

Light Sweet Crude
and the New Mexico Economy
Carlsbad, NM
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Jim Peach
Chevron Endowed Professor
New Mexico State University
jpeach@nmsu.edu



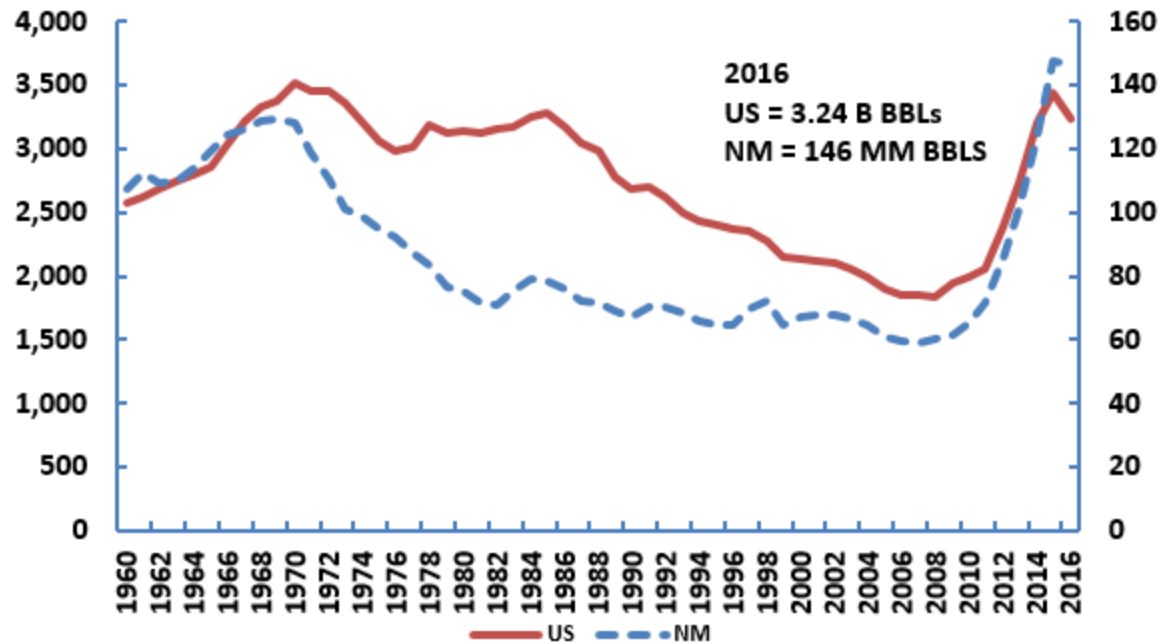
Light

- Economics is the only field in which two people can get a Nobel Prize for saying exactly the opposite thing.
- There are only two types of economists:
 - Those who can't predict oil prices
 - Those who don't know they can't predict oil prices

Sweet

US and New Mexico Production of Crude Oil: 1960 to 2016

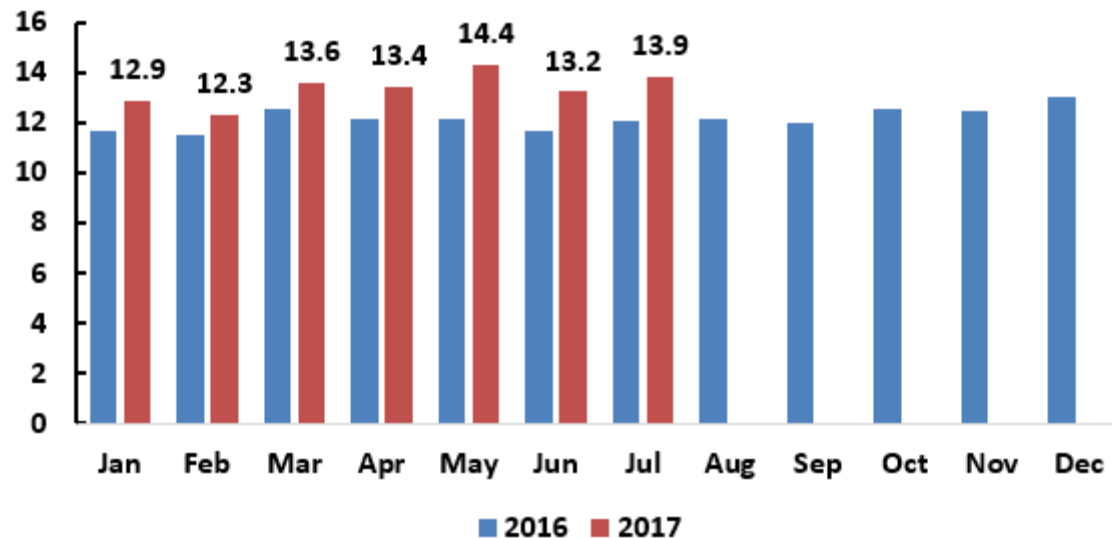
Millions of BBLs per year



Sources: 1960-1980, Petroleum Facts and Figures, p. 34. 1980-2016, Energy Information Administration,

Are you kidding me?

New Mexico Production of Crude Oil in 2016 and 2017
millions of barrels per month



Source: EIA, October 2017

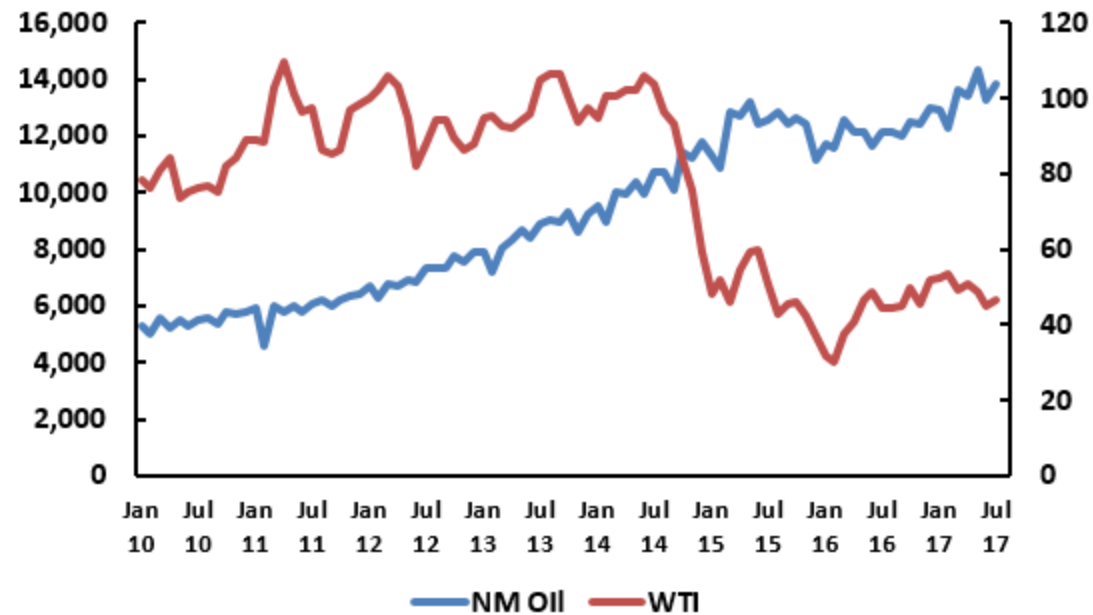
January to July Production		Full Year Production	
2016	83.9	2016	146
2017	93.7	2017	?

Production and Price

New Mexico Production of Crude Oil and WTI price

Production in 1,000 barrels per month (Left axis)

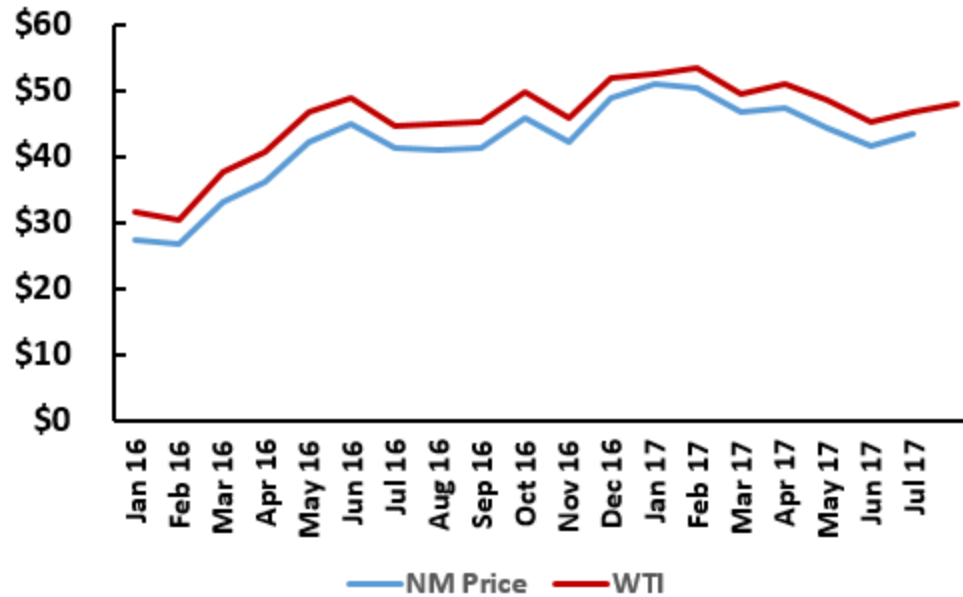
WTI price in \$ per barrel (Right Axis)



Source: EIA October 2, 2017

Difference Narrowing

NM Oil price and WTI (\$ per BBL): Jan 2016 to July 2017



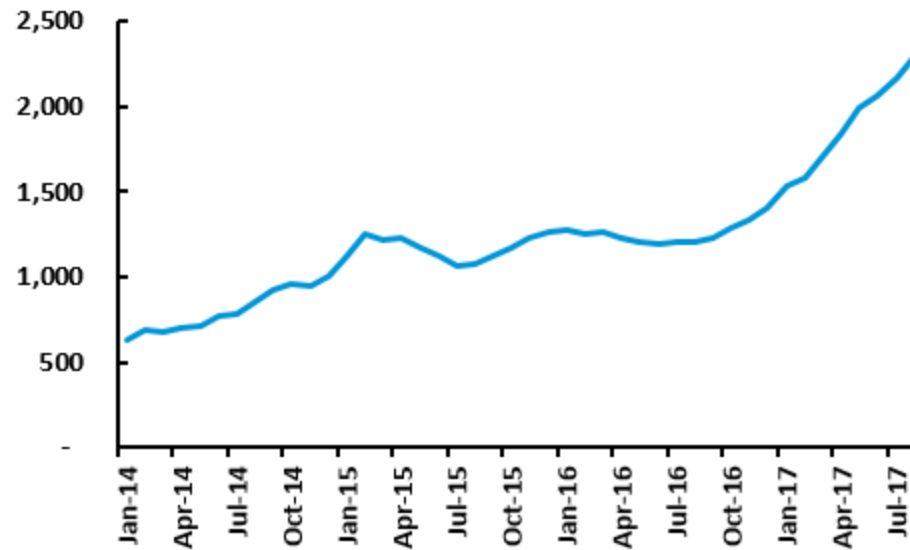
Source: Energy Information Administration and NM Oil Conservation Division, October 2017

Difference:

2016	\$3.96
2017 (Jul)	\$3.22

Why so many DUCs?

DUCs in the Permian

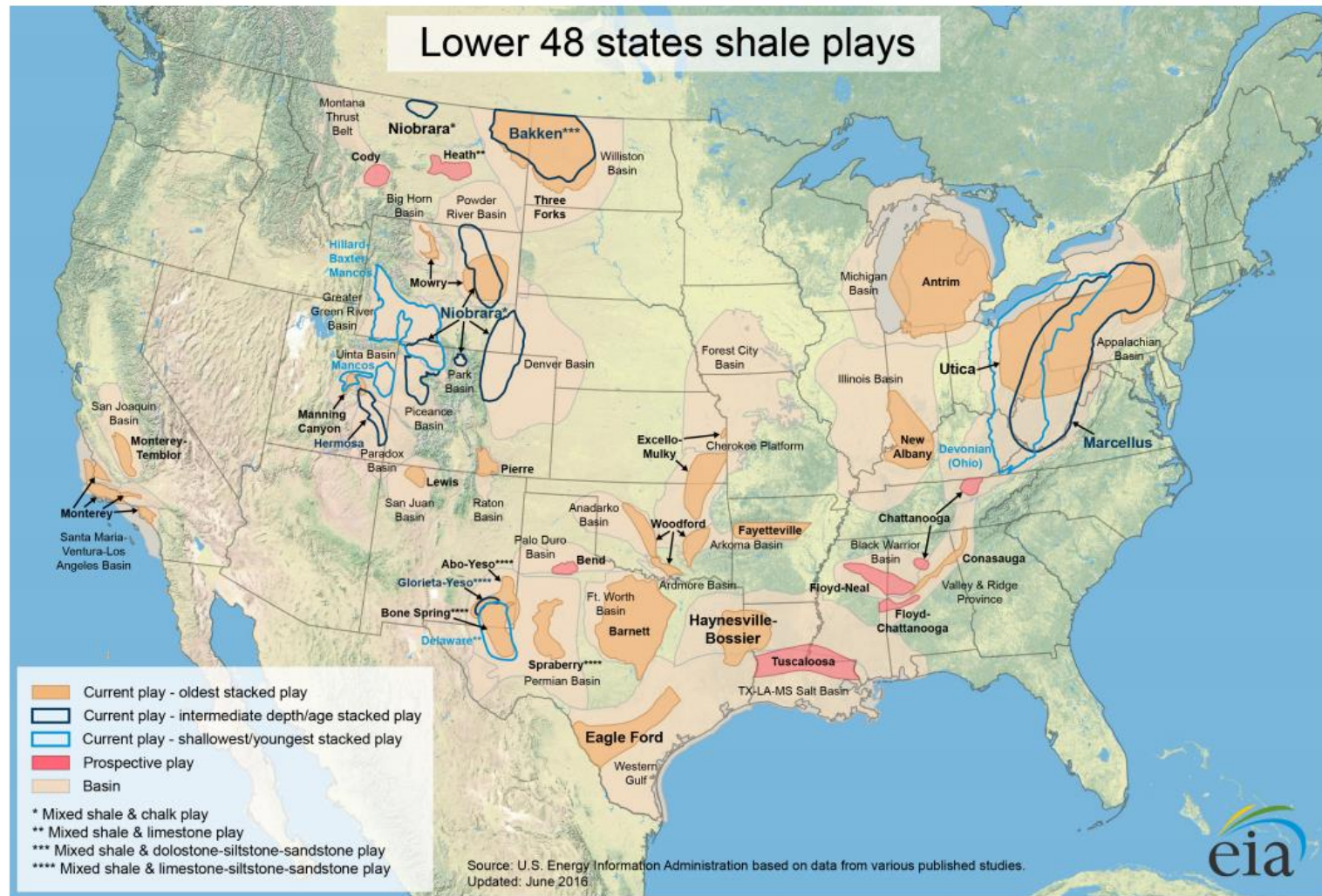


Source: Energy Information Administration, Drilling Productivity Report, Sept 18, 2017
<https://www.eia.gov/petroleum/drilling/>

Change Aug 16 to Aug 17

Permian	1,094
Total	1,083

Shale Plays

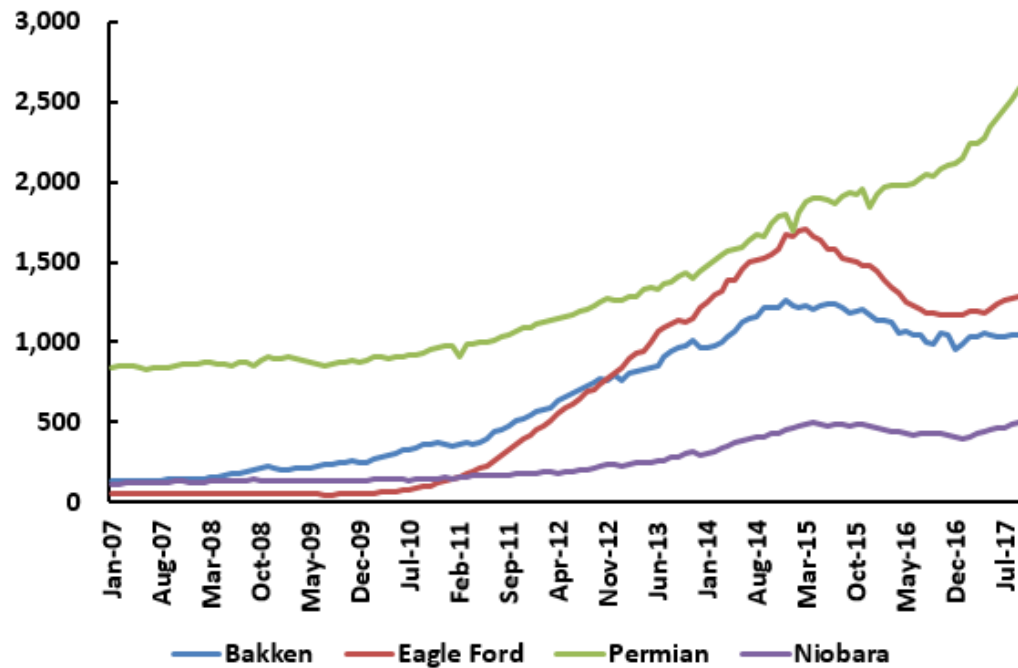


Source: https://www.eia.gov/maps/images/shale_gas_lower48.pdf, October 4, 2017

When you're hot, you're hot

Oil Production by Basin: January 2007 to October 2017

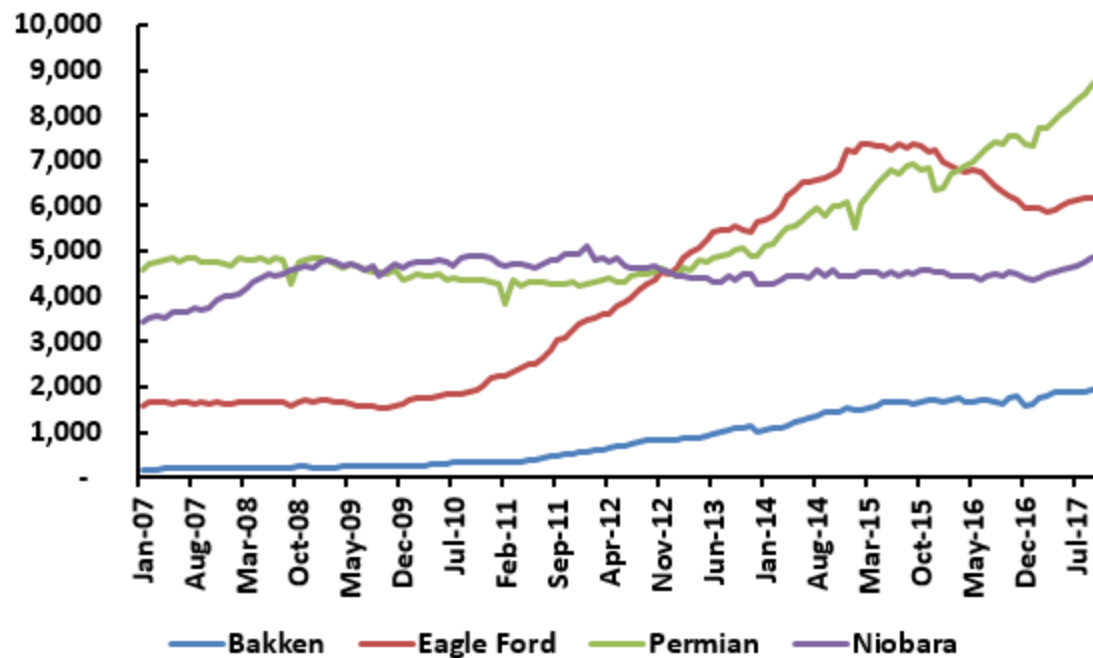
1,000 bbls per day



Source: Energy Information Administration, Drilling Productivity Report, September 18, 2017

It is not all about oil

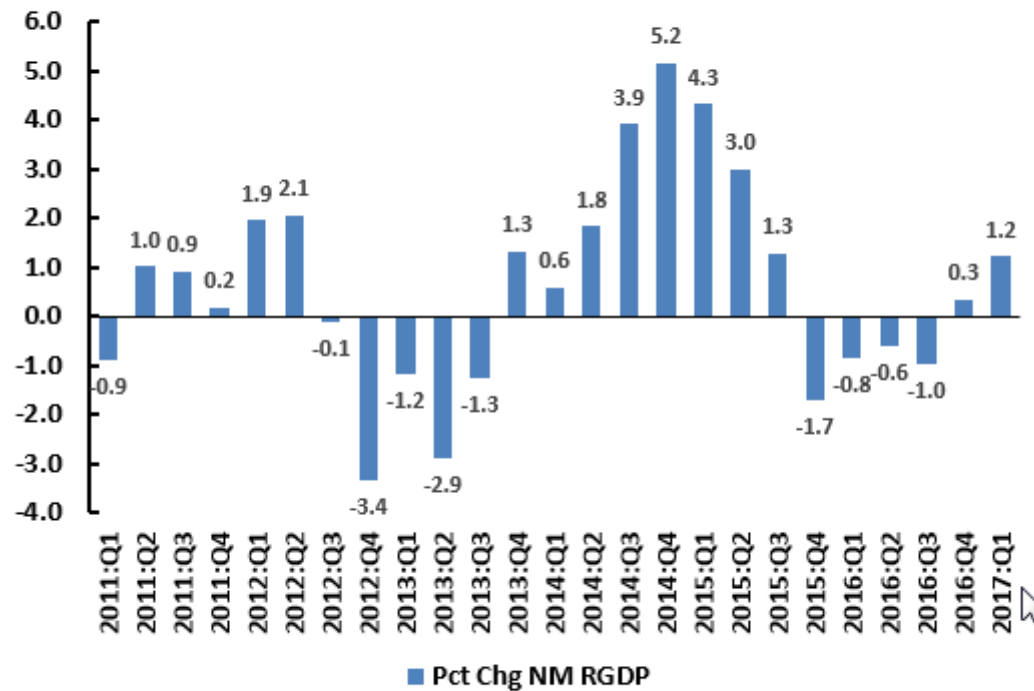
Natural Gas Production by Basin: January 2007 to October 2017
mmcf per day



Source: Energy Information Administration, Drilling Productivity Report, September 18, 2017

O&G and RGDP ?

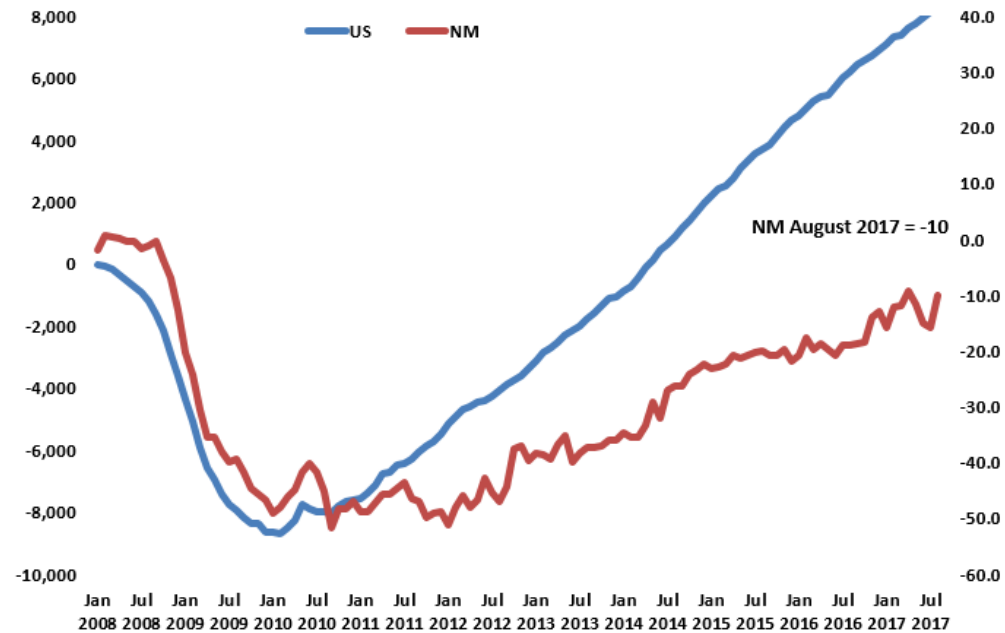
**Percent Change in New Mexico Real GDP
Same Quarter Year Ago**



Source: U.S. Bureau of Economic Analysis

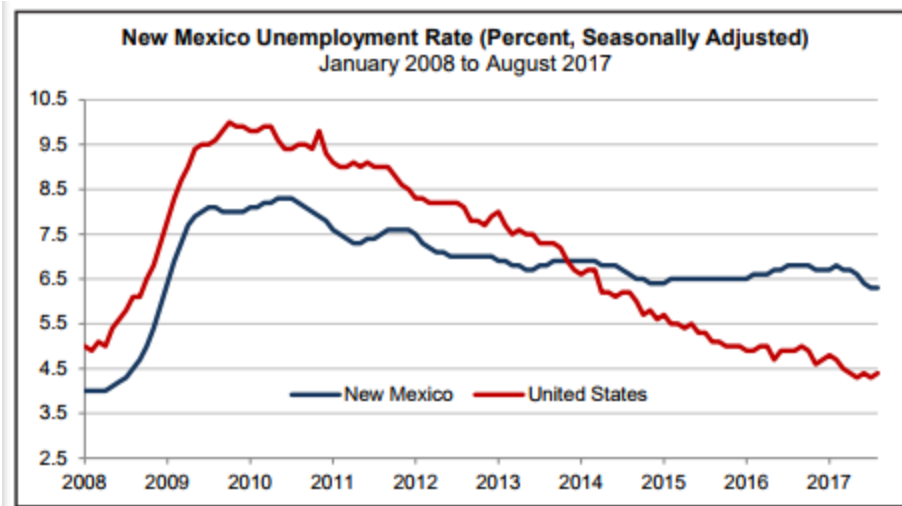
Employment

Cumulative change in non-farm payroll employment in the US and NM: Jan 2008 to August 2017
(1,000s of jobs)



Source: Bureau of Labor Statistics, September 28, 2017

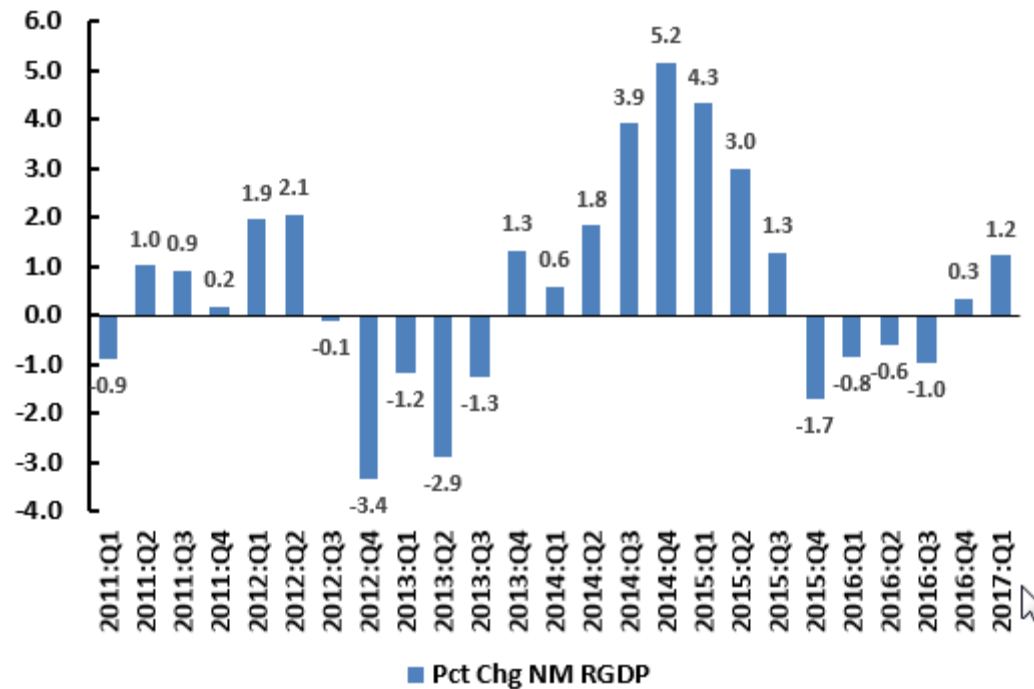
Not so sweet



Source: NM Department of Workforce Solutions, Monthly Labor Market Review, September 2017

Nothing very surprising here

**Percent Change in New Mexico Real GDP
Same Quarter Year Ago**



Source: U.S. Bureau of Economic Analysis

Light, sweet, but not cheap
Optimism? Of course.



World Series Game 4, Wrigley, October 29, 2016
Source: Jim Peach, alleged Cub Fan

Enough said!

