

# Record Gulf oil output to average 2 million barrels daily in 2020

By **Jordan Blum** Updated 7:59 am CDT, Thursday, October 17, 2019



Photo: Shell Oil

Shell's largest floating platform in the Gulf of Mexico, the Appomattox, trekked from Ingleside in May 2018 to its location 80 miles off the southeastern coast of Louisiana. The platform is expected to start producing oil this fall.

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The Gulf of Mexico is churning out oil at record highs each year and will average 2 million barrels per day in 2020 for the first time, the federal government said.

As new projects come online, the Gulf already has averaged record highs in 2018 and now in 2019 - even with temporary outages from hurricanes and tropical storms - and despite dwindling exploration and drilling activity in the deepwater Gulf.

The U.S. Energy Department said Gulf crude output was 1.8 million barrels daily in 2018 - a new record - and that production entered this year at 1.91 million barrels daily as Royal Dutch Shell, Chevron and others brought new platforms into production.

Current production is estimated at or just a shade below 2 million barrels daily. But the 2019 average will be closer to 1.9 million barrels because of storm outages that dipped production volumes at times, the Energy Department said.

However, even with the offshore growth, the Gulf will account for a smaller percentage of total U.S. oil output than before because onshore shale oil growth has risen at a faster pace.

In 2011, the Gulf made up 23 percent of total U.S. crude production. Next year, even at 2 million barrels a day, the Gulf will only account for 15 percent, according to the Energy Department.

After all, West Texas' booming Permian Basin alone is currently churning out 4.6 million barrels of oil daily as the world's largest oilfield.

Apart from Shell and Chevron, other companies are bringing on new Gulf projects this year and next, including BP, Occidental Petroleum of Houston, Talos Energy of Houston, Fieldwood Energy of Houston, W&T Offshore of Houston, LLOG Exploration of Louisiana and Murphy Oil of Arkansas.

Eight projects were slated for completion this year with four more in 2020.

However, drilling and exploration activities in the Gulf are at some of their lowest levels since the 2010 Deepwater Horizon tragedy triggered a temporary moratorium. Instead, many companies have focused on cheaper expansion projects in the Gulf rather than push forward with multibillion-dollar new platform projects.

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