

## The Collapse Of U.S. Shale Oil Production Has Now Begun

### Description

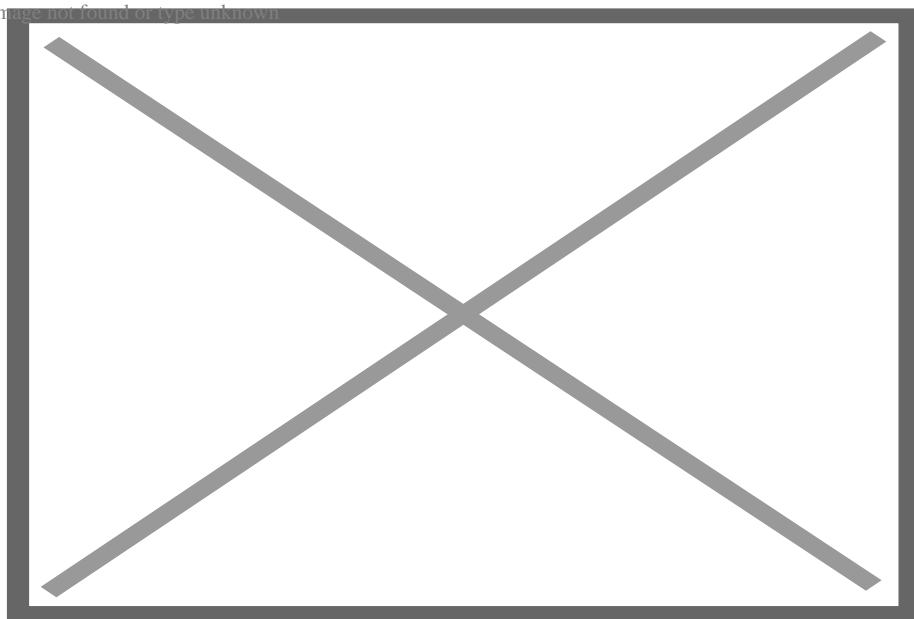
POSTED BY [SRSROCCO](#) IN [ENERGY](#)

It's Official. The collapse of U.S. shale oil production has begun. The mighty Shale Oil BOOM has now finally turned into a BUST. While the pandemic shutdowns sped up the process, the collapse of the U.S. shale industry was going to occur, regardless. According to the U.S. Energy Information Agency, shale oil production will continue to decline below 7.5 million barrels per day in January.

At the peak last year, the top five shale oil fields combined production reached nearly 9.2 million barrels per day. Since the shutdowns during March-April, many of the companies curtailed shale oil production. However, all of these wells have now been brought online, but the massive decline rate is kicking in due to a lack of drilling and completion activity.

As we can see in the chart below, shale oil production in these five fields fell from 9.16 million barrels per day during the peak in 2019 to 7.27 million barrels per day forecasted next month (January).

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In a little more than a year, the combined shale production from these five fields declined by 1.9 million barrels. The data in the chart above is shown in thousand barrels per day. According to Shaleprofile.com, these five fields add more than 11,000 new wells in 2019. In looking at the new well trend data for Jan-Oct 2020, I would be surprised to see more than a total of about 5,000 wells added this year.

While the Permian suffered the highest decline in shale oil production, the biggest loser in percentage terms was the Anadarko Field. Oil production from the Anadarko declined from 603,000 barrels per day (b/d) at the peak last year to a forecasted 363,000 bd in January. That's a stunning 40% decline in a

little more than a year.

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The Niobrara in Colorado reported the next largest decline at 34%, followed by the Eagle Ford (-30%), Bakken (-22%), and Permian (-18%). The average percentage of production decline from the fields since the peak last year was 21%.

Oil Geologist Art Berman produced this chart showing where he forecasts U.S. oil production by September 2021.

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Art believes **total U.S. oil production** will decline to **7.7 million barrels per day by September 2021**. However, I don't believe this forecast will happen because his chart shows total U.S. oil production will be approximately 10.2 million barrels per day by January 2021. The EIA reports that U.S. oil production is 11.0 million barrels per day on Dec 11th.

It's probably more realistic to forecast a decline to 9.5-10 million barrels per day by September 2021. We will see. Regardless, the mightily U.S. shale oil Boom has now turned into a Bust. While it will take 5-10 years to collapse by 75%, it's not ever coming back.