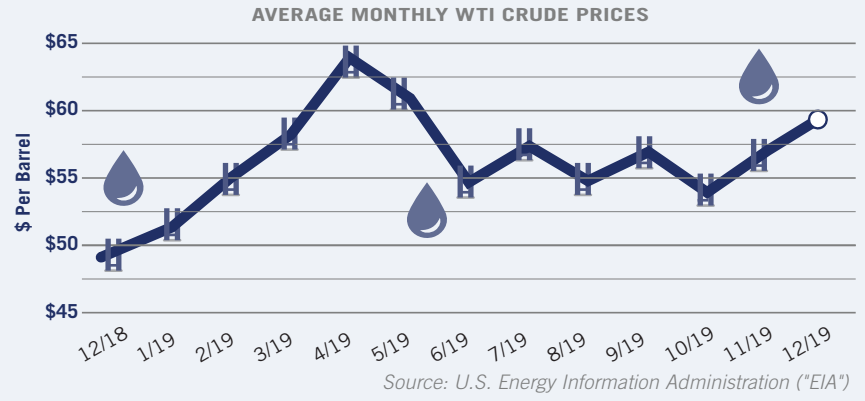


BARRELING UP AND DOWN

Oil prices have been mixed after increasing in the first four months of 2019 due to conflicting messages during trade talks between the U.S. and China. The countries finally reached phase one of a trade agreement on January 15, 2020.

RECENT EVENTS

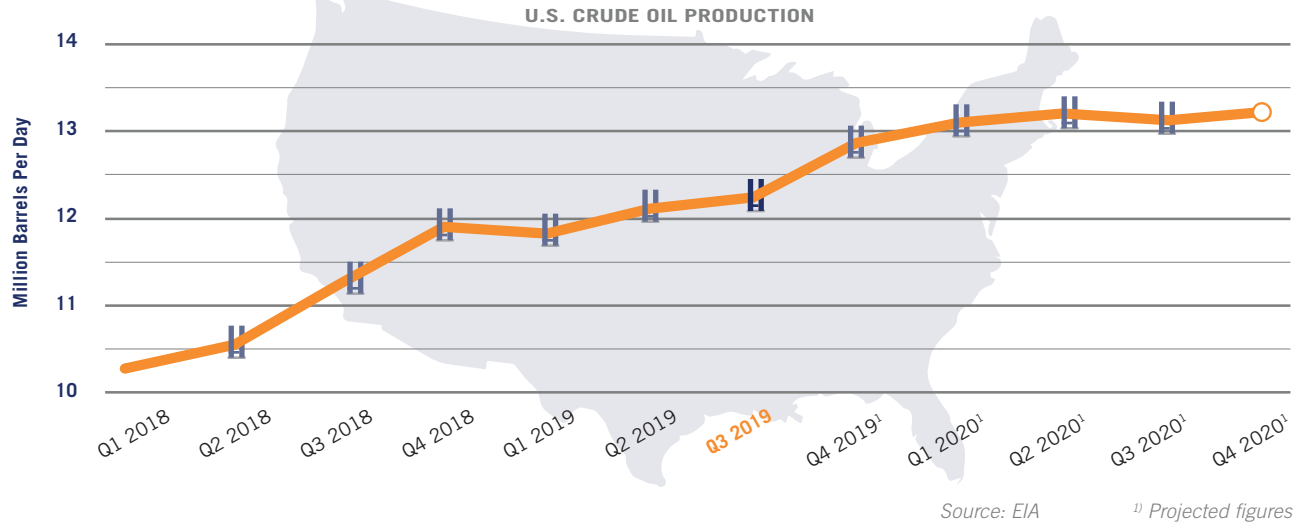
OIL PRICES



The U.S.'s high level of oil production and ability to bring production online quickly could have a stabilizing effect on oil prices should a trade agreement fail or should unrest continue in the Middle East.

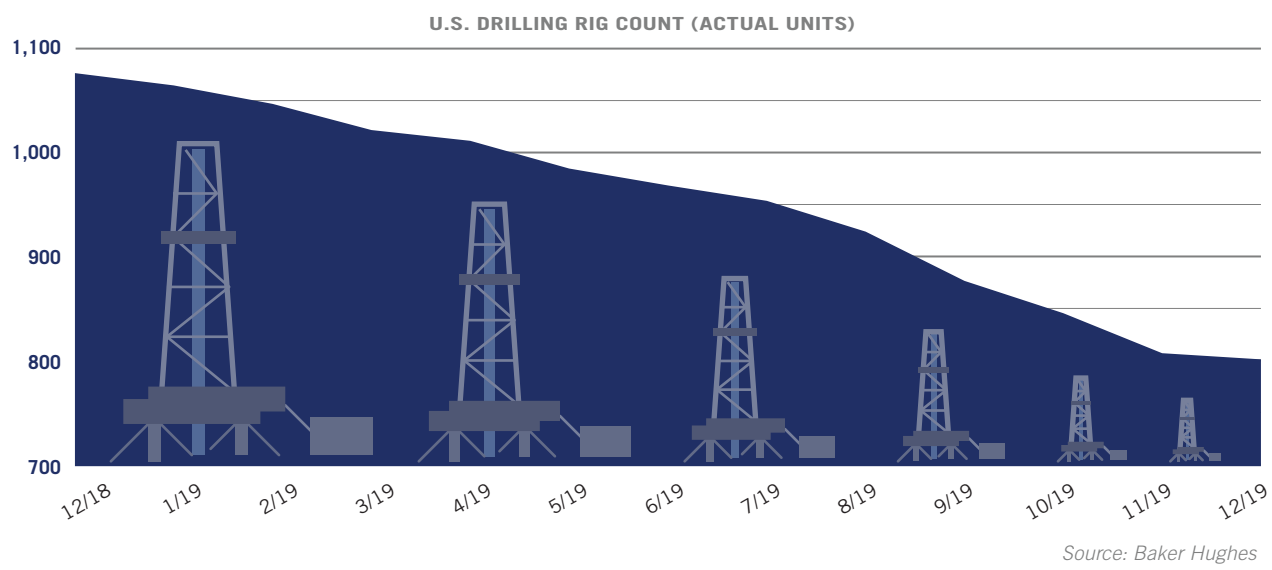
OIL TIME HIGH

Due to the shale oil boom, the U.S. was the world's largest oil producer over the past year, a title the country has not held since 1973. U.S. oil extraction hit a record of 12.23 million barrels of oil per day in Q3 2019, which is projected to increase through Q2 2020, despite a decline in the number of drilling rigs due to increased efficiency and decreased capital spending.



RIGS DOWN, PRESSURE PUMPING OUT

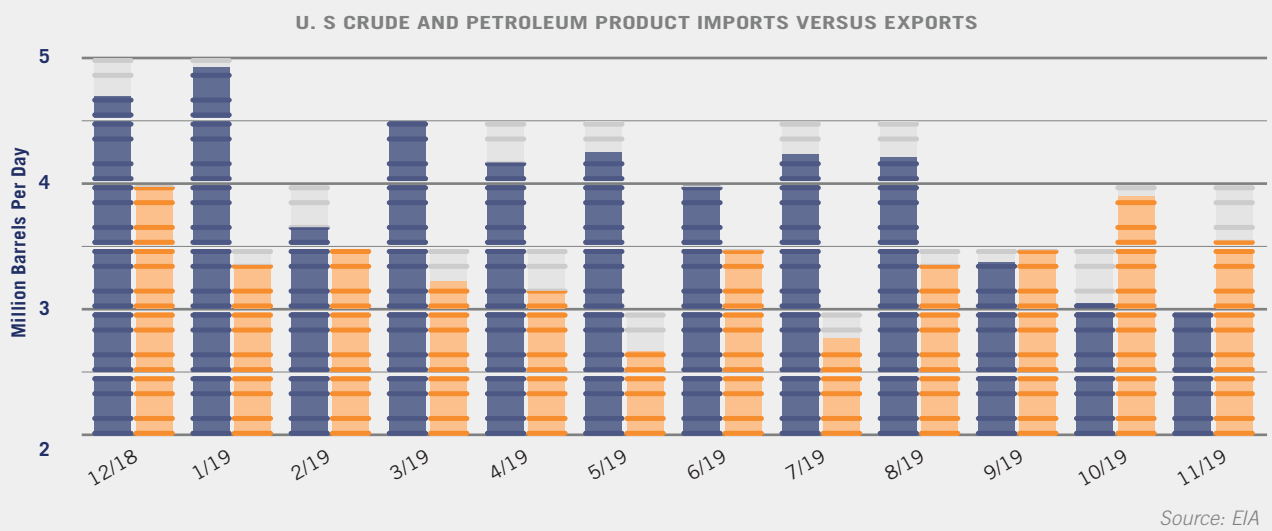
U.S. offshore drilling and completion activity levels continue to decline as exploration and production companies shift their focus to cash flows and shareholder returns. The active land drilling rig count is down approximately 25% from year-ago levels. Oilfield service companies have announced the retirement or idling of around four million horsepower of hydraulic fracturing capacity, or about 20% of the total fleet, since the third quarter of 2019.



OUT WITH THE "OIL'D"

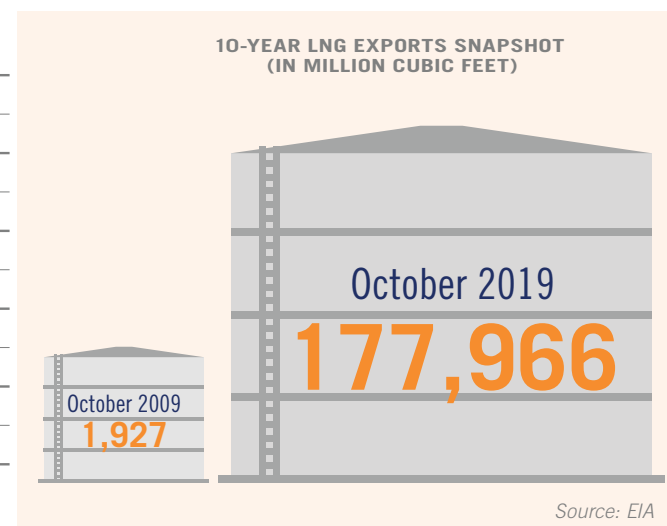
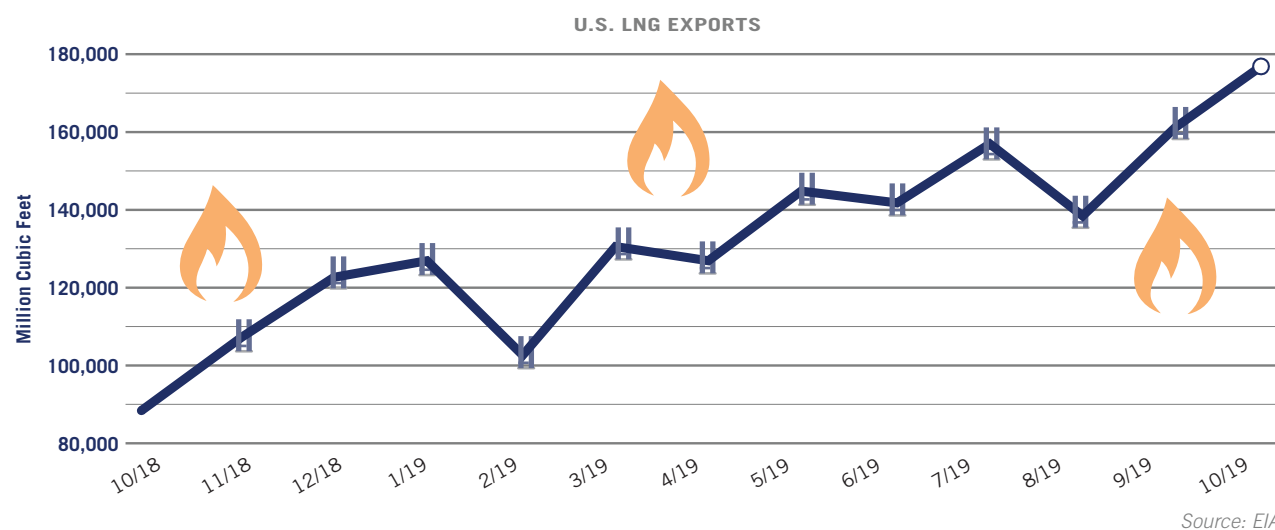
The U.S. exported more crude oil and petroleum products in September 2019 than it produced over an entire one-month period, which resulted in 90,000 barrels per day more in exports than imports. The EIA forecasts that the U.S. will continue to be a net energy exporter through at least December 2020.

Imports Exports



LIQUID ASSETS

The U.S. produced more natural gas than it consumed in the past few years due to the shale bonanza over the past decade. This, coupled with a lack of exporting ability, resulted in low natural gas prices and some industry players writing down natural gas assets. The U.S.'s expanding ability to ship natural gas by cooling it down into a liquified, low-volume state, referred to as liquified natural gas ("LNG"), has the potential to unlock foreign markets and support prices.



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