

Upstream Oil and Gas Investment: The Impacts of a Weak Global Economy

Featuring Distinguished Panelists:

Alan Crain

Senior Vice President and General Counsel, Baker Hughes Incorporated

Susan Farrell

Senior Director, Upstream & Gas, PFC Energy

Adam Sieminski

Chief Energy Economist, Deutsche Bank

Guy Caruso (*moderator*)

Senior Adviser, Energy and National Security, CSIS

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Last summer, record high oil prices supported a bullish outlook for upstream investment in oil and gas. Nine months later, the worsening state of the global economy has led to a sharp decline in demand, tight credit markets, and weak prices, having plunged from their previous high. In addition, surplus production capacity is now abundant, inventories are high, and the pace of a global economy recovery and accompanying return of demand remains uncertain.

The short-term market landscape has changed dramatically and poses significant challenges to the long-term view the oil and gas industry must take in order to make necessary investments in upstream projects. Given the current global economic turmoil, what is the industry's view of oil and gas markets now and looking forward? Further, how is that view influencing upstream investment in new projects, projects continuing operations, as well as efforts to fight the unrelenting decline curve? Which projects, or segments of supply, are most vulnerable to weak prices and tight credit? And how serious is the risk that underinvestment now, combined with economic recovery and a return of demand, might lead to a future supply shortfall and high prices consistent with those seen last year?

Speaker Biographies

Alan Crain was named Senior Vice President in 2007. Mr. Crain joined Baker Hughes as Vice President and General Counsel on November 8, 2000. Mr. Crain has broad experience as a corporate legal executive, having served as Executive Vice President, General Counsel and Secretary for Crown Cork & Seal Company, and as Vice President and General Counsel for Union Texas Petroleum. Mr. Crain has also held legal positions at Pennzoil and El Paso Energy. Mr. Crain received his J.D. and M.B.A. degrees from Syracuse University, in addition to M.S. and B.S. degrees in Management Engineering from Rensselaer Polytechnic Institute.

Susan Farrell is a Senior Director in PFC Energy's Upstream & Gas practice. Susan joined the company in 2000, bringing over twenty years of experience in the assessment and implementation of strategic and investment planning for international markets. Prior to joining PFC Energy, Susan led the global strategy groups of two major oilfield service companies. From 1996 to 2000, she held the positions of Director of Global Strategy & Planning and Director of Global Marketing for Brown & Root Energy Services in London and Houston. From 1977 to 1996, she held a variety of positions in planning and international market analysis at J. Ray McDermott, in both New Orleans and London. Her final position was Director of Global Marketing. For fifteen years, Susan conducted on-site market assessments in Asia Pacific, the Middle East, Europe and North America, which were used as the framework for operating and strategy decisions. Prior to joining McDermott, Susan worked in a strategy consulting firm in Brussels, Belgium. Susan received a B.A. in Economics from Brown University and an M.B.A. from Boston University.

Adam Sieminski is the Chief Energy Economist for Deutsche Bank, working with the Bank's global commodities research and trading units. Drawing on extensive industry, government and academic sources, Mr. Sieminski forecasts energy market trends and writes on a variety of topics involving energy economics, climate change, politics and commodity prices. From 1998 to 2005 he served as the energy strategist for Deutsche Bank's global oil & gas equity team.

Mr. Sieminski was the senior energy analyst for NatWest Securities in the US during 1988-1997, covering the major US international integrated oil companies. He received both his undergraduate degree in Civil Engineering and a masters in Public Administration from Cornell University. He is a senior fellow and ex-president of the US Association for Energy Economics and also served as president of the National Association of Petroleum Investment Analysts. He is a member of the US National Petroleum Council, an advisory group to the US Secretary of Energy, and helped author the NPC's Global Oil and Gas Study: *The Hard Truths*. In addition to his affiliation with the Center for Strategic and International Studies, he is an advisory board member of the Global Energy and Environment Initiative at Johns Hopkins / SAIS. He has also served as chairman of the Supply-Demand Committee of the Independent Petroleum Association and as an advisory member of the Strategic Energy Task Force of the Council on Foreign Relations. He is a member of the London, New York and Washington investment professional societies, and holds the Chartered Financial Analyst (CFA) designation.