

1984 Luncheon Meetings

PITCHER, MAX G., North American Exploration

Outline U.S. Oil Outlook

- I. World Oil Outlook
 - A. Slow growth, 1% per year
 1. Recession
 2. Conservation, improved energy efficiency and fuel switching
 - B. Excessive capacity in OPEC should result in stabilized oil prices
 - C. Danger of political instability in Middle East. Affects oil supplies.
- II. U.S. Oil Outlook
 - A. Slow growth in demand (1%), same reasons as for World Outlook
 - B. U.S. oil forecasted to remain near current levels in eighties (8.6 MMBO)
 - C. Imports will increase with time, as demand in U.S. increases. Goal is to reduce imports
 1. Implications and need for U.S. exploration
 2. Recent decline in rig activity and seismic count will result in reduced production, unless corrected quickly
 - D. Turnaround is beginning
 1. Crude stocks and product stocks down
 2. Economy recovering
 3. 1984 better than 1983
 4. Cost per foot cheaper
 - E. Additional incentives need for U.S. exploration
 1. Frontier areas more costly
 2. Deeper drilling
 3. Windfall Profits Tax impact
 - F. Future oil drilling in U.S.A.
 1. Best chance for major oil finds
 - a. Deep Gulf of Mexico
 - b. Offshore California (heavy oil problems)
 - c. Alaska - Beaufort, Bering Sea, North Slope - refer to recent lease sales
 - d. East Coast - untested Jurassic reef trend
 2. Onshore
 - a. Overthrust Belt
 - b. Need for continued drilling in all oily basins. Most reserve additions come from small fields