



Bachelor Thesis

Review of the impact of Shale oil production on oil prices

The significant increase in the shale oil production in the US has brought about a substantial transformation in the oil markets, where the rise in the global oil prices between 2003 and 2008 acted as an enabler to produce the US shale oil. This led the US to be more energy independent and reduced its trade deficit. Additionally, it contributed to growth in non-OPEC supply accompanied with Brent prices stability in 2014. According to the US Energy Information Administration (2013), even though the US is projected to remain the dominant shale oil producer for the next 10 years, it is estimated that the technically recoverable shale oil resources outside the country are to be five times the size of that of the US. On the other hand, during the second half of 2014, crude oil prices intensely dropped by almost 60 percent. Such price collapse happened unexpectedly, and the reason for it was partially attributed to the rise in the US shale oil production.

The thesis aims to analyze the shale oil industry through discussing its recent developments and its interaction with oil prices. By reviewing and evaluating of existing literature on the profound impact of shale on oil prices, such impact encompasses at least two dimensions. The first is the direct shale production capacity effect. The second is reducing the OPEC+ market power. It is also possible to examine additional aspects.

Key tasks and objectives of the thesis

- Literature review of the impact of shale oil production capacity on historical oil prices.
- Literature review on how shale oil production affects OPEC+'s market power and, thus, its effect on oil prices.

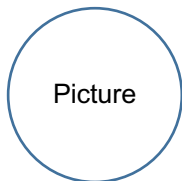
Your profile

- Study of economics, best with a focus on energy

Literature

- Behar, A., & Ritz, R. A. (2017). OPEC vs US shale: Analyzing the shift to a market-share strategy. *Energy Economics*, 63, 185-198.
- Kilian, L. (2016). The impact of the shale oil revolution on US oil and gasoline prices. *Review of Environmental Economics and Policy*.
- Mănescu, C. B., & Nuno, G. (2015). Quantitative effects of the shale oil revolution. *Energy Policy*, 86, 855-866.
- Monge, M., Gil-Alana, L. A., & de Gracia, F. P. (2017). US shale oil production and WTI prices behaviour. *Energy*, 141, 12-19.
- Tan, S. H., & Barton, P. I. (2017). Optimal shale oil and gas investments in the United States. *Energy*, 141, 398-422.
- Tokic, D. (2015). The 2014 oil bust: Causes and consequences. *Energy Policy*, 85, 162-169.

Contact



Picture

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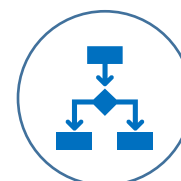
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Topics



- Shale oil production
- Oil prices

Methods



- Literature Review