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## TRUMP ENERGY STRATEGY HINGES ON OPEC AND RUSSIA

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President-elect Trumps recent video message on his plans for his first 100 days in office singled out energy policy. Specifically, his administration plans to cancel job-killing restrictions on the production of American energy – including shale energy and clean coal \* Whether Trumps policies will result in a booming energy industry, however, depends on more than just federal policy.

The Trump energy policy may include opening up additional federal lands for oil and gas exploration, auctioning leases for offshore drilling in the Atlantic Ocean or streamlining the federal permitting process for new energy transportation infrastructure and petrochemical projects. Reducing regulations and providing opportunities for energy exploration is promising for an energy production boom, but producers and their investors are still smarting from two years of volatile oil prices that brought the price of oil as low as \$27 per barrel. The vital question is whether oil and gas companies will use this opportunity of government cooperation to invest in new projects. Will it be worth their while?

Investment in U.S. energy production dropped precipitously since 2014. Large companies scrapped mega-projects and restructured to eliminate wasteful positions, while smaller companies took on more debt, sold off assets, cut costs, merged or went bankrupt. Even now, with oil in the mid-\$40 range, companies are expanding operations only in the cheapest and easiest to access shale oil fields. For example, the Permian Basin in Texas is booming while the Bakken fields in North Dakota are quiet.

Visualization by Graphiq

Whether energy companies and their investors are willing to participate in new opportunities in the United States may rest on the outcome of the November 30 OPEC meeting in Vienna, Austria. There, ministers from OPECs fourteen member nations will consider a plan to adopt new oil production quotas that may reduce the cartels oil output by as much as 4.5% over the first six months of 2017.

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Kaynak/Source: