Nichols in Houston Business Journal: Houston's Oil Field Service Employees Could Be Called To Build in Middle East After UAE's OPEC Exit

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Haynes Boone Partner **Jeff Nichols** spoke with *The Houston Business Journal* about the United Arab Emirates' decision to leave OPEC and how the move could reshape opportunities for Texas-based oilfield services companies and contractors.

Read an excerpt below.

Jeff Nichols, partner at Haynes Boone, told the Houston Business Journal that the move is a long time coming. He said the UAE invested $150 billion to expand its production capacity to 5 million barrels per day, but OPEC, which manages production levels of member countries, was restricting the country to just 3 million barrels per day.

"The UAE built a Ferrari, but OPEC kept forcing them to drive in a school zone," Nichols said.

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"The UAE leaving OPEC is like a massive 'help wanted' sign in Houston for the oil and gas service companies. … The oil may be in Abu Dhabi, but the brains are in Houston," Nichols said.

"The best and the brightest in the oil and gas industry are in Houston. There's no question about that. And they're called upon to go to these different countries and build out the infrastructure."

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Nichols added that spot prices right now are higher than future prices, a market condition called backwardation, so while the futures market expects prices to remain relatively high through the end of the year, prices are still expected to decrease.

"When oil companies see backwardation, they are more conservative about investing and increasing production. And with the UAE no longer a member of OPEC, that's just another factor that could lead to low oil prices in the future," Nichols said.

Read the full *Houston Business Journal* article **here**.

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