

S&P GLOBAL PLATTS

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PLATTS LIVE PODCAST

What US shale will have to do to survive the demand shock and reinterest investors

The global oil demand shock is accelerating what was already coming to US shale, argues Adam Waterous, CEO of Waterous Energy Fund.

Waterous argued in January on Capitol Crude that US unconventional production had peaked, and the industry's unstable financial footing set it up for massive capital flight and a prolonged downturn.

Now Waterous predicts US shale output will sink by 3 million-4 million b/d from the peak of 13 million b/d if oil prices eventually return to \$55/b. He thinks sustained higher prices of at least \$70/b WTI will be required to bring investors back to the US shale sector and rebuild capacity that will be lost in the next 18-24 months.

We also talked about what will differentiate the drillers that survive this crisis and the geopolitical consequences of a diminished US oil sector.

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