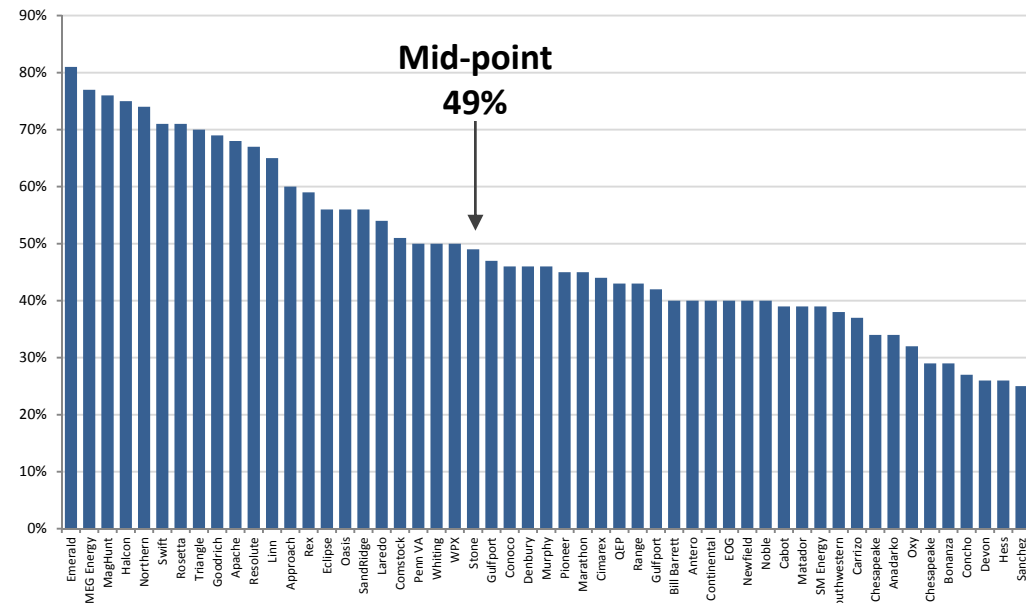


Current Response of U.S. Producers to OPEC Manipulation of Oil Prices

- Capex cut by as much as 81% (Emerald)
- Drop drilling rigs
- Defer well completions – saves 60% of CWC
 - Avoid selling flush oil and gas production in a poor market
 - Wait for service costs to fall before completing wells
- Shut in high-cost stripper wells temporarily
- Shut in production – some operators don't have to sell

2014-2015 Capex Reduction



- **\$61.2B** in capital expenditure reductions already announced for 2015*
- **230,931 direct industry layoffs***
- **~693,000 to 924,000 indirect industry jobs lost****

*Source: Company announcements as of July 10, 2015

**Based on Goldman Sachs conclusion that "each oil-sector job lost is associated with three to four fewer non-energy jobs."
 The Effect of Slowing Energy Sector Activity on Non-Energy Payrolls, April 8, 2015