

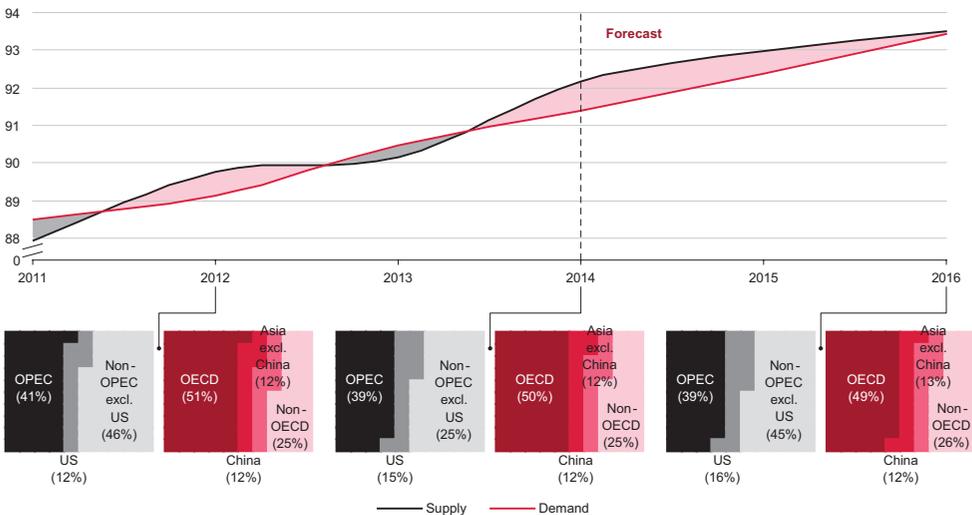
# THE MEDIUM TERM SURGE IN US OIL SUPPLY: A GAME CHANGER



## THE WORLD IS EXPECTED TO EXPERIENCE AN OIL SUPPLY GLUT UNTIL 2016, with the largest suppliers being OPEC and the US

*In its short term outlook, the US Energy Information Administration forecasts that the current supply glut will continue through 2016 with OPEC's market share unchanged and a slight increase for the US. On the demand side, the largest consuming group of countries will be the OECD and the largest single consumer will be China, making China a market mover for oil*

**Global Petroleum and Other Liquids Supply and Demand**  
(In Million Barrels per Day, 2011-2016)

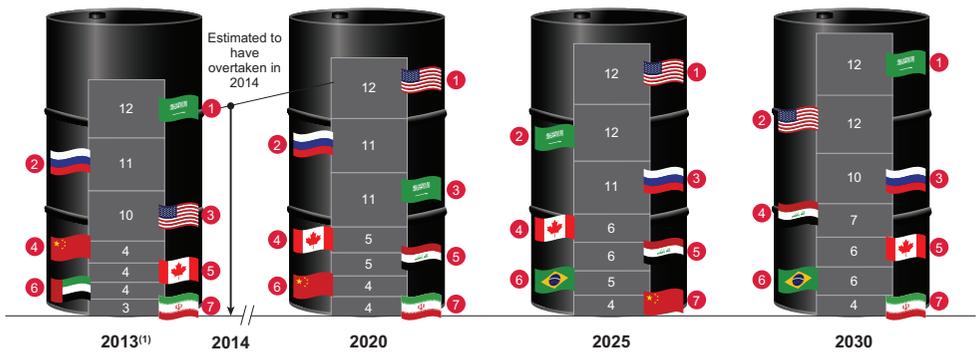


Source: "Short Term Energy Outlook", EIA, Jan. 2015

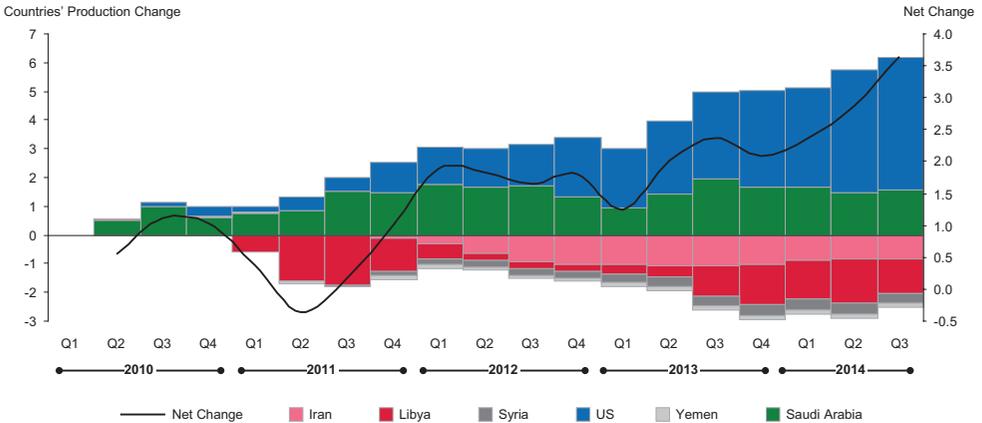
# THE US HAS OVERTAKEN SAUDI ARABIA AS THE LARGEST OIL PRODUCER, with the US's increased production since 2011 offsetting supply disruptions in other countries

The US's steady increases in shale oil production since 2011 have made up for production losses in Iran, Libya, Syria and Yemen, countries where production has been hampered by political turmoil and security concerns. Originally, the US Energy Information Administration had expected the US would overtake Saudi Arabia as the largest oil producer in 2017. The EIA now says that already happened, in 2013. Saudi Arabia is expected to recover its position as the top oil producer by around 2030.

**Top Seven Current and Forecasted Oil Producers**  
(In Million Barrels per Day and In Rank, 2013, 2020, 2025 and 2030)



**Key Supply Changes in Oil Production**  
(In Million Barrels per Day Change from Q1 2010, Q1 2010 - Q3 2014)

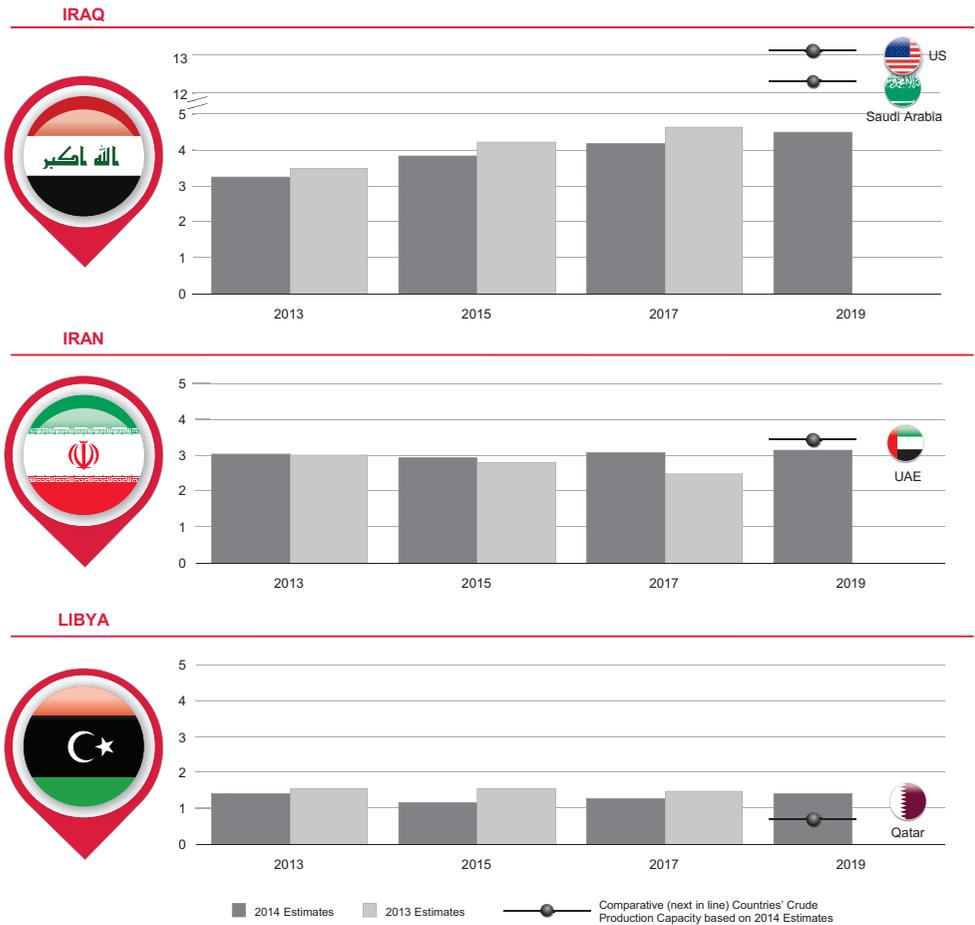


Note: (1) Data from the EIA International Energy Statistics shows that the US has already overtaken Saudi Arabia in 2013  
Source- Upper Chart: "World Energy Outlook", IEA, 2014  
Source- Lower Chart: EIA Statistics

# POLITICAL TURMOIL IN OPEC COUNTRIES RESTRICTS THEIR CRUDE PRODUCTION making the US a more dominant supplier

*Iraq is the OPEC member with the most capacity to grow, but its expansion is at risk because of geopolitics, the International Energy Agency has said. With Iran and Libya, two other important OPEC members, likewise boxed in by politics, the US has moved to a position of greater prominence. At least in the short to medium term, the US will remain a large player and is likely to replace Saudi Arabia as the quasi swing producer*

**Iraq, Iran and Libya Crude Production Capacity Projections<sup>(1)</sup>**  
(In Million Barrels per Day, 2013-2019)



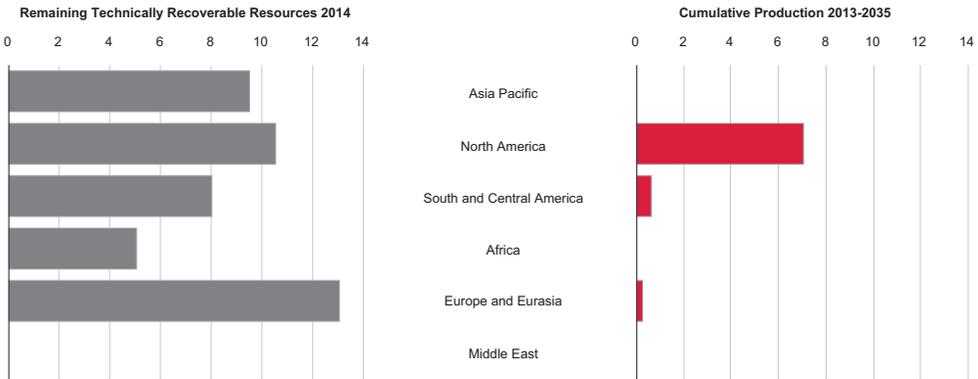
Note: (1) Projections are based on much higher oil prices than early 2015 market values. However, given OPEC's decision in November 2014 to preserve market share and not resort to production cuts, these estimates might still be valid  
Source: "Oil Medium-Term Market Report", IEA, 2014

# IN THE LONG TERM, OPEC PRODUCTION IS EXPECTED TO DOMINATE with shale production outside the US less likely to materialize and US oil production decreasing

The US will continue to dominate oil production for the time being, even with lower prices, because it could be as much as a year before production adjusts. However, Middle Eastern producers' shares will increase again by 2030, according to BPs 2035 outlook report. Seconding this prediction, the Energy Information Administration projects a decrease in US production starting as early as 2020, particularly if prices look like they will stay below the inflation-adjusted equivalent of \$75 per barrel in 2040 (the so-called low price scenario). The future of shale and tight oil outside the US remains uncertain and unlikely to yield the same growth as that seen within the US

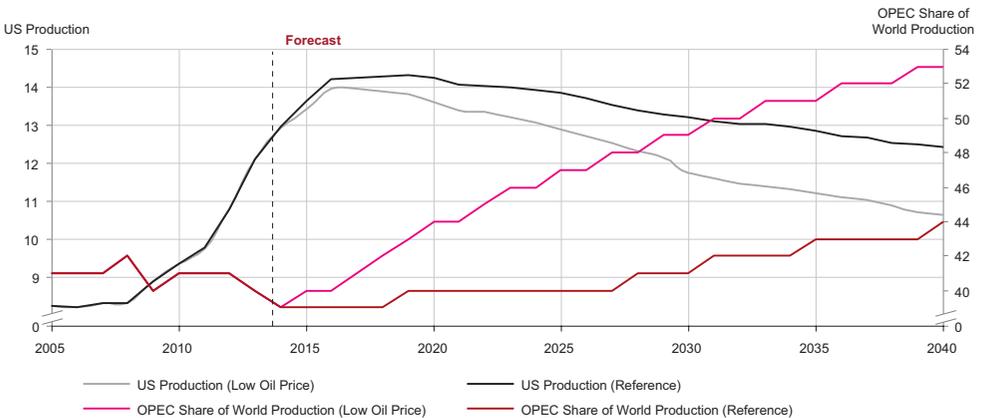
## Regional Tight Oil Resources and Production

(In Billion Tonne of Oil Equivalent, 2014 and 2013-2035)



## Petroleum and other Liquids Production by Scenario<sup>(1)</sup> over Time

(US Production in Million Barrels per Day and OPEC Share of World Production In %, 2005-2040)

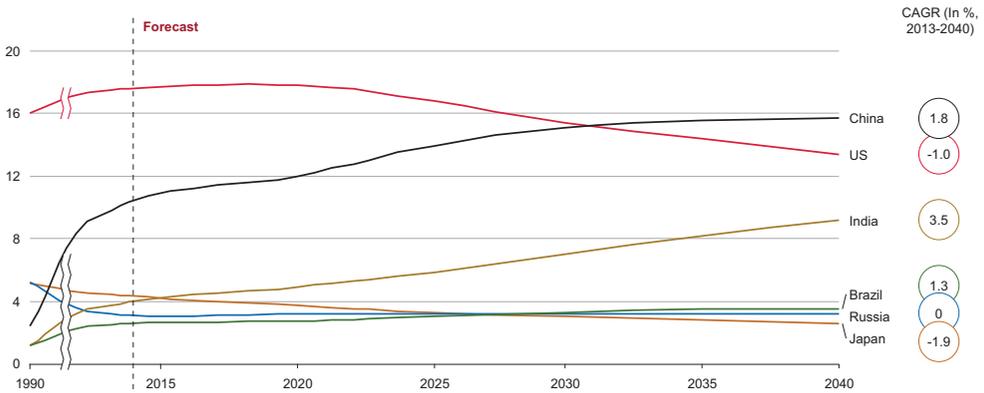


Note: (1) Low oil price scenario assumes a Brent crude price of US\$ 75 per Barrel in 2040 compared to US\$ 141 per Barrel in the reference case both in 2012 dollars  
 Source- Upper Charts: "Energy Outlook 2035", BP, 2015 (based on IEA 2014 data)  
 Source- Lower Chart: "International Energy Outlook 2014", EIA, 2014

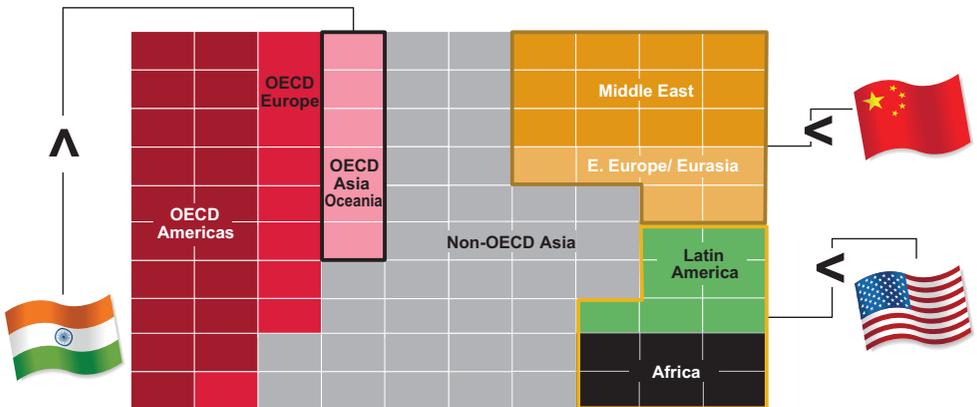
# CHINA WILL OVERTAKE THE US AS THE LARGEST OIL CONSUMER BY 2030 and— by itself— will exceed the combined demand of the Middle East and Eastern Europe/Eurasia regions

Growing demand for oil will come from emerging markets, particularly China and India. China will see its demand overtake the US's in 2030, before plateauing between 2035 and 2040. India will have the largest oil demand growth through 2040, making it into the third-largest oil consuming nation by far. The US's demand for oil will decline starting in 2020, though its total demand will still exceed that of Latin America and Africa combined in 2040. Demand from OECD countries will decrease, with European demand falling the most

**Oil Demand over Time in Large Consuming Countries<sup>(1)</sup>**  
(In Million Barrels per Day, 1990, 2013 and 2020-2040)



**Regional Equivalence of the Large Consuming Countries<sup>(1)</sup>**  
(In Share of Global Consumption and In Equivalence, 2040)



Note: (1) Based on the IEA new policies scenario which assumes a continuation of existing policies while measuring a cautious implementation of policy proposals  
Source- Upper and Lower Charts: "World Energy Outlook", IEA, 2014