



UPDATES ON OIL AND GAS MARKETS

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UPDATE ON OIL PRODUCTION AND CONSUMPTION

MID TERM OIL SUPPLY

- Non OPEC** Decline of existing production zones (e.g. Mexico, North Sea)
New oil provinces : (Western Africa, Brazil)
Net increase due to tight oils, and tar sands and later to biofuels
- OPEC** Irak and liquids from gas fields will be key contributors

MID TERM OIL DEMAND

- Increase comes almost exclusively from non OECD countries (transport uses and industry)
- Reduction of global oil consumption in OECD countries
- Technical progress in car industry can be significant :
 - reduction of unit consumption
 - the hybrid option

UPDATE ON UNCONVENTIONAL GASES

A contrasted situation :

- In The United States (and Western Canada) confirmation of the success story
 - Improved performances of production techniques for unconventional resources and reduction of the environmental footprint
 - Success in extraction of tight oils and shale oils (as a consequence of the progress of fracking obtained for shale gas)
 - Huge macroeconomic impact : cost of energy →
Improvement of the trade balance

- Outside North America, the diffusion of the US experience is slow and production is uncertain for the coming decade
 - The difficult appraisal of potential resources
 - A number of constraints aside geology (expertise, equipments, regulations, public opinion)
 - Australia is producing and China has a dynamic policy, several other countries express interest but presently no concrete results

UPDATE ON LNG (LIQUEFIED NATURAL GAS) AND GAS MARKETS

- LNG is always growing fast

	Today	2020 (est)
Exporting countries	18	24
Importing countries	26	39

- Nevertheless not a world market for gas, but 3 distinct regional markets and prices :

USA	3 - 4 \$/M BTU
EUROPE	8 -10 \$/M BTU
ASIA	16 -18 \$/M BTU

- Confirmation that natural gas will be a key fuel to solve mid term energy challenges
 - Increased availability
 - Versatility of uses and comparative advantages
 - Possibility to combine gas facilities with intermittent renewables
- Short term regional issues :
 - Europe (disorders due to german energy policy)
 - Japan (consequences of the tsunami)

UPDATE ON FOSSIL FUELS AND CLIMATE ISSUE

- Mid term trends on the world energy mix
 - Reduction of the share of oil and coal
 - Slight increase of the share of gas
 - Globally each main fossil fuel around 25 % in 2030
- World CO₂ emissions related to energy could be stabilized around 2035
- No decisive progress in implementing capture and storage of carbon (CCS)
- The failure of the UN climate diplomacy (... and of the European approach)

UPDATE IN GEOPOLITICS

- US, Saudi Arabia and Russia will be the main oil producers in the coming decades (about 1/3 of world production for the three of them)
 - US is expected to be N° 1 (a comeback)
 - Russia is expected to overpass Saudi Arabia during the next 15 years
- For the next decade OPEC will be forced to cut production
- The Arctic resources : potential... and risks
- China - Stabilisation of energy demand around 2040 ?
- Other BRICS - Demand still increasing in 2040
- Africa - West Africa comes on oil stage
- What about supply of other energies ?

THE END