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Has the peak of the shale revolution come and gone?

The shale revolution transformed the United States into the world's biggest producer of oil and natural gas in a little more than a decade. But now the industry is facing the prospect that the shale boom has peaked and the best days are behind it as drilling activity declines, jobs dwindle, and many of the prime oil-producing spots are depleted.

Shale's future is still a matter of debate, but there's little doubt the energy sector has suffered through a weak 2019 with a more challenging 2020 on the horizon amid middling oil prices, abundant supplies, rising bankruptcies, growing climate change concerns and historically low Wall Street sentiment. The trends are dire enough that energy analysts at the New York investment research firm Evercore ISI this month declared, "The oil 'shale revolution' is over. Finally."

The U.S. shale sector stubbornly persevered through the brutal oil bust that started in late 2014, returning to growth mode two years later. But since the end of 2018, drilling activity has steadily declined, with the number of operating rigs plunging 20 percent nationally over the past year. The rig count in the heart of the shale boom, the Permian Basin in West Texas, is down 15 percent. "It appears we've already peaked," said Evercore ISI analyst James West. "Investors are damn near catatonic. U.S. shale is not a panacea for production growth. It's quickly coming to a close."

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