Changing World of Oil and Gas
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Vladimir Drebentsov
Head of Russia and CIS Economics, BP plc

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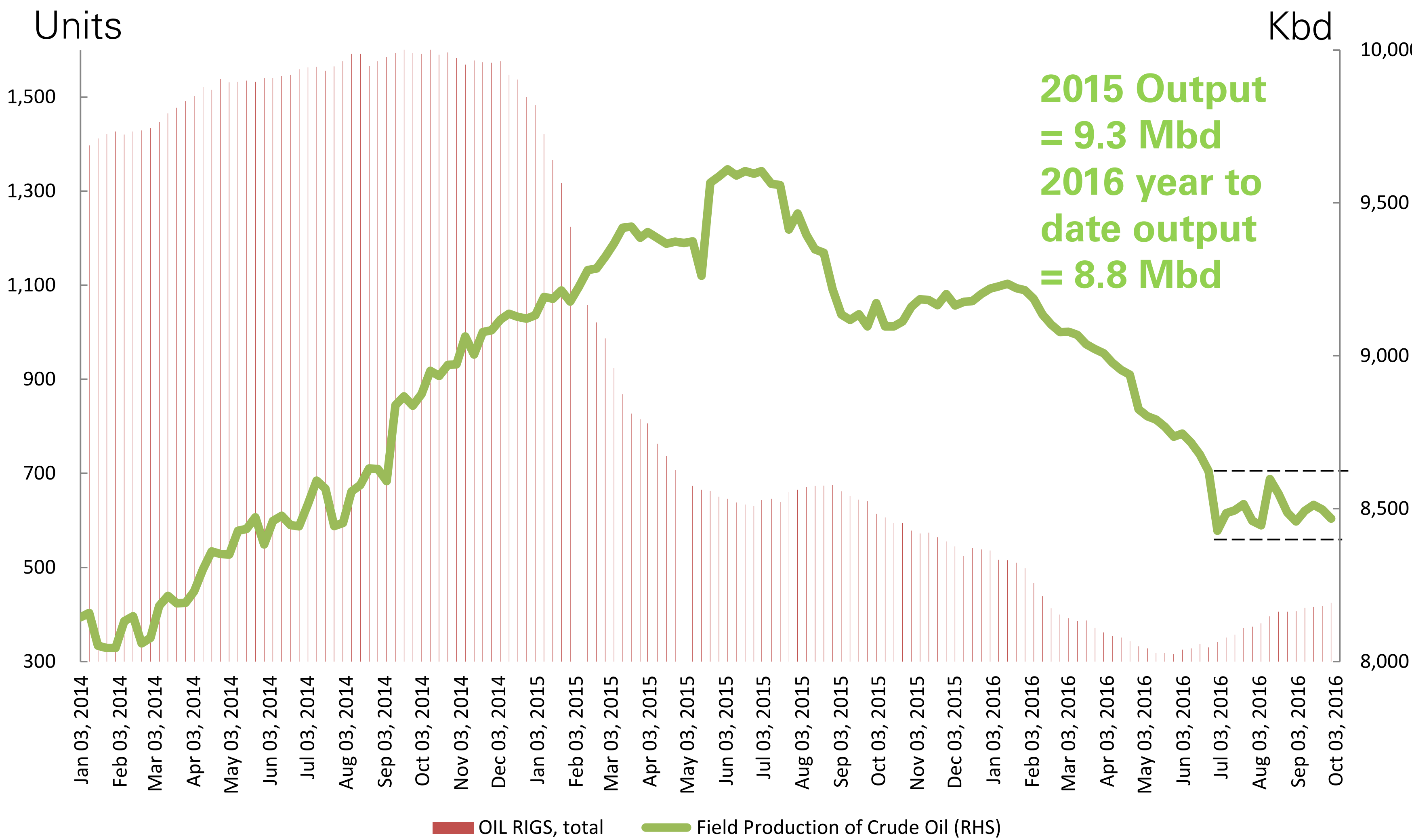
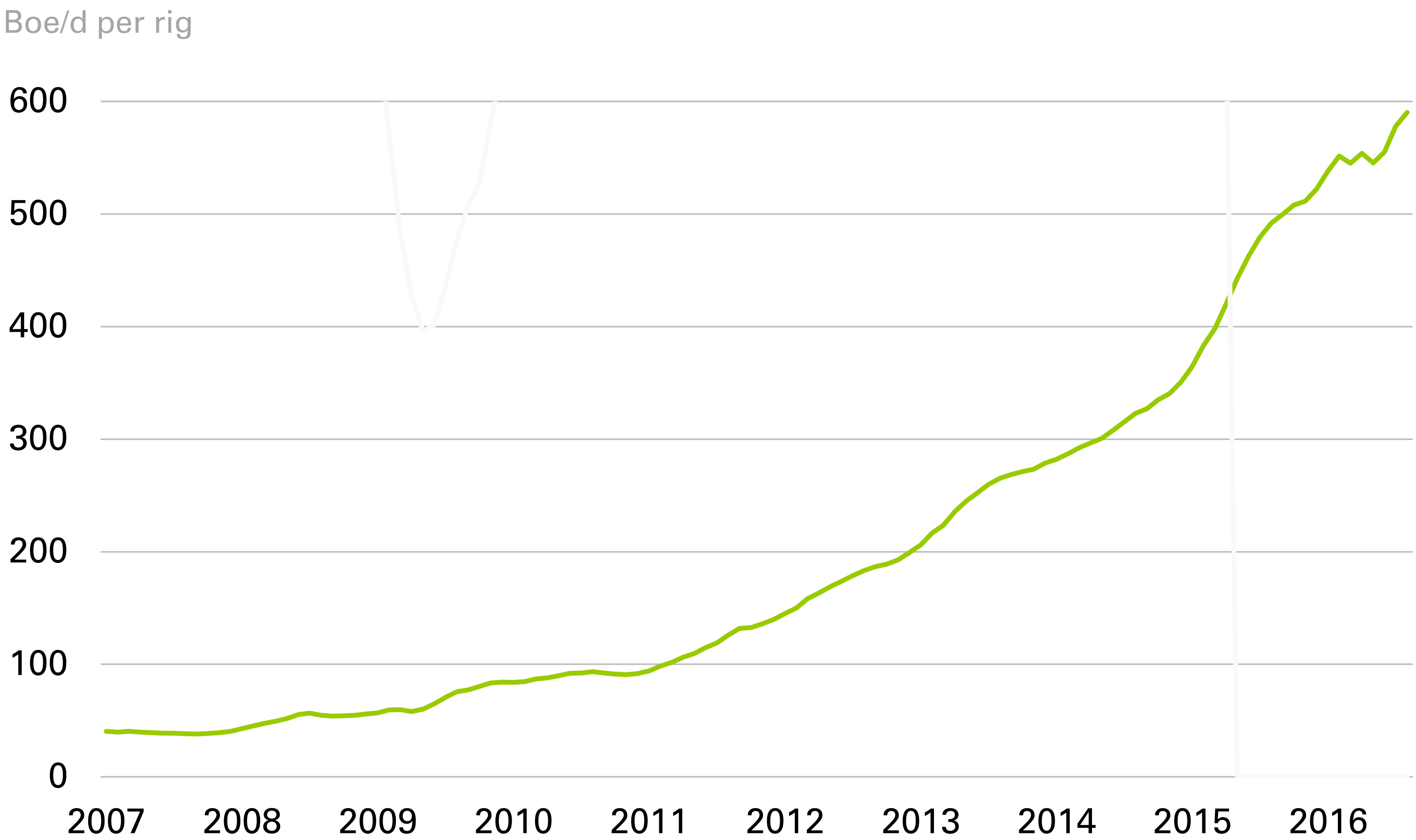
US oil output has declined, yet shows ability to resume growth



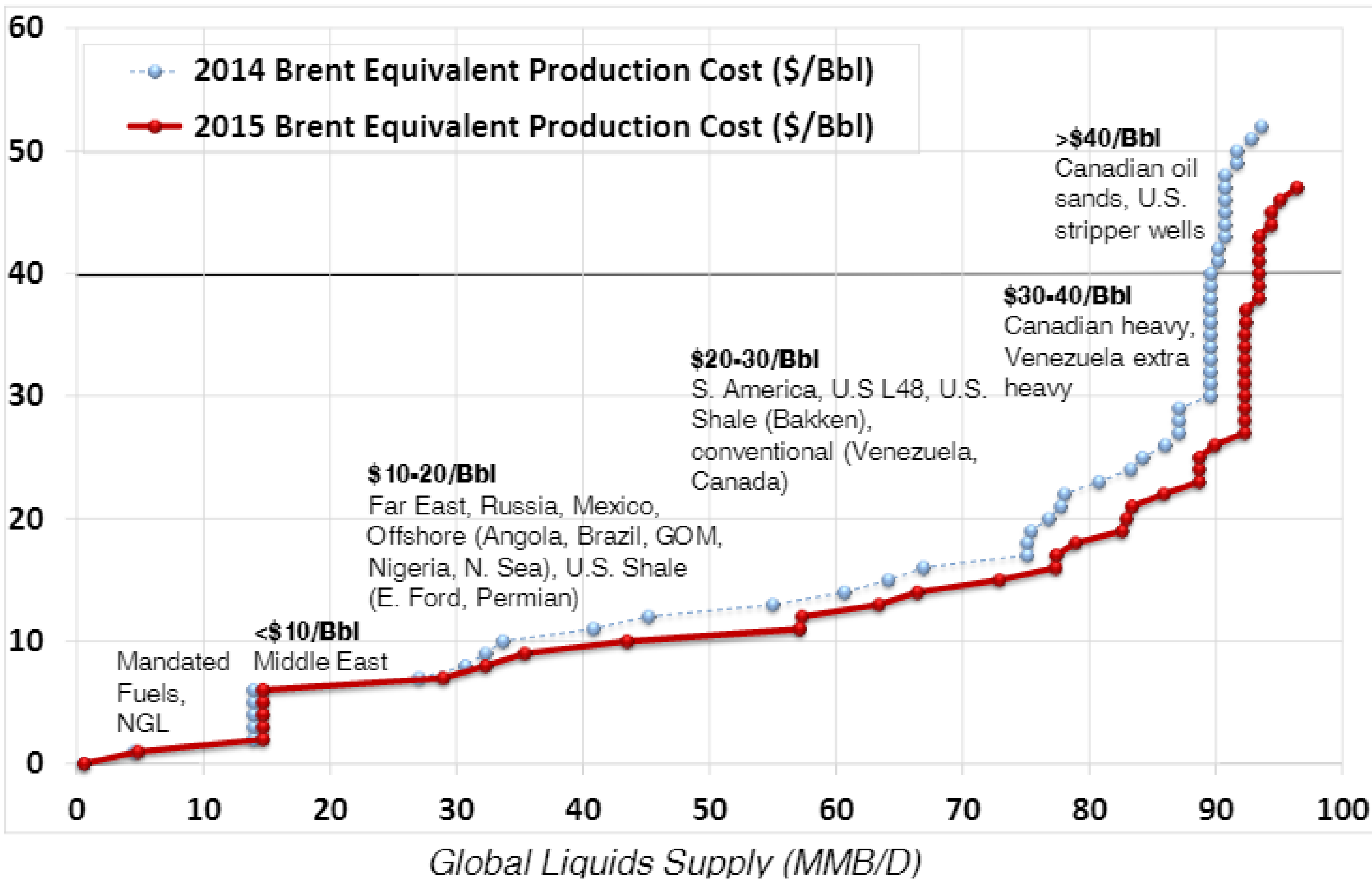
Source: US EIA, PIRA

US new-well oil production per rig



Source: US EIA

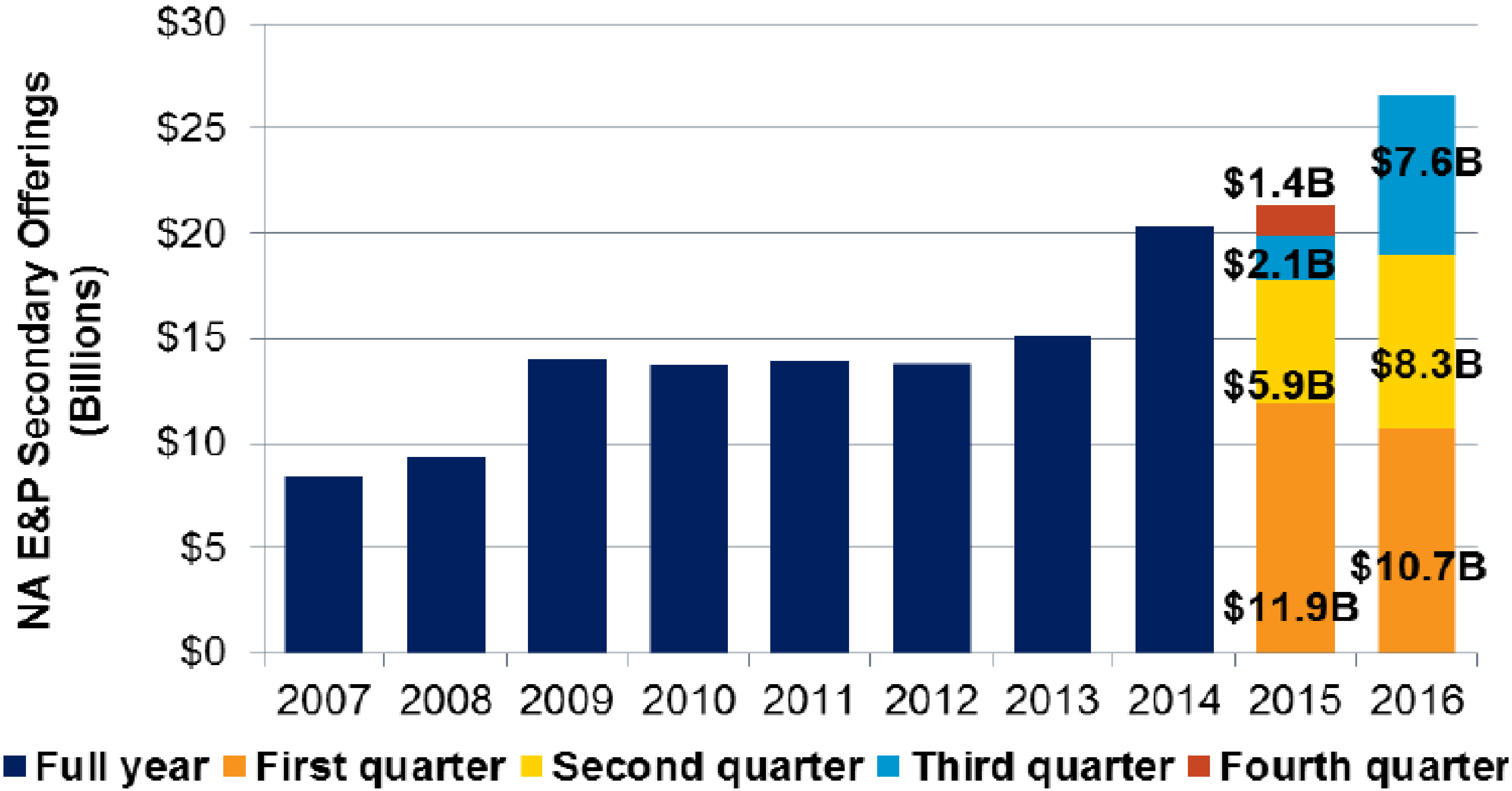
PIRA's estimate of the global production cost curve (2016)



Source: PIRA

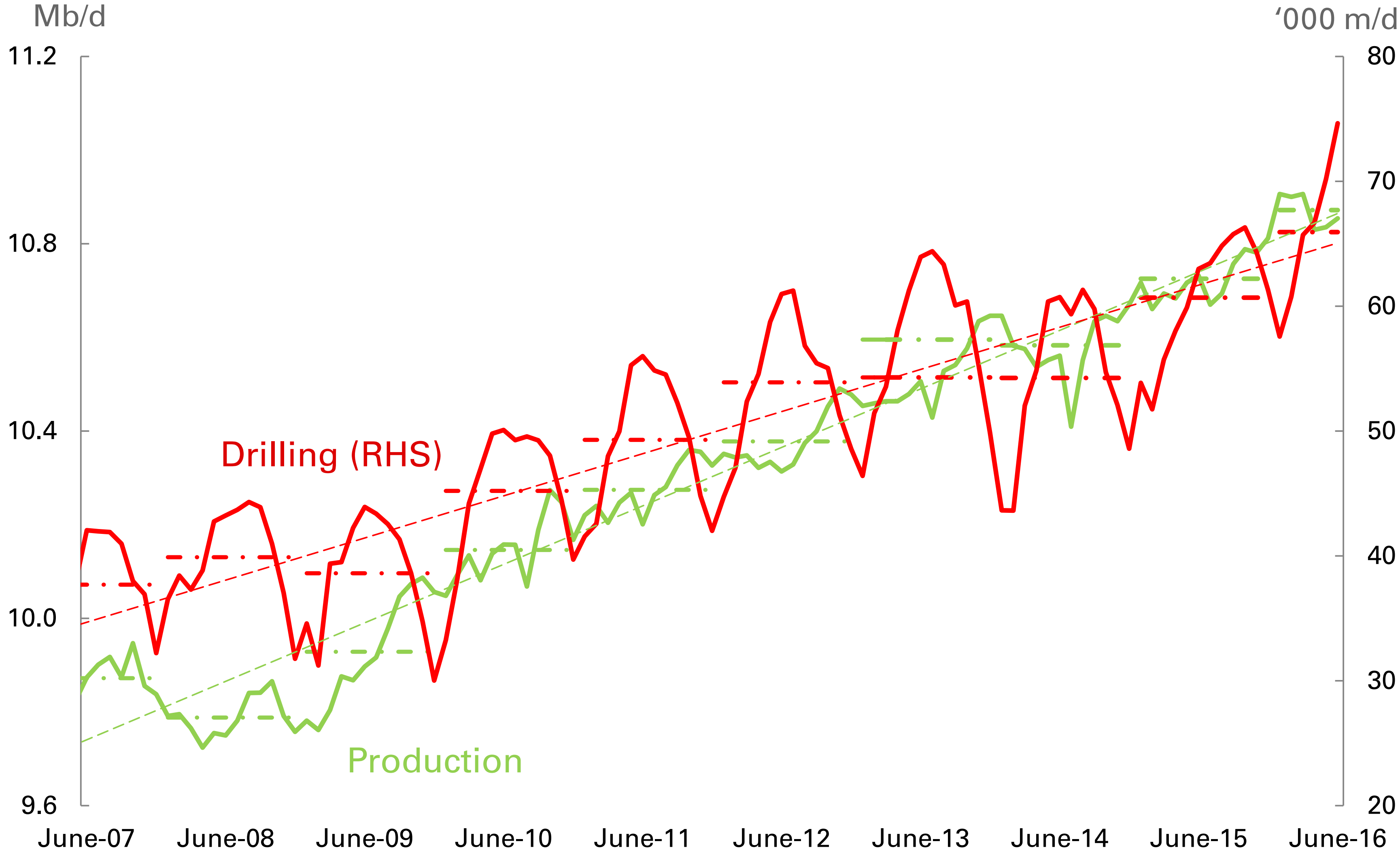
Interest in financing US shale is not fading

North American E&P secondary equity offerings: 2016 outpacing prior years



Source: HIS Markit

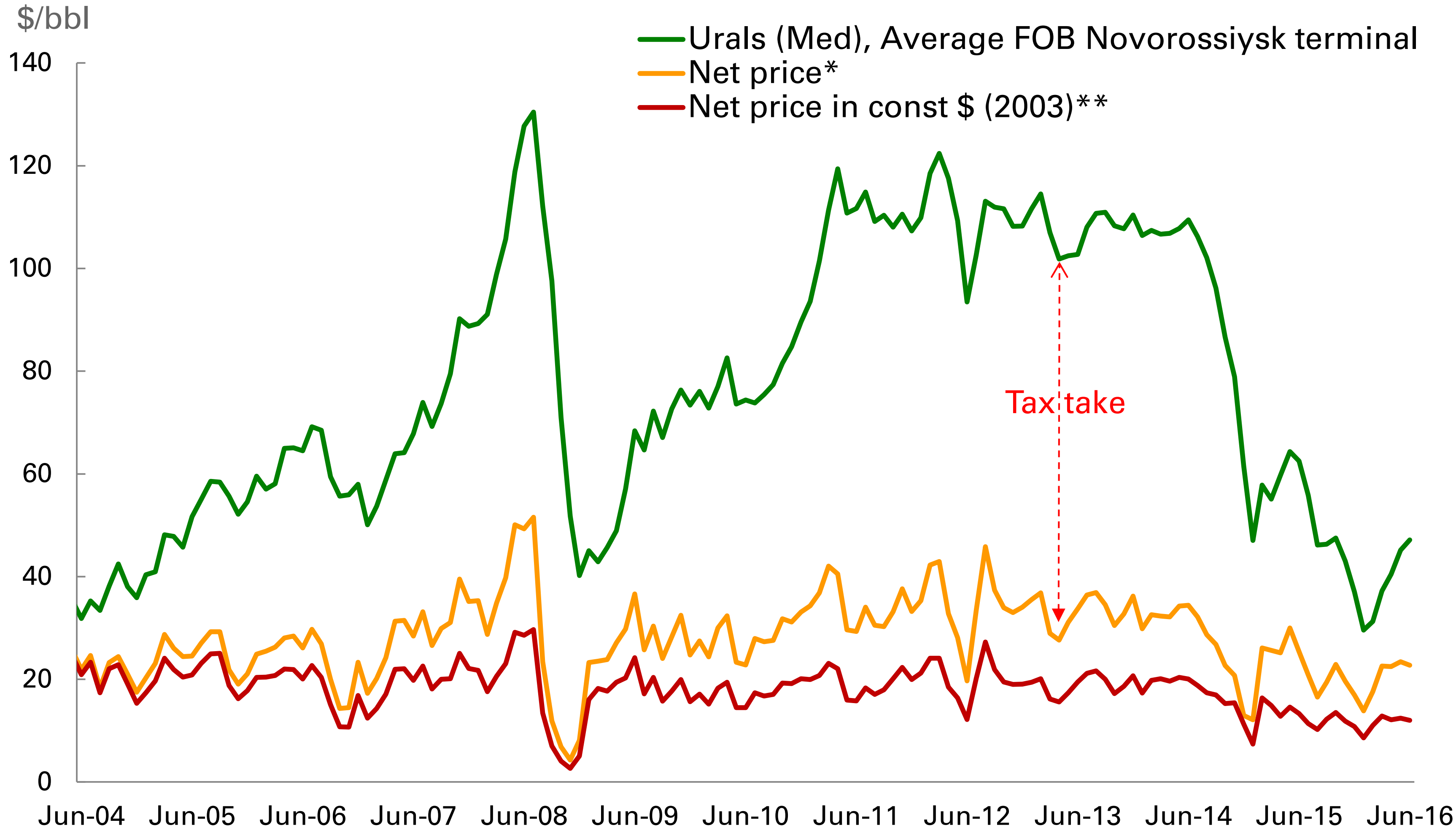
Russian liquids production has so far been growing faster in 2016 (2.1% y-o-y in Jan-Jul) than in the previous years (1.3% in 2015



Source: CDU of MoE, ECM calculations

* includes condensate

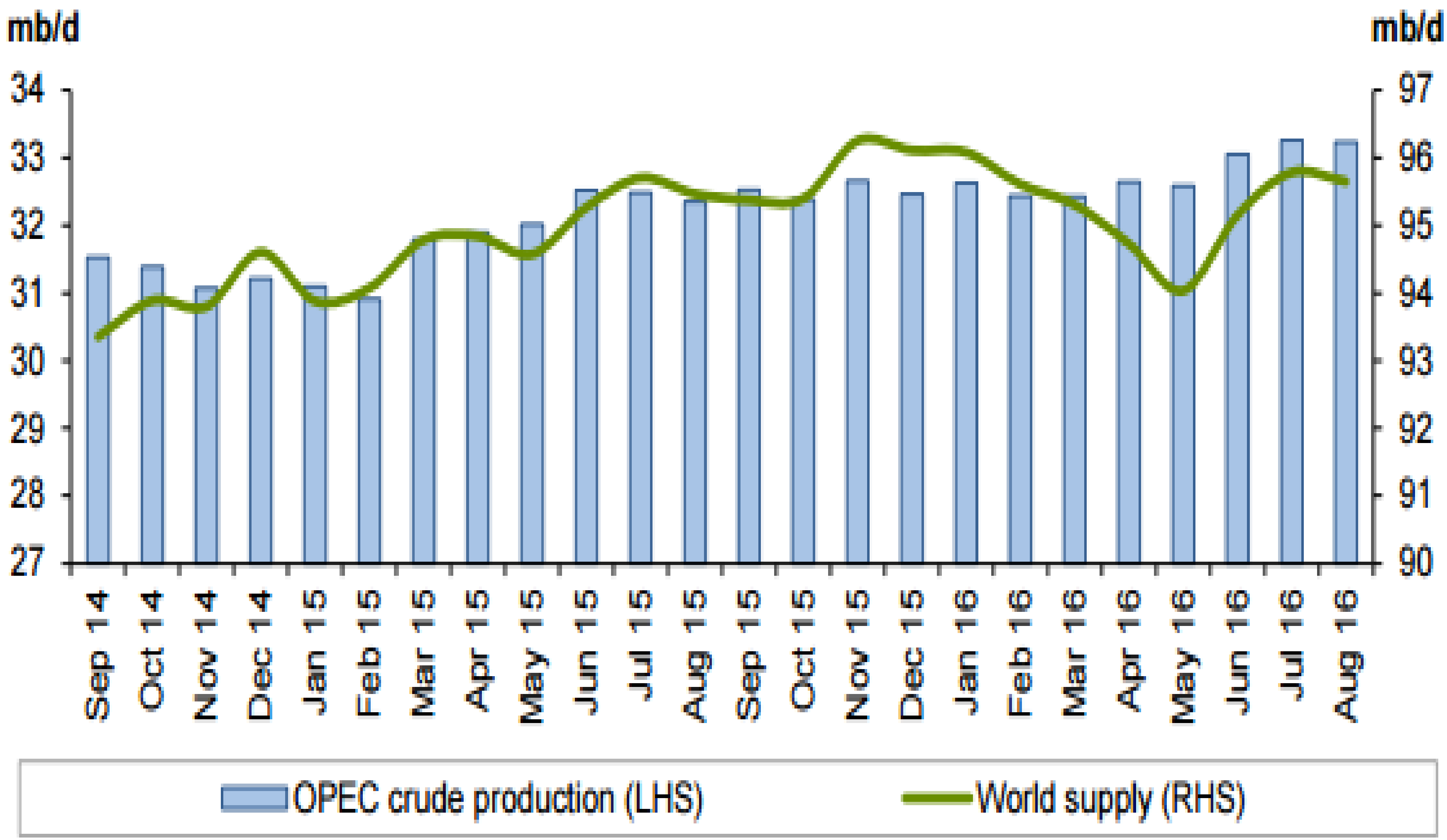
Oil upstream cash flow is still close to a decade-long norm; RFG tax coffer absorbs most of the downswing in oil price



* Net of Export duty and Mineral extraction tax **Adjusted for exchange rate movements in real terms

Source: CDU of MoE, GKS, CBR, ECM calculations

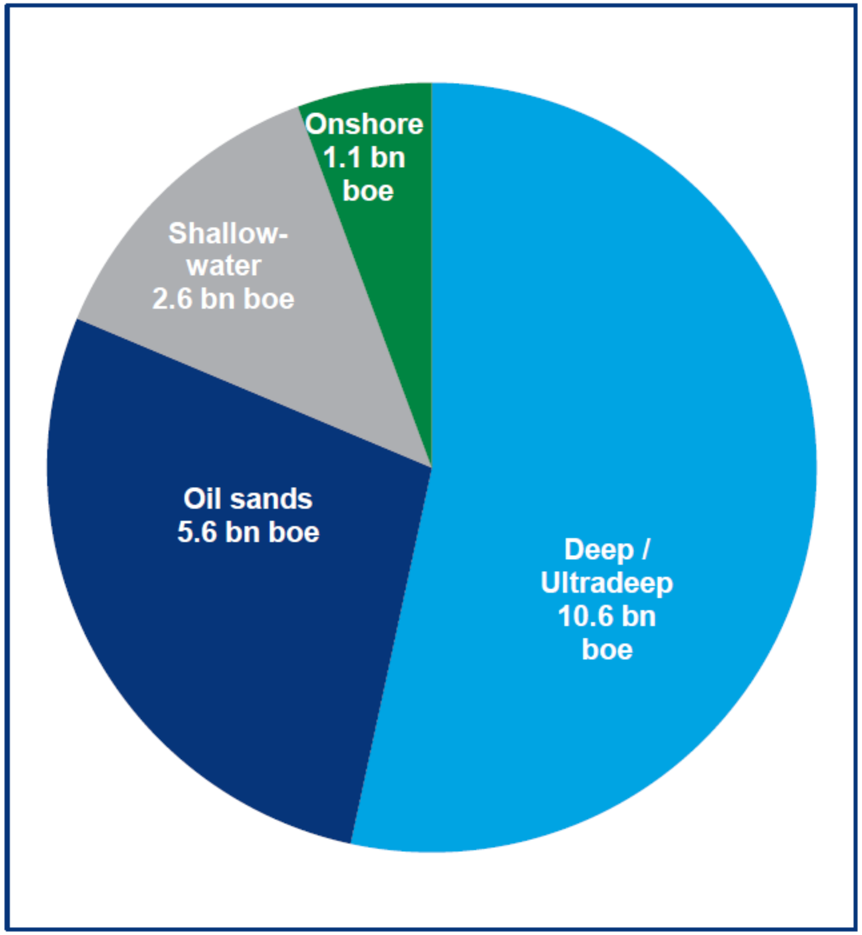
OPEC crude output



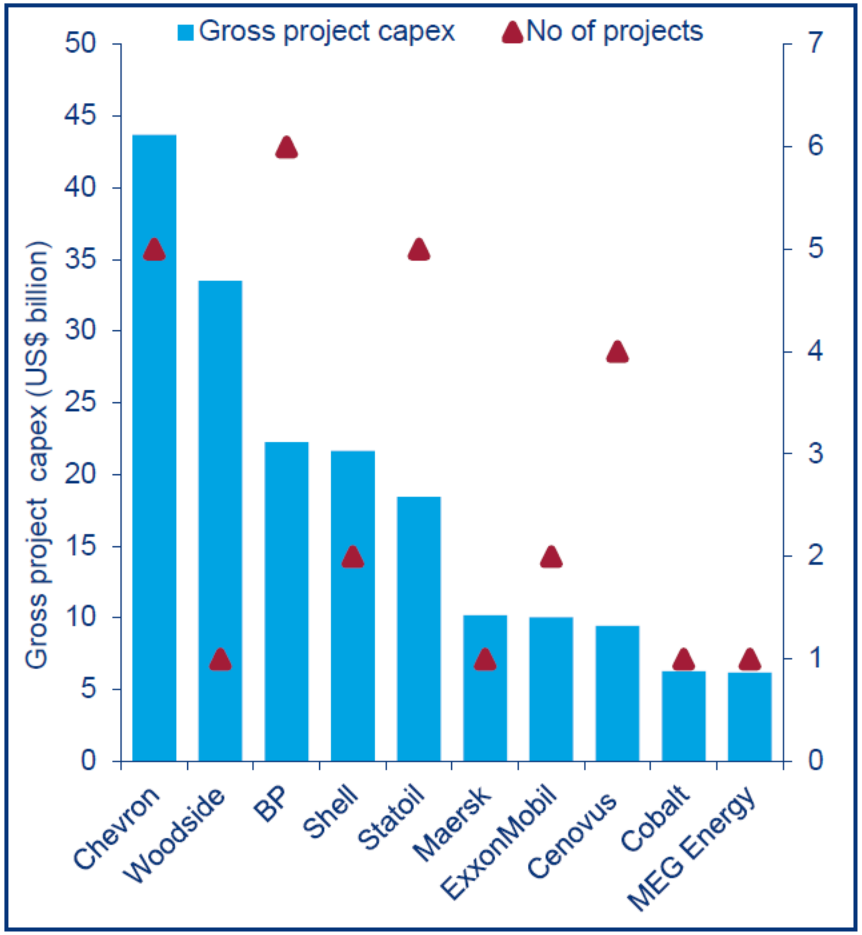
Source: OPEC Secretariat

Supply side reaction to lower oil price

Deferred reserves by resource theme (bn boe)

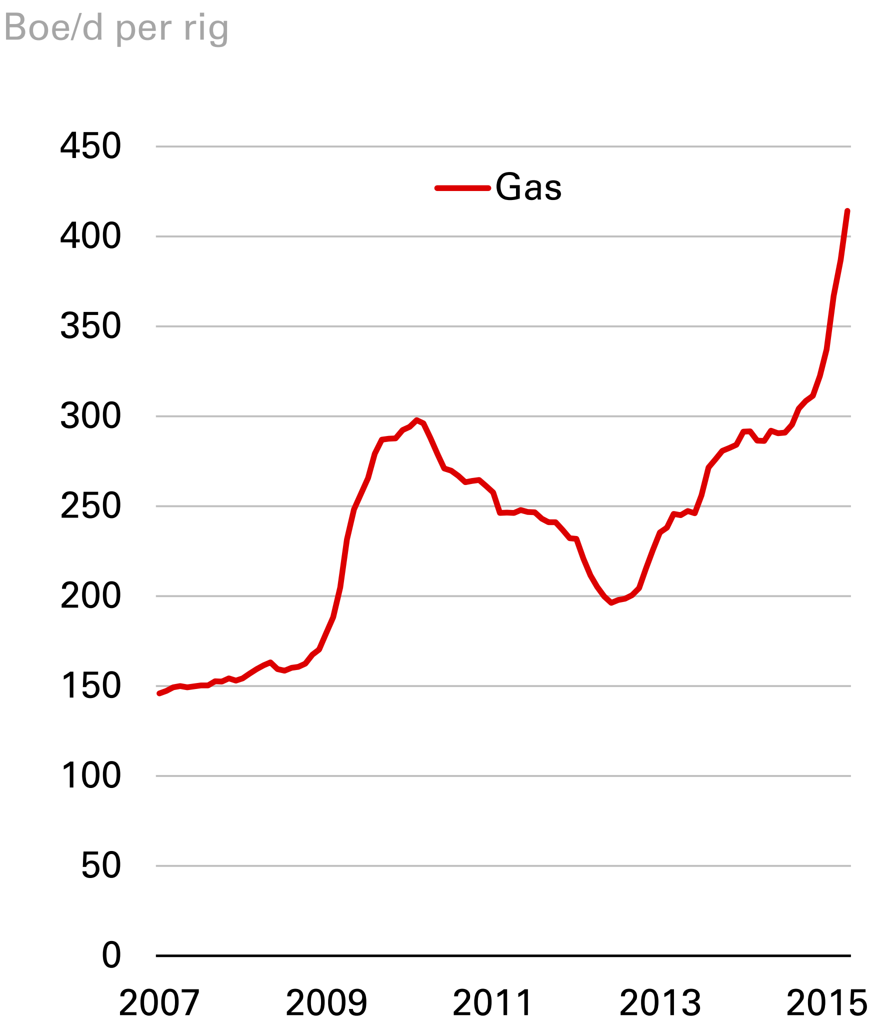


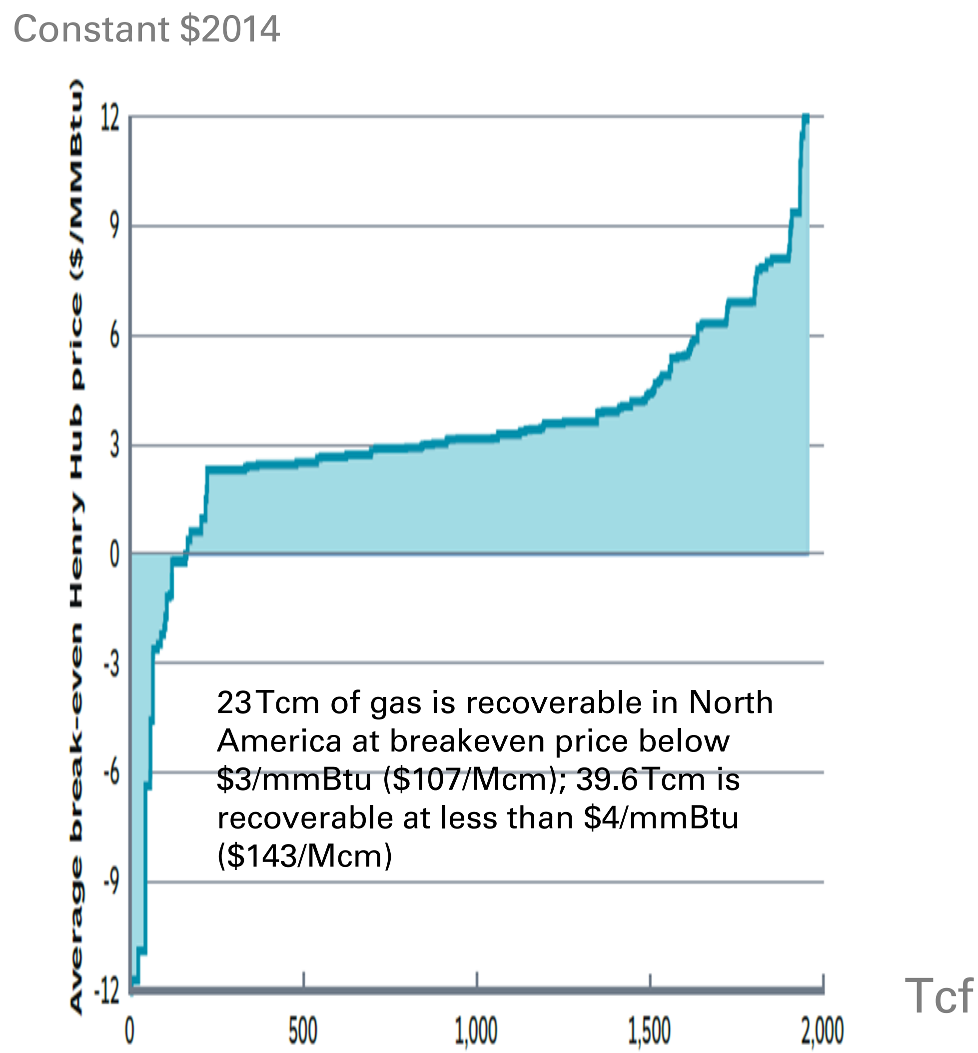
Operator exposure to projects



Source: Wood Mackenzie

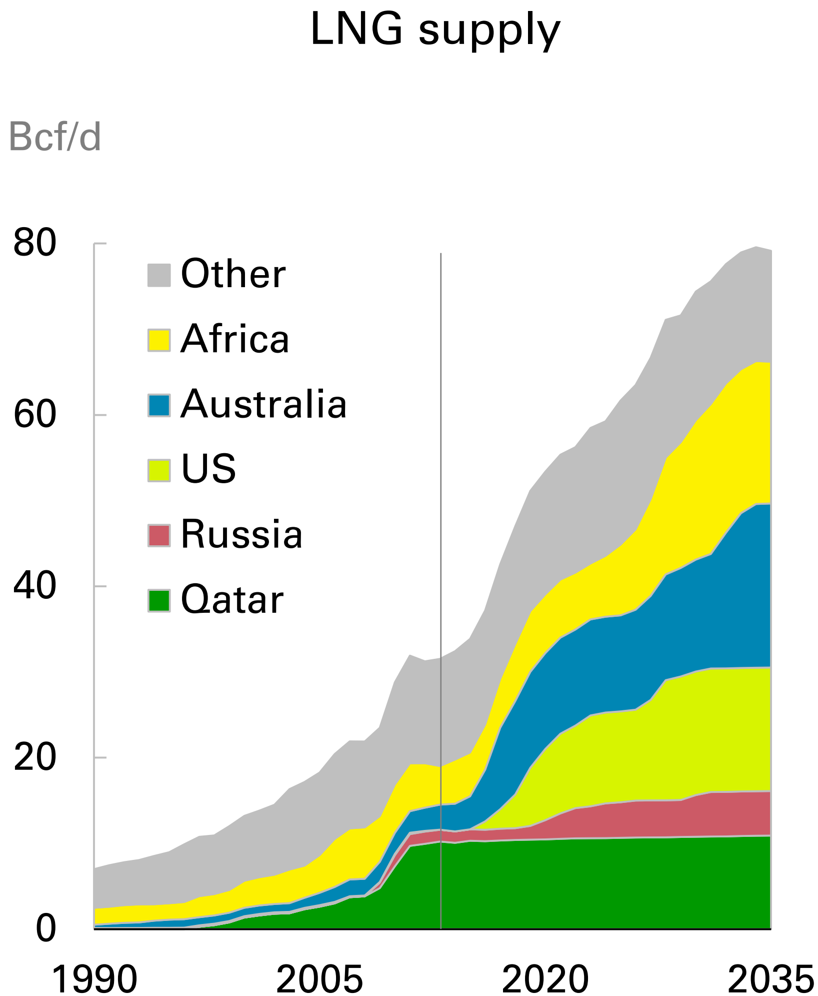
US new-well production per rig and breakeven price

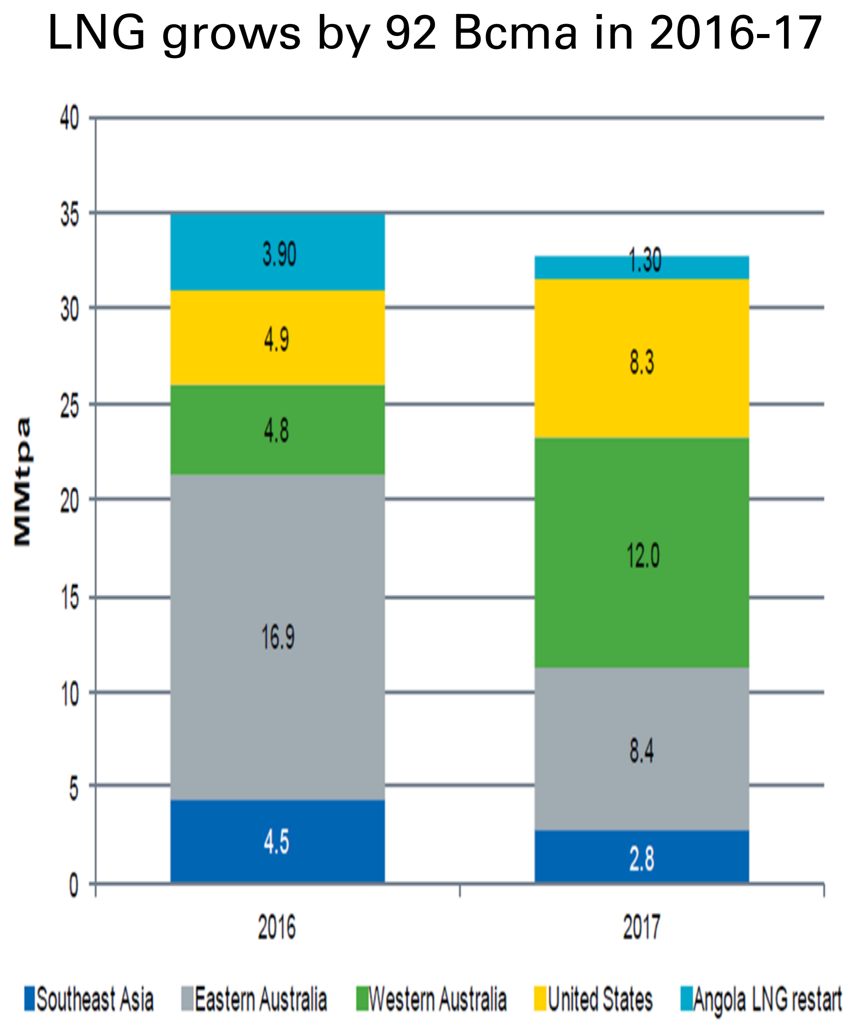




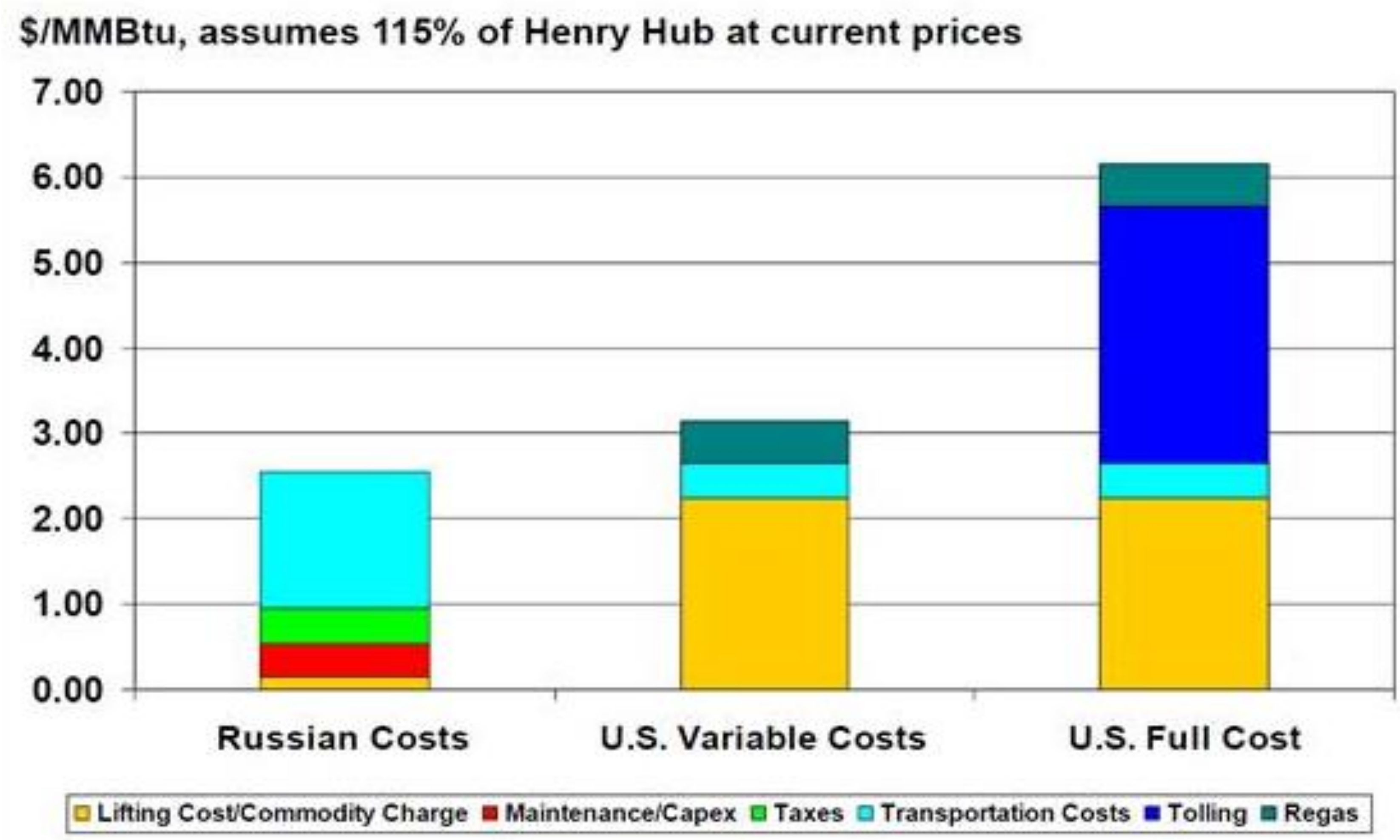
Source: US EIA

LNG avalanche



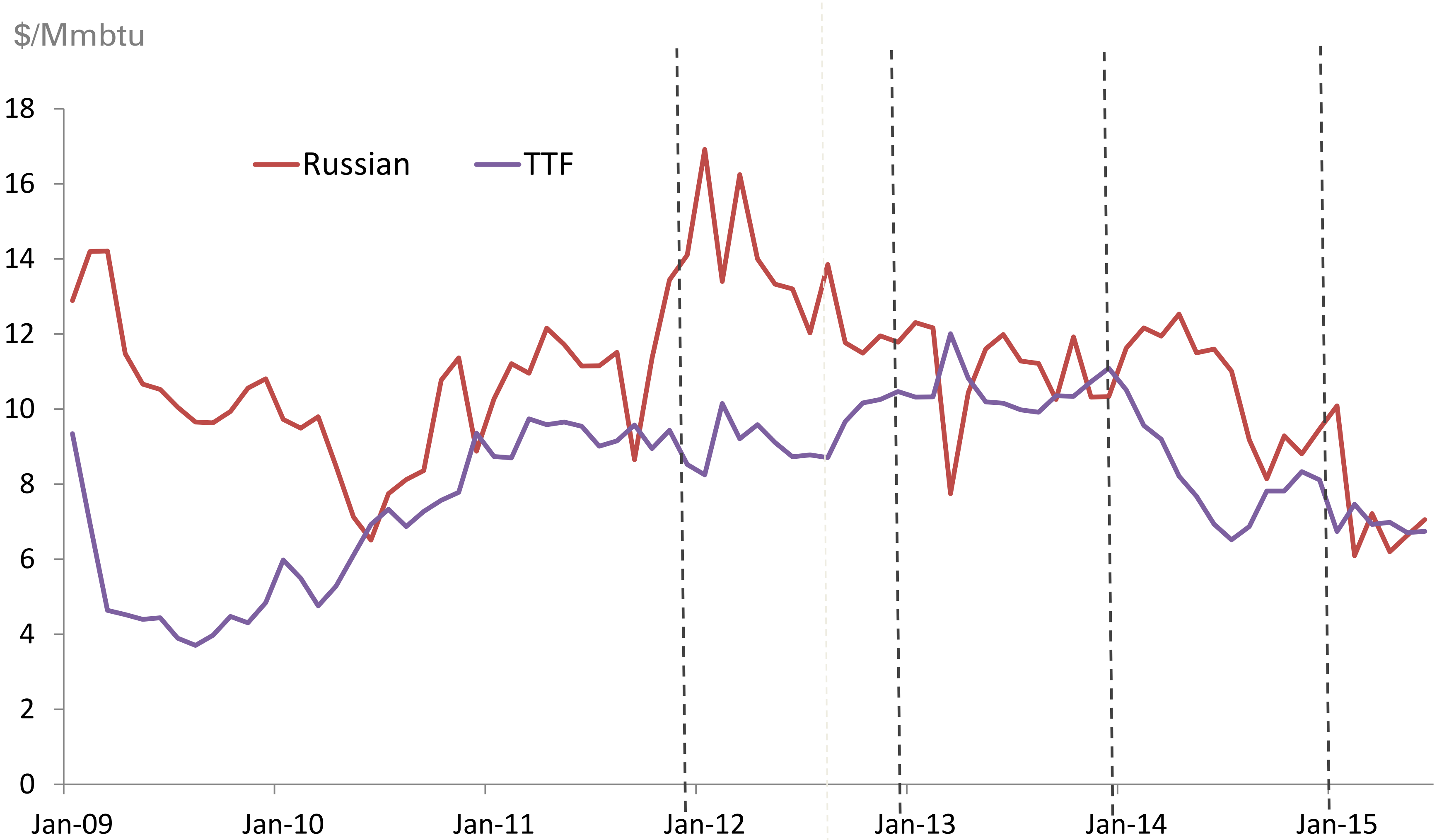


Russian pipeline gas may remain competitive, yet pressure from LNG offered at variable cost is likely



Source: PIRA

Russian LTC prices have been competitive in Germany since 2013, ca 10% has been sold directly at European gas hubs



Source: BAFA, TTF, Russian Customs, BP calculations

Contacts and further information

Vladimir Drebentsov

Phone: +7 (495) 363-6262

Email: vladimir.drebentsov@bp.com