

Shale Oil Production in Bakken, Eagle Ford Held Mostly Steady in January: Platts Bentek

Year-Over-Year, Output from These Two Prolific Shale Plays Fell More Than 8% from January 2015

DENVER, March 4, 2016 [PRNewswire](#)/ -- Oil production from key shale formations in North Dakota and Texas dropped slightly in January versus December, according to Platts Bentek, an analytics and forecasting unit of Platts, the leading independent provider of information and benchmark prices for the commodities and energy markets.

Oil production from the Eagle Ford shale basin in Texas was relatively unchanged in January, decreasing about 11,000 barrels per day (b/d), or less than 1%, versus the previous month, the latest analysis showed. This marks the sixth month since June 2015 that the Eagle Ford shale has continued its trend of decline. Similarly, crude oil production in the North Dakota section of the Bakken* shale formation of the Williston Basin dipped slightly. It was down 12,000 b/d, or just over 1%, on a month-over-month basis in January. This continued the trend of marginal decline that began last summer.

The average oil production from the South Texas, Eagle Ford basin in January was 1.4 million barrels per day. On a year-over-year basis, that was down about 200,000 barrels per day, or about 13%, from January 2015, according to *Sami Yahya, Platts Bentek energy analyst*. The average crude oil production from the North Dakota section of the Bakken in January was 1.2 million b/d, about 3% lower than year ago levels, he said.

"Current internal rates of return in both the Eagle Ford and Bakken shales are weak, under 10%," said Yahya. "And producers need to continue generating cash flow for their operations. The number of active rigs in those basins has gotten so low that it is almost a certainty that producers are dipping into their inventory of drilled but uncompleted wells. Those wells are cheaper to complete since the drilling costs are already sunk."

Yahya pointed to the new analysis conducted by Platts/Bentek of the drilled but uncompleted (DUC) wells for many of the major shale basins. According to the results, current DUC inventories total 831 wells in the Williston basin. In the Eagle Ford basin, there are about 1022 wells that are awaiting completion. These figures refer to wells drilled between the start of 2014 and about October of 2015. These wells inventories disregard more recent wells because of the difficulty in distinguishing between wells that have been intentionally left uncompleted and wells that are simply in the process of being completed.

"A number of major producers (outside the Northeast) have stated that they will reduce capital spending and cut their drilling programs significantly in some instances," said Yahya. "Those producers will have to complete their DUC's in order to sustain their production levels. Efficiency gains are not enough anymore to help keep production volumes afloat."

SHALE OIL PRICES

In terms of the U.S. physical spot markets, *Luciano Battistini, Platts managing editor of Americas crude*, said, "Both Bakken and Eagle Ford in January reached their lowest outright price levels since Platts started assessing these crudes, falling upwards of 25% month-on-month for both Bakken and Eagle Ford. Eagle Ford prices fell below \$28/b in January, while Bakken shale oil reached levels lower than \$25/b close to the wellhead."

[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, dropped 26% between December and January, with an average price of \$33.05/b during that time. That is down 31% from year-ago levels. The marker has ranged between \$27.78/b and \$39.03/b since the beginning of this year.

The price of oil out of the Bakken formation at Williston, North Dakota, dropped 31% between December and January, with an average price of \$28.37/b, according to the [Platts Bakken](#) assessment. But when compared to the same month a year ago, the Platts Bakken price is down 29%. The wellhead assessment has ranged between \$24.69/b and \$33.52/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 shale oil production figures are derived from proprietary data models using publicly available data. For more information on data models, reports or Platts Bentek 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.*

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