

# U.S. shale drilling

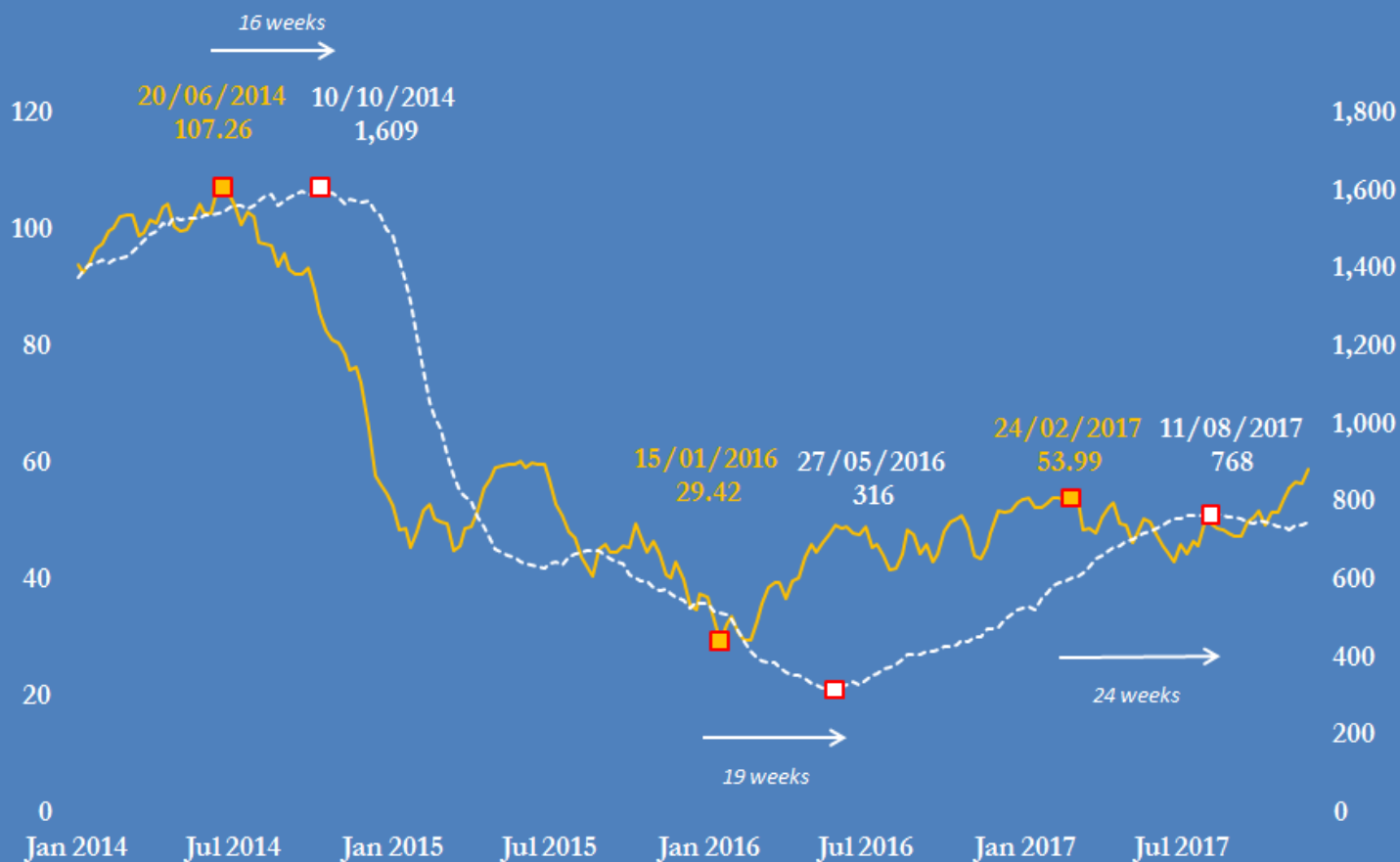
## Selected indicators

**JOHN KEMP**  
**REUTERS**

Data for the week ending 24 Nov 2017

# U.S. oil rig count declined between Aug and early Nov in response to the earlier decline in WTI prices

U.S. crude oil prices and drilling activity  
Oil prices (left axis) and rig count (right-axis)

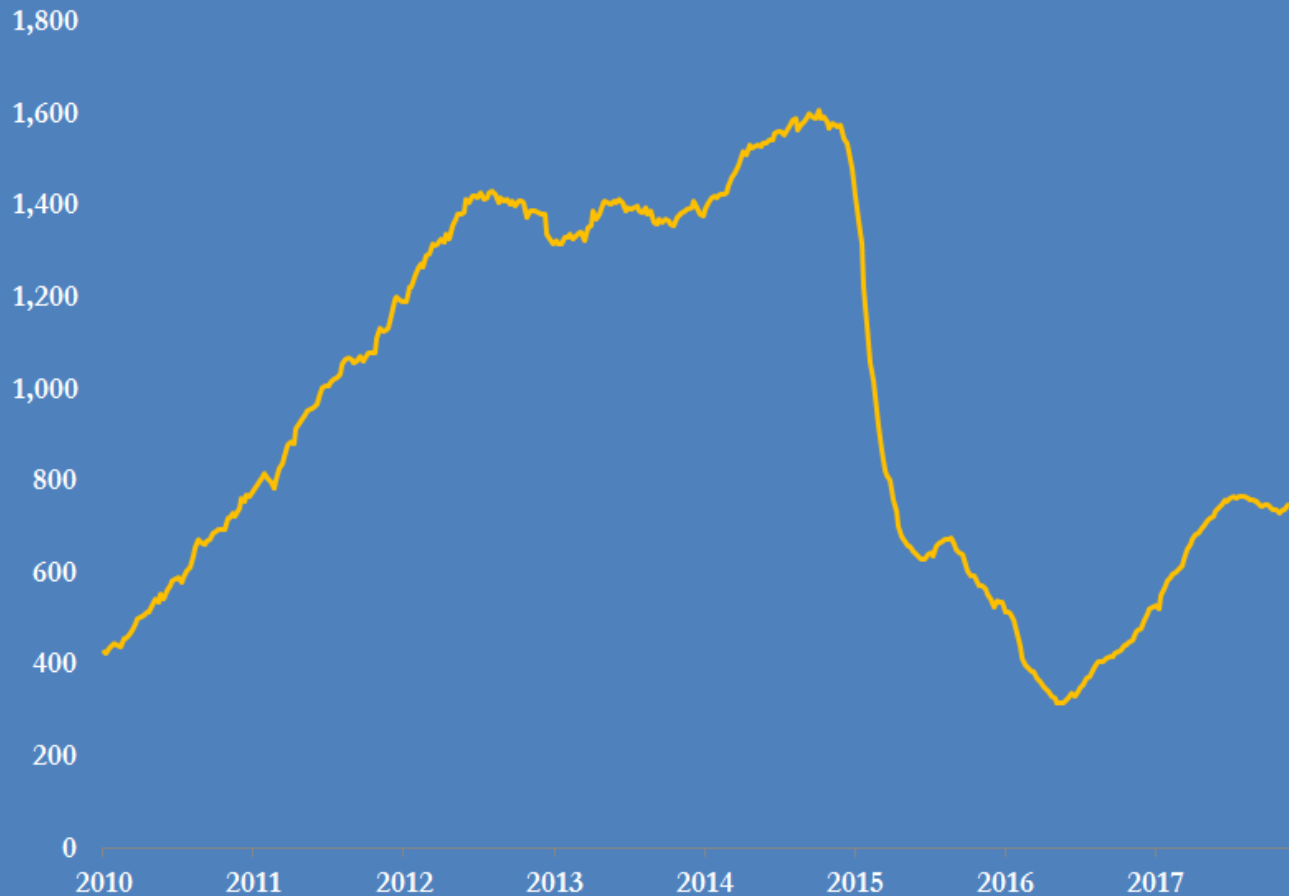


— WTI price (front-month futures contract)  
- - - U.S. oil rig count (Baker Hughes)

Sources: New York Mercantile Exchange, Baker Hughes; @JKempEnergy

# U.S. oil rig count has returned to growth since the start of Nov

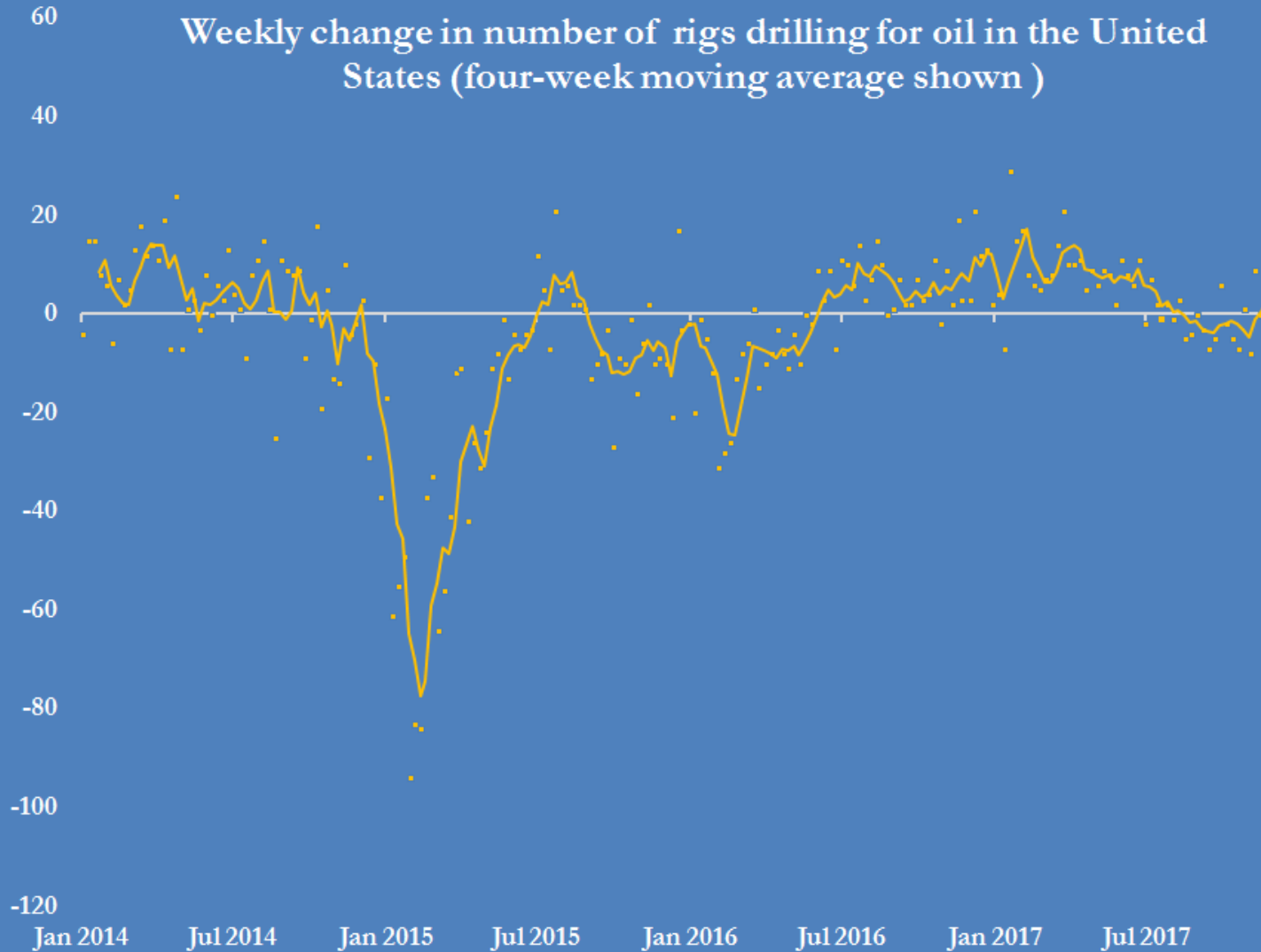
Number of rigs drilling for oil in the United States



Source: Baker Hughes

JKempEnergy

# U.S. oil rig rose +9 to 747 last week. Four-week average increase of +3.5 per week is fastest since Jul

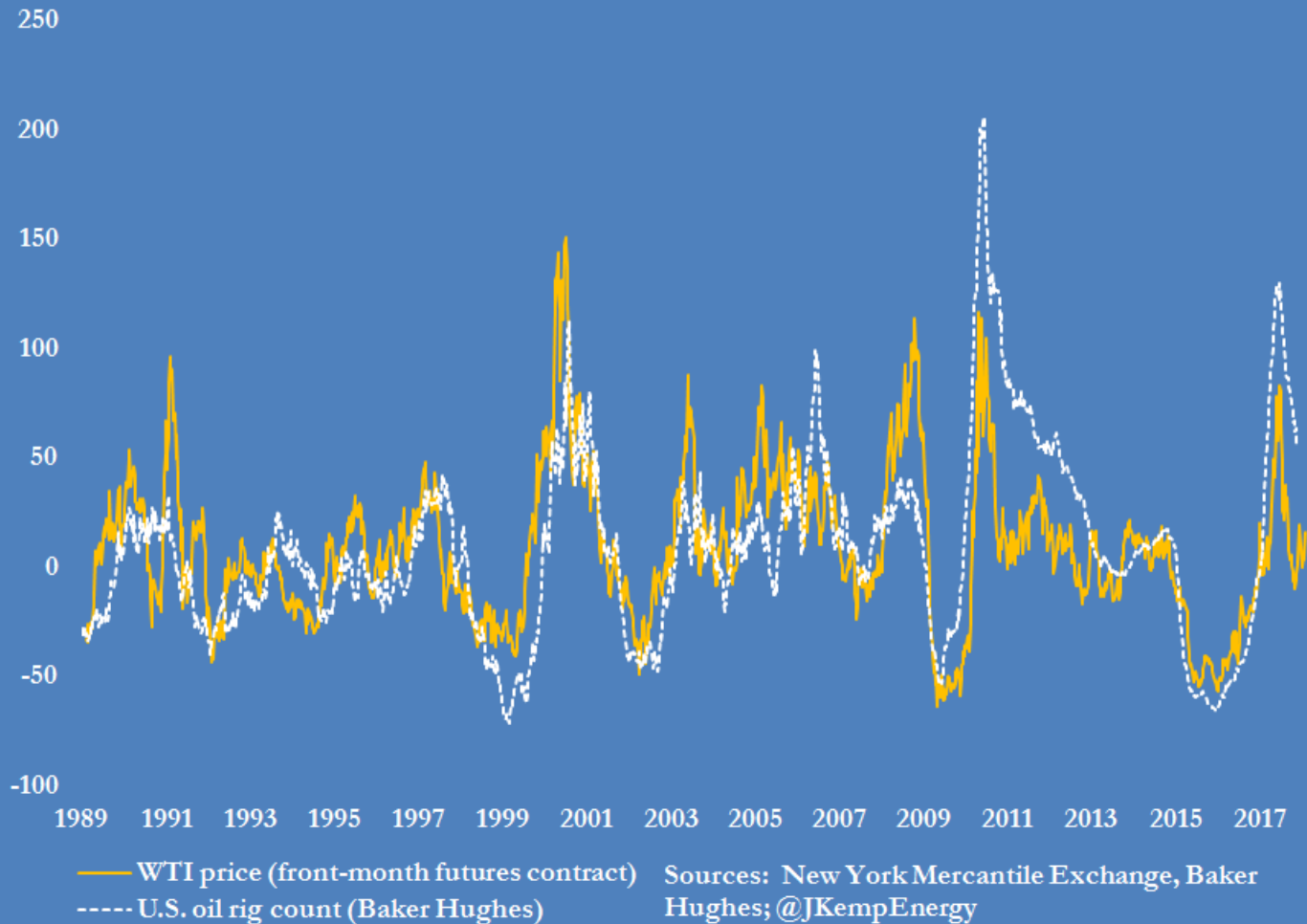


Source: Baker Hughes

@JKempEnergy

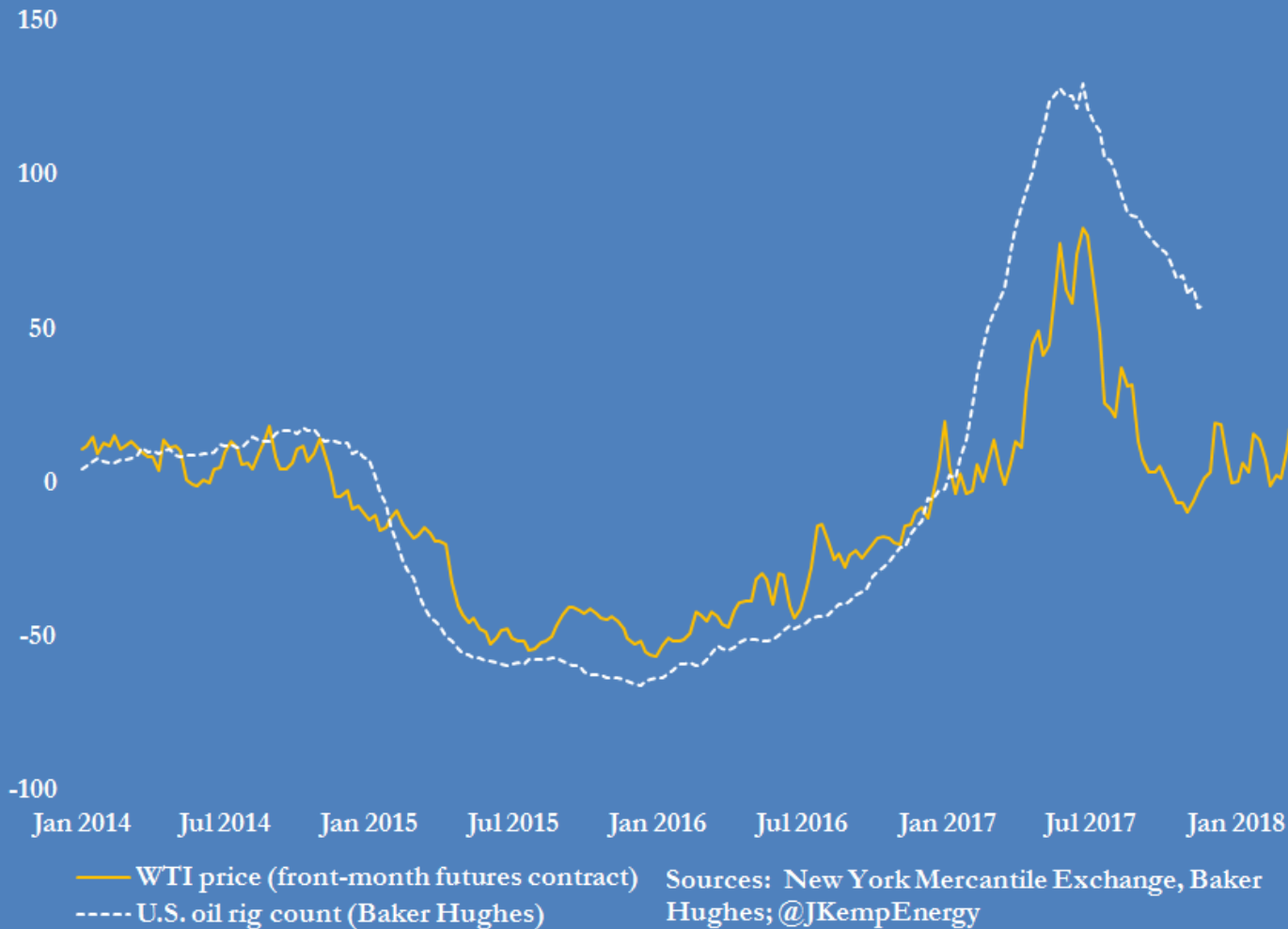
# U.S. oil rig count generally follows WTI prices with a typical lag of around 16-20 weeks

U.S. crude oil prices and drilling activity  
12-month percent change (WTI prices leading by 19 weeks)



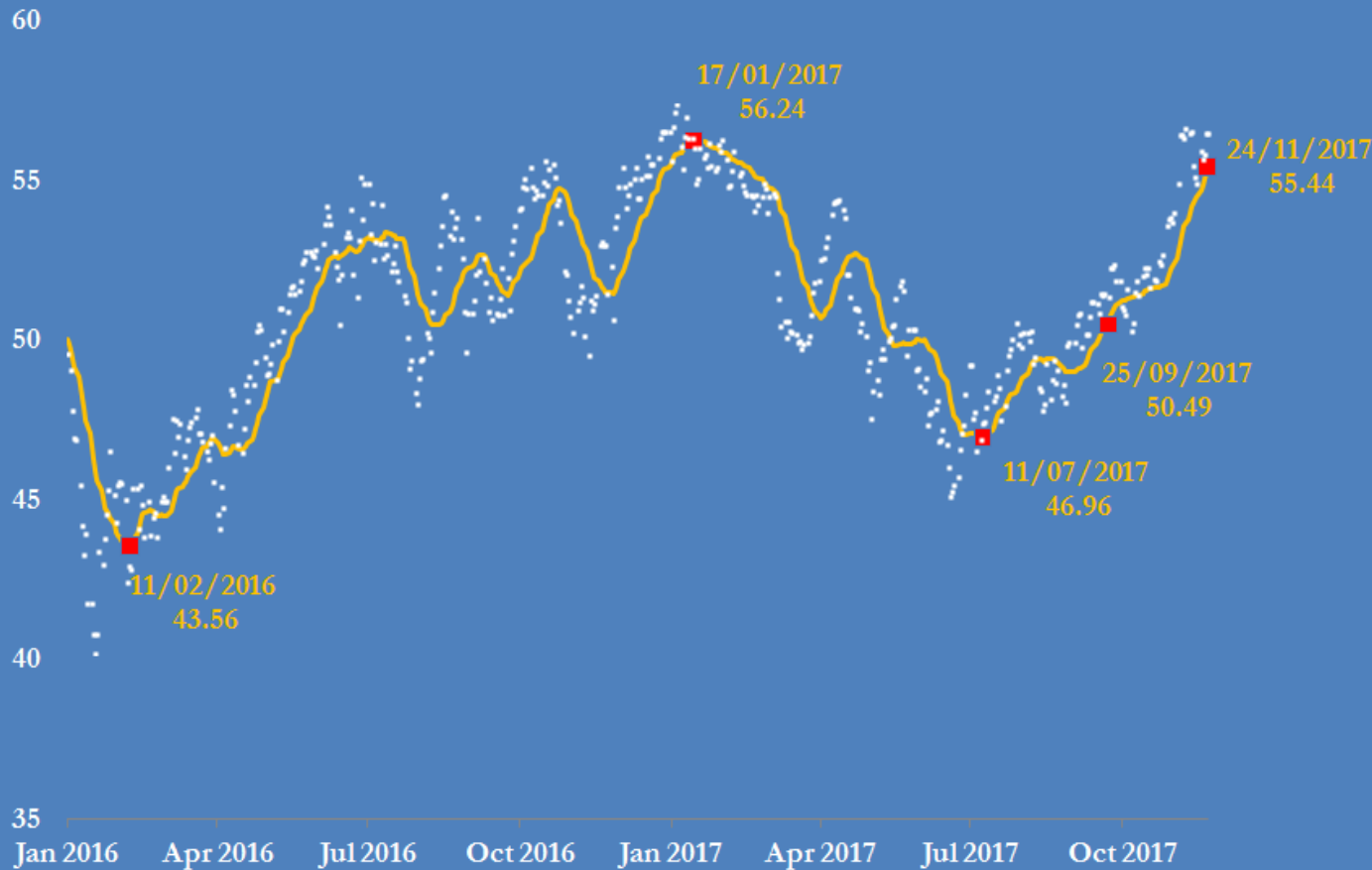
WTI prices hit a low of \$43 per barrel on Jun 23 and have been on rising trend for last 22 weeks. Rig count is now following

U.S. crude oil prices and drilling activity  
12-month percent change (WTI prices leading by 19 weeks)



# WTI calendar strip for 2018, benchmark against which shale firms can hedge for next year, now at levels that should ensure basic profitability

U.S. shale forward hedging indicator  
WTI calendar strip 2018 (US\$/bbl)



— 20-day running average  
• Daily close

Source: New York Mercantile Exchange  
@JKempEnergy