Oil Market Outlook
and Energy Policy Issues

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The price of oil has fluctuated sharply before.

Sources: Inflation-adjusted average refiners acquisition price for crude oil
Changes in gasoline and diesel prices closely track changes in crude oil prices

Average prices as of April 8, 2015

- Crude Oil $1.20
- Gasoline $2.40
- Diesel $2.80

Sources: NYMEX (WTI crude oil) and AAA (gasoline and diesel)
Many factors affect the price of oil, but in the end it comes down to supply and demand.

Source: EIA
U.S. oil production is increasing as a result of technological innovations.

Note: Bars in red show EIA's Short-term Energy Outlook forecast.
Source: Energy Information Administration.
U.S. movements of crude by rail

Thousands of barrels

Source: EIA
**Shale Energy Provides a National Opportunity**

Current and prospective resources and basins in the continental US

Source: EIA based on data from various published studies – updated May 9, 2011
Shale production is offsetting declining production from other U.S. oil and natural gas resources.

U.S. Crude Oil Production by Source (millions of barrels per day)

U.S. Natural Gas Production by Source (trillion cubic feet per year)

Source: EIA, Annual Energy Outlook 2014
Growth in U.S. oil production has largely offset the growth in global oil supply disruptions

Source: EIA

* Includes hydrocarbon gas liquids, biofuels, and refinery processing gains.
Crude oil and petroleum product imports have declined as a share of consumption

Source: EIA
World crude oil and liquid fuels production growth

Source: EIA, Short-term Energy Outlook, April 2015
Non-OPEC crude oil and liquid fuels production growth

Source: EIA, Short-term Energy Outlook, April 2015
World growth in crude oil production surged ahead of growth in consumption in 2014.

Source: EIA, Short-term Energy Outlook, April 2015
## EIA price forecast

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015 Projected</th>
<th>2016 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WTI Crude</strong>a ($/barrel)</td>
<td>97.91</td>
<td>93.26</td>
<td>52.48</td>
<td>70.00</td>
</tr>
<tr>
<td><strong>Brent Crude</strong> ($/barrel)</td>
<td>108.60</td>
<td>99.00</td>
<td>59.32</td>
<td>75.03</td>
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<tr>
<td><strong>Gasoline</strong>b ($/gallon)</td>
<td>3.51</td>
<td>3.36</td>
<td>2.40</td>
<td>2.73</td>
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<tr>
<td><strong>Diesel</strong>c ($/gallon)</td>
<td>3.92</td>
<td>3.83</td>
<td>2.86</td>
<td>3.24</td>
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<tr>
<td><strong>Heating Oil</strong> ($/gallon)</td>
<td>3.78</td>
<td>3.72</td>
<td>2.81</td>
<td>3.04</td>
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<tr>
<td><strong>Natural Gas</strong>d ($/mcf)</td>
<td>10.30</td>
<td>10.94</td>
<td>10.33</td>
<td>10.61</td>
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<tr>
<td><strong>Electricity</strong> (cents/kwh)</td>
<td>12.12</td>
<td>12.50</td>
<td>12.68</td>
<td>12.90</td>
</tr>
</tbody>
</table>

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*a West Texas Intermediate  
b Average regular pump price  
c On-highway retail  
d Residential average

Refineries and Fuels
U.S. refining capacity continues to expand even as the number of refineries contracts

Operable Capacity*  Number of Refineries

*Operable as of January 1st of each year.
Source: EIA
For the first time since 1949, the U.S. became a net exporter of petroleum products in 2011.
The U.S. balance of petroleum products traded has shifted significantly (thousands of barrels per day)

<table>
<thead>
<tr>
<th>Region</th>
<th>2008</th>
<th>2014</th>
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<tbody>
<tr>
<td>Asia and Pacific</td>
<td>-92</td>
<td>-311</td>
</tr>
<tr>
<td>Canada</td>
<td>301</td>
<td>25</td>
</tr>
<tr>
<td>Caribbean</td>
<td>341</td>
<td>-94</td>
</tr>
<tr>
<td>Central America</td>
<td>-115</td>
<td>-405</td>
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<tr>
<td>Europe</td>
<td>805</td>
<td>102</td>
</tr>
<tr>
<td>Mexico</td>
<td>-218</td>
<td>-494</td>
</tr>
<tr>
<td>Middle East, North Africa</td>
<td>266</td>
<td>-58</td>
</tr>
<tr>
<td>South America</td>
<td>2</td>
<td>-682</td>
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<tr>
<td>Sub-Saharan Africa</td>
<td>66</td>
<td>-36</td>
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<tr>
<td>WORLD</td>
<td>1,356</td>
<td>-1,953</td>
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<tr>
<td>Non-OPEC</td>
<td>871</td>
<td>-1,935</td>
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<tr>
<td>OPEC</td>
<td>485</td>
<td>-18</td>
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</tbody>
</table>

Source: EIA
Expanding alternative fuels for transportation: current laws

The Congressional Budget Office predicts the price of diesel could rise by up to 51 cents per gallon and gasoline by up to 26 cents per gallon by 2017.
Power and Politics
Why export crude oil?

Crude oil exports yield economic benefit across all 50 states

- Save consumers up to $5.8 billion a year in lower fuel costs
- Add 300,000 jobs to U.S. economy in 2020
- Reduce America’s trade deficit by $22 billion in 2020

Source: ICF International and EnSys Energy,
87% of federal offshore acreage is off-limits to development

U.S. Offshore Undiscovered Technically Recoverable Federal Oil and Natural Gas Resources
(billion barrels - Bbl and trillion cubic feet - Tcf)

Pacific OCS
10.2 Bbl
16.1 Tcf

Atlantic OCS
3.3 Bbl
31.3 Tcf

Alaska OCS
26.6 Bbl
131.5 Tcf

Development of Canadian oil sands would benefit the U.S. economy

For every dollar of goods the U.S. imports, we get back...

Source: http://www.census.gov/foreign-trade/balance/
Filling America’s tank
Within 10 years Canada and U.S. can provide all our liquid fuel needs

Sources of liquid fuel supply in 10 years

- U.S. Oil Production: 53%
- Oil from Canada: 13%
- Biofuels: 10%
- Oil from Rest of World: 24%

Sources: EIA; Wood Mackenzie
America’s choice

**Increase**
- Oil & natural gas development

**2020**
- Jobs: +1,100,000
- Government revenue: +$127 billion
- Energy production: +4 million barrels’ worth of oil and natural gas per day

**Raise**
- Oil & natural gas taxes

**2020**
- Jobs: -48,000
- Government revenue: -$29 billion
- Energy production: -700,000 barrels’ worth of oil and natural gas per day

Voters voice strong support for increased domestic oil and natural gas development

Harris Poll Results on Increased U.S. Oil and Natural Gas Development

- Lead to more jobs: 90%
- Help strengthen energy security: 86%
- Help stimulate economy: 86%
- Help lower energy costs: 85%
- Support O&NG development: 83%
- Support Keystone XL pipeline: 72%
- Support offshore development: 70%
- Increasing energy taxes may hurt consumers: 65%

Source: Harris Interactive telephone poll, November 5, 2014
For more information visit:
www.api.org
www.energytomorrow.org
www.energycitizens.org