

43<sup>rd</sup> Annual Ernest E. Smith Oil, Gas and Mineral Law Institute  
April 14, 2017

## LEGAL AND REGULATORY ISSUES IN LIGHT OF CURRENT DRILLING TECHNOLOGY

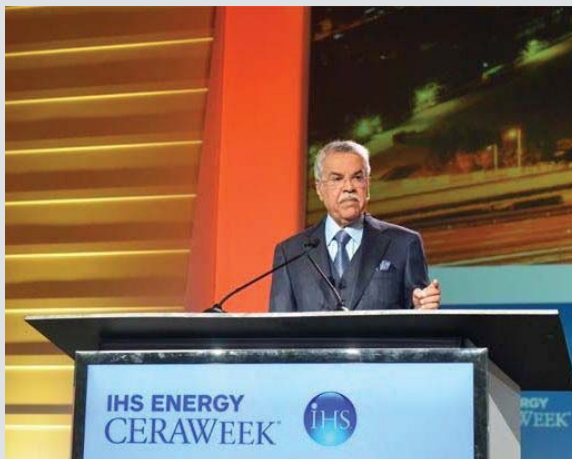
Moderator: J. Robert (Bob) Goldsmith, Jr.  
Goldsmith, Bogisch & Chaires  
Austin, Texas

Gregory S. Mathews  
Chevron USA, Inc.  
Houston, Texas

Panelists:

John B. McFarland  
Graves, Dougherty, Hearon & Moody  
Austin, Texas

## Saudi Oil Minister Ali Al-Naimi at CERAWeek 2016 Energy Conference



U.S. Producers will have to:

- BE MORE EFFICIENT
- BORROW MORE MONEY
- GO OUT OF BUSINESS

## OPEC Reaches Historic Decision To Once Again Support Oil Prices

November 30, 2016



## Saudis Seek to Reset Ties to U. S.



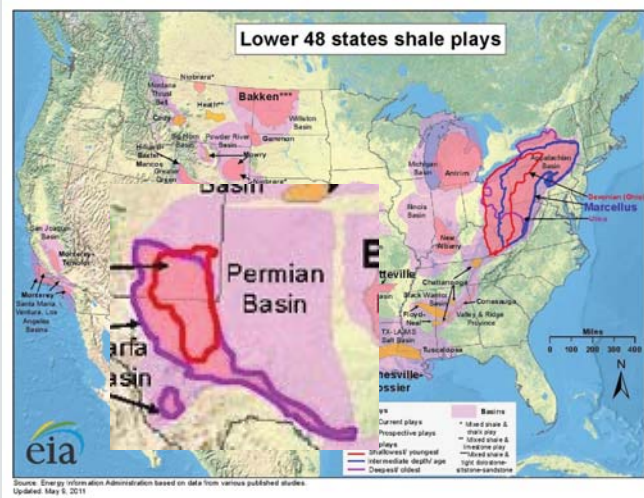
## The Domestic Oil and Gas Business Made its Last Stand in the Permian Basin

Summer 2016 –

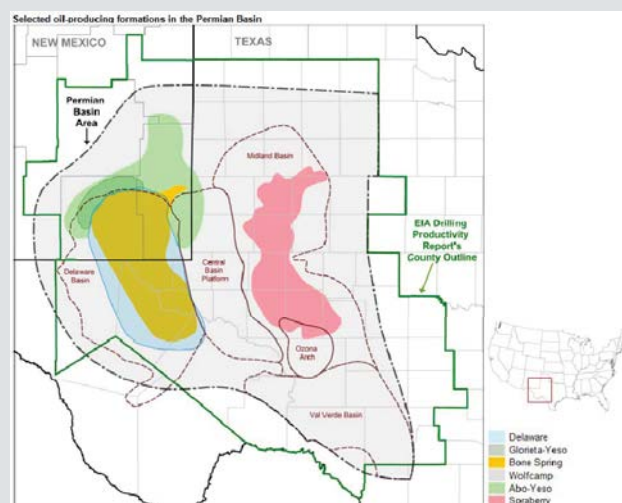
- Oil prices slightly above \$30 a barrel down from over \$100 a barrel in 2014.
- Average rig count under 550, down from over 1600 at its peak in October 2014.
- More than 40 U.S. oil and gas companies filed for bankruptcy protection.
- Surviving companies aggressively reducing their budgets.

Spring 2017 –

- Since May 2016, 105 of the 179 horizontal rigs added for drilling have been deployed in the Permian Basin.
- U.S. now the world's 3rd largest producer trailing Saudi Arabia and Russia, with 9.09 million barrels/day (MMbpd) reached in early March 2017. This is 80% higher than the 5 MMbpd of 2008 and closing in on the all-time high 10 MMbpd of 1970.
- "The Permian Basin has now become the crown jewel of the world's oil and gas industry." – Scott Sheffield, Pioneer Natural Resources.



## The Cutting Edge Legal / Regulatory Developments Are Coming from the Delaware Basin – an Area Once Known as a Drilling “Graveyard”



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## Title search: Legal and Regulatory Issues in Light of Current Drilling Technology

Also available as part of the eCourse

[2017 Ernest E. Smith Oil, Gas, and Mineral Law eConference](#)

First appeared as part of the conference materials for the  
43<sup>rd</sup> Annual Ernest E. Smith Oil, Gas and Mineral Law Institute session  
"Legal and Regulatory Issues in Light of Current Drilling Technology"