

Shale Oil Production in Bakken, Eagle Ford Remained Flat in October: Platts Bentek

Production from These Two Prolific Shale Plays Rose 3% Versus October 2014

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DENVER, Nov. 25, 2015 [/PRNewswire/](#) -- Oil production from key shale formations in North Dakota and Texas remained relatively flat in October versus September, according to Platts Bentek, an analytics and forecasting unit of Platts, a leading global provider of energy, petrochemicals, metals and agriculture information.

Oil production from the Eagle Ford shale basin in Texas continued flat streak in October, increasing only 6000 barrels per day (b/d), or less than 1%, versus the previous month, the latest analysis showed. The Eagle Ford basin demonstrated production growth, albeit minimal, for the fourth consecutive month. Similarly, crude oil production in the Northeast Dakota section of the Bakken shale formation of the Williston Basin grew less than 1% month-on-month in October, marking a second flat month of production, following a period of slight decline during the summer.

The average oil production from the South Texas, Eagle Ford basin in October was 1.5 million barrels per day. On a year-over-year basis, that is up close to 65,000 incremental barrels per day, or about 5% higher than October 2014, according to Sami Yahya, Bentek energy analyst. The average crude oil production from the North Dakota section of the Bakken in October was 1.2 million b/d, or about 13,000 b/d from year ago levels.

"In this challenging pricing environment, producers are doing whatever they can to stay afloat," said Yahya. "Reducing the number of days to drill a well and/or figuring out ways to bring down completions costs has been on everyone's agenda most of this year. But some producers are starting to target other formations within a basin to bring costs down or to hold acreage by production."

For example, said Yahya, in the Eagle Ford, the production boom traditionally targeted the Austin Chalk and Upper Eagle Ford, before the Lower Eagle Ford was developed and yielded much better returns. "However, with diminishing rates of return, some producers are going back and targeting the Austin Chalk and Upper Eagle Ford again, where it is shallower and cheaper to drill."

The Platts Bentek latest analysis noted another advantage of drilling in the Austin Chalk or Upper Eagle Ford is to hold acreage. Some acreage leases require producers to produce within a set period of time or the lease would expire. With capital expenditures cuts increasing, some producers are left with little budget to continue drilling and producing from their best acreage in the Lower Eagle Ford. Focusing on the shallower formations gives them the opportunity to continue production while keeping the status of the lease active.

"Much like the Eagle Ford, producers in the Bakken shale are also consistently looking to reduce costs to hold production steady," said Yahya. "In September 2014, 77% of the total wells drilled in the basin were drilled in the core counties (McKenzie, Dunn, Williams and Mountrail) and that metric has since risen to 92% in October 2015. Beginning in September 2015, producers have taken this process a step further and are migrating within the core. The number of wells drilled in Dunn and McKenzie counties rose 20% for the same time period. Conversely, the number of wells drilled in Mountrail and Williams counties declined 20%."

Bentek analysis shows that from October 2014 to October 2015, total U.S. crude oil production has increased by about 320,000 b/d.

Eagle Ford prices have also steadied with the October average at \$47.12/b, a marginal 2% decrease from the January average, noted Luciano Battistini, Platts managing editor of Americas crude.

"Prices for Eagle Ford crude were pretty stable for October, similar to what we saw last month," Battistini said. "However, the Louisiana Light Sweet (LLS) discount to Brent averaged \$2 per barrel (/b), compared to just a penny in October and that theoretically should have helped condensate exports out of the U.S. Gulf Coast."

Eagle Ford crossed the \$52/b mark on July 23 and has continued to slide, said Battistini. "Bakken prices at the Williston basin,

received some support from the Enbridge Line 9 reversal, rising 11% in October when compared to January."

[The Platts Eagle Ford Marker](#), a daily price assessment launched in October 2012 and reflecting the value of oil out of the Eagle Ford Shale formation in South Texas, has decreased held steady between January and October, with an average price of \$54.02/b for the first 10 months of 2015. But it is down 45% from year-ago levels. The marker has ranged between \$41.42/b and \$66.23/b since the beginning of this year.

The price of oil out of the Bakken formation at Williston, North Dakota, was up 11% between January and October, with an average price of \$46.85/b for the first 10 months of 2015, according to the [Platts Bakken](#) assessment. Platts Bakken, however, is down 40% when compared to last year's corresponding month. The wellhead assessment has ranged between \$33.35/b and \$59.32/b since the beginning of January.

The Platts Bakken, introduced April 22, 2014, is a daily assessment of price for oil closest to the wellhead prior to determination of transportation by rail or pipe. The assessment reflects a sulfur content of 0.2% or less and an American Petroleum Institute (API)** gravity of 42 or less, similar to the nature of North Dakota Light Sweet crude. The Platts Eagle Ford Marker reflects the value of a median 47-API Eagle Ford crude barrel, based on the crude's product yields and Platts product price assessments, adjusted for U.S. Gulf Coast logistics.

Platts introduced the world's first independent daily price reference valuing crude oil produced from a shale formation in May 2010 when it began assessing Bakken Blend shale oil injected into pipelines at Clearbrook, Minnesota, and Guernsey, Wyoming.

For more information on Platts price assessments methodology visit these links: [Details of Platts Bakken](#) and [Platts Eagle Ford Marker](#). Platts Bentek's shale oil production figures are derived from proprietary data models using publicly available data. For more information on data models, reports or Platts Bentek's methodology, please contact info@platts.bentek.com.

Platts will publish monthly updates via press release on Bakken and Eagle Ford shale oil production and price data.

* [The Bakken formation](#) spans North and South Dakota, Montana, Saskatchewan, Manitoba and Alberta.

** API gravity is a measure of how heavy or light a grade of crude oil is compared to water.

CONTACT

Global, Americas, Asia: Kathleen Tanzy, + 1 917 331 4607, kathleen.tanzy@platts.com

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CONTACT: Global, EMEA: Alex Brog, +44 207 176 7645, alex.brog@platts.com, or Global, Americas, Asia: Kathleen Tanzy, + 1 917 331 4607, kathleen.tanzy@platts.com

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