

recent reports

advocacy versus analysis: a recent [report](#) from Oil Change International looks at how Oil and Gas companies forecast the failure of competitor technologies: advocacy masquerading as analysis: hope rather than cold-eyed analysis?

exxon energy and carbon: another [example](#), perhaps of the advocacy phenomenon, in a report released by Exxon. An upcoming post on dollarsperbbl will examine this in more detail.

key trends this month

international oil and gas - oil sands exit, shale entry: as discussed in a post this month the international oil majors ([here](#), [here](#) and [here](#)) are beginning to start their long exit journey from high cost assets toward those more resilient at \$50/bbl or less.

In recognition that a business winter is coming, they are trekking south from expensive Canadian sands to the warmer lands of US shale. Whilst this makes some tactical sense, it [upends](#) the oil major business model of big investments followed by long cycles of cashflow. Three years into \$50/bbl oil, the oil majors are starting to restructure; the question is can they outpace winter?

electrification – the EV market in the US has been pronounced dead, although the report subtitle suggests it only needs to be re-invented as Federal Tax Credits from a bygone era are due to expire. A counter-analysis [here](#) disagrees: high-end Tesla S models are the best-selling luxury cars in the US and seem subsidy-immune. Indeed, EVs are closing in on price parity with gasoline models, and international manufacturers are due to flood the market with EV fleets. The US holds the EV technological edge, for now, but it could lose this advantage, as it did a century ago – this time not to a US firm, but a [Chinese](#) one.

energy supply and demand – the ghost of megaprojects past: peak oil and gas investment is likely to have occurred in 2011, but peak oil production is ahead of us: this year and next perhaps. As Goldman Sachs [point out](#), a new wave of production from the previous megaproject era is due to hit the streets about now, just as OPEC attempts to curb supply. Much of this will be natural gas, and combined with rapid growth in solar and wind, gas and power prices will be acutely impacted.

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useful blogs

- [Terrajoule](#)
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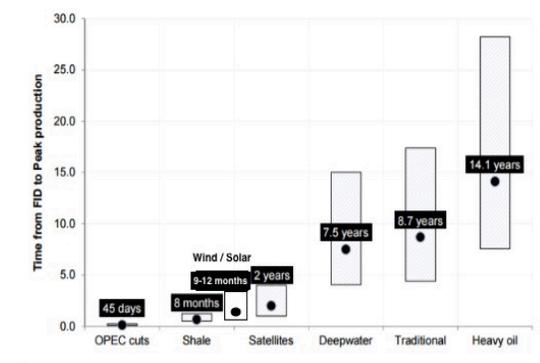
april posts on dollarsperbbl

- [the surprising dual winners of the energy transition](#)
- [the other side of the equation](#)

summary chart

A Goldman Sachs [review](#) of oil and gas project life cycles – this highlights the high scalability of the OPEC and shale model, but the rigidity of international majors. Solar and wind enter this contest far closer to OPEC and shale's model. We added wind/solar to the original.

Exhibit 1: On average, we have historically seen mega projects achieve full capacity production only 7-9 years from sanction. Shale can now achieve that in 6-9 months
Time from FID to peak production from Top Projects. *Black: average time; Shaded blue: spread between shortest and longest time from FID to peak production



Source: Goldman Sachs Global Investment Research

