10th International Oil Summit

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Closing Comments

by

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1. Oil demand will continue to decline in the short term, but will resume its upward trend, mostly in non-OECD regions, once the economy recovers. Demand will resume its growth and this may create new market tensions.

2. There appears to be a convergence of opinion between all participants that current prices are too low to justify required investments for the medium term and that they will ultimately create the conditions for another price shock.

3. There is also general agreement that a limited period of relatively low prices of, say, between $40 to 50/b may be needed to spur economic

recovery. Under current market conditions, $ 50/b is seen as a "pragmatic price" for 2009.

4. There is a clear unanimity on the need to reduce price volatility through transparency and stricter regulations in order to limit speculation, which was considered by several participants as the primary cause of the recent crisis.

5. To provide the much needed stability in world energy and oil markets, concerted action is required from all players in the industry from both consumers and producers alike, and from NOCs as much as IOCs. Some observers even suggest that the distinction between the latter should no longer be made

6. Fossil fuels will continue to dominate the energy mix, but all energy sources are needed as long as they are developed with clean and environmentally friendly technologies.

7. In spite of the reported decline in global E&P spending (a drop of 12%, according to one source), most of the biggest IOCs have pledged to maintain their long-term plans. They appear ready to respond to the demand upturn and look forward to bringing down supply costs in partnership with the service, engineering and construction companies.

8. As the global industry has less money to invest because of the ongoing financial crisis, we "are already making the oil and gas industry more cyclical".

9. The new environment may be conducive to improved NOC-IOC relationships in view of IOCs' comparatively stronger balance sheets, the need to share the risk involved in green field projects and build on their combined experience in project planning and EPC cost control.

10. In spite of the ongoing market contraction, the service industry appears determined to continue to invest in the future so as to strengthen its leading role in technology development and innovation. Service companies, at least those represented here, are prepared to embark on talks to lower supply costs on the basis of an "open book" approach, in order to consider all areas of potential savings.

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