



**Day: Wednesday 26 April**

**Session: 1**

**Time: 08:45am**

## **How Exploration Will Fix Its Broken Economics**

Dr Andrew Latham  
*VP Exploration Research*  
*Wood Mackenzie*

The oil and gas exploration industry has a clear way forward: less is more. The industry will become leaner, smaller, more efficient, and more profitable. Explorers can and will fix their broken economics.

Profitability will recover even in a US\$50-60 oil price world. Tight budgets will force difficult choices and lead to enhanced prospect quality. Relentless effort will reduce costs across access, exploration and development. The latter will be key to improving resource conversion of discoveries.

Exploration will play a smaller role in reserve replacement. Improved efficiency will come from less investment and fewer, lower-risk wells. A refocused, leaner industry will discover smaller volumes. Most companies will rely more on other renewal options – unconventional, discovered resource opportunities, enhanced recovery and M&A.

Not all companies will sustain exploration as they have in the past. The corporate landscape will be less diverse. Most Majors and international E&Ps will continue centre-stage. Other US-focused or smaller players will retreat. NOCs have opportunities to boost their exploration.

### **Speaker Biography**

Dr Andrew Latham has over 25 years' experience assisting majors and independents in the development of their exploration strategy and currently works on Wood Mackenzie's Exploration Research. He provides analysis of exploration economics, strategies and industry trends. Andrew previously led the Exploration Strategy offering within the Upstream Consulting business. He worked with clients to help optimize their investments in petroleum exploration and advised on strategy, process, opportunity characterization and evaluation. As part of this offering, Andrew directed Wood Mackenzie's series of multi-client projects on exploration, deepwater and Arctic themes. He has been with Wood Mackenzie's energy team since 1995. Until the end of 2001, he managed the team responsible for Sub-Saharan Africa research products and consultancy, undertaking a range of market analysis and regional strategy projects.