



Photo: MEDVIND/Bent Sørensen

2017 European Oil Resources Report: New Dynamics, Encouraging Prospects

As the EU moves forward with its energy and climate agenda, oil will continue to play an important part in the energy mix. The responsible exploration and development of Europe's own resources has the potential to **secure energy supply and government revenues** for decades to come.

The International Association of Oil & Gas Producers (IOGP) asked the international energy consultancy Wood Mackenzie to conduct an analysis of remaining oil volumes in Europe.

The main findings of the report are summarised overleaf.

Outlook for the European upstream oil sector

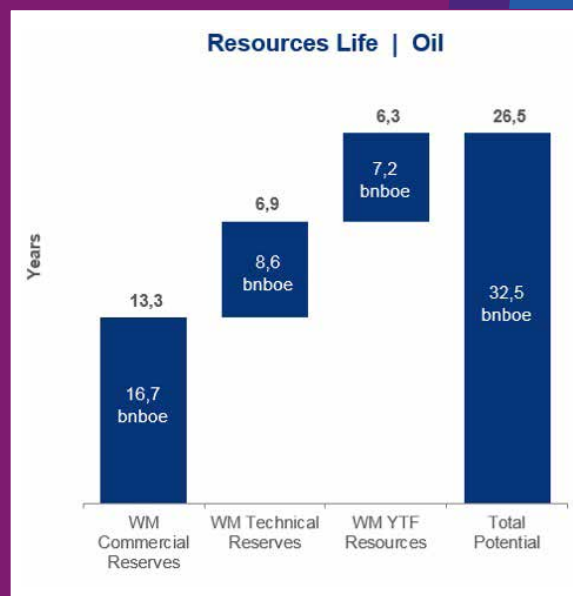
With 32.5 bnboe of existing and potential resources, Europe can sustain current oil production levels for 13 years to 26 years if it prioritises new technologies, cooperation and exploration.

The IEA estimates that **Europe will need oil to meet 17 to 25% of its energy demand in 2040**, including in a 2°C¹ scenario (down from 32% in 2016).

Today, **Europe imports around 70% of its oil demand** (9.2 mmbode/d).

Europe holds **25.3 bnboe of commercial and technical resources**, and an **estimated 7.2 bnboe of Yet-To-Find resources**. Unconventional reservoirs (not included here) have the potential to add additional resources.

By 2040, Europe could supply up to 1/3rd of its own oil if it prioritises domestic production, creating jobs and promoting an engineering skills base.



¹ IEA, World Energy Outlook 2017, pp.668-669



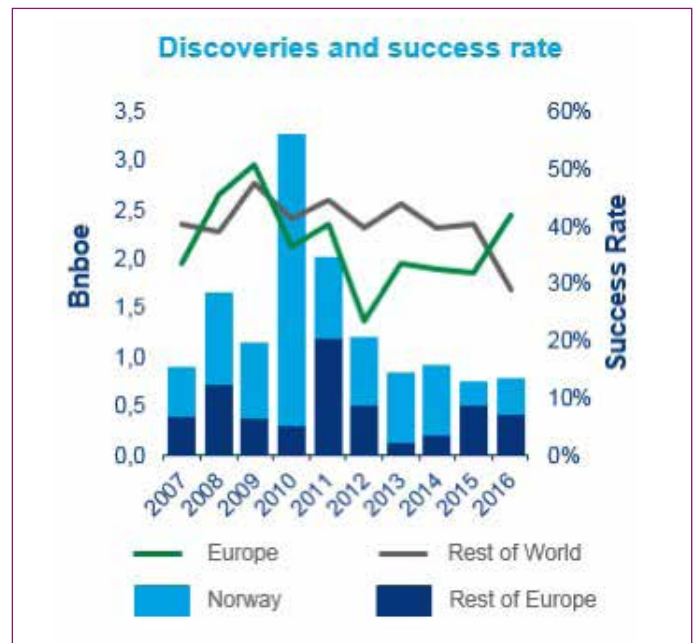
Exploration performance and competitiveness

With 20% of expected global exploration investments, as well as a series of recently successful licensing rounds, **Europe remains a highly attractive region for oil & gas producers.**

Exploration success rates in Europe have now surpassed the global average, driven by technological advances and operational efficiency.

While the North Sea continues to dominate Europe's production and resource outlook, **South-Eastern Europe and the Eastern Mediterranean hold promising potential.**

In a recent trend, the oil and gas majors explore new frontiers, while new entrants, bring new skills to mature fields. **Expectations for new finds** are on the rise, encouraged by recent discoveries.



Around €50bn in exploration spend is expected in Europe between 2016 and 2025.

Looking ahead

Europe can draw upon **significant domestic oil resources** to meet part of its own demand in a lower-carbon future, while having one of the most successful rate of discoveries in the world and lower environmental impact.

These resources will improve Europe's **security of supply and industrial competitiveness**, generate **substantial government revenues** (€35bn in 2015), and retain a **highly skilled workforce**.

Governments and Regulators can maximize the use of these resources by:

- Fostering **strong collaboration between regulators and industry** to removing operational and commercial barriers.
- Ensuring the **effective implementation of the existing Offshore Safety Directive**, before considering developing new rules.
- **Supporting new exploration** through licensing rounds to mitigate the rate of decline in European production.
- Maintain a **responsive fiscal framework incentivizing new exploration**, to then reap the benefits from potential production.

About IOGP

The International Association of Oil & Gas Producers (IOGP) is the voice of the global upstream industry. Oil and gas continue to provide a significant proportion of the world's energy to meet growing demands for heat, light and transport.

Our Members produce 40% of the world's oil and gas. They operate in all producing regions: The Americas, Africa, Europe, the Middle East, the Caspian, Asia and Australia.

We serve industry regulators as a global partner for improving safety, environmental and social performance. We also act as a uniquely upstream forum in which our members identify and share knowledge and good practices to achieve improvements in health, safety, the environment, security and social responsibility.

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All data and illustrations in this factsheet are taken from: *Wood Mackenzie, European Upstream Competitiveness Outlook*, September 2017. Report produced for the International Association of Oil & Gas Producers. 'Europe' covers EU28 + Norway.

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