



Houston Economy Council hosts discussion on current climate for oil and gas activity

The Partnership held its quarterly Houston Economy Council on August 4 in the Partnership board room. Partnership Senior Vice President of Research Patrick Jankowski welcomed Harold Hunt, Research Economist for the Real Estate Center at Texas A&M University, as the Council speaker. Hunt's presentation, titled "What's Happening With Oil and Gas Activity," outlined the industry's current landscape and how Houston is affected.

Hunt began the discussion with a look at where the industry is today, utilizing the Eagle Ford Shale as a proxy. There are several factors that affect the speed and number of wells drilled including pad drilling, walking rigs or those that move along rails, well space tightening, tapping other pay zones, and the amount and cost of investment capital and debt funding.

Hunt finished his presentation with both short and long term conclusions. In the short term, the Saudis will continue their production levels, draw on their financial reserves and hope to keep U.S. shale drilling contained. Additionally, crude in storage will keep prices low, and rig count will remain low through 2016 at least, maybe much longer due to technological advancements. Looking at the long term, a core of the best U.S. drilling companies will make money at much lower prices than anyone ever thought possible as technology improves.

The next Houston Economy Council is September 29.