



The Incredible Oil Chart You Have to See

Description

The public is finally catching on: North America is in the midst of an energy revolution.

Thanks to new technologies like horizontal drilling and hydraulic fracturing, billions of barrels of previously unrecoverable oil and gas are now being pulled from shale fields across the continent. This industry renaissance has created hundreds of thousands of jobs, lowered energy prices for consumers, and made fortunes for investors.

After the huge run in oil and gas stocks, many investors think the bull market is over. However, according to some government estimates, America's shale revolution might just be getting started.

If you're an energy investor, you have to see this

By now you are probably aware of North America's energy bonanza. New technologies have allowed energy companies to extract oil and gas directly from the source rock, unlocking massive quantities of hydrocarbons in the process.

According to the latest data from the Energy Information Administration, proven reserves grew from 19.1 billion barrels in 2008 to 30.5 billion barrels in 2012. That's a massive 60% increase over just four years. By now, those figures are likely much higher.

The process has reversed a nearly 40-year decline in U.S. oil production. In 2008, America produced 4.96 million barrels per day. In 2013, U.S. production topped 7.7 million barrels per day — the biggest five-year increase in oil output in American history.

Here's the mind-blowing part: These could only be the early innings of America's energy boom. As you can see in the chart below, U.S. oil production is expected to grow significantly over the next 20 years.

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According to the EIA's forecast scenario, which is highlighted in grey, American oil production is

expected to peak at 13.4 million barrels per day by 2036. That means U.S. oil output could nearly *double* from today's levels. Estimates from private industry groups are even more optimistic.

While some might scoff at these numbers, bear in mind that the EIA has consistently underestimated the impact of shale drilling. Over the past few years, U.S. oil output has tracked the EIA's forecast almost exactly.

This is a giant among big trends. Over the next 20 years, the energy industry will likely see growth unlike anything seen since Spindletop.

Thankfully, Canadian investors can participate through one sector: pipeline stocks. Businesses that are able to collect, ship, and store all the energy pulled from these shale fields are poised to make a fortune. Companies like **Enbridge Inc** ([TSX: ENB](#))([NYSE: ENB](#)) and **TransCanada Corporation** ([TSX: TRP](#))([NYSE: TRP](#)) are positioned to do exactly that.

According to the investment bank Jefferies, the energy industry will need to spend \$80 billion to \$90 billion per year on energy infrastructure through 2020. This will include everything from pipelines and oil terminals to processing facilities in order to accommodate America's production boom.

Bar none, the U.S. energy revolution is the biggest investment story of the coming decade. As these companies tap into the American energy bonanza, pipeline investors could be rewarded handsomely for years to come given increasing distributions, steady cash flows, and the backlog of growth projects.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:ENB (Enbridge Inc.)
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Author

rbailieu

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