Press Release

Oil and natural gas in North America: new IOGP indicators show how indigenous supplies are reducing import bills

FOR IMMEDIATE RELEASE

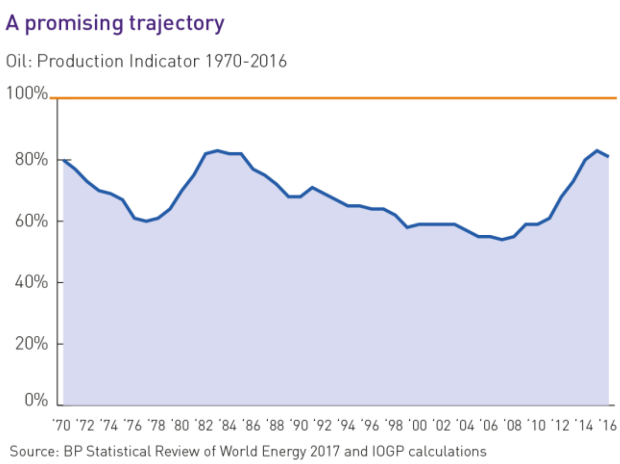
(London, 15 May 2018) Despite consistently high levels of demand for oil in North America, the region is supplying more of its own oil than a decade ago. This has the benefit of increasing security of supply and reducing import bills. For natural gas in North America, the situation is even better, with regional supply matching regional demand.

Those are among the key messages concerning North America in a new IOGP Global Production Report 2018 that looks at the world's seven main production areas. IOGP compiled the report using the most recent BP Statistical Review of World Energy and insights from IOGP members from around the world.

As IOGP Executive Director Gordon Ballard explains, *"The new IOGP Global Production Report 2018 launches an innovative way of interpreting existing data. It features the IOGP Production Indicator© (PI), which balances a region's production of oil or gas against its indigenous demand."* A PI above 100% demonstrates the ability to export; below 100% shows the need to import.

The report shows how the US is the bedrock of North American oil production, accounting for two thirds of the region's total – followed by Canada and Mexico.

The US also accounts for much of the region's – and the world's – demand. One barrel out of five produced anywhere in the world is consumed in the US. As the North America Oil PI shows below, the region is on a promising trajectory to meet a growing proportion of demand.



In just eight years, the IOGP Oil PI has risen from 55% to 81%. To keep that momentum, and maximize the benefits of ample reserves, enabling policies are essential.

As Dean Foreman, Chief Economist at the American Petroleum Institute, observes, *"North America holds 13.3% of the planet's proven reserves, but its technically recoverable oil reserves exceed 66 years' worth of production and have continued to rise as technology improvements incrementally raise productivity and recovery factors."*

New and expanded infrastructure are critical to responsibly unlocking the region's resource and economic potential, he says. *"These investments are enabled and motivated by a collaborative policy environment, modern free trade agreements and access to recourses".*

With these enabling policies, *"North America's potential – including oil from shale and sand deposits – is enormous,"* he concludes.

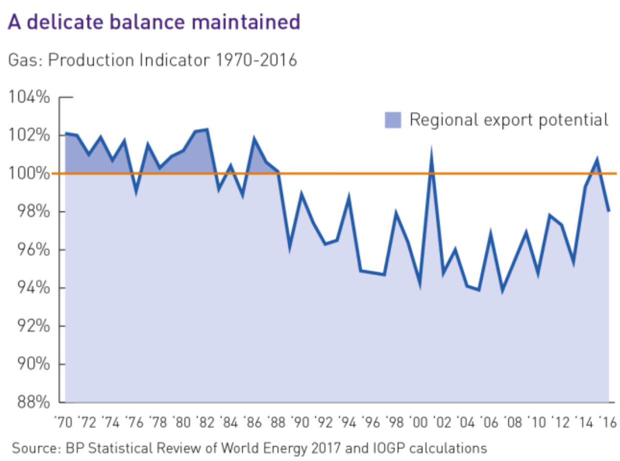
Natural gas: a delicate balance maintained

Since the 1970's, North America has been able to provide itself with most, if not all, of the natural gas it has needed.

More recently, progress in innovations such as horizontal drilling and hydraulic fracturing has made previously inaccessible reservoirs commercial. As a result, the region's leading gas producer, the US, has overtaken Russia as the world's biggest source of natural gas.

Demand is also high. North America accounts for 27% of global natural gas demand. The US alone consumes more than all of Asia Pacific, including China.

The graphic below shows the relationship between regional production and demand.



With a Natural Gas PI of about 100%, North America remains self-sufficient– largely because natural gas from shale has enabled producers to keep pace with steadily rising demand.

Mark Pinney, Natural Gas Manager for the Canadian Association of Petroleum Producers, emphasizes the role of vast Canadian resources in meeting market opportunities:

"Given the lack of any resource constraint, the outlook for natural gas production in Western Canada is heavily influenced by the ability for producers to take advantage of any market opportunities. Growth in oil sands production, that relies on natural gas for steam production, will be a source of increased gas demand," he says.

Moreover, as coal-fired power is being phased out in Canada, *"Natural gas is expected to replace much of this lost generation capacity,"* Mark says, while also stressing the importance of growth in the petrochemical sector. *"However, perhaps the most significant opportunity is the potential for the development of West Coast LNG export terminals. Projects have been touted that require as much as 2 bcfd of gas to be liquefied. If such projects come to fruition, the impact on gas production would be significant"*, he says.

To get a copy of the full *IOGP Global Production Report 2018*, which also applies the IOGP PI to oil and gas in Africa, Asia Pacific, the CIS, Europe, the Middle East and Central & South America, visit: https://www.iogp.org/production-report-2018/

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About IOGP

The International Association of Oil & Gas Producers (IOGP) is the voice of the global upstream industry. Oil and gas continue to provide a significant proportion of the world's energy to meet growing demands for heat, light and transport.

Our Members produce 40% of the world's oil and gas. They operate in all producing regions: The Americas, Africa, Europe, the Middle East, the Caspian, Asia and Australia.

We serve industry regulators as a global partner for improving safety, environmental and social performance. We also act as a uniquely upstream forum in which our members identify and share knowledge and good practices to achieve improvements in health, safety, the environment, security, efficiency and social responsibility.