

Investing in Oil and Natural Gas: A Few Key Issues

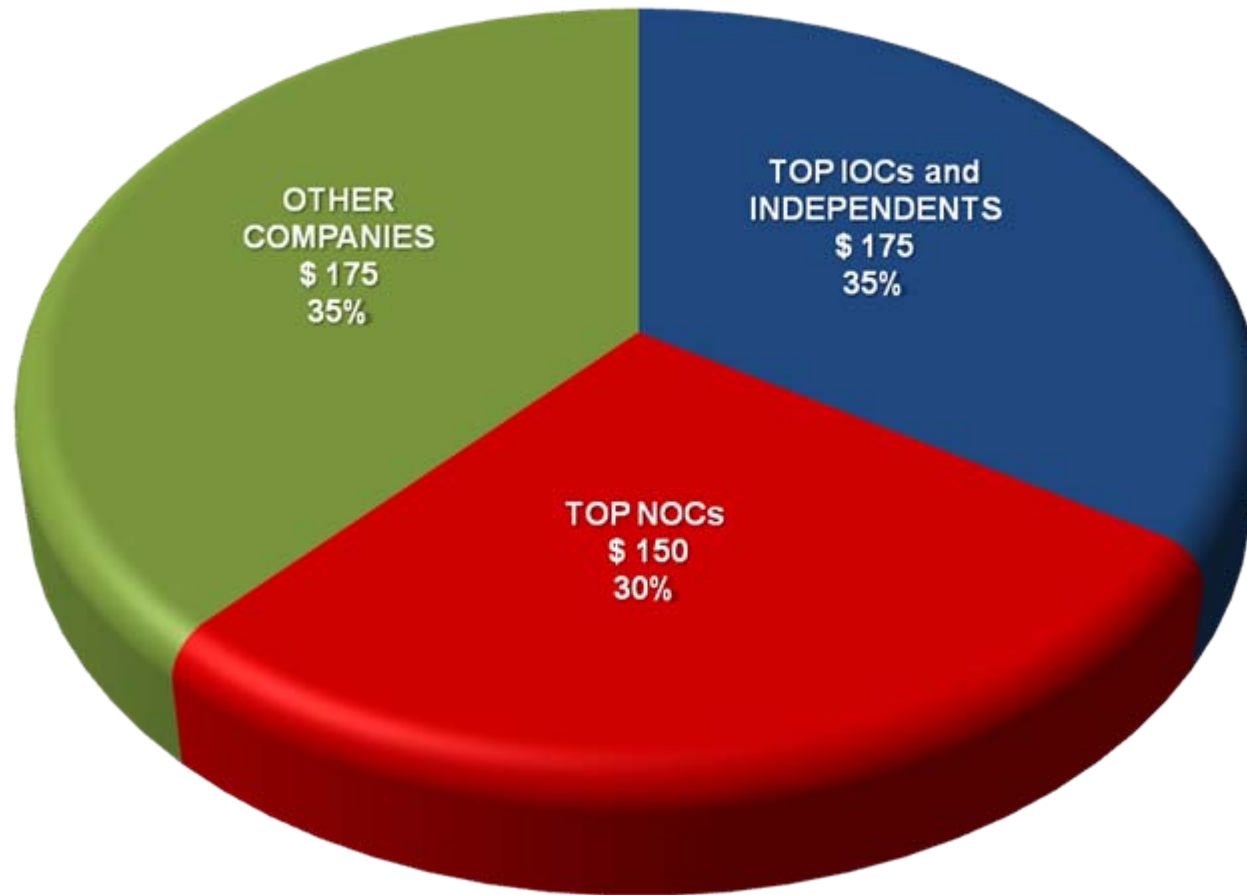
Prepared for EIA Conference
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PFC Energy

April 8, 2009



The Top 20 IOCs and Top 20 NOCs Account for Over Half of E&P Spend

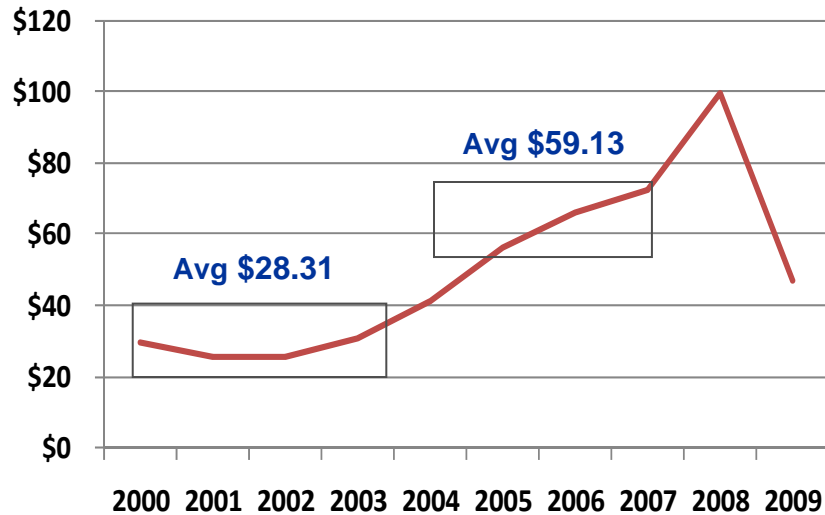
2008 E&P Spend Approximately \$500 Billion



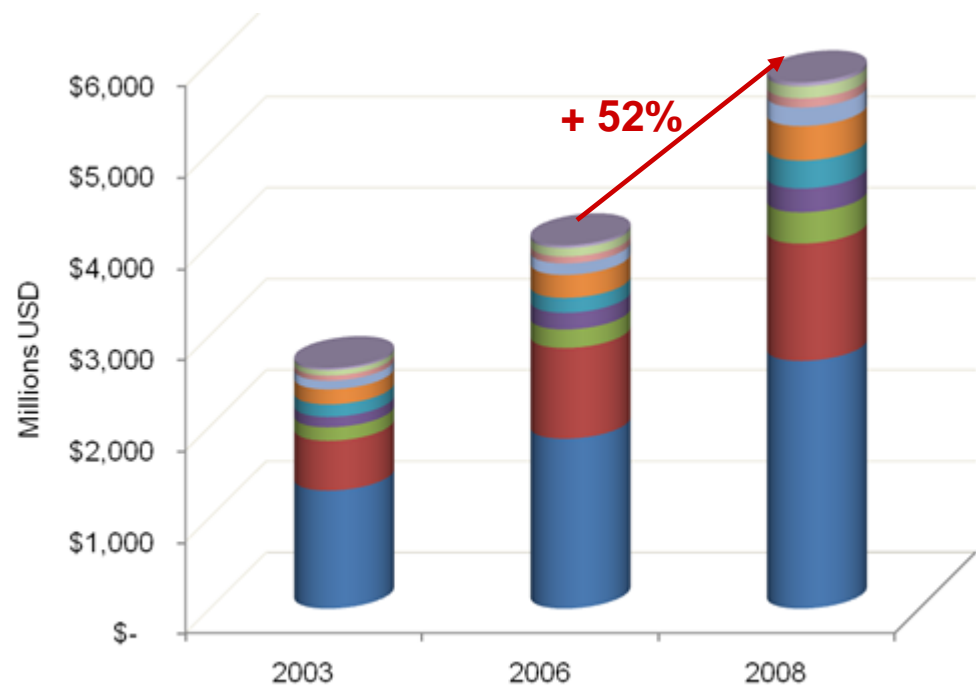
Source: PFC Energy, Global E&P Surveys

Oil Prices Rose, But So Did Costs

WTI \$/barrel
Annual averages



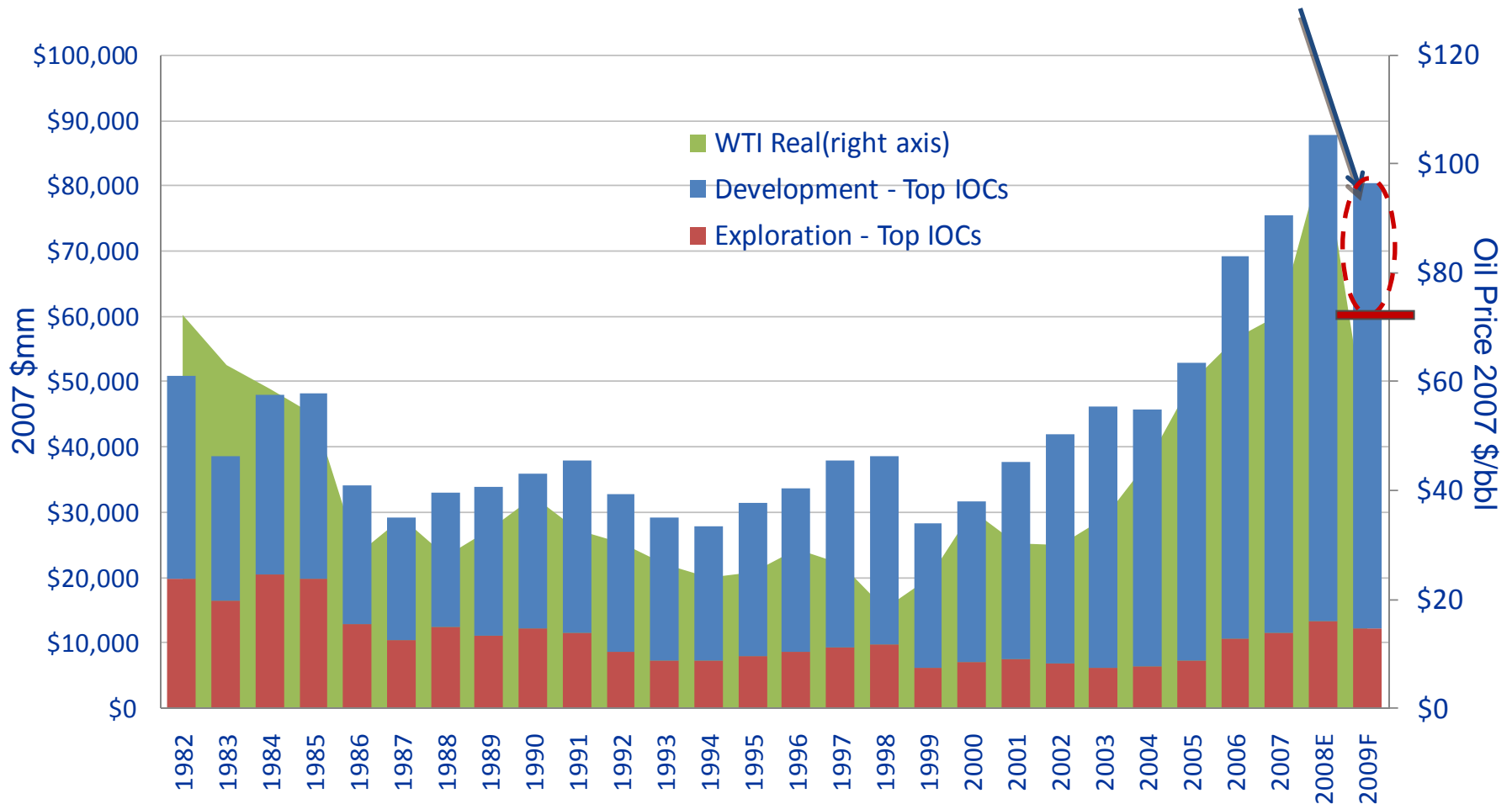
Large Gulf of Mexico
Facility Costs by Segment



Source: PFC Energy

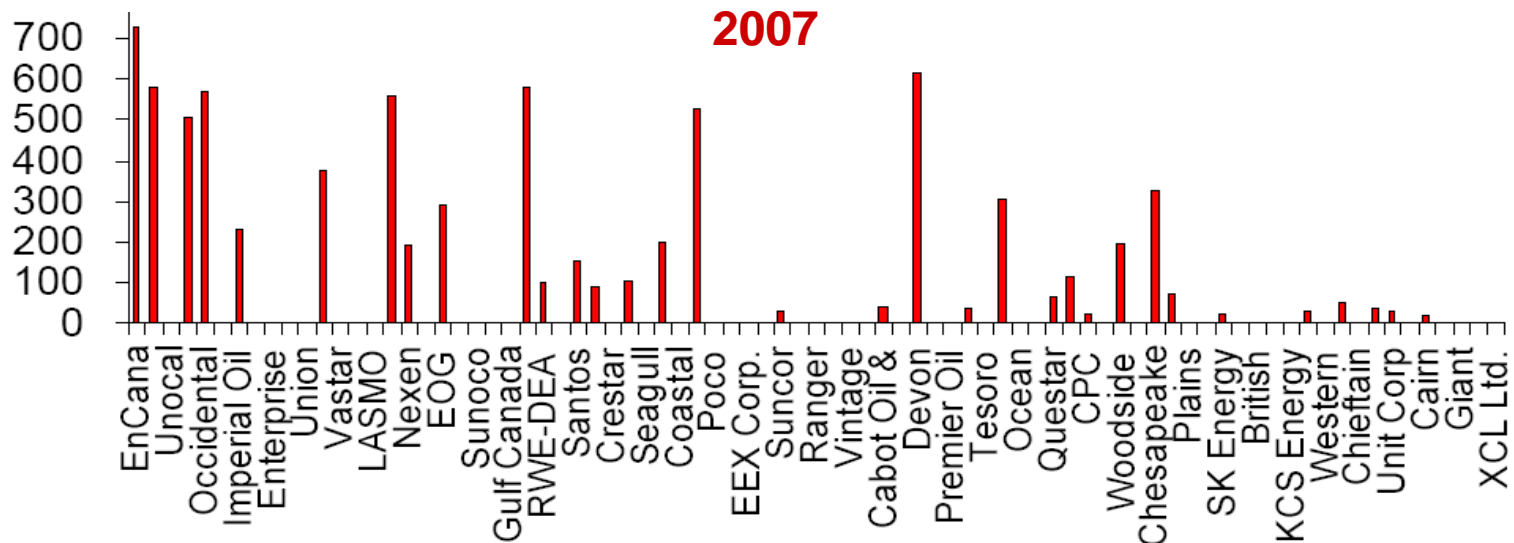
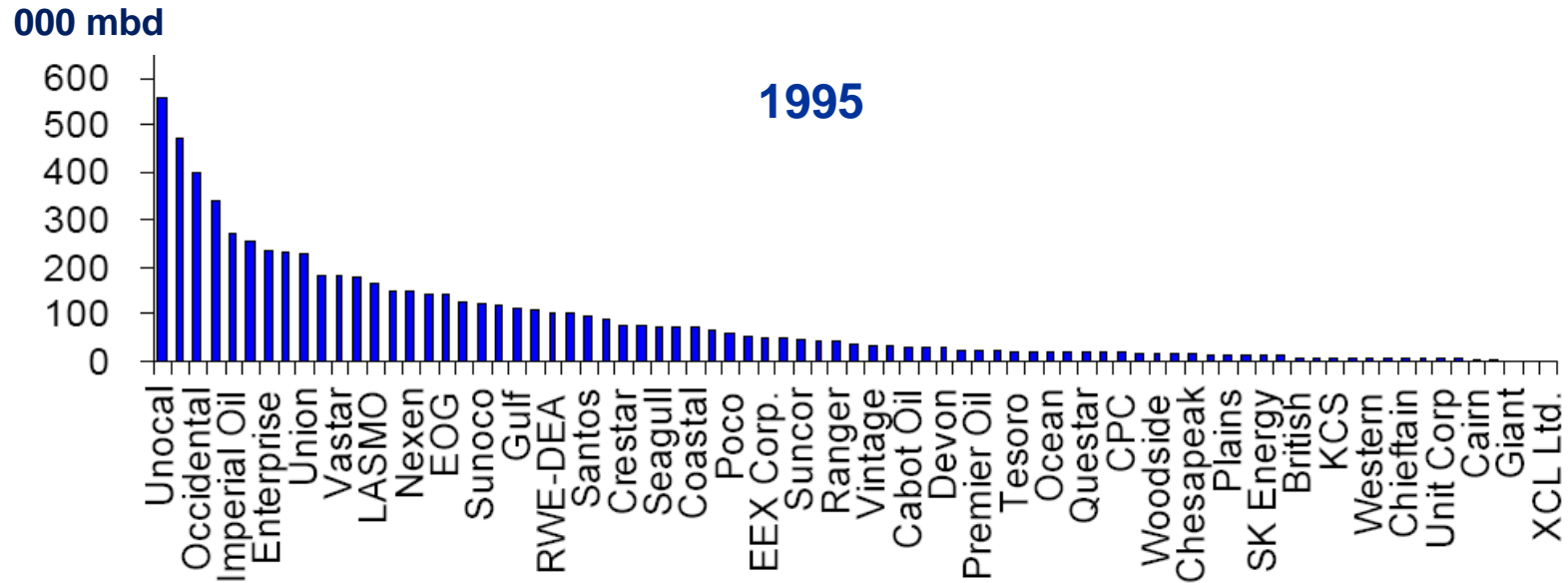
Near term Spending Cuts will be Significant

E&P Spending by Selected IOCs



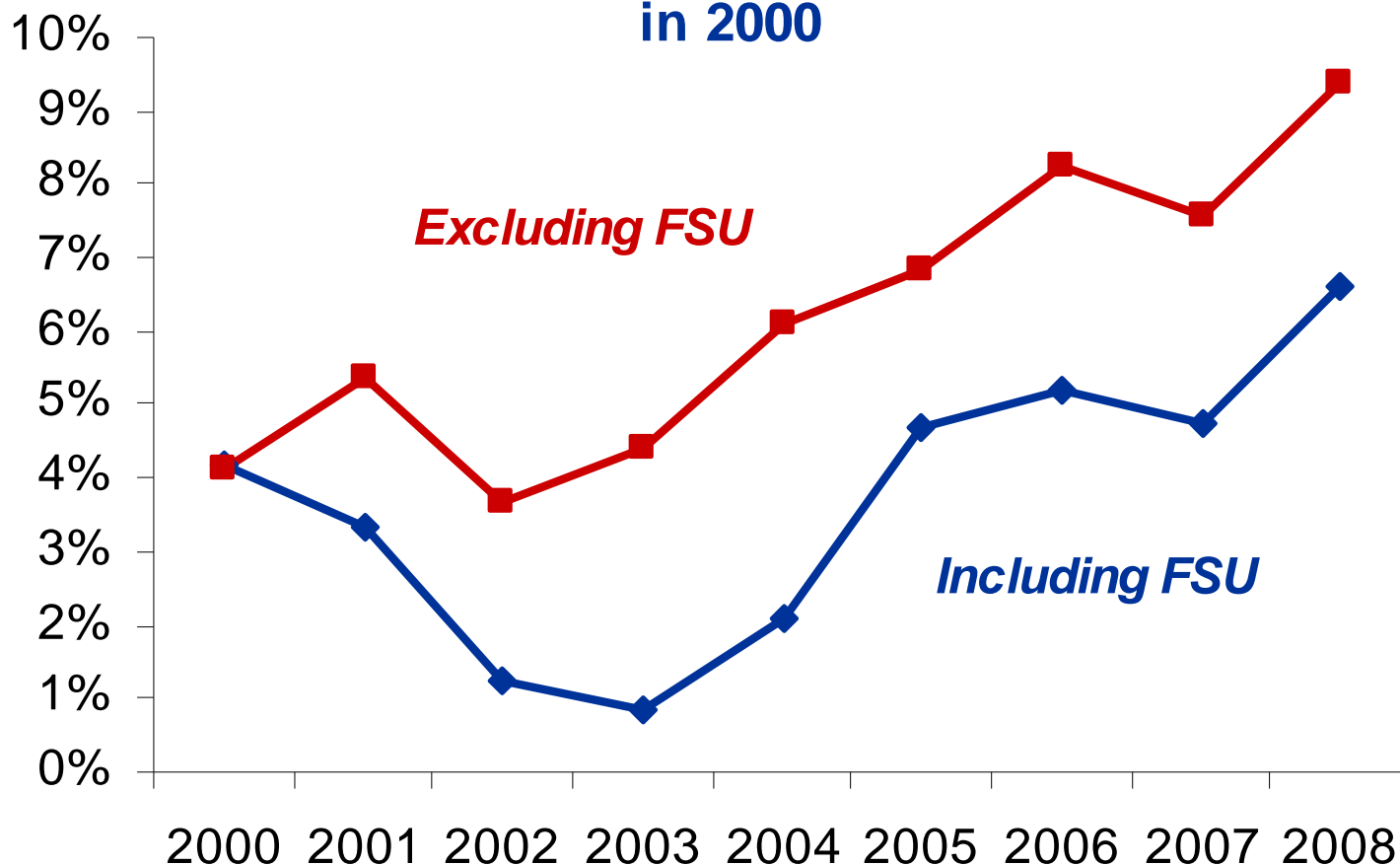
Source: PFC Energy, Global E&P surveys

Some Companies will Disappear: 46 of 79 Independents No Longer Exist

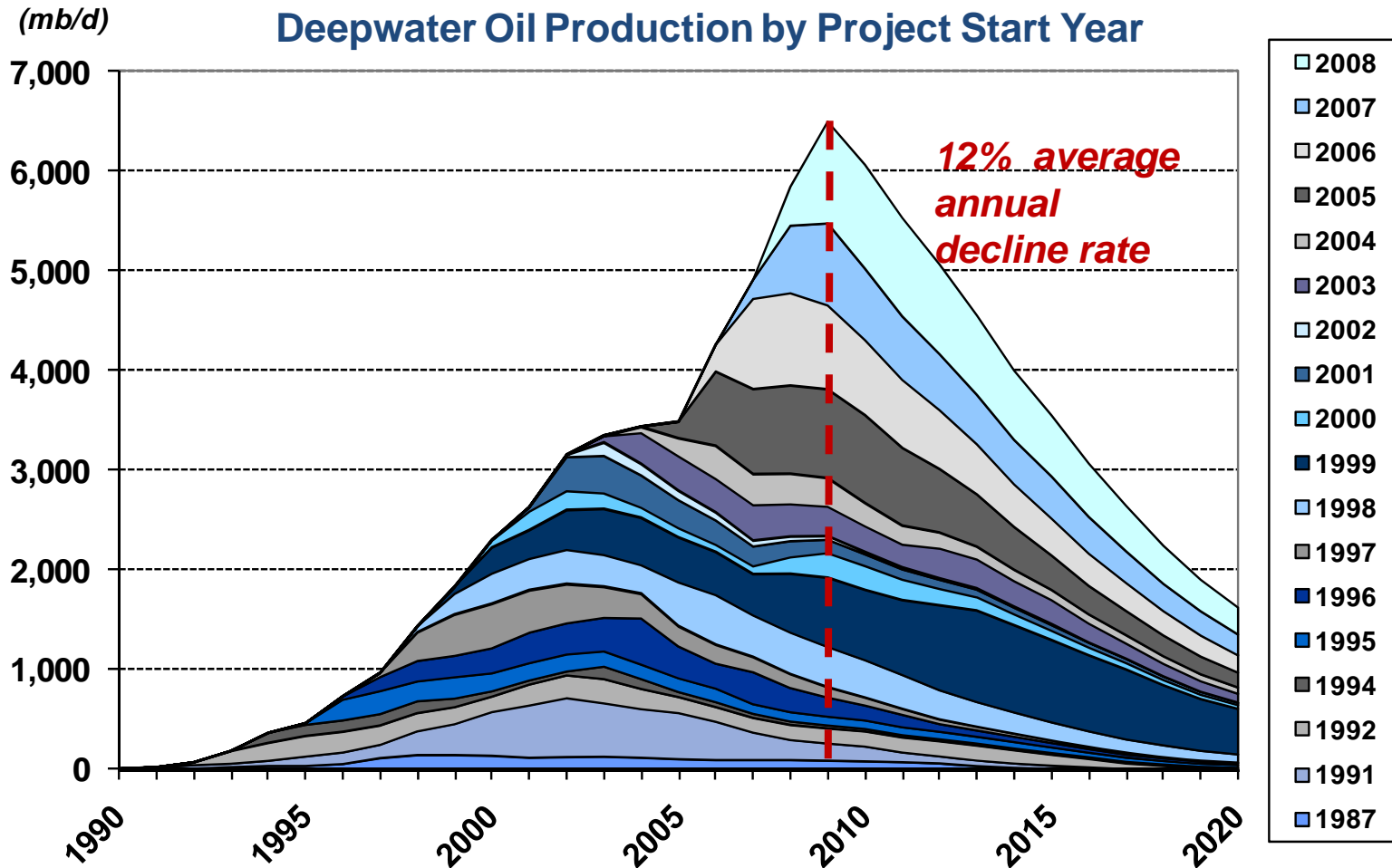


Non-OPEC Decline Rates Continued to Climb in Spite of Higher Prices

Decline Rates for Non-OPEC Supply Online in 2000

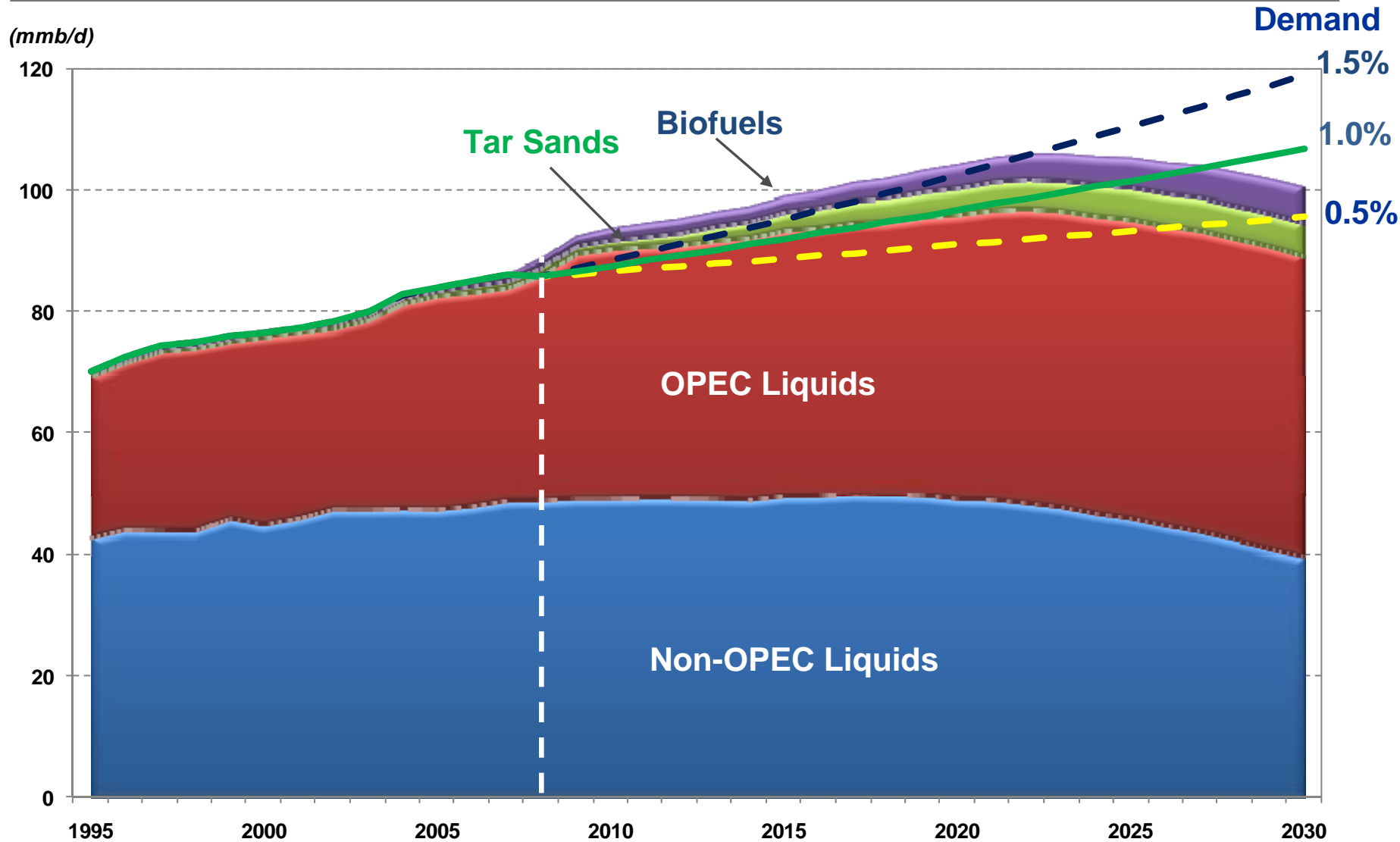


The Deepwater Contribution ... Can it Continue?



Source: PFC Energy

The Global Liquids Supply Crunch Still Exists





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