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Oil And Gas Industry Overview: Three Key Trends to Watch in 2025

New Report Shows U.S. Oil and Gas Leaders Navigating Carbon Reduction Initiatives, AI Integration, and Rising Costs

01/13/2025 | 2 minute read

January 13, 2025 (Denver, CO) – According to a new report from national law firm Lathrop GPM, oil and gas (O&G) decision makers are grappling with carbon reduction initiatives and artificial intelligence (AI) readiness—as well as continuing to evaluate potential mergers and acquisitions (M&A) to drive new efficiencies—amid ongoing economic, geopolitical and regulatory uncertainty.

This year's annual report, "2025 Oil and Gas Outlook and Trends," identifies three major developments expected to shape the industry in the year ahead. To support the report's external market research, Lathrop GPM surveyed 100 U.S.-based O&G executives in October 2024 on their expectations for the sector next year.

The report comes as the O&G industry faces an increasingly complex business landscape, be it anticipated regulatory shifts under a second Trump administration, the rapid adoption of new technologies or ongoing pricing hurdles. It's no surprise, then, that respondents' top three concerns for the year ahead were operational efficiency and cost management issues (52%), regulatory and compliance pressures (52%), and pricing pressures (50%).

A snapshot of the report's three key areas to watch includes:

- *Fewer than half of respondents have committed to carbon reduction initiatives like carbon capture and electrification.* Despite the U.S. government's ambitious 2030 carbon reduction goals and robust investments in clean energy, most respondents have yet to initiate actions like carbon capture (only 43% are already active in this area), carbon emissions reduction (41%), methane emissions reduction (24%) and electrification (13%). Top obstacles in pursuing such actions include cost, technological limitations and regulatory uncertainty.
- *Seven in 10 O&G companies are using (or considering using) at least one AI-integrated and/or automated technology—but implementation challenges abound.* Demand for AI continues to mount given the benefits these technologies can deliver in areas like pipeline monitoring, maintenance and reliability, forecasting and modeling. However, less than half of all respondents said their organizations are currently using AI. Top hurdles to implementation

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include lack of internal expertise, regulatory and compliance issues and lack of confidence in data integrity.

- *Only 25% of respondents say their organization is unlikely to pursue M&A in the next 12 months—and nearly 90% of those likely to participate anticipate using stock options to do so.* Technological expertise and operational efficiencies are key M&A drivers. For those pursuing such deals, leveraging stock options can help by, for instance, providing flexibility in structuring deals or leaving cash on hand to upgrade existing technology.

"Oil and gas companies are making notable strides when it comes to improving productivity and adopting new technologies," said Patrick McRorie, Chair of Lathrop GPM's energy practice. "Yet as the push for carbon reduction and AI adoption intensifies amid ongoing economic and regulatory uncertainty, there is no shortage of obstacles facing O&G executives in 2025. It should be an exciting year as major players look to M&A and further technology upgrades to stay ahead of the competition."

Read the full report [linked here](#).

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