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# ABSTRACT OF PAPERS

### Keynote Paper 1

## OIL AND GAS OUTLOOK: ACQUIRING A CLEAR IMAGE OF THE FUTURE

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The oil and gas industry, over its history, has seen times of great strength and long periods of weakness. It has also demonstrated a propensity for proving wrong those who try to predict its cycles and peaks.

Over recent history we have experienced one of the greatest, if not the greatest, period of long-term economic growth worldwide. This expansion was literally powered by the relatively clean and inexpensive energy that fossil fuels, oil and gas in particular, provide. Over the past ten years, as economic development strengthened and energy consumption continued to climb, especially in the World's emerging economies, several underlying factors in the energy landscape have started to challenge the oil and gas industry's historic models.

To meet the growing need for energy, E&P budgets increased across the industry focused primarily on production technology to optimize recovery from known assets. This reduced the risks associated with quarterly returns in the capital markets worldwide and at the same time increased depletion rates. When combined with flat-lining exploration spending and the resulting decrease in discovery rates, it also dramatically reduced spare capacity. Together these trends arguably, at least at the current time, moved the oil and gas marketplace from a supply-side to a demand-side driven market.

Changes are needed. When the trends outlined above are compounded with: the growing geological and geopolitical complexities in our business, the rising concern worldwide over increasing energy costs and the industry's environmental impact, it provides a clear opportunity to examine our current business as our historic models may not work as well in the future as the did in the past.

We today, as an industry, sit at a unique place in history that suggests a review of possible directions and decisions. This presentation explores the current state of the industry along with its fundamental drivers to uncover the key challenges companies face today to successfully produce results tomorrow.