



United States Soon to Pass Saudi Arabia in Oil Exports

Rystad Energy, an independent oil and gas analysis and consulting company based in Oslo, Norway, released a report on March 7 stating that the United States will surpass Saudi Arabia later this year in exports of oil, natural gas liquids, and other petroleum products, such as gasoline.

Saudi Arabia currently exports about seven million barrels of crude oil each day, along with two million barrels of natural gas liquids and petroleum products, but the United States will exceed those numbers this year, according to Rystad.

U.S. exports of oil have not exceeded Saudi Arabia's since the Middle Eastern nation first began selling oil overseas in the 1950s.

The increases in U.S. oil production, and subsequent increase in oil exports, can be attributed to two factors.

First, the continued rise in hydrocarbon extraction. CNN reported that drilling innovations have allowed tapping huge quantities of oil and natural gas resources that had previously been trapped in shale oilfields in Texas, North Dakota, and other states. The primary technological advance enabling the extraction of shale oil is known as hydraulic fracturing, or "fracking." Fracking is a technique utilizing the high-pressure injection of "fracking fluid" (primarily water, containing sand or other proppants) into a wellbore to create cracks in the deep-rock formations through which natural gas, petroleum, and brine will flow more freely.

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In an [article published](#) last November ("U.S. Officially the World's Largest Crude Oil Producer"), we noted:

The United States exported more crude oil than it imported last week, for the first time since 1943. The crossing over the threshold to energy independence was inevitable thanks to the fracking revolution and the fading influence of the OPEC cartel that has dictated world oil prices for 60 years. Michael Lynch, president of Strategic Energy & Economic Research, said, "We are becoming the dominant energy power in the world."

CNN noted that the Permian Basin of West Texas has become the epicenter of the shale boom, and that technological advances (mostly fracking) have made it possible for greatly increased production.

There was a problem with translating the increased production into increased exports, however, and overcoming that obstacle will be responsible for the second factor that will make an increase in U.S. oil exports possible.

CNBC reported on March 8 that a shortage of pipeline capacity created a bottleneck for oil being sent from the Permian Basin in West Texas to Gulf Coast ports, where it could be loaded onto tankers.





Written by [Warren Mass](#) on March 11, 2019

The report noted that “the transportation tie-up at the Permian Basin is about to ease up, and a new network of pipelines will help U.S. producers unleash more crude into the Gulf Coast and then onto the world market.”

“There’s a lot of shale capacity being prepared. There’s a lot of pipeline capacity. We’re going to triple pipelines going into the market from 3 to 9 million in three years, from last year to late 2021,” the report said, quoting Francisco Blanch, head of commodities and derivatives at Bank of America Merrill Lynch.

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