

The US hasn't produced this much oil since 1986

Brad Plumer, Vox, 11-17-14

The US is now producing more crude oil than at any point since 1986, according to new data from the Ene As the chart shows, US oil production peaked back in 1970 and started declining thereafter, as many of the nation's earliest, easy-to-exploit oil fields — in states like Texas, California, and Pennsylvania — became less productive over time. In the 1970s, production picked up again after oil was discovered in Alaska, though that too eventually declined.

Only Russia and Saudi Arabia now produce more crude oil

But everything flipped in the mid-2000s. New production techniques — especially hydraulic fracturing and horizontal drilling in shale formations — became economical as oil prices rose. That allowed oil companies to extract new crude from shale formations in places like North Dakota, Texas, and New Mexico.

Add it all up, and the EIA estimates that US production of crude oil has surged from 5.4 million barrels per day in 2010 to 8.6 million barrels per day in August 2014. That's a huge increase.

Worldwide, only Russia and Saudi Arabia now pump out more crude oil, and the US is quickly closing the gap. (Sometimes you'll see news stories saying that the US is already the largest oil producer. This is only true if your definition of "oil" includes things like natural gas liquids — which are still useful, though not exactly the same as crude oil.)

US oil production is expected to hit record highs in 2015

So how high will production go?

Right now, the EIA projects that US oil production will keep increasing in the coming year until we exceed the record set back in 1970: "Higher rig counts, along with improvements in drilling productivity, are expected to increase U.S. liquids production to nearly 9.7 million bbl/d by December 2015," the agency notes.

Of course, one key question is how falling oil prices will play into all of this. The boom in US oil production — combined with weakening demand in China and Germany, plus oil production coming back online in places like Libya — have caused global oil prices to collapse. The price of West Texas Intermediate has fallen from \$100 per barrel earlier this year to around \$76 per barrel today.

Some analysts think that if prices stay around \$75 to \$80 per barrel could cause some US shale producers to reduce activity, although the exact numbers are subject to a great deal of dispute.

In the meantime, however, the combination of higher production and improved efficiency (particularly the fact that US fuel economy for cars and trucks keeps improving) has curtailed oil imports and reduced US oil dependency on foreign producers. That said, so long as the US is a major oil consumer, Americans will continue to be affected by sharp lurches in the global price of crude.