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### **US production today is about 13.1mn b/d, the same level as in October.**

We've essentially plateaued at this rate, with declines offsetting new production. To significantly increase oil output, we'd need to expand rigs. However, the economics are challenging due to current pricing. One notable observation is that ten years ago, both Brent and WTI prices were similar. Drilling costs have surged by about 300% since then, while oil prices remain stagnant. Consequently, operators are facing difficulties in bringing new production online, contributing to rig discipline and limited expansion compared to last year, which was still recovering from the effects of Covid. I anticipate US production to either remain flat or decrease, possibly reaching 12mn b/d by year-end.

### **Outlook for increased Venezuelan production?**

Despite the reimplementing of US sanctions, Chevron and Repsol continue their operations in Venezuela. I don't foresee a near-term slowdown or rapid growth in Venezuelan oil production. It may take up to 24 months for significant additional barrels to enter the market.

### **Will there be a significant difference in energy policy between Biden or Trump?**

The Democrats and Biden's policies lean towards renewables, some of which could prematurely shut down up to 40-50% of US oil and gas production if strictly enforced. Conversely, Republicans, likely led by Trump, may offer more favourable policies. Yet, any significant changes would entail a lengthy process of unwinding previous policies, meaning immediate impacts are unlikely in 2025. What's disheartening is the polarization between fossil fuels and renewables, neglecting the potential synergy between them.

### **What are gasoline and diesel consumption indicating about the US economy?**

In various regions, gasoline and diesel prices have converged, a stark departure from the past 24 months. This convergence suggests two possibilities for the driving season: either increased gasoline demand or weakened diesel demand, each signalling different economic scenarios. While strong gasoline demand indicates robust consumer activity, soft diesel demand could hint at underlying economic fragility, with broader implications. So, while I'm not offering a clear bullish or bearish outlook, these conflicting indicators warrant close observation in the weeks ahead.

*\*Paraphrased Comments*