

Summary

The future for the oil and gas industry looks pretty stagnant, with a good chance of decline. This isn't the picture President Trump has painted with his talk of U.S. energy dominating world markets.

Despite Trump's efforts to boost the industry, the economic outlook for the U.S. fossil fuel industry is mixed at best, with natural gas as the one possible bright spot. Trump's vision of enemy dominance doesn't seem to be in the cards.

U.S. oil is seeing a future of declining U.S. and global demand for gasoline and diesel, with U.S. production also remaining stagnant. The future for natural gas production is looking rosier given increasing energy demand and possible growth in U.S. exports. From the perspective of the oil industry, this is probably an optimistic forecast. It assumes that there are no major advances in battery technology that would further accelerate adoption of EVs or sharp decreases in the price of solar. It also assumes that nuclear power doesn't expand globally, and that other countries are willing to trust the U.S. as a source of vital energy resources like natural gas. It's hard to see why they would do so, given the Administration's weaponization of trade rules.

Besides these doubts about the demand side of the market, there are also some issues on the supply side. The [Wall Street Journal](#) reports that we are about to see a decade-long decline in fracking production. Shale wells taper off quickly, so maintaining production relies on new drilling. Prices are expected to be too low to stimulate drilling. Production in the Permian grew by only a third of its recent growth level. Production in the other two large oil fields, the Bakken in North Dakota and the Eagle Ford in South Texas, has been flat. (A production surge in Venezuela is speculative, and whether future governments in Venezuela will feel bound by Trump's efforts to grab most of the profits remains to be seen.)

In terms of U.S. oil production as a whole, there's no reason to expect rapid growth. The government's Energy Information Administration (EIA) produces projections about the energy system. They're based on somewhat artificial assumptions such as no changes in policy and no big technological shifts, but they do provide a sense of what is shaping the market. The EIA's [2026 report](#) sees oil production declining a bit in the 2030s. There are several factors that shape the projections including the market for natural gas (often from wells that also produce oil), whether fuel

efficiency standards remain in effect, and whether crude oil prices increase (which would make that production elsewhere is down. EIA foresees flat U.S. refinery throughput, with a declining amount used domestically for transportation but somewhat more for industry.

These scenarios highlight the significance of fuel efficiency regulations (including pressure to move to toward EVs). If Democrats regain power in 2029, they need to move quickly to reinstate California's power to impose its own standards and resurrect ambitious federal fuel efficiency standards with real teeth. If any of Trump's anti-environmental policies has a real impact, it is likely to be his relentless promotion of gas guzzlers. But his war in Iran may have blunted that effort due to surges in fuel prices.

Returning to prospects for the oil industry, the [International Energy Agency](#) is suggesting that we are about at peak global demand for oil. The IEA (not to be confused with the US EIA!) sees demand for oil and gas as a transportation fuel entering a period of decline, with increasing demand for petrochemicals picking up the slack. EVs are about to displace 5.4 million barrels a day of global oil demand for transportation fuel, and that is likely to grow quickly.

EIA projections for natural gas are rosier, with increased exports of liquified natural gas (LNG) supporting production growth in the U.S., along with increasing U.S. power demand. On the other hand, coal declines to somewhere between 1-5% of U.S. electricity production by 2059 with the retirement of 65-80% of the coal fleet.

Energy markets are notoriously hard to predict. Over decadal periods, geopolitics, domestic policy changes, and new technologies dominate the picture. The projections I've discussed largely ignore these unpredictable shifts. Trump seems to be moving geopolitics in a direction that's likely to harm rather than help natural gas and oil exports. Clean energy technologies are more likely to make a leap forward than the more established fossil fuels technologies, which have been perfected over generations. At present, it seems like the best that Trump can expect in the policy domain is a tie, in which a highly polarized polity oscillates between opposing energy policies.

This adds up to a geopolitical climate unfavorable to U.S. exports, a likelihood that technology will boost clean energy, and at best (from the industry perspective) a policy stalemate. That's no recipe for the explosive growth of the oil and gas industry that Trump is hoping for. As far his dream to Make Coal Great Again, that

looks like a doomed quest under any set of assumptions.