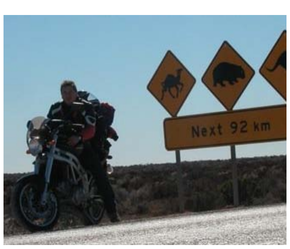
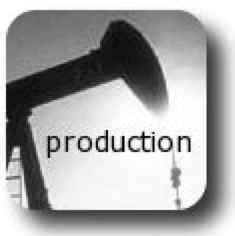


Page added on August 25, 2016

The Eagle Ford: Down But Not Out



Most companies have struggled to come to grips with the 2014 crude price crash by curbing investments and delaying projects. The top developers in the Eagle Ford were no exception to this, and as a result, production volumes at this south Texas play have dropped. The U.S. Energy Information Administration (EIA) painted a bleak picture of oil production at Eagle Ford for September 2016, with output expected to drop by 53,000 barrels a day compared to August volumes.

However, Eagle Ford — discovered in 2008 — has huge untapped reserves that will still be there well after oil prices return to steadily grow above US$50-60. And when this happens – and it will, even if it may take a year or two – companies will resume investing and technology breakthroughs may make fracking at already-easier-to-frack Eagle Ford even easier. What's more, the top five players in this shale play – according to The Motley Fool – *EOG Resources (NYSE:EOG), ConocoPhillips (NYSE:COP), BHP Billiton (NYSE:BHP), Chesapeake Energy (NYSE:CHK), and Marathon Oil (NYSE:MRO)* have all recently reported lower well costs, increased efficiencies, and have no plans to throw away the opportunities that Eagle Ford will inevitably offer with a higher oil price.

According to EIA's latest available data, as of 2014 Eagle Ford had 5.172 billion barrels of proved tight oil reserves, up from 4.177 billion for 2013, while the 2014 production stood at 497 million barrels.

That's huge potential waiting to be tapped.

ecent scientific estimates are way more optimistic — and ey become increasingly optimistic with higher crude prices and they say that the great future promise of reserves d production are a function of oil price. The Bureau of conomic Geology (BEG) at the University of Texas has stimated that Eagle Ford's oil reserves could be 6.5 billion arrels at crude at US$40, with 32,000 wells. At US$50, serves jump to 8.2 billion barrels, and US$100 crude ould mean 11.3 billion barrels of reserves and 93,000 ells.

nd Eagle Ford's top developers are not giving up on this source and are looking beyond the dismal shortest-term ojections.

OG Resources, for example, increased its Eagle Ford emium inventory by 390 net drilling locations to nearly 000, and said it could further raise the number if it chieves cost reductions or well productivity improvement. e company has also boosted its fracking plan by 30 ercent.

though Chesapeake Energy exited the Barnett shale arlier this month, it had said it was currently utilizing three illing rigs at Eagle Ford, and planned to continue perating them until the end of 2016, as capital efficiencies creased and oilfield service costs dropped. Chesapeake ept its 2016 capex guidance in the US$1.3 billion-1.8 llion range, but said it now expected it to be at the upper d of this range.

arathon Oil saw its Eagle Ford output drop to an average 09,000 net boed in the second quarter from 135,000 net oed in the same quarter last year; however, second-uarter completed well costs dropped by around 30 percent the year to US$4.2 million.

espite the fact that overall industry sentiment and vestments are still subdued, costs are being slashed cross the board, and those companies have stepped on the ght track (not that they had any other choice) to use the urrent downturn to re-allocate capital and channel efforts high-oil content plays, such as Eagle Ford. This is bound give them the pole positions in the race to expand illing in this shale play once oil prices resume a stable oward movement.

was just this Monday that the EIA said that U.S. shale oduction is expected to reach 7.1 million bpd in 2040, ter dropping to 4.2 million bpd by the end of 2017.

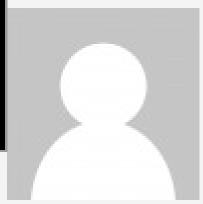
a release on world tight oil production earlier this month, e EIA said that the U.S. tight oil production "has proven ore resilient to low oil prices than many analysts had nticipated".

e-adjusting investments and seeking higher-resource otentials would be a game-changer for Eagle Ford's evelopers when crude prices increase. It may not happen [redacted]oon, but it will, eventually. Because nothing lasts forever, [redacted]ven low oil prices.

[redacted]y Tsvetana Paraskova for Oilprice.com

[redacted] Comments on "The Eagle Ford: Down But Not Out"

[redacted]rockman on Thu, 25th Aug 2016 6:20 pm



Small corrections:

"…Eagle Ford — discovered in 2008…" The EFS was actually discovered to be oil productive in the 1940's. The fractured nature of reservoir was understood more then half a century. The lack of technnology at the time allowed only very marginal productivity.

"…huge untapped reserves that will still be there well after oil prices return…" And those reserve weredwered known to be there more then 10 years early when the technology to develop them existed but not the necessary oil price.

"…steadily grow above US$50-60. And when this happens – and it will, even if it may take a year or two…". So it might take even a year or two for oil price to increase significantly. LOL. Not laughing at that time estimate but at the idea they really think anyone can reliably predict future oil price.

And as far as expecting the current low drill cost to spur future drilling: we pretty much tapped out on the learning by the last year or two of the boom. The primary reason we have lower drilling cost today: a 75% drop in the rig count. Put those mothballed rigs and tract crews back to work and those lower cost disappear.

But it is true: get oil back to $99/bbl and the boom will begin. After all there's "one" born every minute. LOL.

paulo1 on Fri, 26th Aug 2016 8:05 am

Thanks Rock. It is great to read some comments from between the lines, otherwise, we might think those writers knew what they were writing about!

As the company list emerged I kept trying to remember their financial health status? Some are vitually dead on their feet.

Kenz300 on Fri, 26th Aug 2016 9:32 am

Fossil fuels continue to poison the

planet…………

Climate Change is real and will impact all of us……….

Koch Brothers Continue to Fund Climate Change Denial Machine, Spend $21M to Defend Exxon

http://ecowatch.com/2016/06/22/koch-defends-exxon/

Big Coal Funded This Prominent Climate Change Denier, Docs Reveal

http://www.huffingtonpost.com/entry/roy-spencer-peabody-energy_us_57601e12e4b053d43306535e

shortonoil on Fri, 26th Aug 2016 3:14 pm

"have all recently reported lower well costs, increased efficiencies, and have no plans to throw away the opportunities that Eagle Ford will inevitably offer with a higher oil price. "

More fairy tales to boost an industry that has been proved to be a failure. A ten year old industry that has seen more than a $trillion in investment, and which generates $360 billion per year in gross sales is a flat out failure. The investors will never see their money back, and a few speculators will continue to play the beta card as any old sucker that can be found is pulled into it. US financial has become the century's biggest Ponzi scheme; from sub prime mortgages to shale. It is the same bunch of charlatans stealing the national wealth to enrich themselves.

Boat on Fri, 26th Aug 2016 3:30 pm

short,

Home prices are back, what did that teach you.

Sissyfuss on Fri, 26th Aug 2016 3:41 pm

Boat, it's the only game in town.

peakyeast on Fri, 26th Aug 2016 3:46 pm

@rock: You need to update that "one" per minute.

Today we are talking about "one" every few seconds. Its way more than 1/120th of the population born that fits the "one" classification.

" Four births each second of every day • Nearly two people die each second"

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