Shale drilling drops to 19-month low after output hits new high

American oil explorers, which are producing record volumes of crude, cut drilling to a 19-month low as they seek to show investors they can do more with less. Working oil rigs fell by 12 last week to 742, according to data released on Friday by oilfi eld-services provider Baker Hughes. The count has dropped by more than 140 from a November high. In the Permian Basin, 5 rigs were idled, lower- ing the count there to 429. As explorers dial back spending, Bank of America Merrill Lynch downgraded a trio of shale servicers this week, including Nabors Industries Ltd, owner of the world's biggest fl eet of land drilling equipment. “For US onshore, structural changes are accelerating,” Chase Mulvehill, an analyst at Bank of America Merrill Lynch, wrote last week in a note to investors. “Doing more with less remains prevalent across US shale, leaving a destructive impact on US onshore activity that is likely to extend well into ’20 (or beyond).” Despite the rig-count decline this year, US crude production keeps increasing. It rose to a record 12.5mn barrels a day last week, eclipsing the previous high mark set in late May, according data from the Energy Information Administration. That’s partly because producers have an ample backlog of wells that have already been drilled in the past and can be tapped for fracking, but they are also seeking bet- ter technology to get more crude from each hole. Plus, it may take a few more months for output from wells bored during last year’s drilling peak to start declining.