

# [***-Rystad Energy - US oil shut-ins in numbers, Expect at least 300,000 barrels per day shut during May and June***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5YSN-X301-F0K1-N272-00000-00&context=1516831)

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**Body**

US oil production of at least 300,000 oil barrels per day (bpd) will be shut during May and June, according to a Rystad ***Energy*** analysis of early communication from US oil producers.

It is unclear how much of this is due to the Covid-19 pandemic and the related drop in demand, but one thing is certain: more production is likely to be taken offline due to the low oil prices.

Analyzing communication by Continental Resources, Cimarex ***Energy***, ConocoPhillips, PDC ***Energy***, Parsley ***Energy*** and Enerplus Corporation, we estimate that oil production cuts in May and June 2020 could amount to 300,000 bpd, an increase from about 100,000 bpd of cuts projected for April 2020.

Several producers have specifically mentioned production declines as a result of well shut-ins, while others did not specify whether production curtailments would come naturally as a result of a reduction in new wells put on production, or from shut-ins of already producing wells.

Rystad ***Energy*** currently estimates that shale producers will try to deliver on announced cuts as much as possible by reducing the number of new wells put into production. Thus, base decline could provide a material portion of the reported cut. However, given typical shale operational patterns, the decline in started jobs that began in March will result in a lower number of wells put on production in May, which ultimately will not lead to a drop in peak production until June.

Therefore, given the severity of the current market situation and the significant production curtailments announced already in April, shale producers are also likely to implement well shut-ins to bring the market into balance.

Rystad ***Energy***'s ShaleWellCube

Continental Resources (CLR) stands out as having taken the most drastic action thus far. We expect about 69,000 bpd in reductions from Continental in April, followed by a cut of almost 150,000 bpd in May and June 2020. More companies are likely to follow with similar actions over the next few weeks.

ConocoPhillips (COP) is another large producer that has recently announced significant production curtailments across its portfolio in the Lower 48. The company mentioned 125,000 barrels of oil equivalent per day of gross output will be curtailed during the month of May. This is estimated to amount to around 60,000 bpd of oil net to the company.

As with Continental, the Bakken play is anticipated to be one of the primary regions for production cuts. ConocoPhillips also said it would be addressing the need for production curtailments month-by-month, hinting that cuts could easily be prolonged into the future. We currently estimate that a similar level of production curtailment might be enacted in June as well.

Cimarex ***Energy*** has elected to cut its May output by 30% or around 27,000 bpd due to the weakness in realized prices. Similarly, PDC ***Energy*** plans to reduce its May and June output by up to 30% as a result of production curtailments. The company also assumes that a certain level of reductions will be maintained in the third quarter and eliminated by the fourth quarter. The production cut for PDC ***Energy*** is thus estimated at 27,000 bpd in May and June 2020.

Even though Parsley ***Energy*** (PE) has not provided a clear statement on how much it plans to curb production over the next few months, its chief executive officer Matt Gallagher mentioned in early April that the company has begun to shut in 400 'lower-producing wells' in response to current market conditions. We estimate that such shut-ins could account for about 20% of Parsley ***Energy***'s output, or 22,000 bpd from April to June.

Finally, Enerplus Corporation (ERF) said it started to temporarily shut in selected wells across the Williston basin. The company's April production is expected to be modestly impacted by shut-in activity, but Enerplus currently expects to shut in more production in May in response to weaker oil pricing. We thus expect cuts to at least double in May and June.

'The estimated cuts from companies which have already made statements will be spread across the Lower 48 states, but production in the Williston basin will likely be affected the most. The Bakken play accounts for a high share of combined output, closely followed by Permian Delaware. Yet given the single-digit wellhead prices seen in the region recently, and overall commerciality, the shut-ins in Bakken are likely to be more pronounced,' says Rystad ***Energy***'s Vice President North American Shale and Upstream Veronika Akulinitseva.

Another key Bakken producer, Whiting Petroleum, recently filed for Chapter 11 and we anticipate its oil production could decline more quickly than previously assumed.

For more analysis, insights and reports, clients and non-clients can apply for access to Rystad ***Energy***'s Free Solutions and get a taste of our data and analytics universe.

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Rystad ***Energy*** is an independent ***energy*** research and business intelligence company providing data, tools, analytics and consultancy services to the global ***energy*** industry. Our products and services cover ***energy*** fundamentals and the global and regional upstream, oilfield services and renewable ***energy*** industries, tailored to analysts, managers and executives alike. Rystad ***Energy***'s headquarters are located in Oslo, Norway with offices in London, New York, Houston, Aberdeen, Stavanger, Moscow, Rio de Janeiro, Singapore, Bangalore, Tokyo, Sydney and Dubai.

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