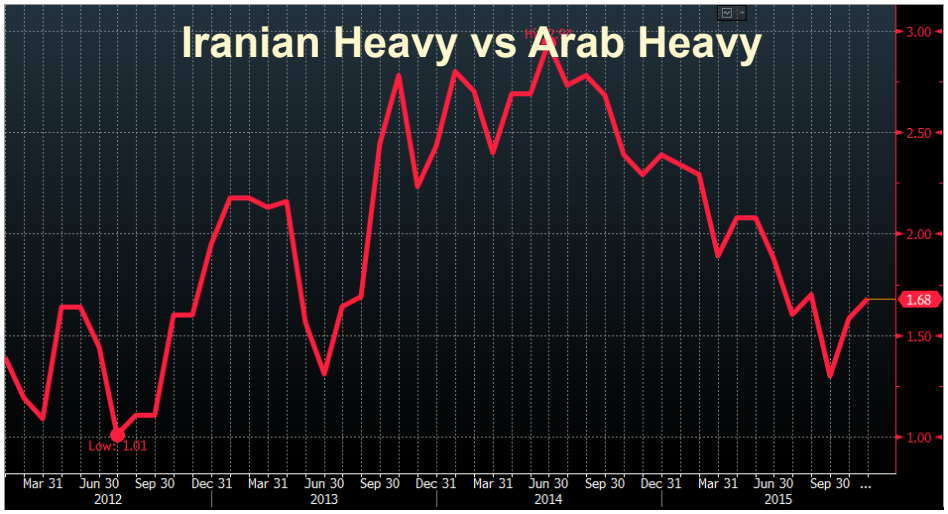
Change in output from 2010 average level



OPEC PRICE WAR

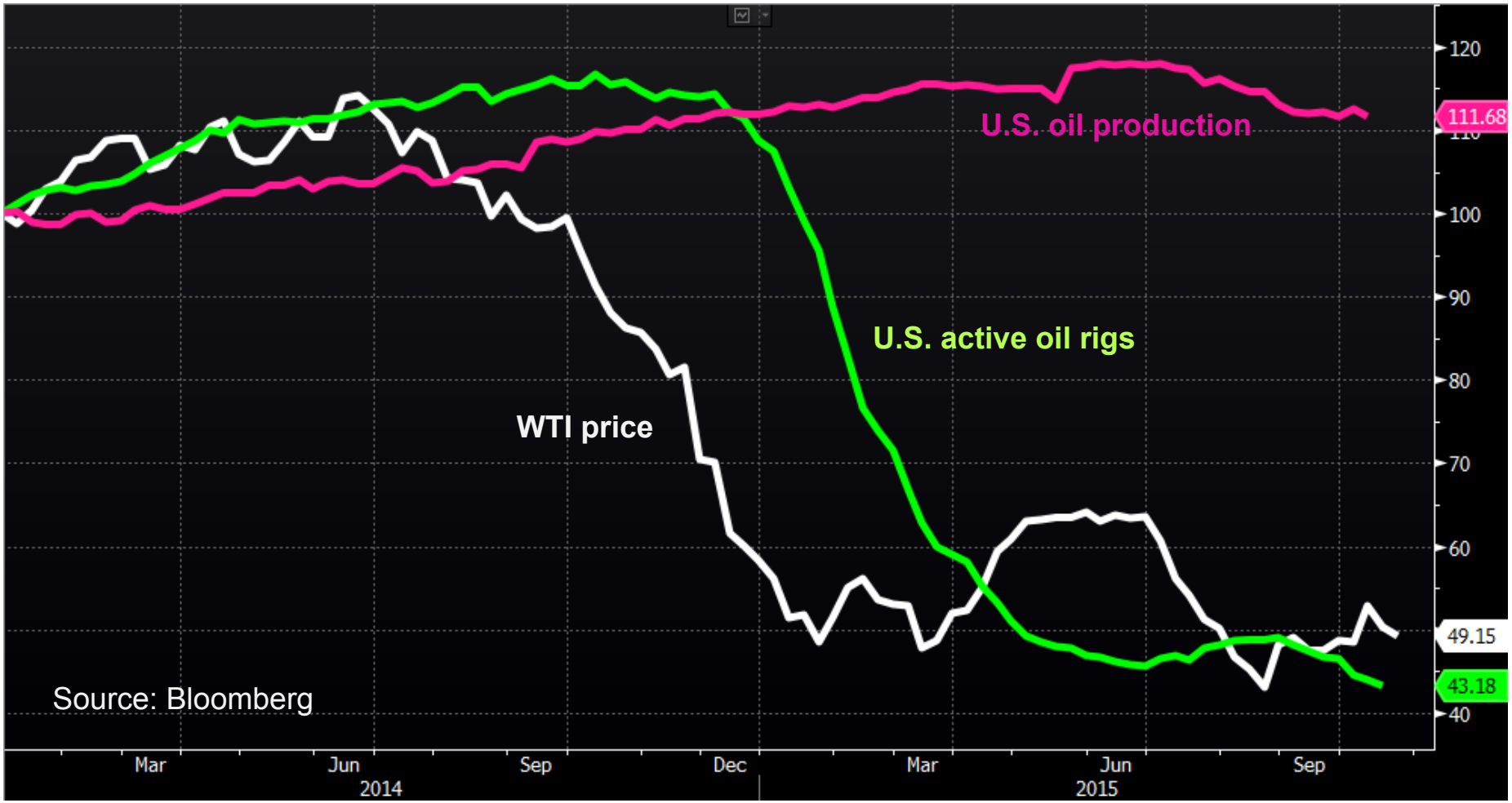






RESILIENCE OF U.S. LIGHT TIGHT OIL

WTI price, U.S. oil rig count & U.S. crude production



A QUICK RETURN FOR SHALE?

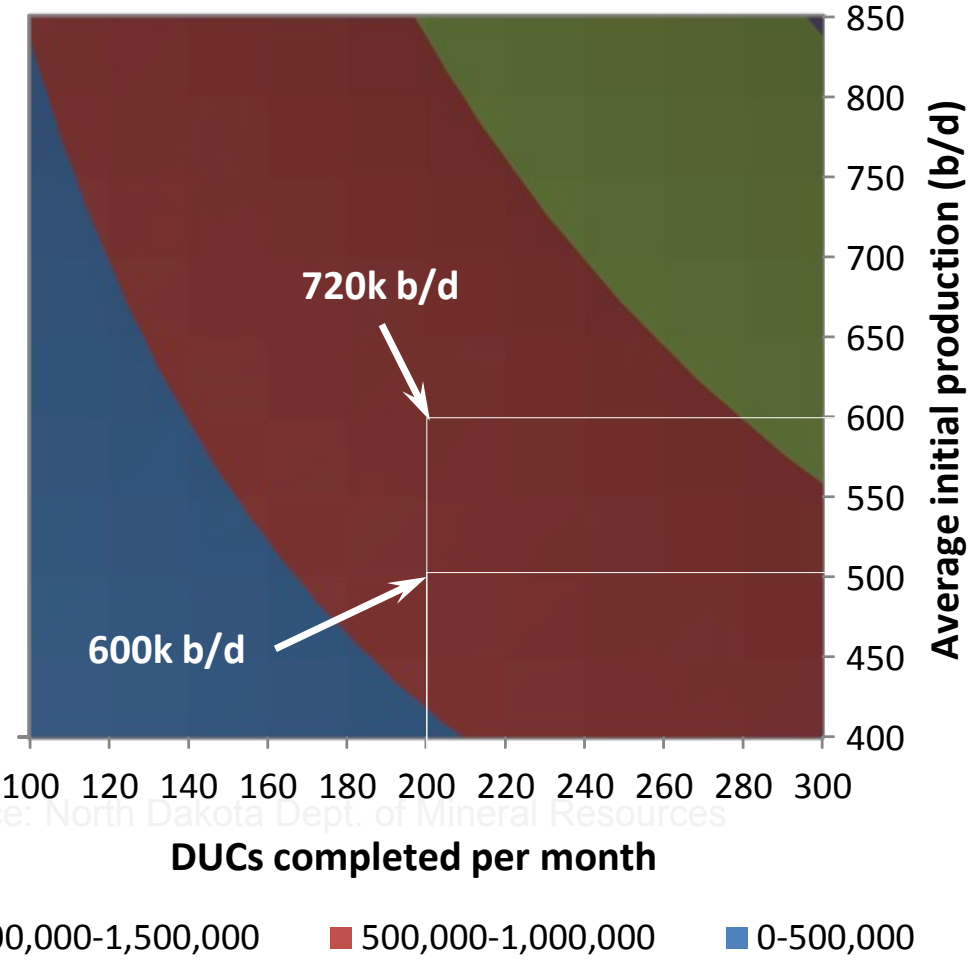
Possible output from drilled, uncompleted wells

Additional production after 12 months from bringing drilled, uncompleted wells into production at monthly rate shown on x-axis, with average initial output shown on y-axis.

Analysis takes account of decline rates from U.S. tight oil wells

Starting 200 wells/month with average initial production of 600 b/d would yield ~720k b/d after 12 months, which falls to 600k b/d with average IP of 500 b/d

Source: Bloomberg Intelligence Oct. 22, 2015



A SHALE PRICE BAND?

Break-even prices for Bakken tight oil