Accepted Manuscript

Tight Oil Market Dynamics: Benchmarks, Breakeven Points, and Inelasticities


PII: S0140-9883(17)30410-3
Reference: ENEECO 3831

To appear in:

Received date: 20 December 2016
Revised date: 17 July 2017
Accepted date: 25 November 2017

Please cite this article as: R.L. Kleinberg, S. Paltsev, C.K.E. Ebinger, D.A. Hobbs, T. Boersma, Tight Oil Market Dynamics: Benchmarks, Breakeven Points, and Inelasticities. The address for the corresponding author was captured as affiliation for all authors. Please check if appropriate. Eneeco(2017), doi:10.1016/j.eneco.2017.11.018

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.
Abstract

When comparing oil and gas projects - their relative attractiveness, robustness, and contribution to markets - various dollar per barrel benchmarks are quoted in the literature and in public debates. Among these benchmarks are a variety of breakeven points (also called breakeven costs or breakeven prices), widely used to predict producer responses to market conditions. These analyses have not proved reliable because (1) there has been no broadly accepted agreement on the definitions of breakeven points, (2) there are various breakeven points (and other benchmarks) each of which is applicable only at a certain stage of the development of a resource, and (3) each breakeven point is considerably more dynamic than many observers anticipated, changing over time in response to internal and external drivers. In this paper we propose standardized definitions of each breakeven point, showing which elements of field and well development are included in each. We clarify the purpose of each breakeven point and specify at which stage of the development cycle the use of each becomes appropriate. We discuss in general terms the geological, geographical, product quality, and exchange rate factors that affect breakeven points. We describe other factors that contribute to tight oil market dynamics, including factors that accelerate the growth and retard the decline of production; technological and legal influences on the behavior of market participants; and infrastructure, labor, and financial inelasticities. The role of tight oil in short-term and medium-term oil market stability is discussed. Finally, we explore the implications of a broader, more rigorous, and more consistent application of the breakeven point concept, taking into account the inelasticities that accompany it.

Keywords: tight oil, shale, market dynamics, breakeven

JEL Code Q35: Hydrocarbon Resources
دریافت فوری متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات