

Lathrop GPM Oil & Gas Market Update

Lathrop GPM's fourth annual Oil & Gas Market Update/Outlook Report identifies four trends that should be on the industry's radar in 2024. Each trend is supported by publicly-available data as well as the firm's own experience. In 2024, O&G faces production challenges, limited targets and pressure to transition, all at once.

Here are some important takeaways from the 2023 report.

- The CAPEX conundrum continues, with capital expenditure growth having slowed over the past two years. At the same time, capital expenditure in the first quarter of 2023 was 12% (US\$1.8 billion) higher compared with the previous quarter, totaling US\$16.7 billion.
- Energy efficiency is a top operational or investment opportunity for approximately two-thirds of execs heading into 2024. Along with cost and tax incentives, supply chain issues are cited by nearly half of execs in exploring diversification opportunities.
- Planned carbon capture, utilization, and storage (CCUS) projects have shown a sharp uptick over the past two years. Eighty-one percent of oil and gas execs believe that CCUS will have utility-scale application by 2034. This is contingent on pipeline development and system reliability.
- ESG implementation has not increased over the past year, and versus 2022, fewer are considering future implementation, while 7% say policies are currently under review. Execs identified an average of two reasons for implementing ESG, suggesting pressure is a catalyst, perhaps trumping relevance.

Read the full report linked here.

Past Updates

Lathrop GPM's 2022 Oil & Gas Market Update shows how skyrocketing short-term energy demand, the shift to long-term sustainability and a potential economic downturn are affecting the oil and gas industry. The annual report includes an analysis of 2022's key events and provides insight into industry expectations for the year ahead. As part of that

effort, Lathrop GPM conducted its first-ever survey of 100 U.S.-based O&G executives and incorporated a 2023 outlook section into the report based on the results.

Here are some important takeaways from the 2022 report.

- American oil and gas companies slashed debts, expanded domestic energy production and made large investments in low-carbon technologies in 2022.
- Federal tax credits and subsidies helped bolster a wide array of emission reduction projects across the industry.
- Sector is prioritizing digitization, renewable energy and the adoption of methane and carbon capture projects as part of its diversification strategy for 2023.