

The future of the OCS after Macondo



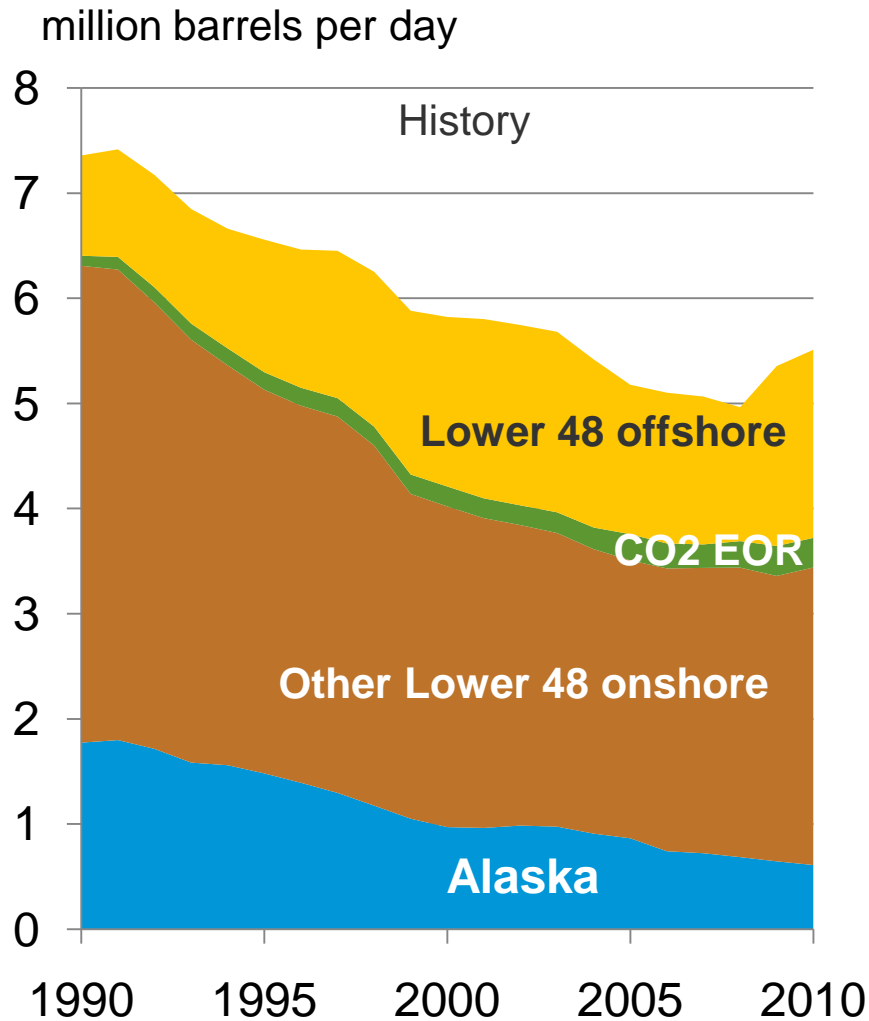
2011 EIA Energy Conference

Michael Schaal, Director

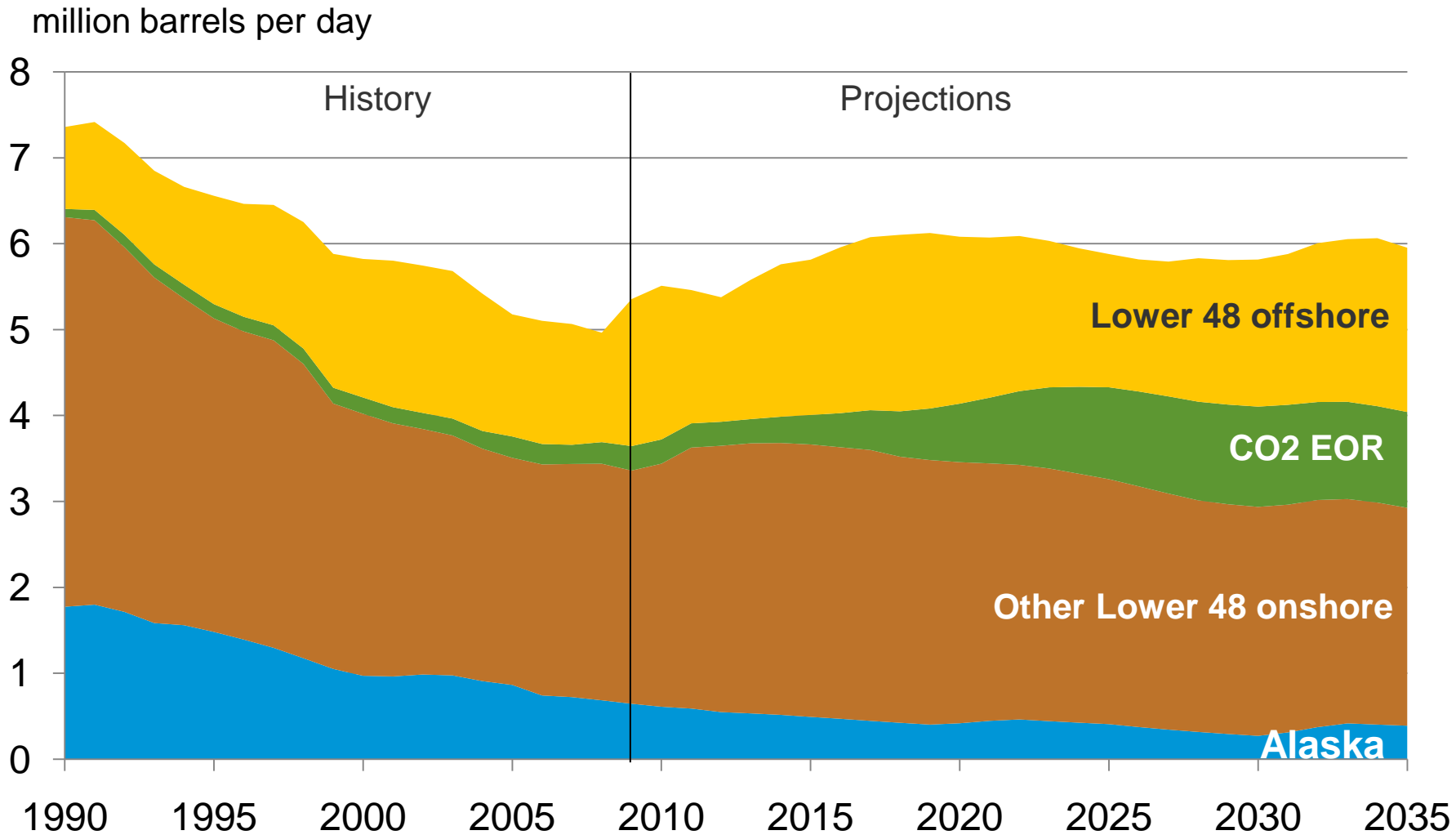
Office of Petroleum, Gas, and Biofuels Analysis

April 26, 2011 | Washington, DC

Historical crude oil production by source



Crude oil production by source, 1990-2035



Lower 48 offshore uncertainties

- Impact of new regulatory and safety requirements
- Timing of lease sales in the Pacific, Atlantic, and Eastern GOM OCS
- Cost of exploration and development in undeveloped areas
- Resource level uncertainty

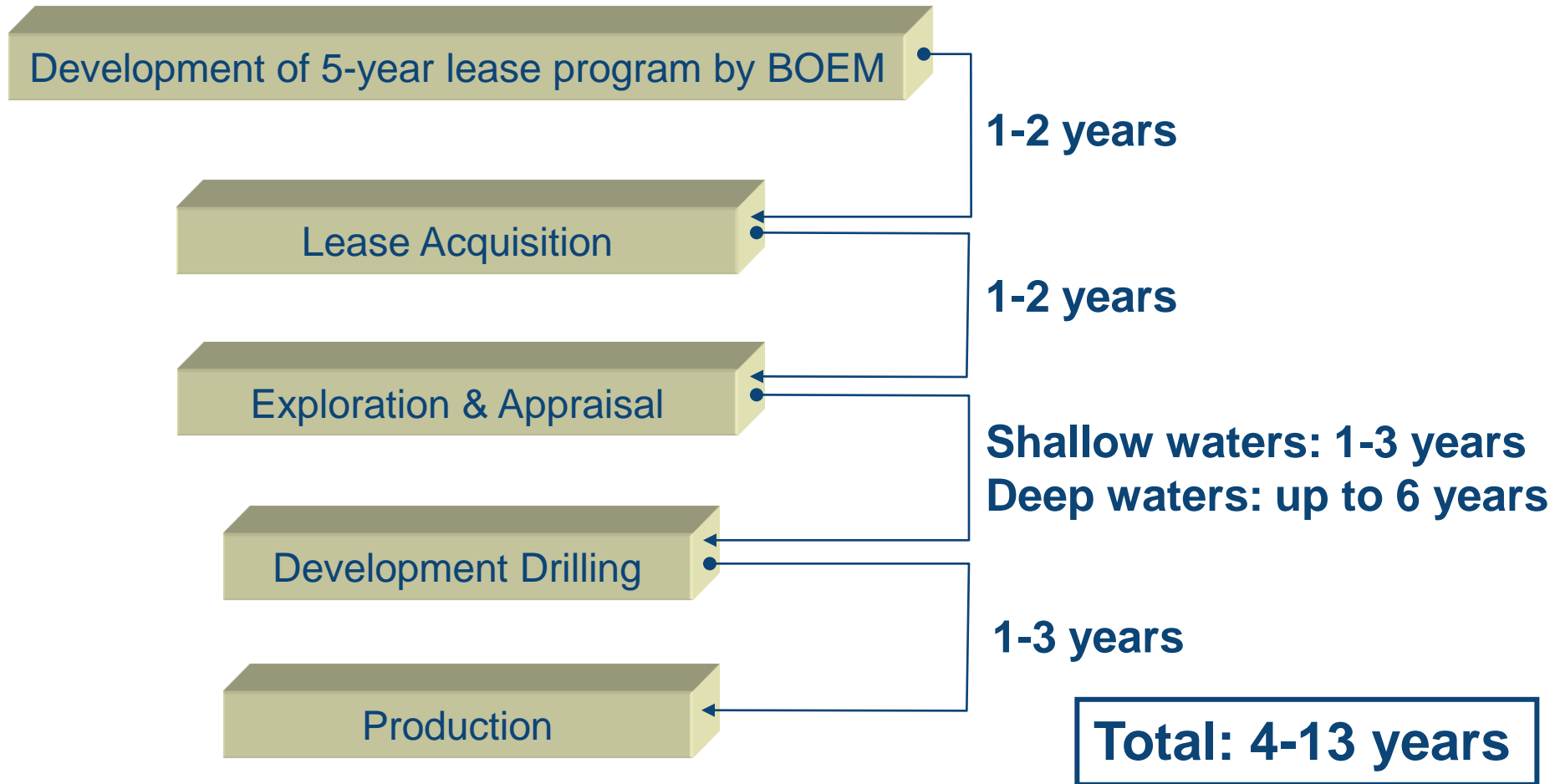
Lower 48 offshore cases

- **Reduced OCS access** – no lease sales occur in the Eastern Gulf of Mexico, Pacific and Atlantic, and Alaska OCS through 2035
- **High OCS cost** – 30 percent higher costs of exploration and development than in the Reference case
- **High OCS resource** – Tripling of the crude oil and natural gas resources in the Pacific, Eastern Gulf of Mexico, Atlantic, and Alaska OCS than in the Reference case.

First year of available offshore leasing in two cases

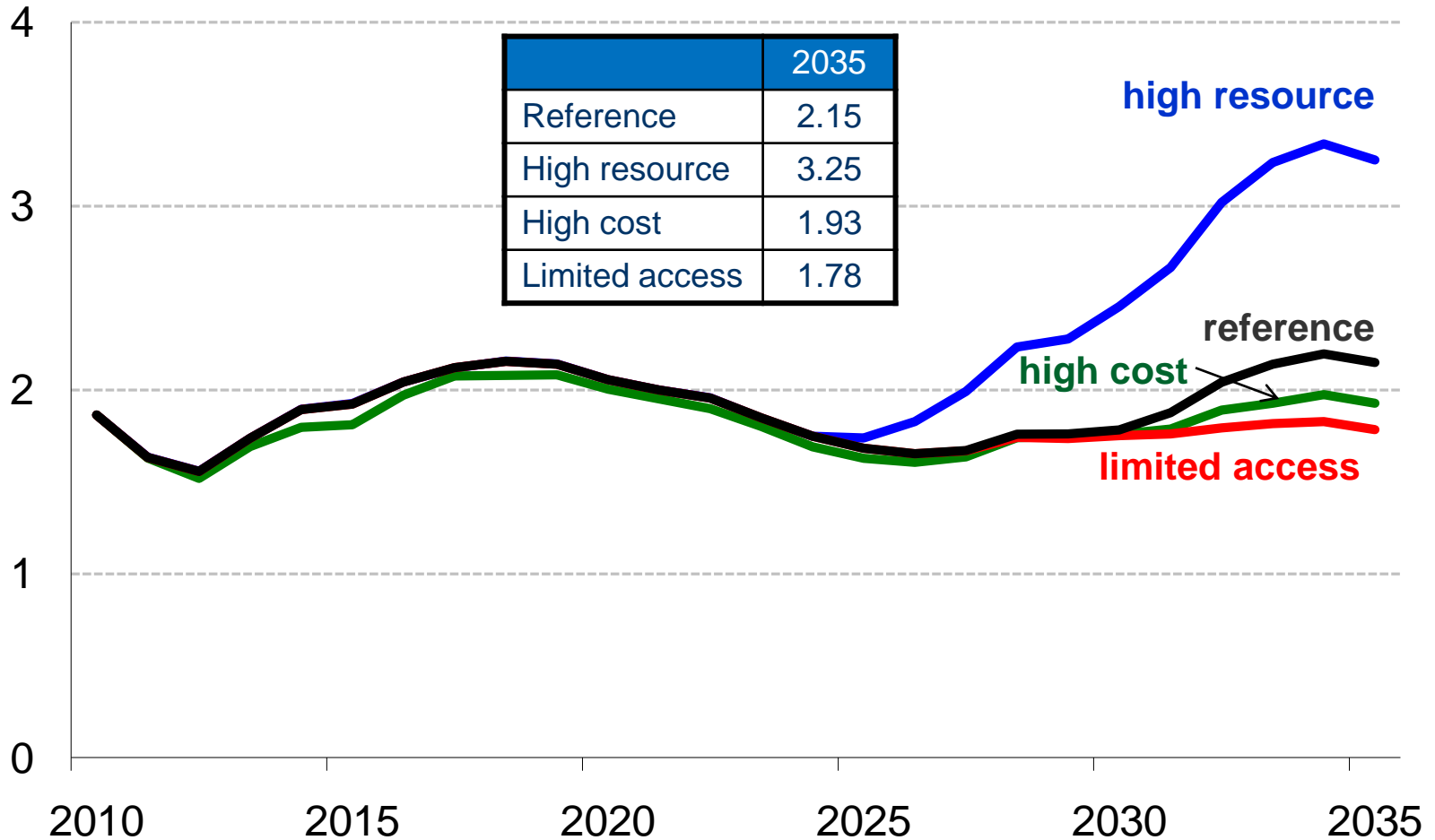
	Reference	Reduced OCS Access
Eastern Gulf of Mexico	2022	After 2035
North Atlantic	After 2035	After 2035
Mid- and South Atlantic	2018	After 2035
Northern and Central Pacific	After 2035	After 2035
Southern Pacific	2023	After 2035
Alaska	2010	After 2035

General Timeline for Development of OCS Resources



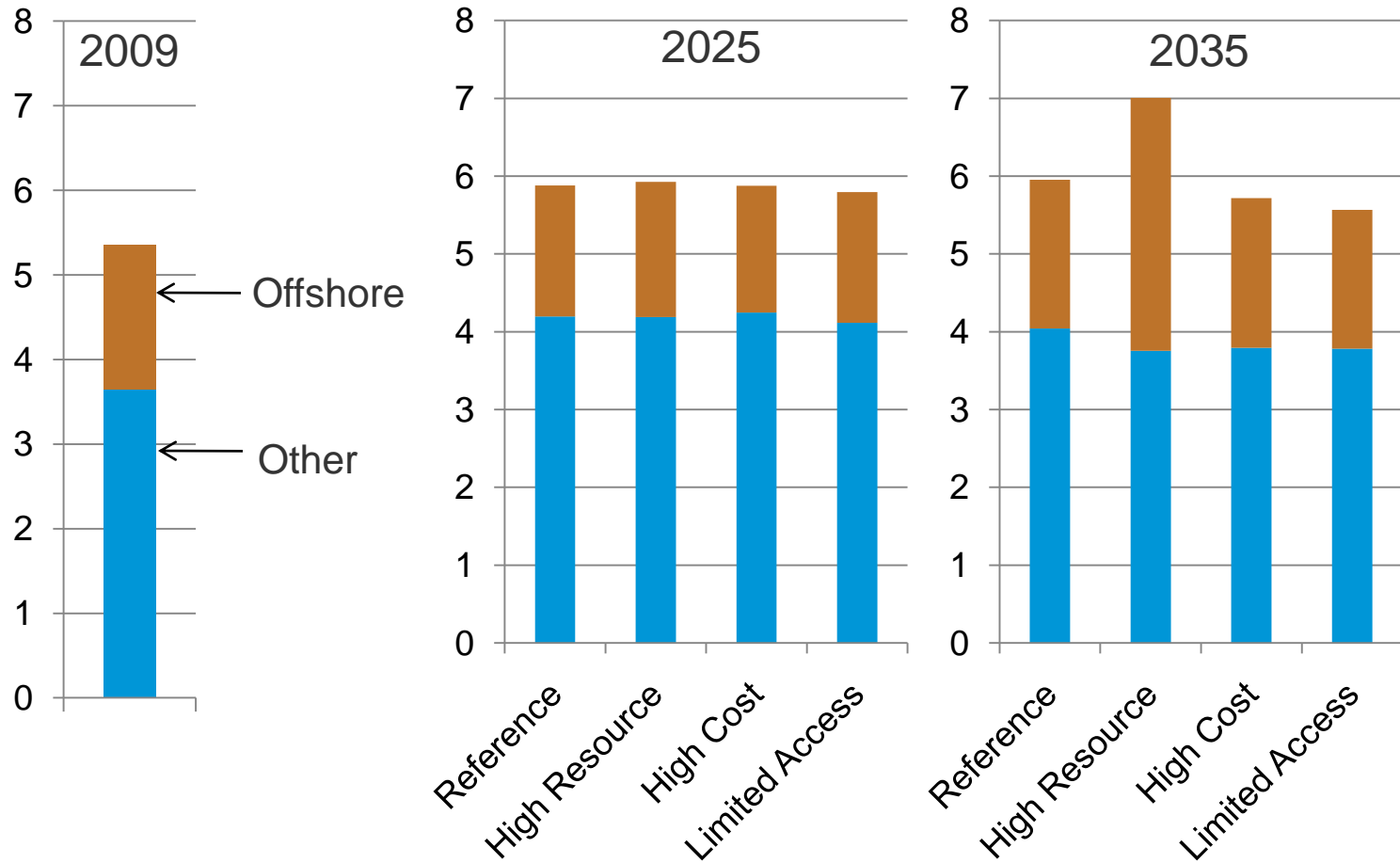
Offshore crude oil production

million barrels per day



U.S. crude oil production in four cases, 2009, 2025, and 2035

million barrels per day



Summary

- Because of the timeline associated with developing offshore crude oil resources, little variation in the four cases is seen prior to 2025
- Although nationally the impacts across cases are small even through 2035, the regional impacts show variation:
 - **Pacific:** Production ranges from 0.1 to 0.5 million barrels per day
 - **Atlantic:** Production in the high resource case
 - **Gulf of Mexico:** Essentially no variation across cases
 - **Alaska:** Production ranges from 0 to one million barrels per day

Summary (continued)

- Although the differences on a regional level are significant, the total overall variation in production across cases represents less than 10 percent of total U.S. crude oil production
- Import dependence for U.S. total liquid fuels ranges from 37 percent in the high resource case to 43 percent in the limited access case.
- Because U.S. crude oil production represents less than 10 percent of total world liquids production, the impact on prices is minimal, with low sulfur light crude oil prices in 2035 ranging from \$122 per barrel in the high OCS resource case to \$126 per barrel in the limited OCS access case

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