

# Oil & Gas Market Integration

- Traditional focus on demand-side

- Marginal benefit
- Burner-tip parity

$$P_{HH,t} = T + \frac{P_{BT,t}}{P_{WTI,t}} \frac{1}{E_{BT}} P_{WTI,t}$$

- We focus on two potential supply-side connections

- Competition for inputs
  - Drilling rigs, specialized labor
- Associated-commodity flows
  - Gas from oil wells, oil & oil substitutes from gas wells