

Exxon says it can more than double output in Permian Basin

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[ExxonMobil](#), the world's largest listed oil company, has said it will be able to more than double its output in the Permian Basin region of the US and maintain it at that level for decades, in a vote of confidence in the outlook for North American shale production.

The company told analysts on Tuesday morning that it could add 350,000 barrels of oil equivalent per day from the Permian region of Texas and New Mexico, thanks to the [\\$6.6bn acquisition](#) of companies from the Bass family announced in January. Its current output in the region is 140,000 b/d.

That increase would take shale oil from the Permian and the Bakken formation of North Dakota to 20-25 per cent of Exxon's total production of crude and related liquids, up from 12 per cent today. It could be sustained on a "multi-decade production plateau", the company said.

Large oil companies including [Exxon](#) were left out of the initial boom in US shale gas and oil production, but in recent years it has been working to build up its operations, while its smaller rivals have been under financial strain from the weakness of crude and gas prices.

[Chevron](#), the second-largest US oil group, has also been building up its [operations in the Permian Basin](#).

Exxon set out the growth potential for its shale operations as it became the second large oil company to report earnings for 2016 well below analysts' expectations, following Chevron on Friday.

Earnings per share were 41 cents for the fourth quarter of 2016, down 39 per cent from 67 cents in the equivalent period of 2015, and well below the average forecast from analysts of 70 cents. The shortfall was the result of a \$2.03bn charge for a writedown in the value of some of ExxonMobil's assets, principally gasfields in the Rocky Mountain region of the US.

Darren Woods, chief executive, said the results had been affected by "the prolonged downturn in commodity prices and the impairment charge".

Mr Woods took over at the start of the year, replacing [Rex Tillerson](#), who has been nominated by President Donald Trump to be US secretary of state.

Exxon [warned in October](#) that it might have to take a writedown in its 2016 earnings, after the company faced [questions](#) from the Securities and Exchange Commission about its valuation of its assets.

However, the \$2bn charge for 2016 remains smaller than the hits taken by many other large international oil companies during the downturn. Chevron reported a \$2.8bn writedown for the second quarter of 2016.

Exxon also confirmed that it would have to “de-book” billions of barrels of oil and gas from its reported reserves as a result of the weakness in oil and gas prices, as it had warned in October, but suggested that the figure could be somewhat lower than the 4.6bn barrels it indicated then. That figure is about 19 per cent of Exxon’s reported reserves at the end of 2015.

Full details will come with company’s 10-K annual report, due in February.