



HOULIHAN LOKEY

Oil and Gas

INDUSTRY UPDATE | Q2 2021



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Houlihan Lokey Oil and Gas Industry Update

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Oil and Gas Industry Update for Q2 2021.

We have included an overview of trends in the oil and gas industry, commodity pricing, public capital markets, M&A, A&D, and financing activity along with key data to help you stay ahead in our dynamic and constantly evolving industry. We hope you find this quarterly update to be informative and that it serves as a valuable resource to you in staying abreast of the market. If there is additional content you would find useful for future updates, please don't hesitate to call or email us with your suggestions. We look forward to staying in touch with you.

Regards,



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Key Quarterly Trends

- **Commodity Price Lookback**

- Oil demand has improved materially due to the widespread distribution of COVID-19 vaccinations and the global reopening of many economies.
- OPEC+ oil supply cuts and continued balancing efforts in 1H 2021 provided initial pricing support for crude, with WTI exceeding \$70/bbl.
 - OPEC+ met in early July to discuss JMMC's recommendation of (1) a supply increase of 400 mbopd monthly from August to December 2021 and (2) an extension of the DOC from April to December 2022, but was unable to ratify the deal due to UAE opposition. As of mid-July, negotiations were ongoing to reach an agreement with UAE.
- Gas reached a 28-month high in July 2021 (excluding the February 2021 freeze spike) due to high summer temperatures, western U.S. drought/depressed geothermal power, and declines in associated gas.

- **M&A&D Markets**

- Corporate M&A activity picked up dramatically starting in Q4 2020 and continuing through Q2 2021, including such M&A transactions as Bonanza Creek and Extraction Oil & Gas to form Civitas; the combination of Civitas and Crestone Peak; Southwestern Energy's acquisition of Indigo Resources; and Penn Virginia acquiring Lonestar, among others.
- In addition to M&A, the favorable market conditions and return of oil and gas debt markets (both public and private) beginning in early 2021 have led to the first truly constructive and robust environment for cash A&D transactions in several years, including such transactions during Q2 2021 as Oasis Petroleum's acquisition of Diamondback's (former EQP) Bakken position; Percussion Petroleum's acquisition of Oasis Petroleum's Delaware position; and Laredo Petroleum's acquisition of Sabalo Energy, among others.
- Further consolidation is both required and anticipated as companies attempt to achieve the scale necessary to drive operational and cost efficiencies and generate the consistent positive cash flow to attract institutional capital.

- **Debt Capital Markets**

- Public HY activity has rapidly increased since late Q3 2020 in response to oil and gas performance, improved cash on cash returns, capital discipline, and investors' search for yield.
 - HY issuances in 1H 2021 were up 79% and 160% YoY in terms of deal count and total issuance volumes, respectively.
 - The recent HY E&P outperformance is also evident in the continued tightening of the average yield and spread, which (in the week ended July 2, 2021) reached the lowest level since late 2018 (~5%/~400bps for "single B").
- The transformed RBL universe with multiple lenders going "risk off" with a remaining smaller, but once again active RBL lending universe versus HY (selective) "risk-on" dynamic, which (when combined) creates a number of interesting opportunities, particularly for companies lacking size/scale/leverage profile to access the latter while having insufficient RBL availability in today's environment.
 - Private debt and structured solution providers continue to offer a broad array of nimble, creative capital; bespoke solutions are available in terms of standard refinancing capital, development financing, and acquisition capital at a relatively modest spread above RBL pricing.
 - Greenshoots in the RBL market are also evident in several recently syndicated new and refinanced RBLs YTD 2021 and in certain regional banks seeking to originate new RBLs in an effort to capture market share.

Key Quarterly Trends (cont.)

- **Equity Capital Markets**

- Public equity investor appetites have continued to focus on cash flow performance and capital returns.
 - Other than the Vine Oil & Gas IPO in 1Q21, the traditional IPO market remains quiet, limiting exit alternatives for PE-backed E&Ps.
 - Accordingly, private equity is increasingly focused on scale, sustainably low leverage, cash flow generation, and creative exit alternatives (including “SmashCos” to create scale, significant “take-back” consideration).
- In this environment and given recent improving commodity prices, public equity values have appreciated materially over the recent term; the S&P E&P Index is the best performing sector, up more than 50% YTD (early July 2021).
 - This dynamic has facilitated follow-on market offerings for a number of opportunistic issuers with proceeds dedicated to deleveraging (e.g., Antero & Talos) and/or acquisition financing (e.g., SWN/Montage, Enerplus/Bruin, Northern/Reliance).
 - This capital inflow has increased M&A&D activity, as public acquirers have enhanced optionality to raise cash from equity markets to fund acquisitions.

- **Other Trends and Tidbits**

- Public E&Ps are continuing to exercise capital discipline notwithstanding robust oil prices.
- Private equity is increasingly taking into consideration P&A in underwriting processes for mature, high wellbore asset bases.
- ESG continues to be a key focus for substantially all market participants (e.g., public company sustainability reports, institutional investor investment frameworks, etc.).
- Scale to maximize cash flow efficiency remains critical to attracting institutional capital.

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Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

Corporate Finance

2020 M&A Advisory Rankings All U.S. Transactions

	Advisor	Deals
1	Houlihan Lokey	210
2	Goldman Sachs & Co	172
3	JP Morgan	132
4	Evercore Partners	126
5	Morgan Stanley	123

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 U.S. M&A Advisor

Top 5 Global M&A Advisor

Leading Capital Markets Advisor

Financial Restructuring

2020 Global Distressed Debt & Bankruptcy Restructuring Rankings

	Advisor	Deals
1	Houlihan Lokey	106
2	PJT Partners Inc	63
3	Lazard	50
4	Rothschild & Co	46
5	Moelis & Co	39

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 Global Investment
Banking Restructuring Advisor

1,400+ Transactions Completed
Valued at More Than
\$3.0 Trillion Collectively

Financial and Valuation Advisory

2001 to 2020 Global M&A Fairness Advisory Rankings

	Advisor	Deals
1	Houlihan Lokey	956
2	JP Morgan	876
3	Duff & Phelps	802
4	Morgan Stanley	599
5	BofA Securities Inc	542

Refinitiv (formerly known as Thomson Reuters). Announced or completed transactions.

No. 1 Global M&A Fairness
Opinion Advisor Over the Past
20 Years

1,000+ Annual Valuation
Engagements

Energy and Power M&A

2020 M&A Advisory Rankings All U.S. Energy & Power Transactions

	Advisor	Deals
1	Houlihan Lokey	28
1	Evercore Partners	28
3	Goldman Sachs & Co	19
4	Lazard	17
5	Moelis & Co	14
5	AlixPartners	14

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 M&A Advisor for All U.S.
Energy & Power Transactions

Global Oil and Gas Footprint: Fully Integrated Team

Houlihan Lokey's Oil & Gas Group provides global coverage via more than 60+ dedicated financial professionals, including specialized bankers, A&D/technical advisory, valuation, and capital markets teams.

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Global Head, Oil & Gas Group

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Thomas Dippel
Managing Director
Financial Sponsors

Joshua Eaves
Managing Director
Banking/Coverage

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Nick Self
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Tyler Cox
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Banking/Coverage

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Raffaello Avakov
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Financial Analyst

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Tom Seward
Managing Director

David Ho
Director

Patrick Yang
Associate

MENA

Kurt Davis
Senior Vice President

Walid Chamma
Associate

Ramzi Flayhan
Financial Analyst

Cross-Product Industry Team

Technical/A&D

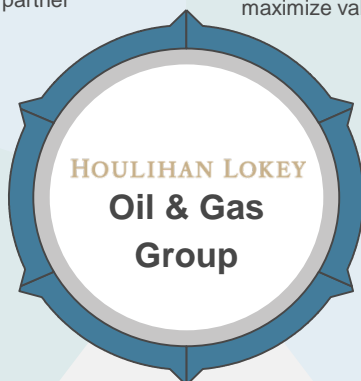
- More than \$50 billion in combined transactions.
- Specialists in:
 - Technical advisory.
 - Asset dispositions/swaps.
 - Equity/working interest sales.
 - JV structuring/partner identification.

Mergers and Acquisitions

- No. 1 U.S. M&A advisor.
- Corporate M&A/spinoff advisory, structuring, negotiation, and execution.
- Extensive reach in market trends and relationships.
- Specialize in tailored processes to maximize value for our clients.

Recapitalization/Restructuring

- We have been engaged in the most notable E&P recapitalizations/restructurings of the recent and prior commodity downturn cycles.



Capital Markets

- ~\$9 billion of capital raised in 2020.
- Market leader in custom/bespoke structure.

Financial Advisory

- No. 1 global M&A fairness opinion advisor over the past 20 years.
- 1,000+ annual valuation engagements.
- Transaction advisory services, including ability to bundle due diligence and QofE services.

Trusted Advisor

- During the past several years, Houlihan Lokey's fully integrated, cross-product Oil & Gas Group has advised on numerous capital raise, M&A, corporate finance, and recapitalization assignments in the E&P industry.

Veteran Leadership Team

- The Oil & Gas Group is a cross-product, global, industry dedicated team of more than 60 highly experienced professionals.
- Diverse set of backgrounds, including E&P companies, midstream companies, other investment banks, investment funds, and research/brokerage shops.
- A&D/technical team is led by technically focused professionals from the industry, with an average of more than 25 years of industry experience.

Selected Transactions⁽¹⁾

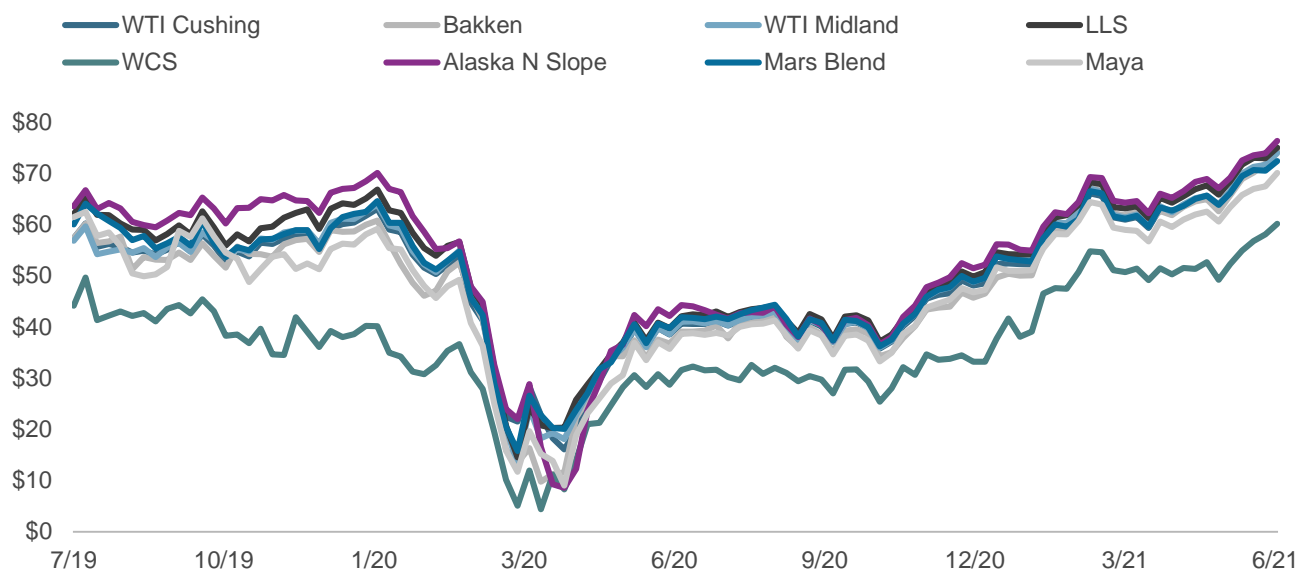
<p>Transaction Pending</p> <p>has agreed to acquire the assets of</p> <p>Buy-side Advisor</p>	<p>Transaction Pending</p> <p>has agreed to sell a 37.5% wellbore interest in certain Legacy PDP assets to</p> <p>Sell-side Advisor</p>	<p>has confirmed a "prepackaged" Chapter 11 Plan of Reorganization</p> <p>Secured Lender Advisor</p>	<p>has acquired</p> <p>Company Advisor</p>	<p>has completed a Chapter 11 restructuring</p> <p>Second Lien Noteholder Advisor</p>	<p>has been acquired by</p> <p>Sell-side Advisor</p>
<p>has confirmed a "prearranged" Chapter 11 Plan of Reorganization</p> <p>RBL Lender Advisor</p>	<p>has completed a "merger-of-equals" with</p> <p>Sell-side Advisor and Fairness Opinion</p>	<p>has completed the refinancing of Senior Secured Notes through a combined issuance of Term Loan B and new Senior Secured Notes</p> <p>\$1,870,000,000</p> <p>Joint Lead Arranger & Joint Lead Manager</p>	<p>a portfolio company of</p> <p>Reserve-Based Lending Facility Refinancing</p> <p>\$500,000,000</p> <p>Exclusive Placement Agent</p>	<p>has eliminated its incentive distribution rights through the issuance of common units to</p> <p>Financial Advisor & Fairness Opinion</p>	<p>has acquired ~44,500 net acres in Potter and Tioga Counties, PA from</p> <p>Financial Advisor & Fairness Opinion</p>

(1) Please reach out to Manny VEDI at 832.319.5135 or MVEDI@HL.com for additional Oil & Gas Group qualifications. Tombstones included herein represent select transactions closed from 2017 forward.

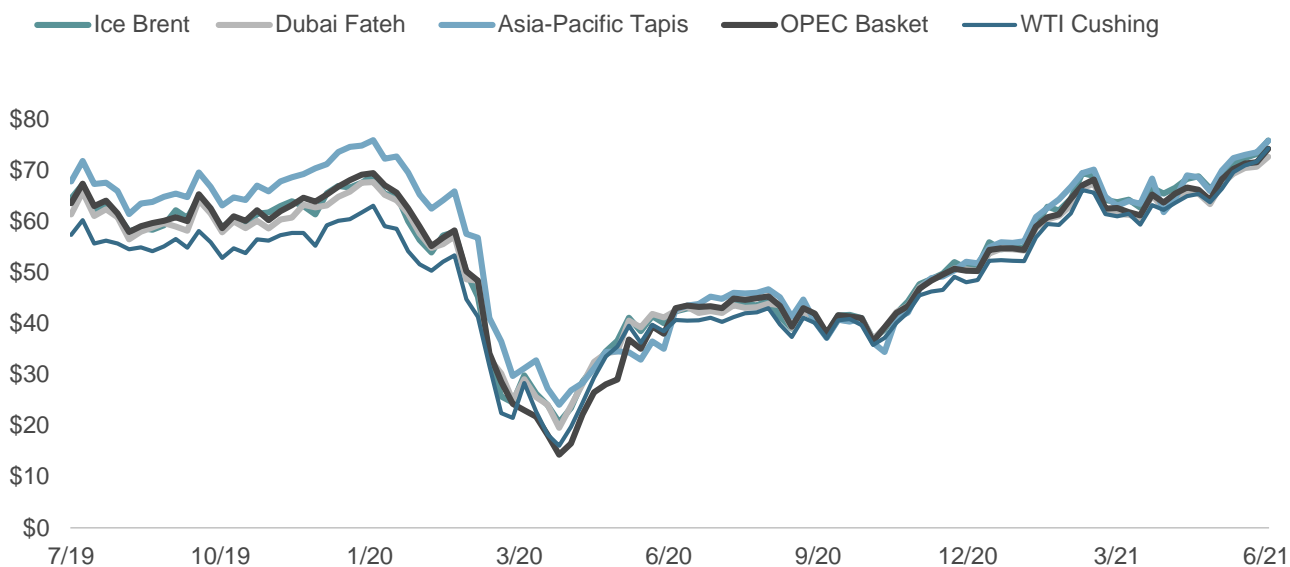
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Spot Pricing

North American Spot Prices (\$/bbl)

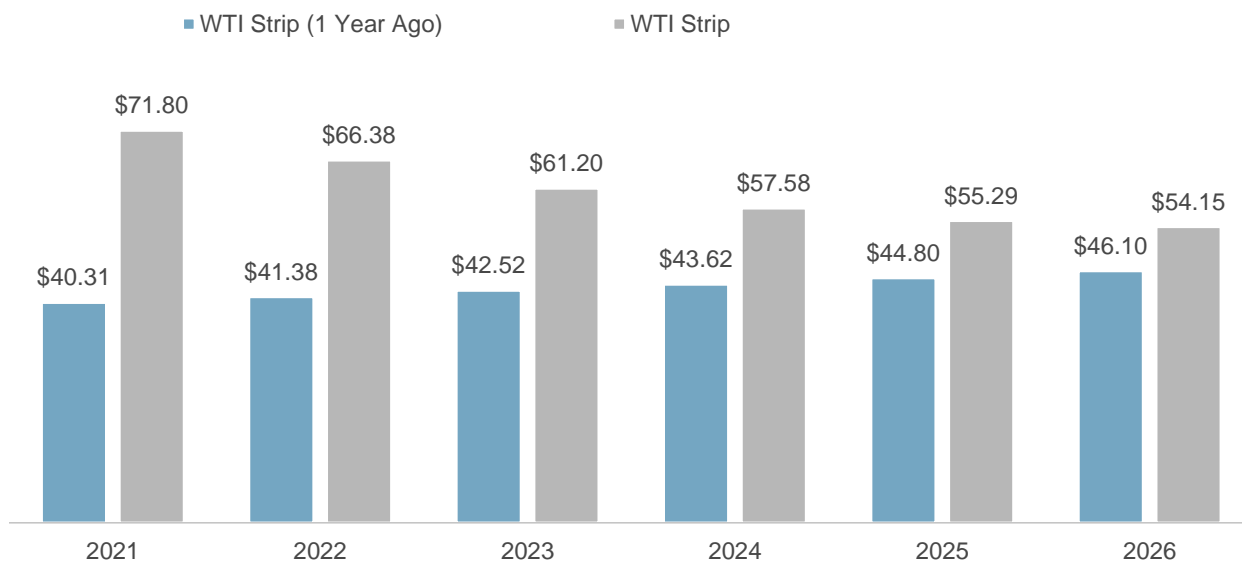


International Spot Prices (\$/bbl)

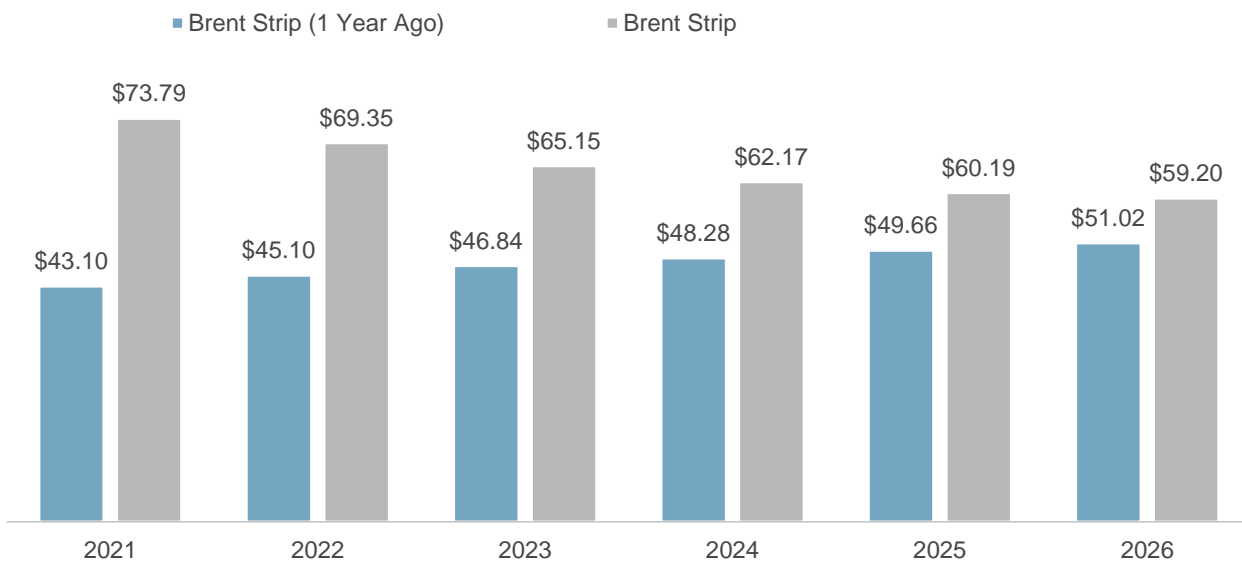


Strip Pricing

WTI Cushing Strip Pricing Comparison (\$/bbl)

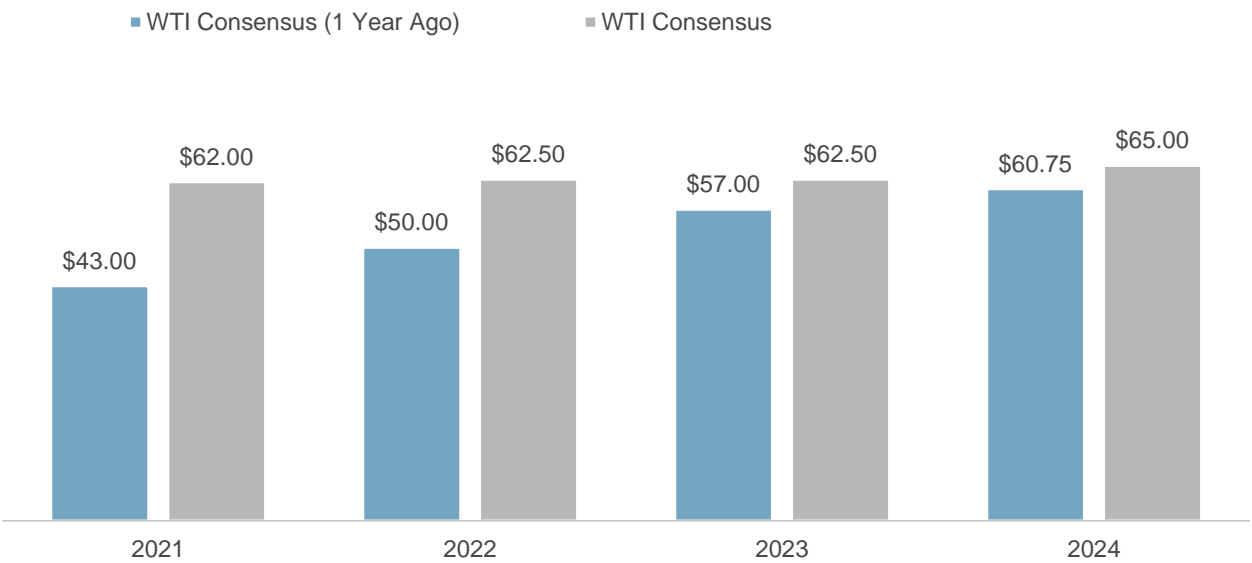


Brent Strip Pricing Comparison (\$/bbl)

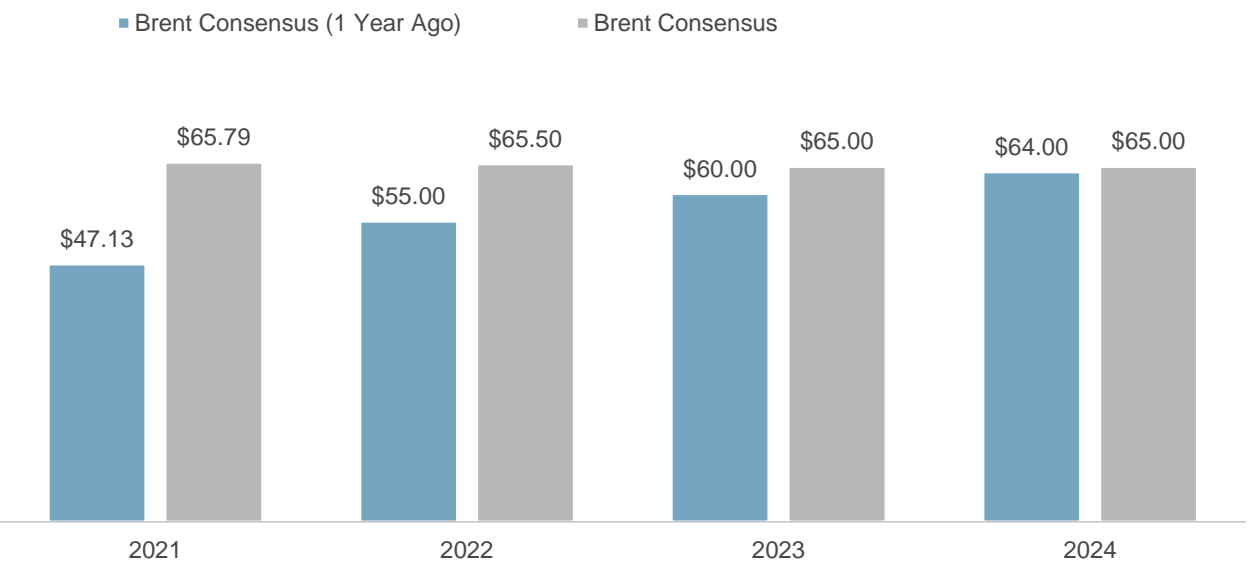


Consensus Pricing

WTI Cushing Consensus Pricing Comparison (\$/bbl)



Brent Consensus Pricing Comparison (\$/bbl)



Source: Bloomberg.
Notes: All data as of June 30, 2021. Represents the average price for the remainder of 2019 and each year thereafter.

Differentials

Regional Crude Oil Spot Pricing

Region	6/30/2021	6/30/2020	3/31/2021	YoY % Change	QoQ % Change
Brent	\$75.1	\$40.9	\$62.4	83.7%	20.4%
<i>Brent—WTI Cushing</i>	\$1.7	\$1.6	\$3.3		
WTI Cushing	\$73.5	\$39.3	\$59.2	87.1%	24.2%
<i>WTI Cushing—Brent</i>	(\$1.7)	(\$1.6)	(\$3.3)		
WTI Midland	\$73.4	\$39.2	\$59.7	87.2%	23.0%
<i>WTI Cushing—WTI Midland</i>	\$0.0	\$0.1	(\$0.6)		
Bakken	\$74.1	\$37.7	\$60.3	96.6%	22.9%
<i>WTI Cushing—Bakken</i>	(\$0.6)	\$1.6	(\$1.1)		
Eagle Ford Light	\$70.0	\$35.8	\$55.6	95.7%	25.7%
<i>WTI Cushing—Eagle Ford Light</i>	\$3.5	\$3.5	\$3.5		
WTS	\$73.1	\$38.7	\$59.6	88.8%	22.8%
<i>WTI Cushing—WTS</i>	\$0.3	\$0.6	(\$0.4)		
WCS	\$59.5	\$29.1	\$48.9	104.3%	21.7%
<i>WTI Cushing—WCS</i>	\$14.0	\$10.1	\$10.3		
Maya	\$69.2	\$36.3	\$57.6	90.7%	20.3%
<i>Maya—WCS</i>	\$9.7	\$7.2	\$8.7		
Mars	\$71.6	\$40.4	\$59.5	77.4%	20.5%
<i>WTI Cushing—Mars</i>	\$1.8	(\$1.1)	(\$0.3)		
LLS	\$74.2	\$40.6	\$61.4	82.8%	20.8%
<i>LLS—Maya</i>	\$4.9	\$4.3	\$3.8		
ANS	\$75.6	\$42.9	\$62.3	76.3%	21.3%
<i>Brent—ANS</i>	(\$0.4)	(\$2.0)	\$0.1		

Source: Bloomberg.

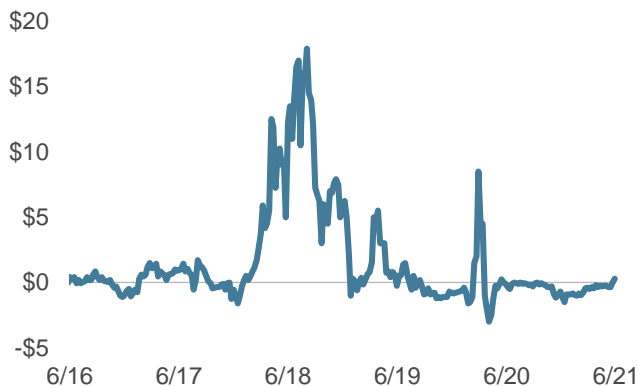
Notes: All data as of June 30, 2021. Data collected on a daily basis.

Differentials (\$/bbl)

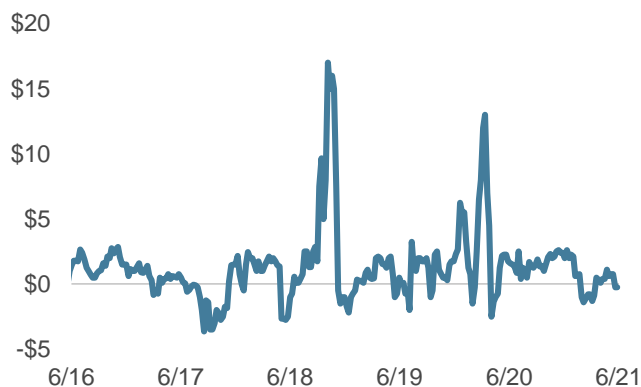
Brent—WTI Cushing



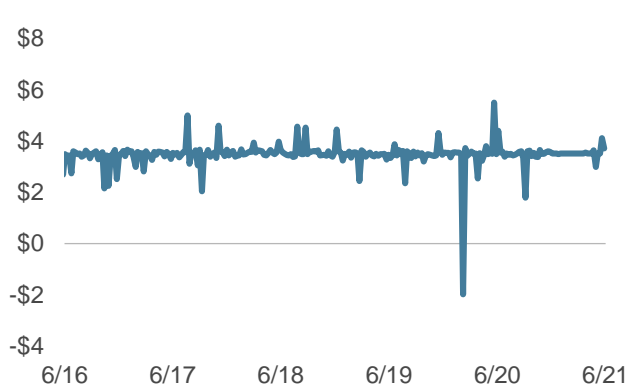
WTI Cushing—WTI Midland



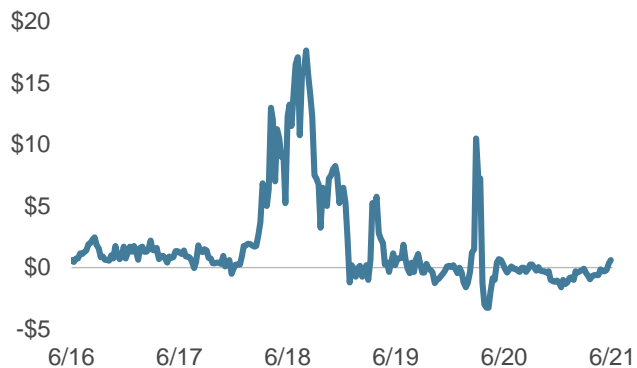
WTI Cushing—WTI Bakken Clearbrook



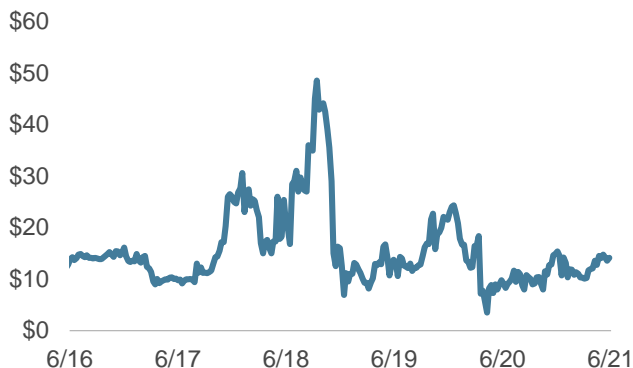
WTI Cushing—Eagle Ford Light



WTI Cushing—WTS

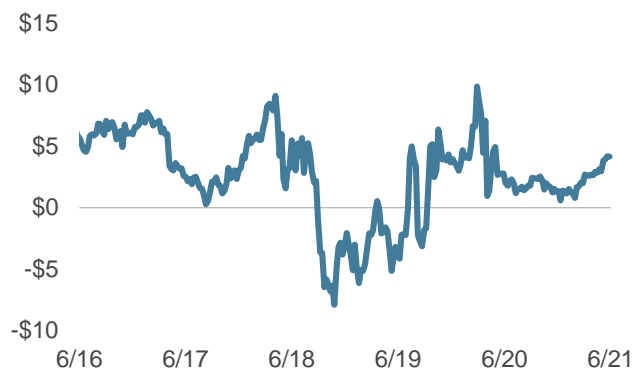


WTI Cushing—WCS

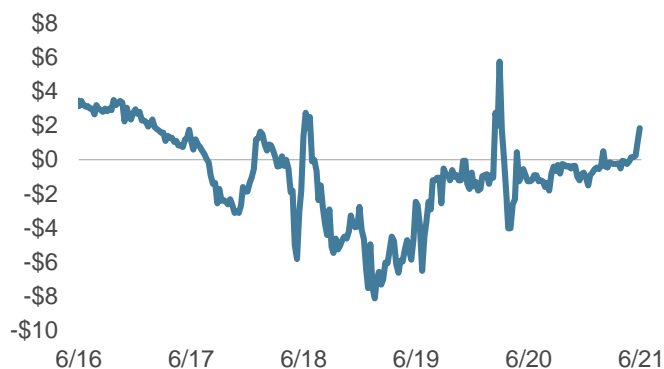


Differentials (\$/bbl) (cont.)

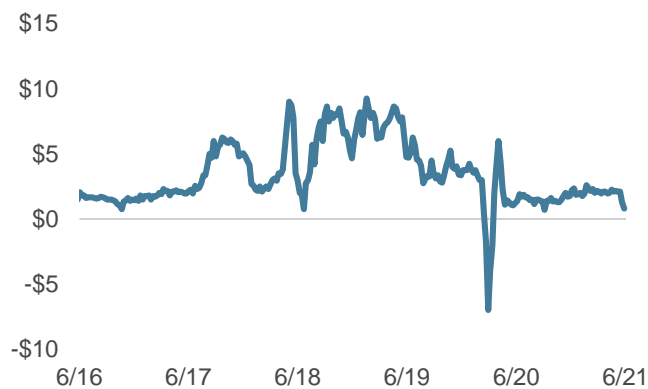
WTI Cushing—Maya



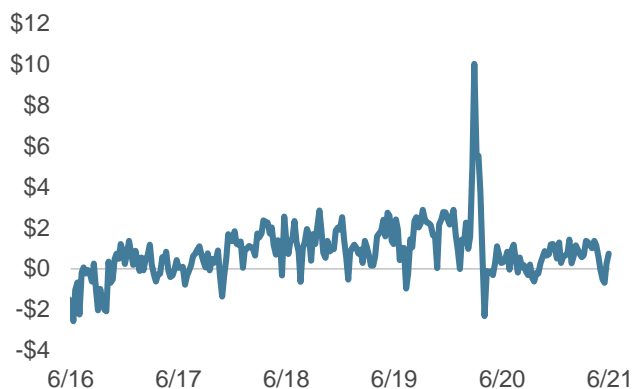
WTI Cushing—Mars



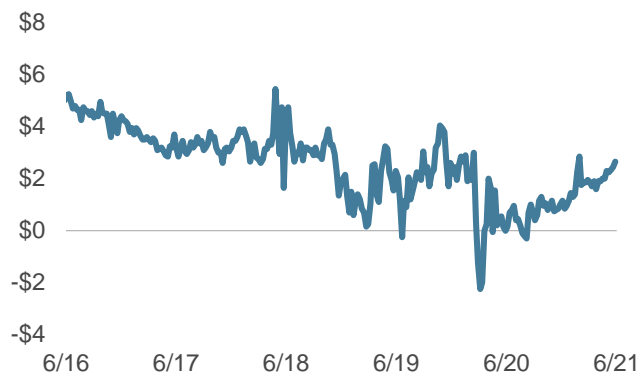
LLS—WTI Cushing



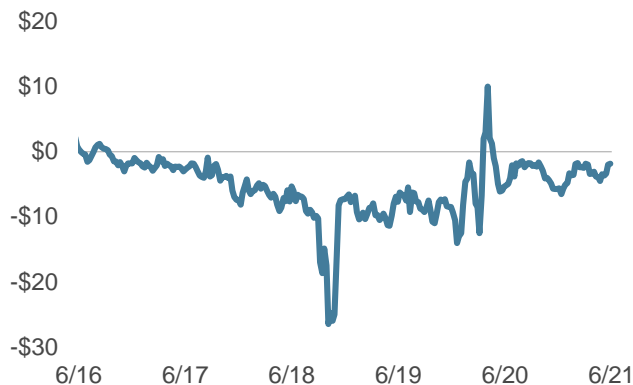
Brent—LLS



LLS—Mars

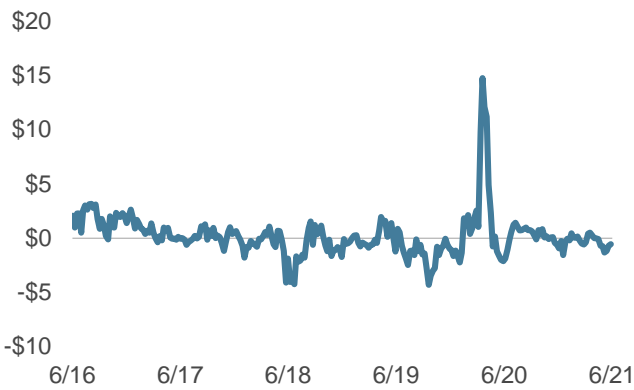


Bakken—ANS



Differentials (\$/bbl) (cont.)

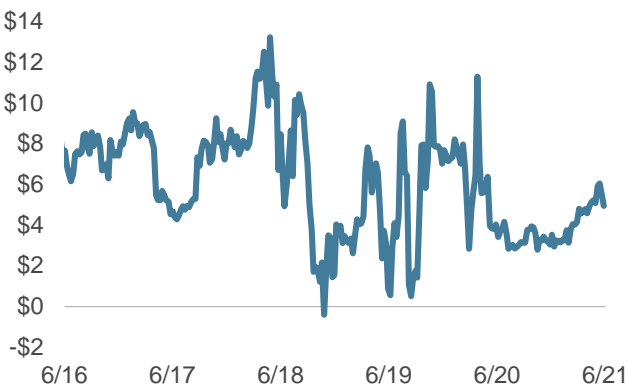
Brent—ANS



Maya—WCS



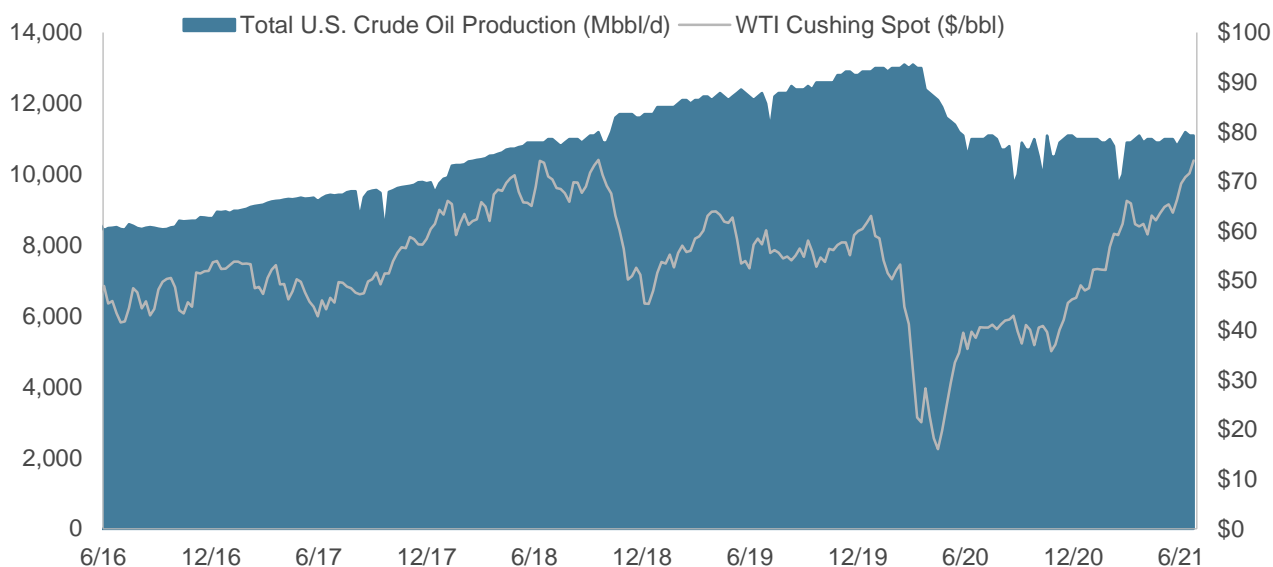
LLS—Maya



Source: Bloomberg.
Notes: All data as of June 30, 2021. Data collected on a weekly basis.

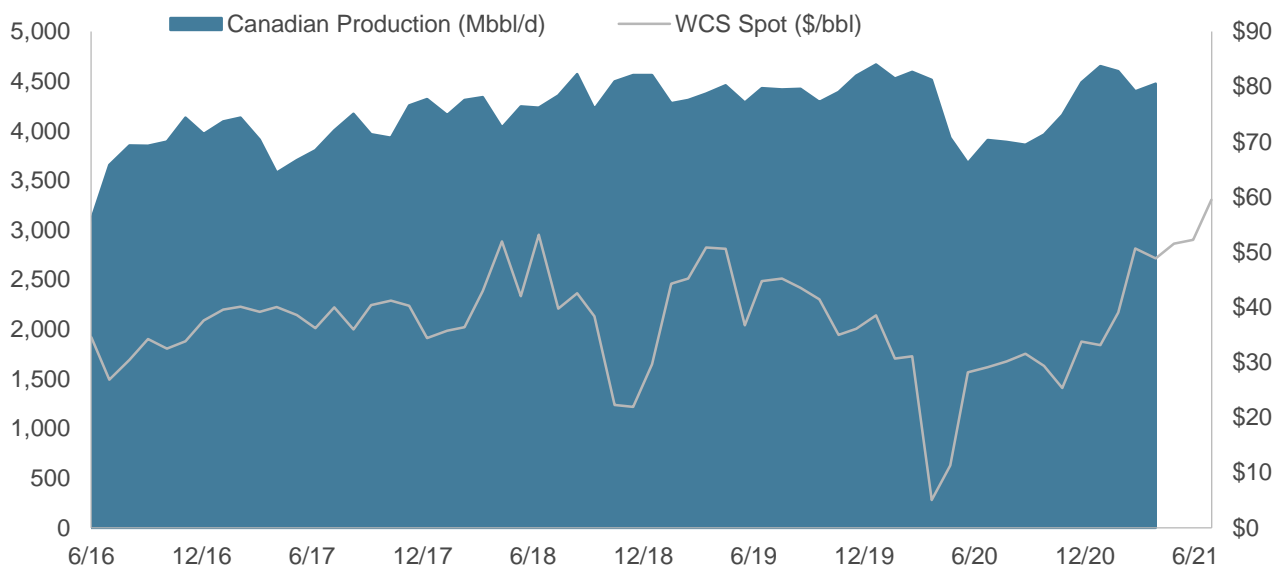
Production

U.S. Production (Mbbbl/d) vs. WTI (\$/bbl)



Note: Data collected on a weekly basis and is subject to a one-week lag for production.

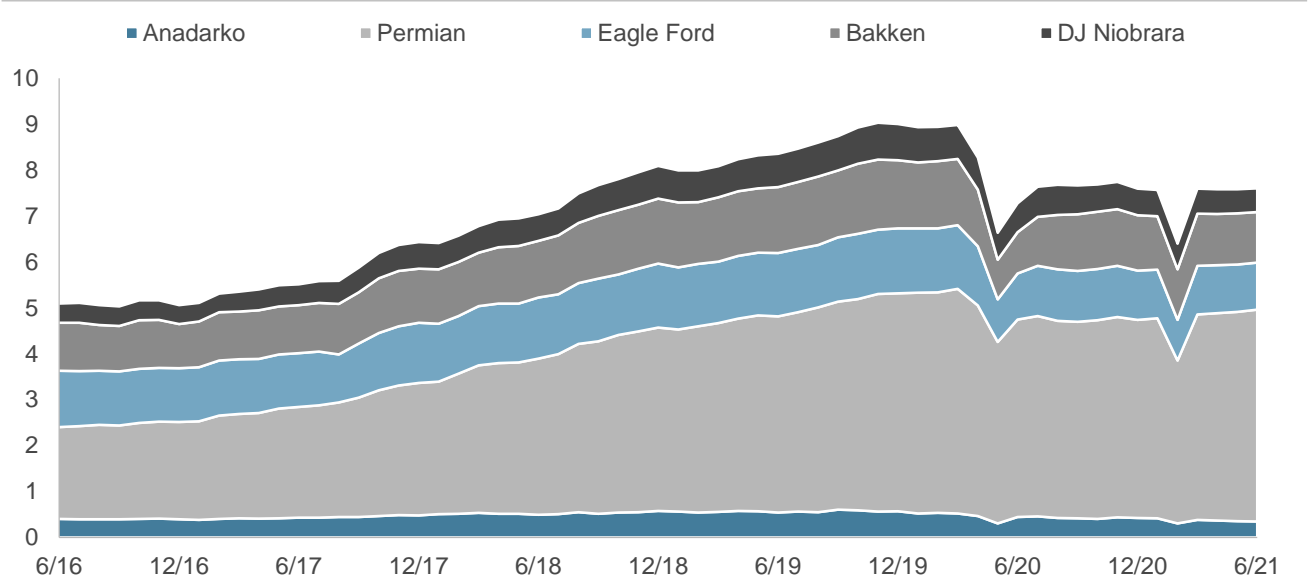
Canadian Production (Mbbbl/d) vs. WCS (\$/bbl)



Note: Data collected on a monthly basis and is subject to a one-month lag for production.

Production (cont.)

Production in Select Regions (MMbbl/d)⁽¹⁾



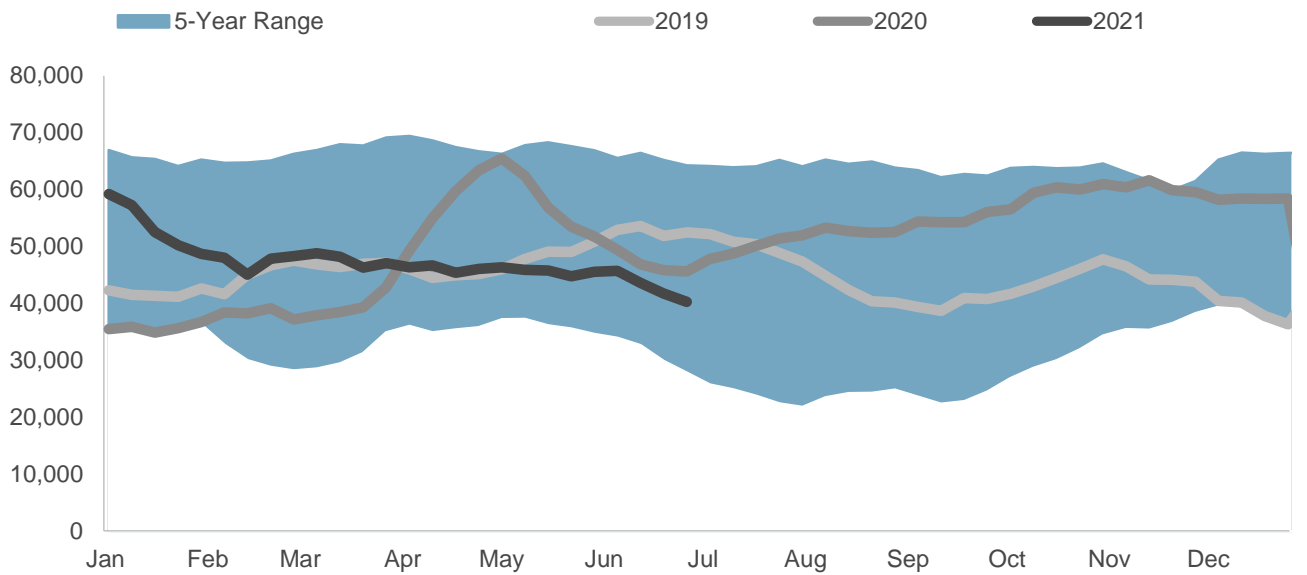
Sources: Bloomberg, EIA.

Notes: All data as of June 30, 2021. Data collected on a monthly basis.

(1) EIA's drilling productivity report uses recent data on the total number of drilling rigs in operation, along with estimates of drilling productivity and estimated changes in production from existing wells, to provide estimated changes in production for key regions.

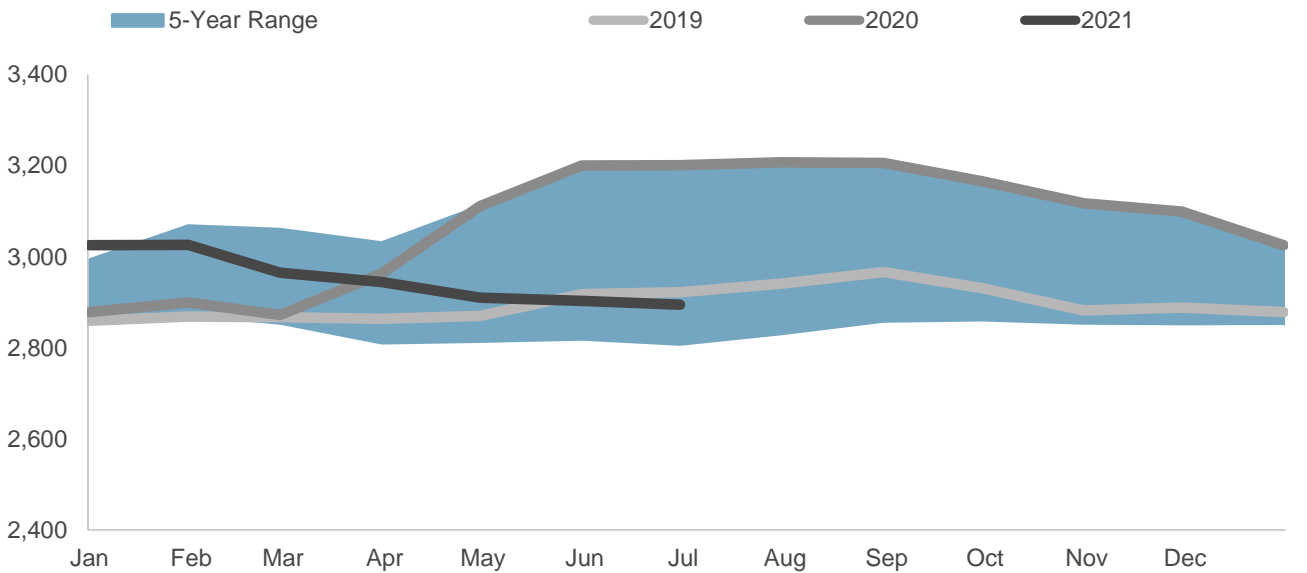
Inventory

U.S. Cushing Crude Inventory (Mbbl)



Note: Data collected on a weekly basis.

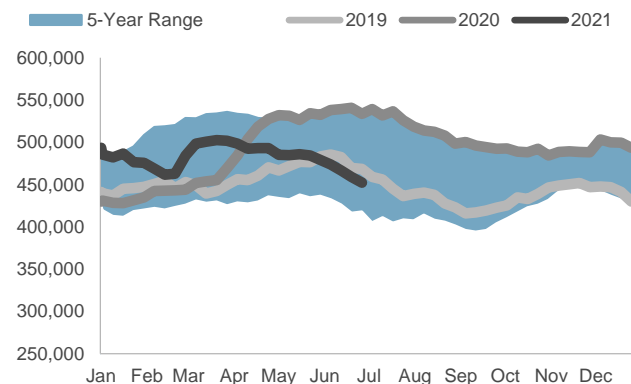
OECD Commercial Inventories (MMbbl)



Note: Data collected on a monthly basis.

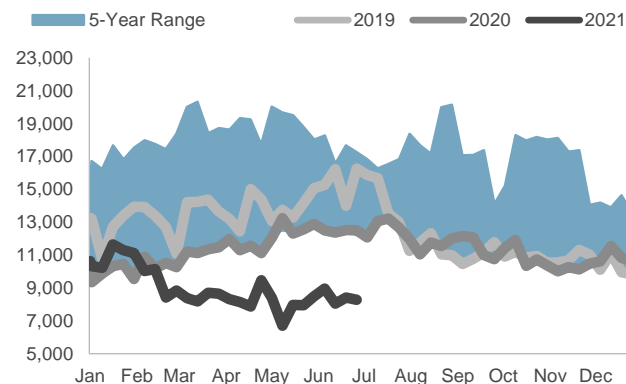
Inventory (Mbbbl)

Overall U.S. Crude Inventory

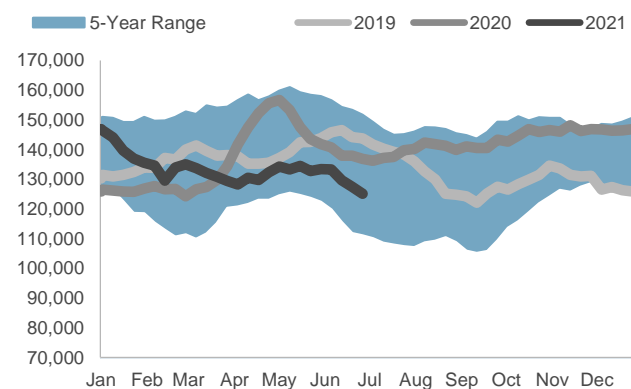


Note: Excludes strategic petroleum reserve (SPR).

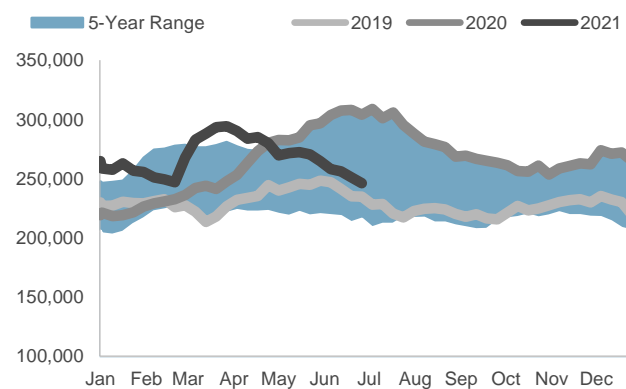
PADD I



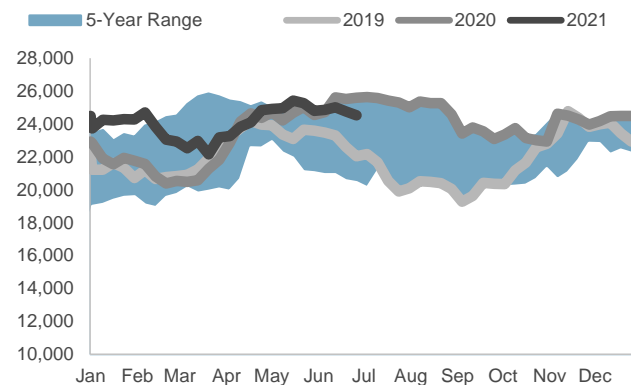
PADD II



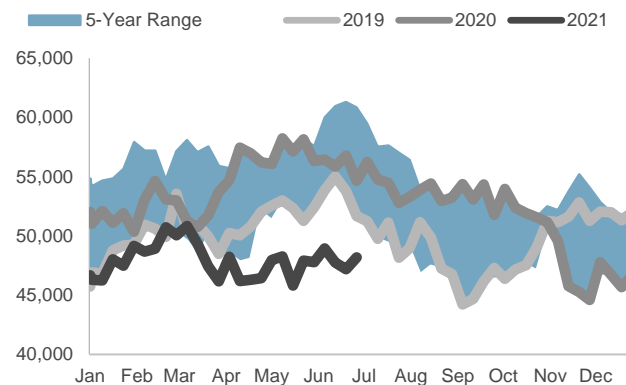
PADD III



PADD IV



PADD V

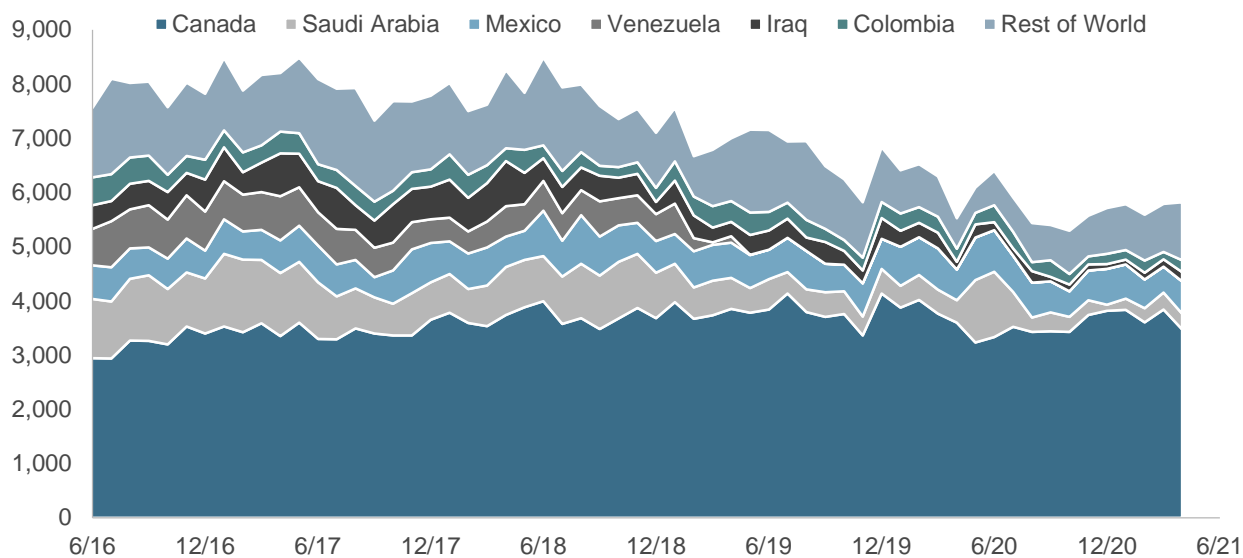


Source: Bloomberg.

Notes: All data as of June 30, 2021. Data collected on a weekly basis.

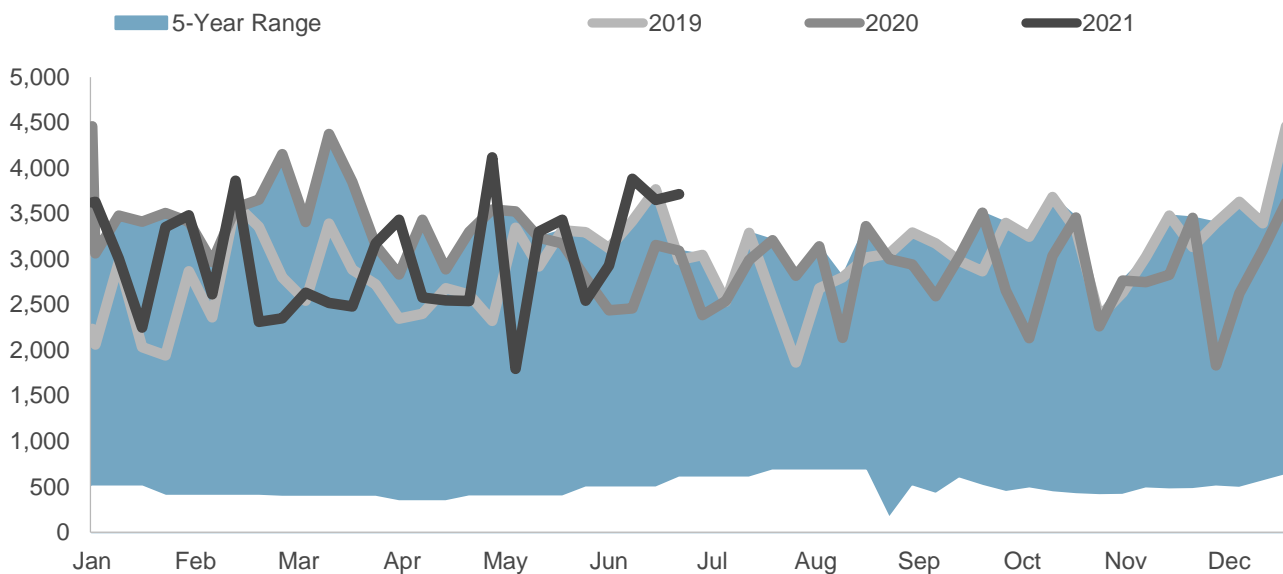
Trade

U.S. Crude Imports by Country (Mbbbl/d)



Note: Data collected on a monthly basis and is subject to a two-to-four-month lag.

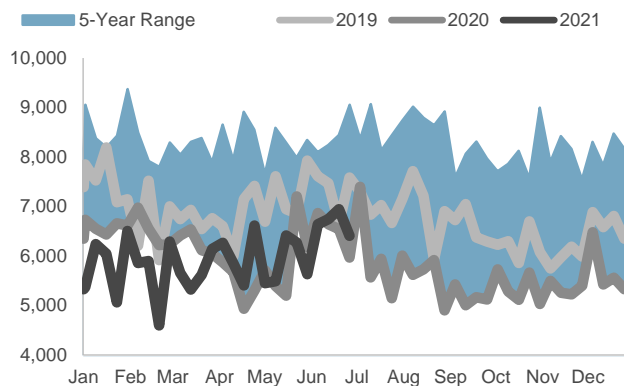
Total U.S. Crude Exports (Mbbbl/d)



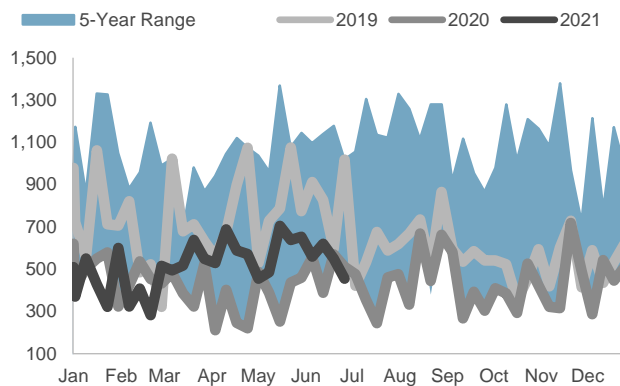
Note: Data collected on a weekly basis.

U.S. Commercial Crude Imports by Destination (Mbbbl/d)

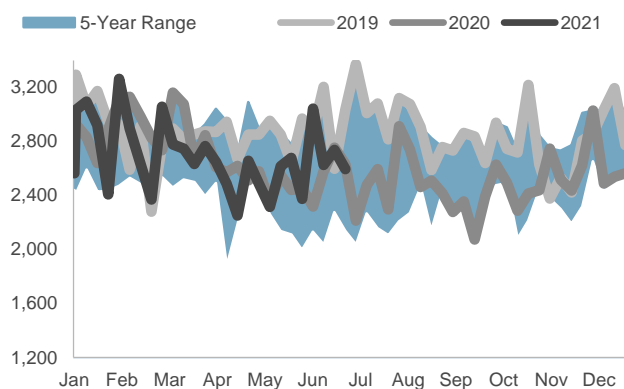
Overall U.S. Commercial Crude Imports



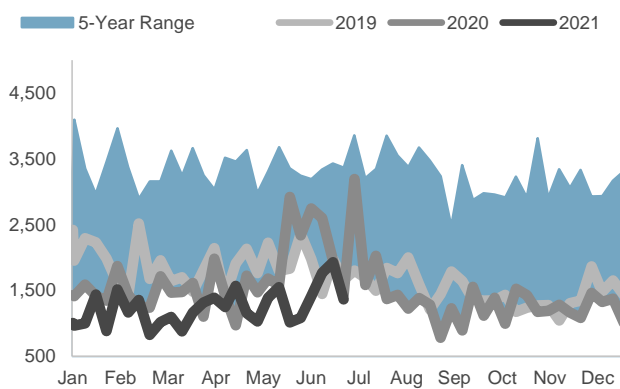
Destination—PADD I



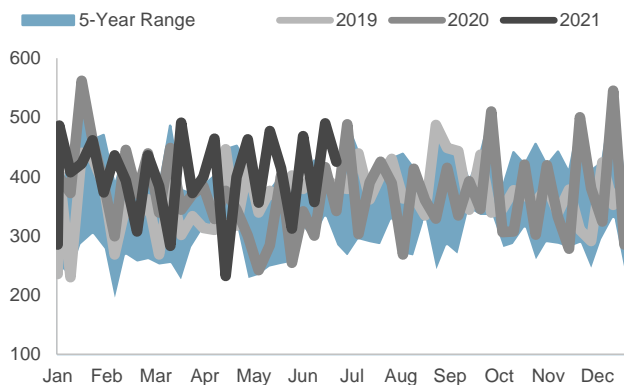
Destination—PADD II



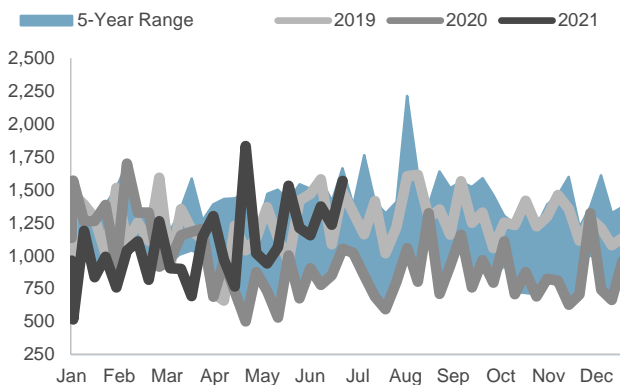
Destination—PADD III



Destination—PADD IV

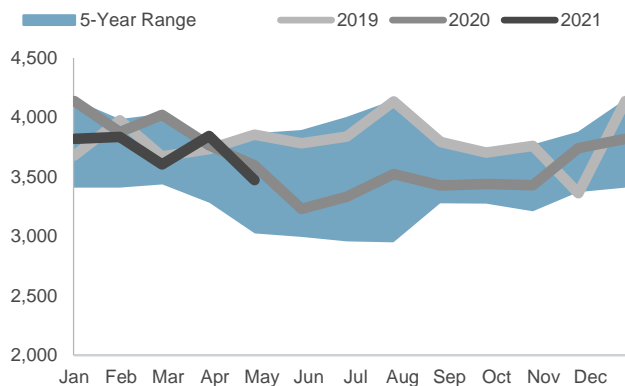


Destination—PADD V

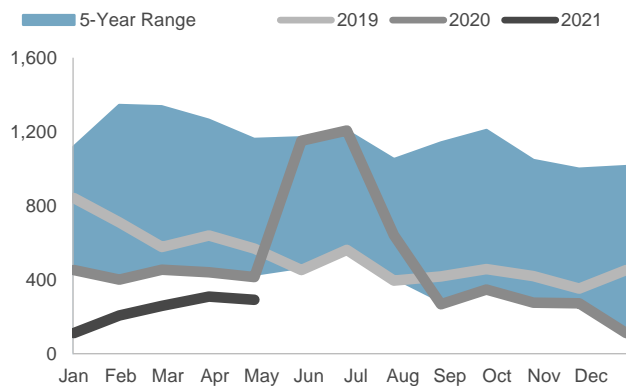


U.S. Imports by Country (Mbbbl/d)

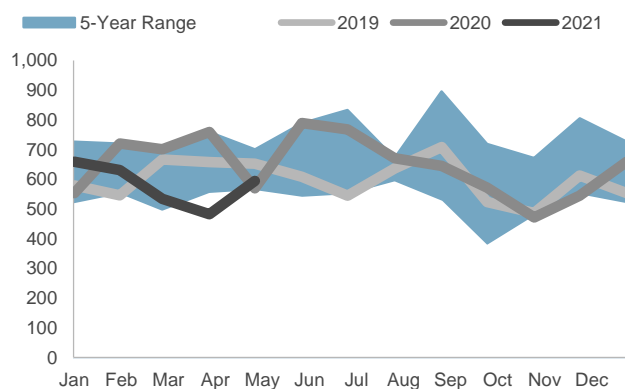
Canada



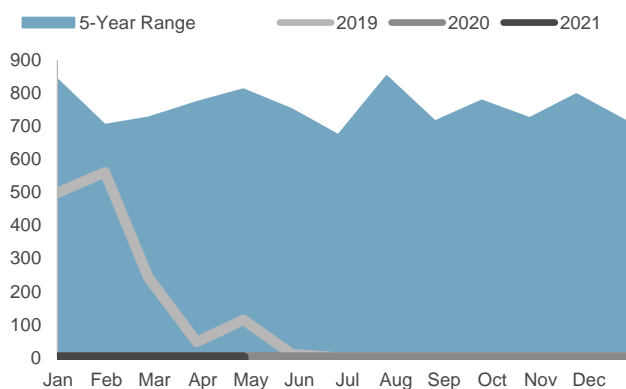
Saudi Arabia



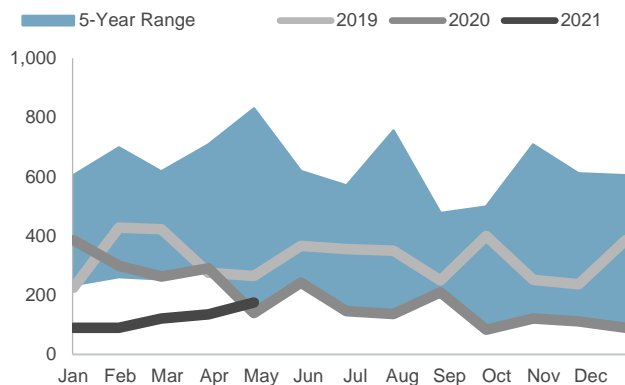
Mexico



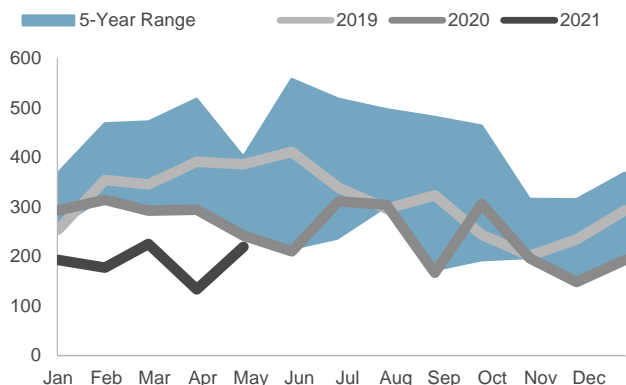
Venezuela



Iraq



Colombia



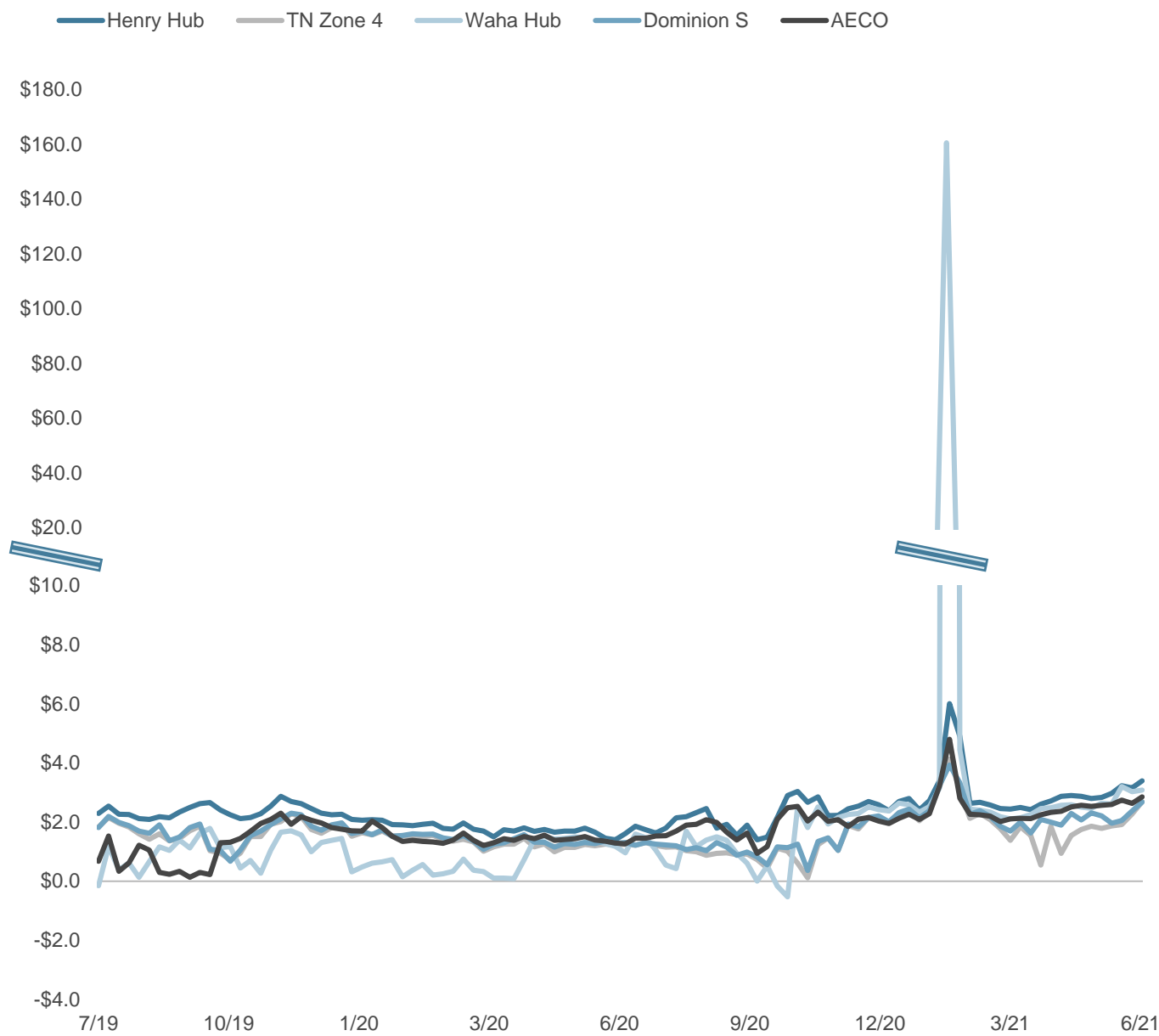
Source: Bloomberg.

Notes: All data as of June 30, 2021. Data is collected on a monthly basis and subject to a two-month lag.

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Natural Gas Spot Pricing

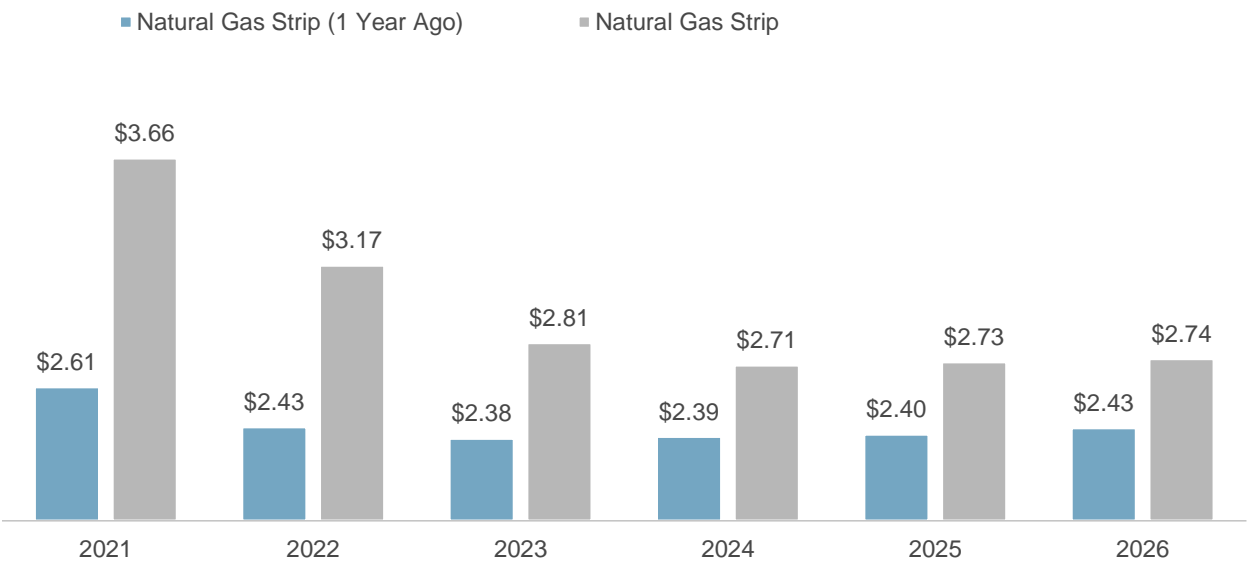
Pricing (\$/MMbtu)



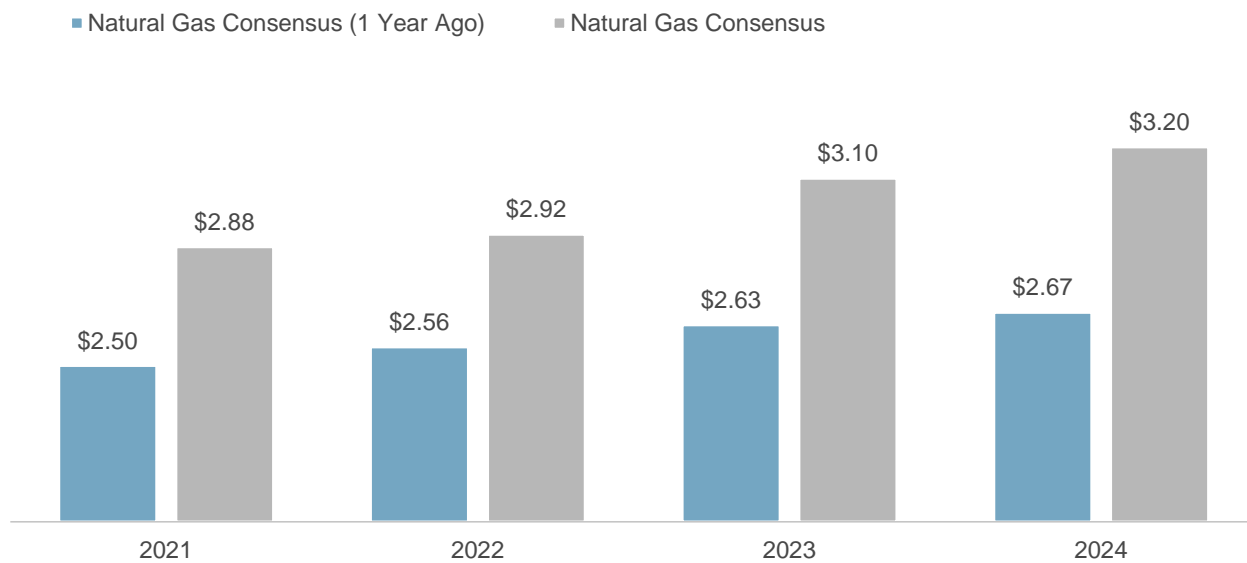
Source: Bloomberg.
Notes: All data as of June 30, 2021. Data collected on a weekly basis.

Natural Gas Pricing

Strip Pricing Comparison (\$/MMbtu)



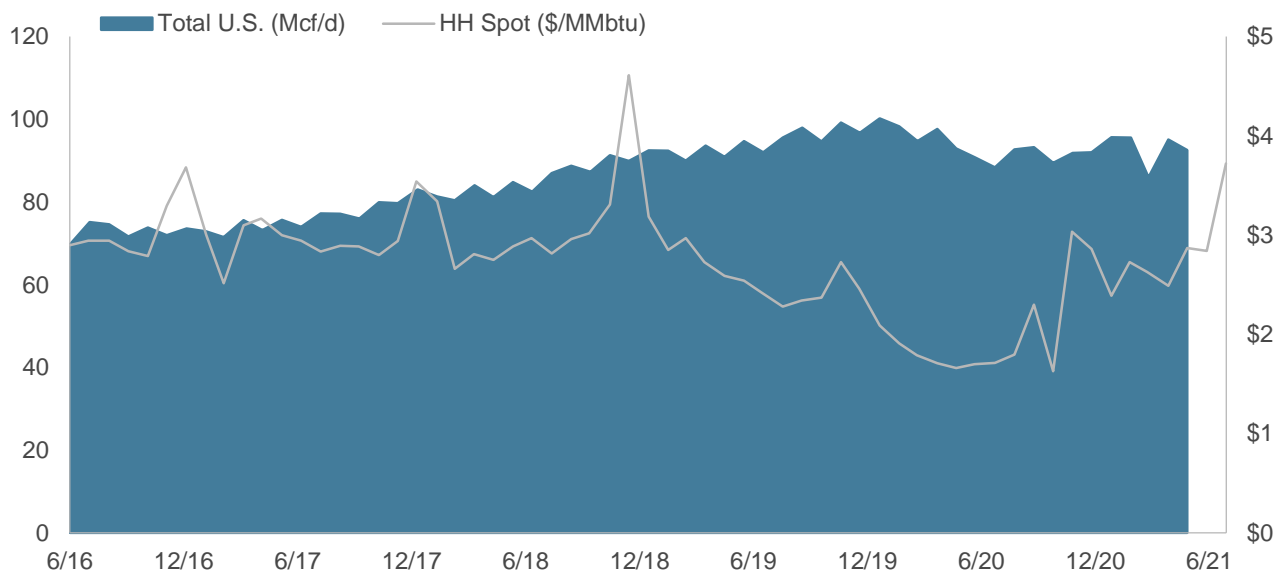
Consensus Pricing Comparison (\$/MMbtu)



Source: Bloomberg.
Notes: All data as of June 30, 2021. Represents the average price for the remainder of 2019 and each year thereafter.

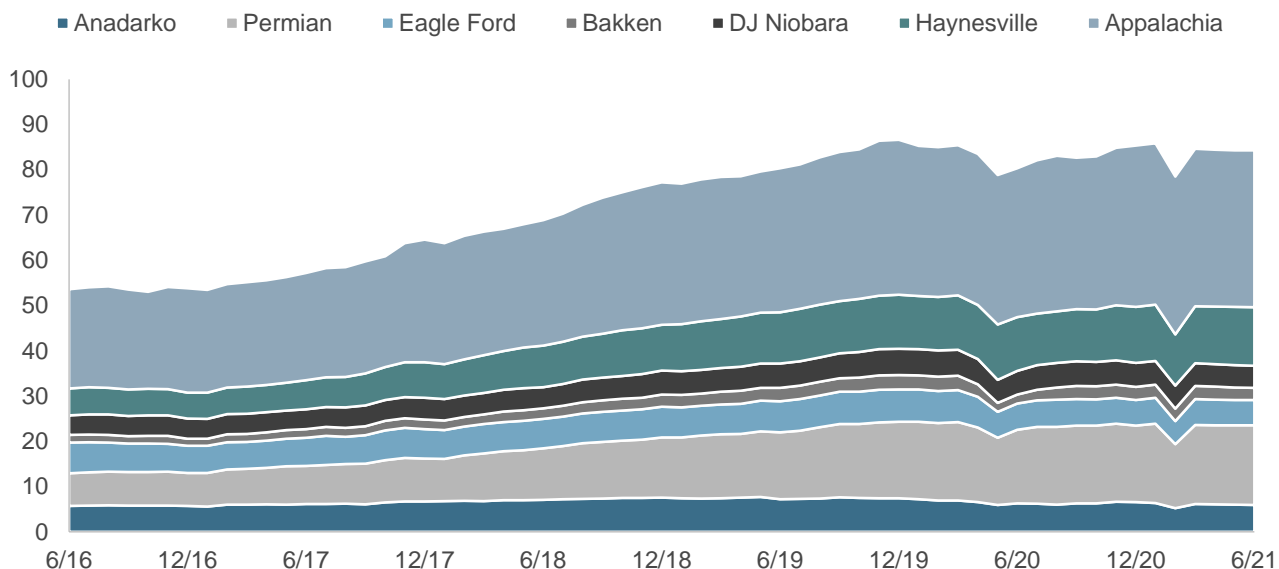
Natural Gas Production

Total U.S. Dry Natural Gas Production (Bcf/d)



Note: Data is collected on a monthly basis and subject to a two-month lag for production.

Select Dry Natural Gas Production by Regions (Bcf/d)⁽¹⁾



Sources: Bloomberg, EIA.

Notes: All data as of June 30, 2021. Data collected on a monthly basis.

(1) EIA's drilling productivity report uses recent data on the total number of drilling rigs in operation along with estimates of drilling productivity and estimated changes in production from existing wells, to provide estimated changes in production for key regions.

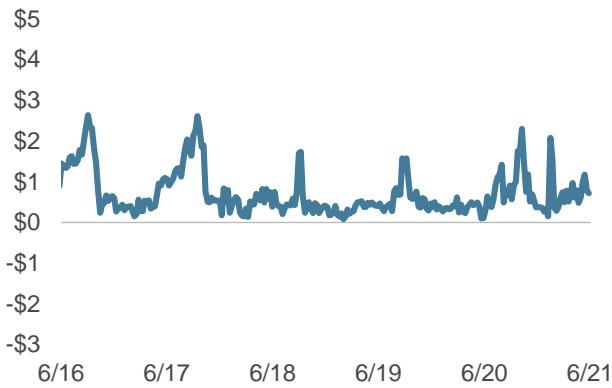
Differentials

Regional Natural Gas Spot Pricing

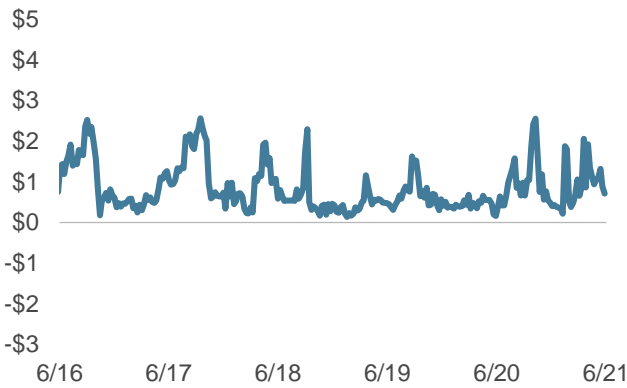
Region	6/30/2021	6/30/2020	3/31/2021	YoY % Change	QoQ % Change
Henry Hub	\$3.72	\$1.71	\$2.49	117.3%	49.4%
<i>Benchmark</i>					
Dominion South	\$2.83	\$1.45	\$2.10	95.2%	35.4%
<i>Henry Hub—Dominion South</i>	\$0.89	\$0.26	\$0.39		
TN Zone 4	\$2.59	\$1.37	\$2.00	88.8%	29.6%
<i>Henry Hub—TN Zone 4</i>	\$1.13	\$0.34	\$0.49		
AECO	\$3.45	\$1.41	\$2.12	144.7%	62.7%
<i>Henry Hub—AECO</i>	\$0.27	\$0.30	\$0.37		
Waha Hub	\$3.53	\$1.39	\$2.27	154.0%	55.5%
<i>Henry Hub—Waha</i>	\$0.19	\$0.32	\$0.21		

Natural Gas—Differentials (\$/MMbtu)

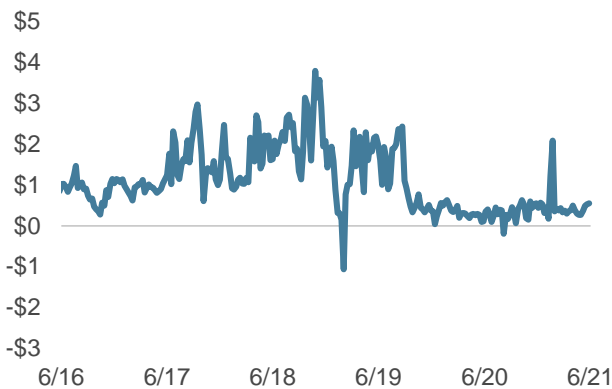
HH—Dominion South



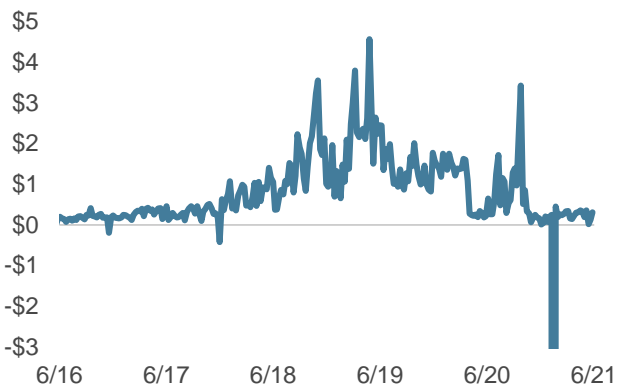
HH—TN Zone 4



HH—AECO



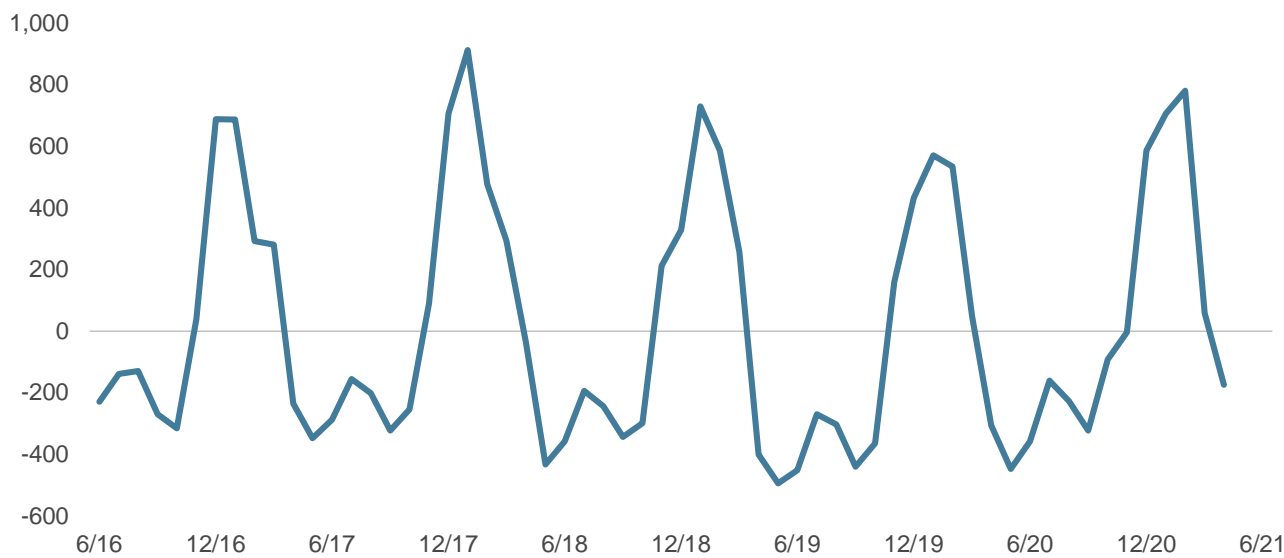
HH—Waha Hub



Note: Low of -\$154.6 on February 12, 2021, associated with winter storms.

Natural Gas

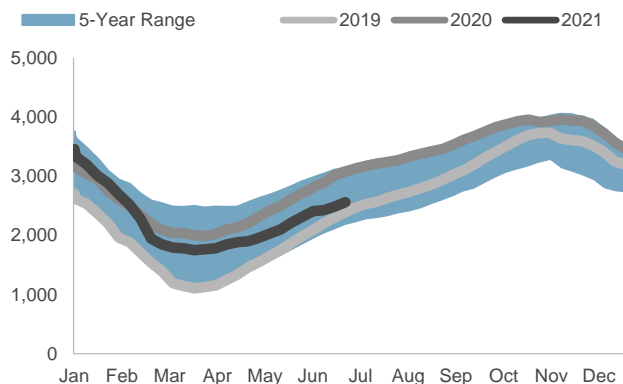
U.S. Natural Gas Withdrawal (Bcf)



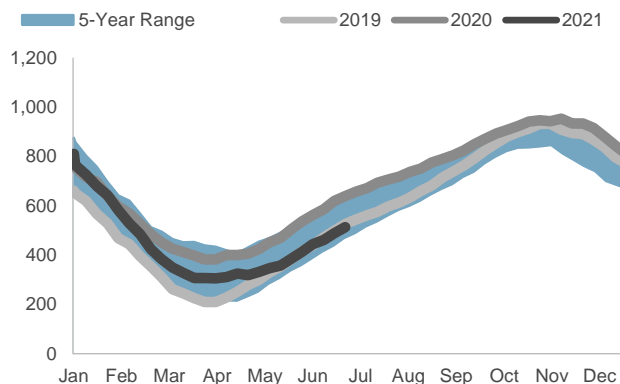
Note: Data is collected on a monthly basis and subject to irregular updates.

Natural Gas Storage (Bcf)

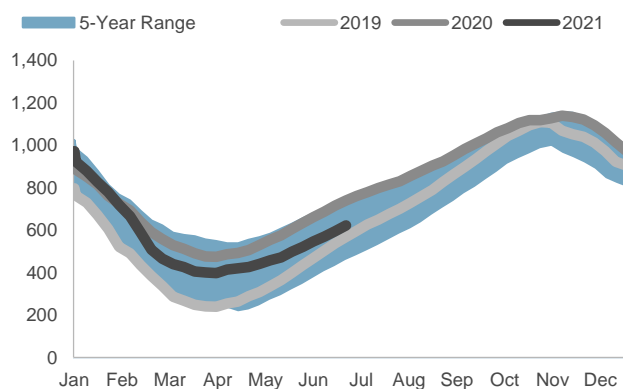
Total U.S.



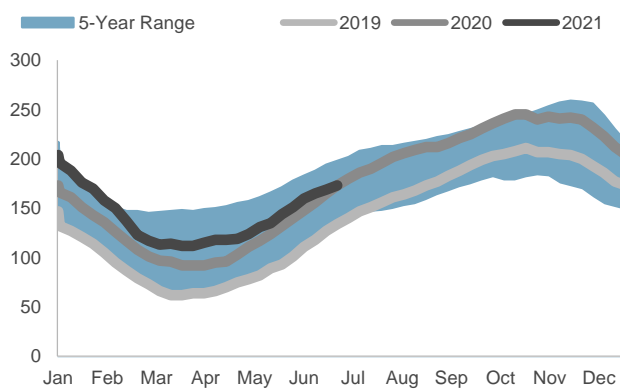
East



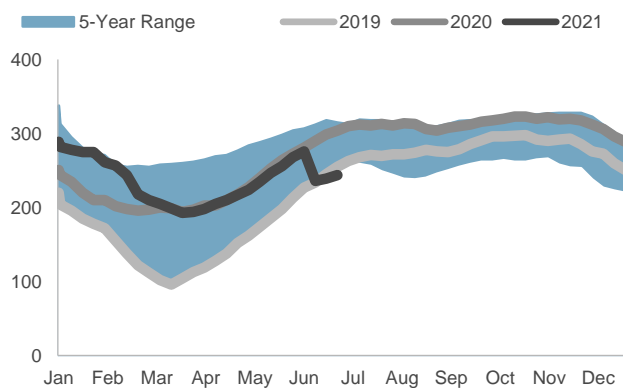
Midwest



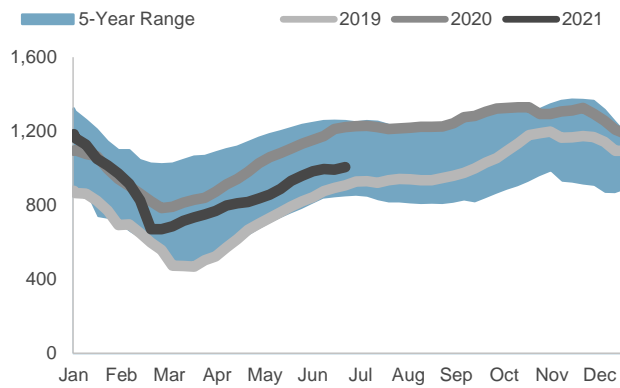
Mountain



Pacific

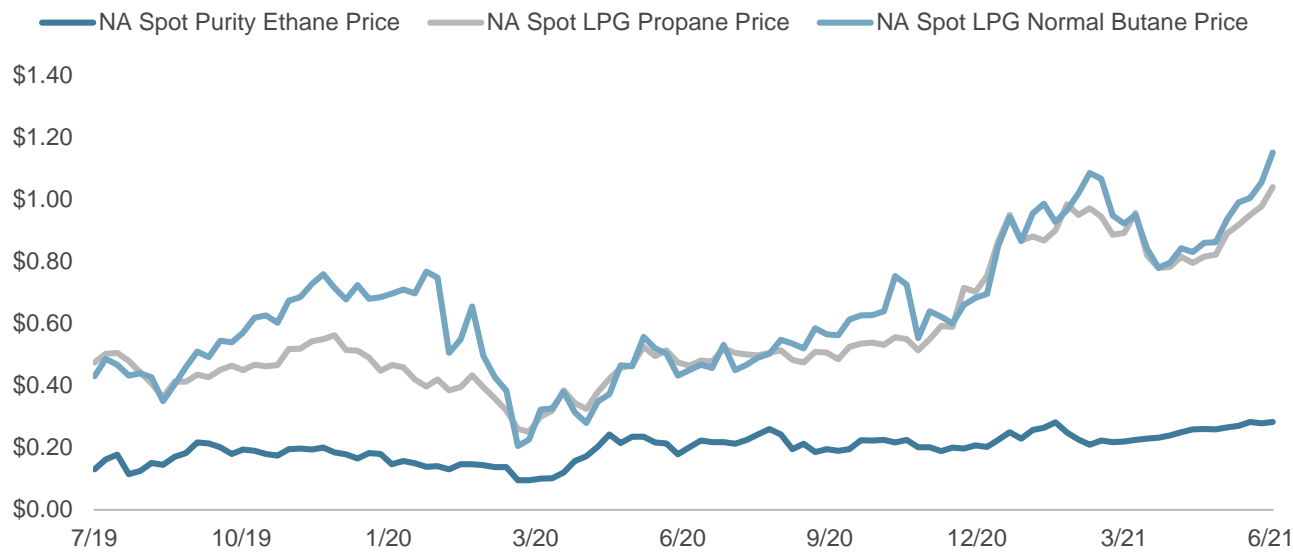


South Central



NGLs Spot Pricing

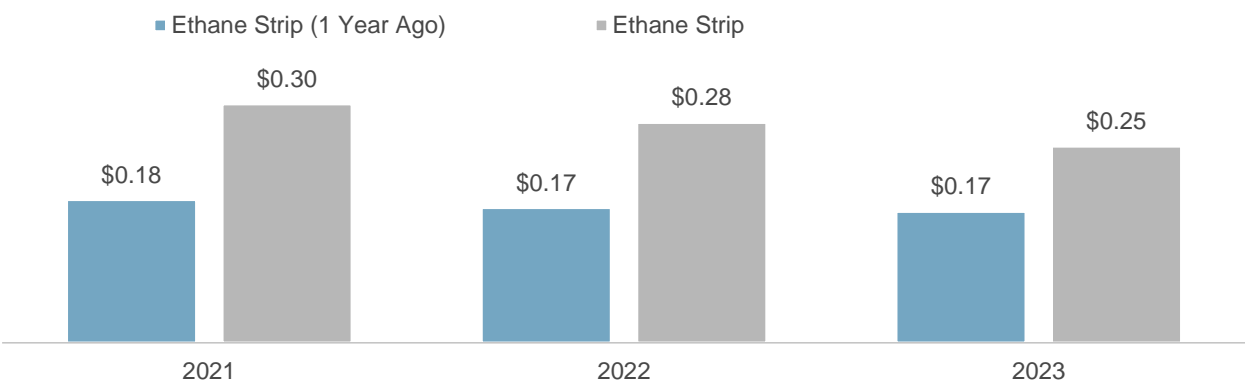
Pricing (\$/gal)



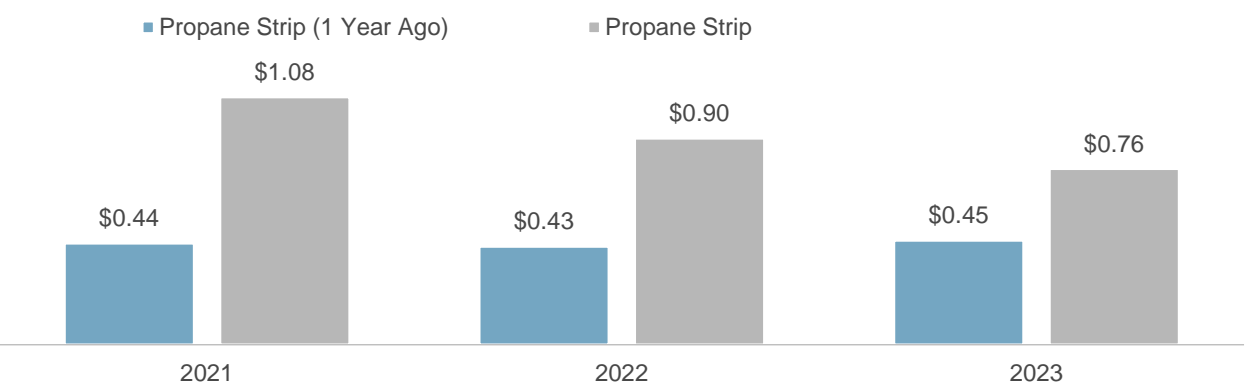
Source: Bloomberg.
Notes: All data as of June 30, 2021. Data collected on a weekly basis.

NGLs Strip Pricing

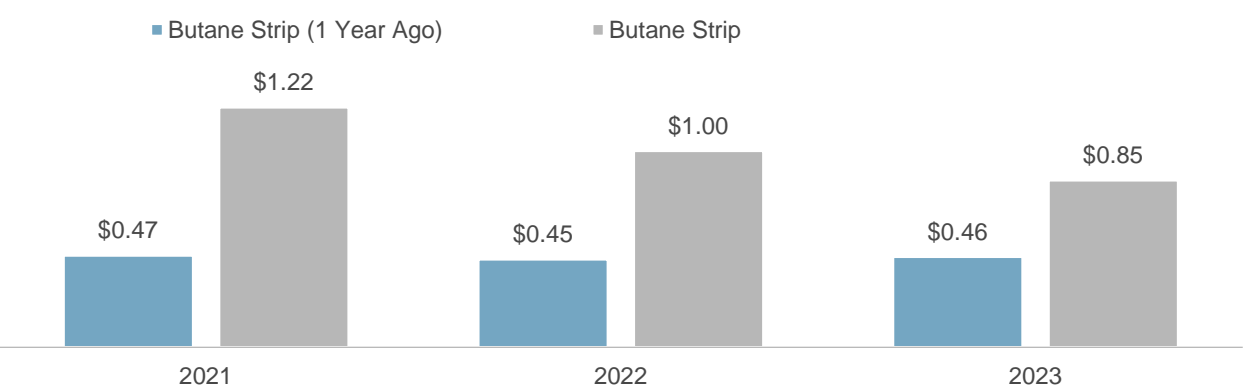
Ethane Strip Pricing Comparison (\$/gal)



Propane Strip Pricing Comparison (\$/gal)



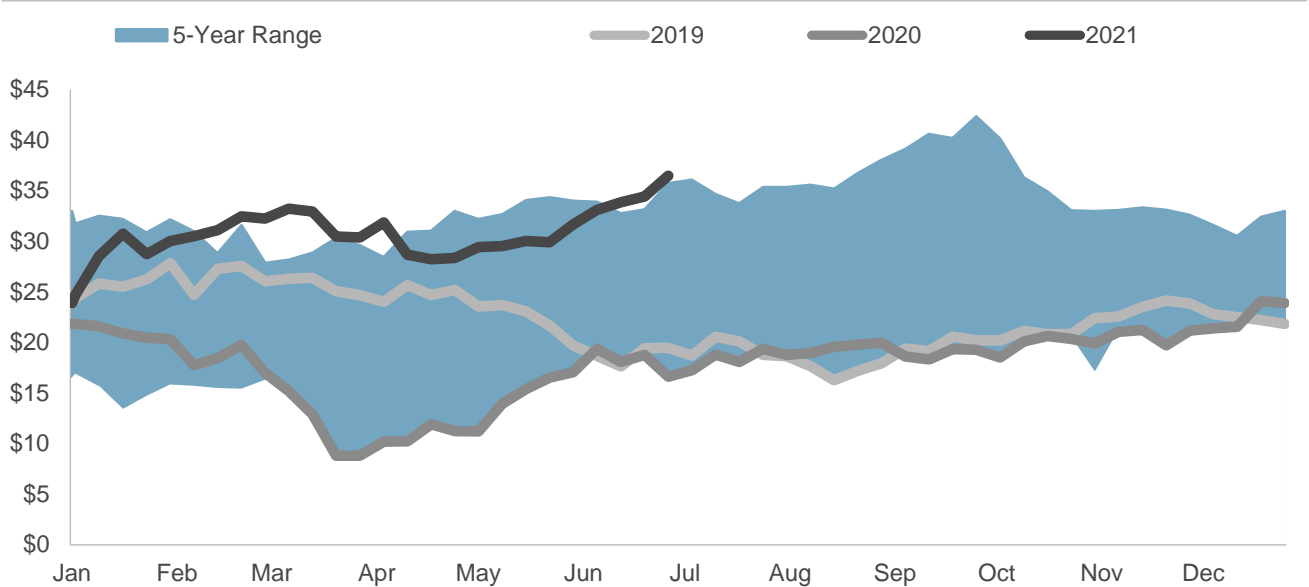
Butane Strip Pricing Comparison (\$/gal)



Source: Bloomberg.
Notes: All data as of June 30, 2021. Represents the average price for the remainder of 2019 and each year thereafter.

NGLs Frac Spreads

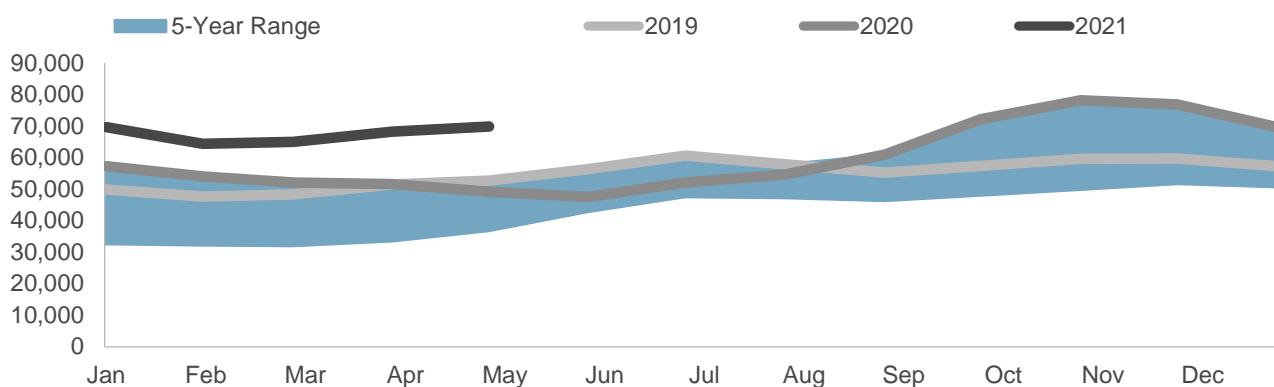
Mont Belvieu Frac Spread (\$/bbl)



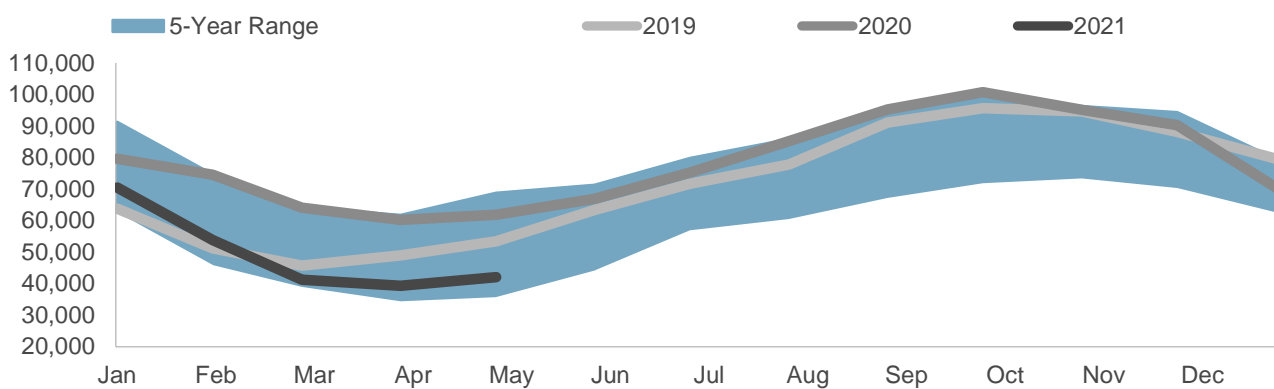
Source: Bloomberg.
Note: All data as of June 30, 2021.

NGLs Inventory

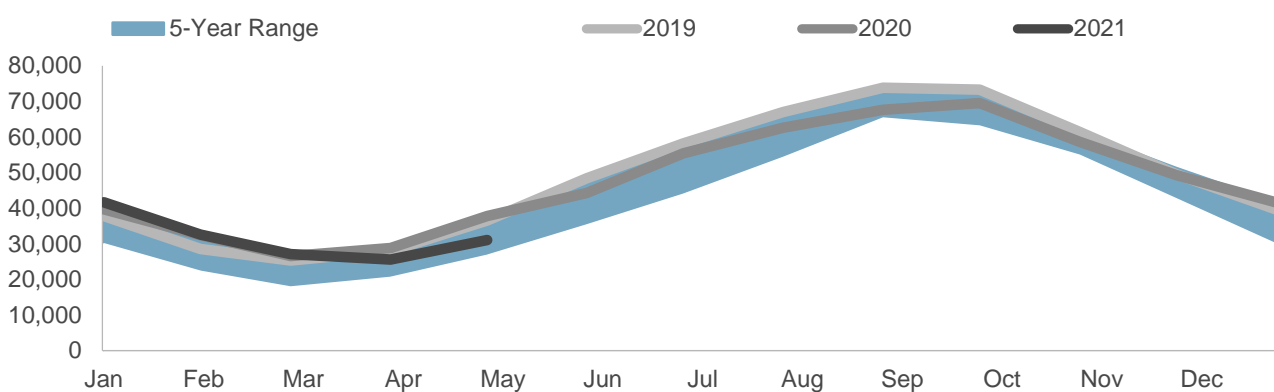
U.S. Ending Stocks Ethane (Mbbbls)



U.S. Ending Stocks Propane (Mbbbls)



Normal Butane/Butylene (Mbbbls)

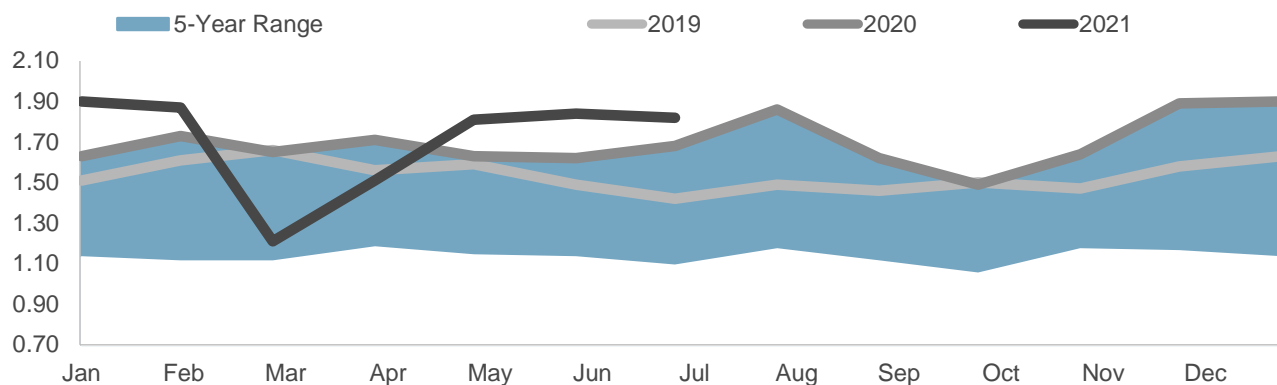


Source: Bloomberg.

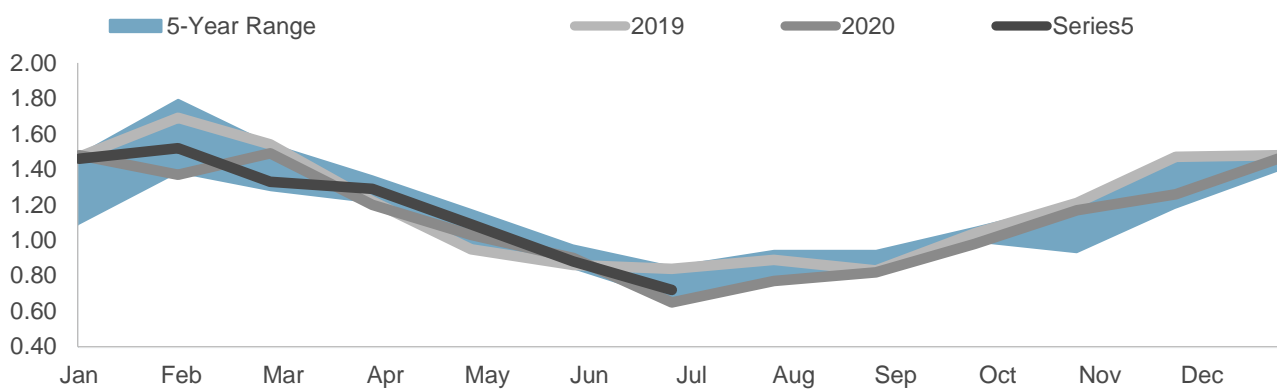
Notes: All data as of June 30, 2021. Data is collected on a monthly basis and subject to a two-month lag.

NGLs Consumption

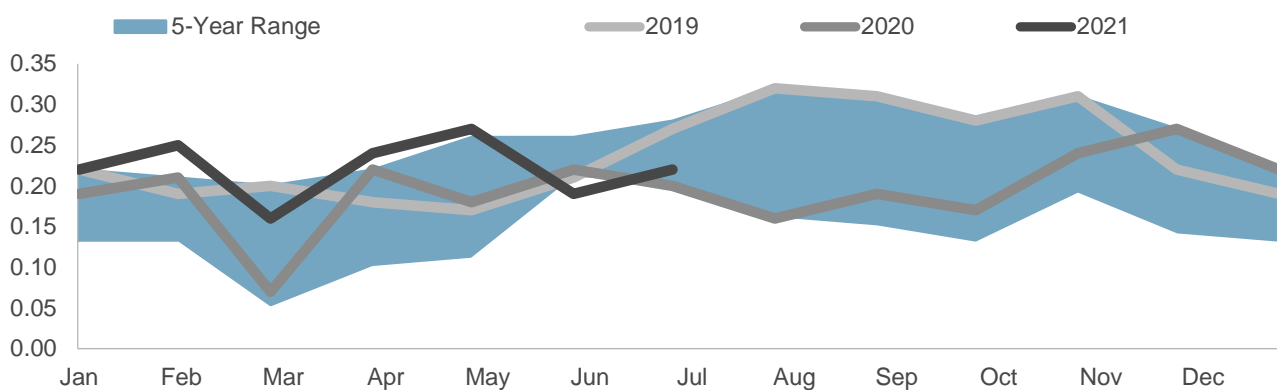
U.S. Ethane/Ethylene Consumption (MMboe/d)



U.S. Propane/Propylene Consumption (MMboe/d)



U.S. Butane/Butylene Consumption (MMboe/d)



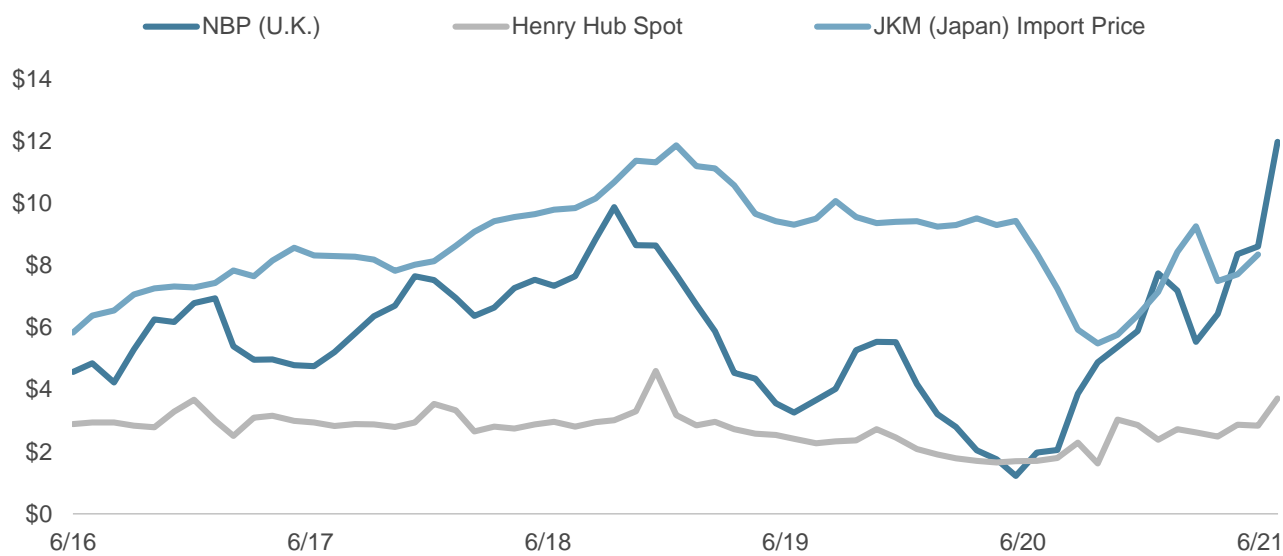
Source: Bloomberg.

Notes: All data as of June 30, 2021. Data collected on a monthly basis and is subject to a two-month lag.

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Spot Pricing

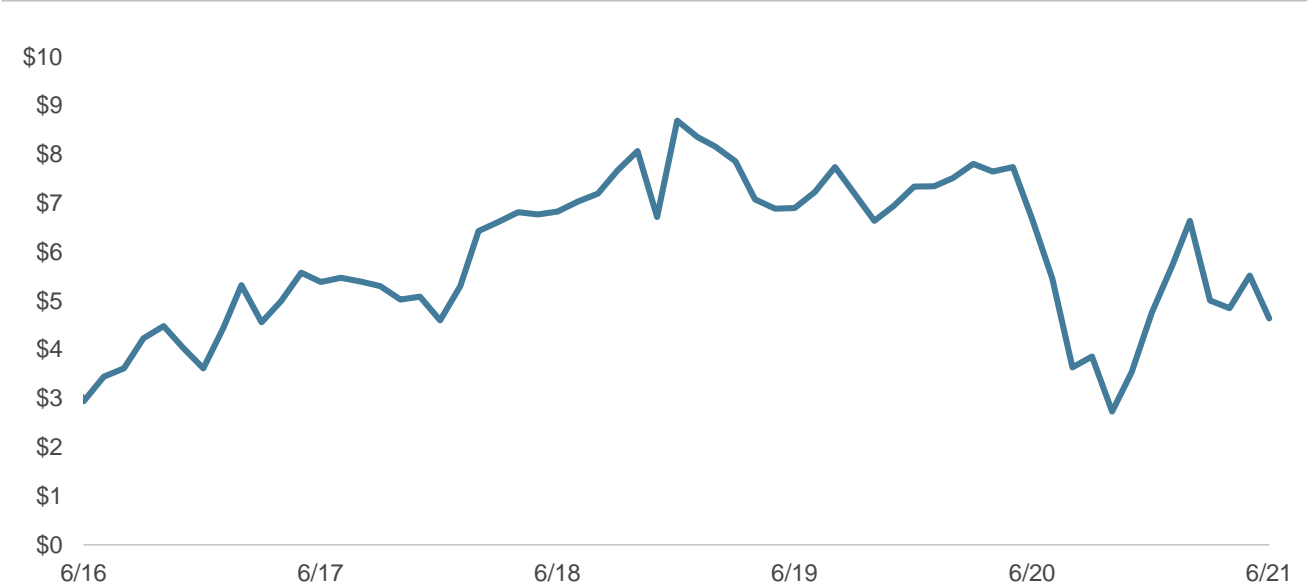
Spot Pricing (\$/MMbtu)



Source: Bloomberg.
Notes: All data as of June 30, 2021. Data collected on a monthly basis. NBP (U.K.) refers to the ICE U.K. Natural Gas NBP Month 1 Futures.

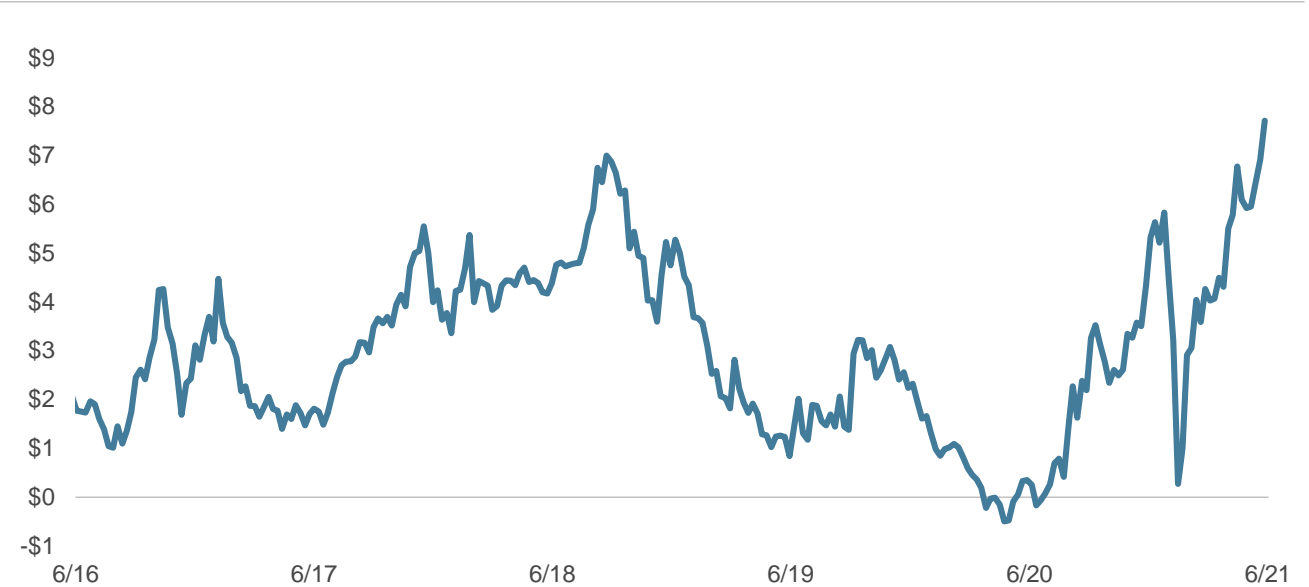
Differentials

JKM—Henry Hub (\$/MMbtu)



Note: Data collected on a monthly basis.

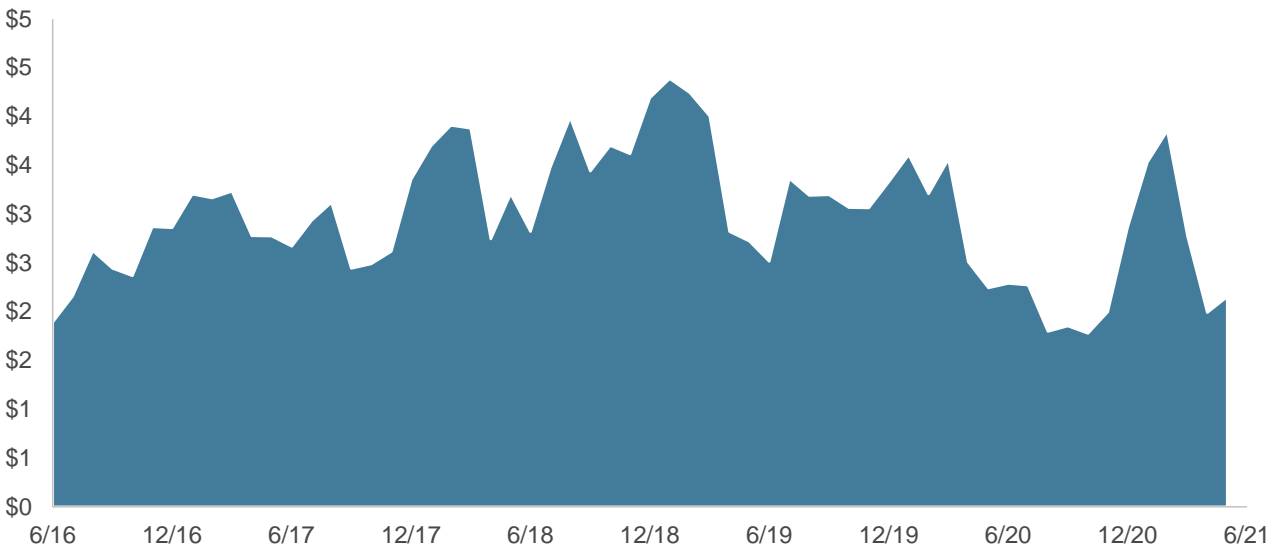
NBP—Henry Hub (\$/MMbtu)



Note: Data collected on a weekly basis.

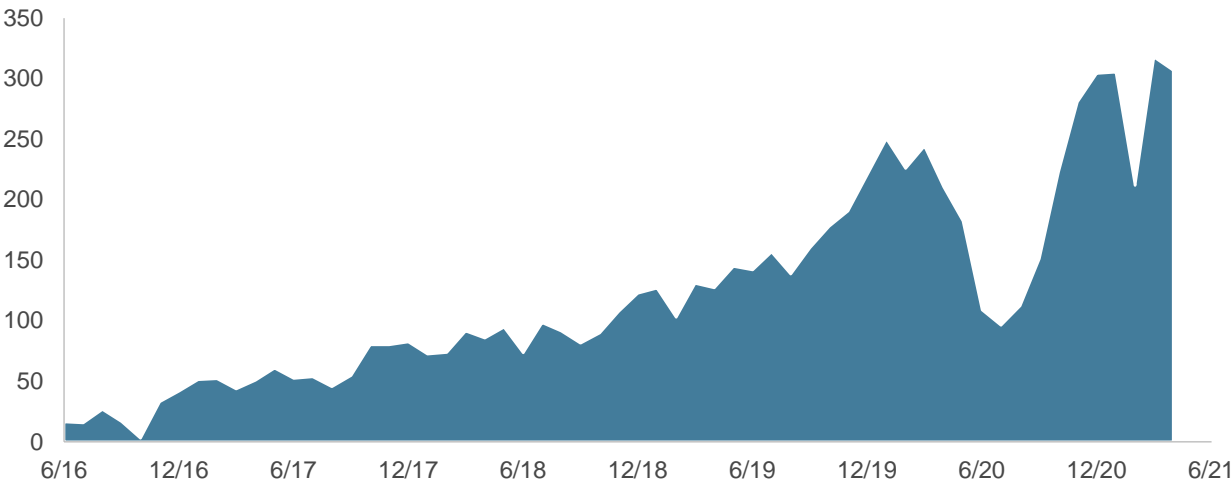
Exports

LNG Japan Import Value (US\$ in billions)



Note: Data is collected on a monthly basis and subject to a one-month lag.

U.S. LNG Exports (Bcf)

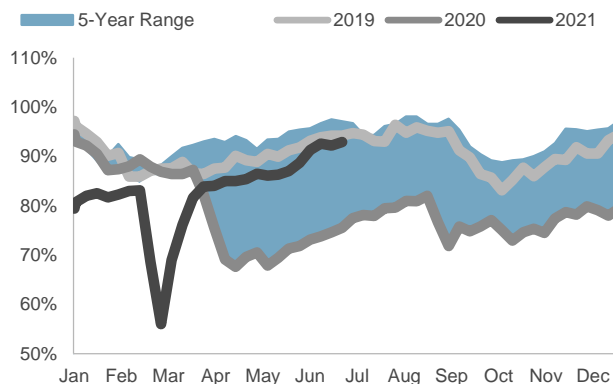


Note: Data is collected on a monthly basis and subject to a two-month lag.

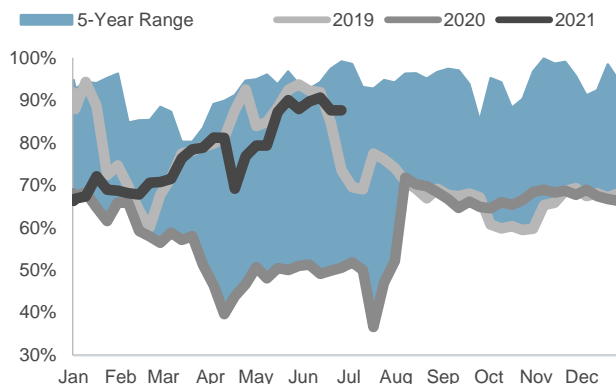
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Refining—Utilization (%)

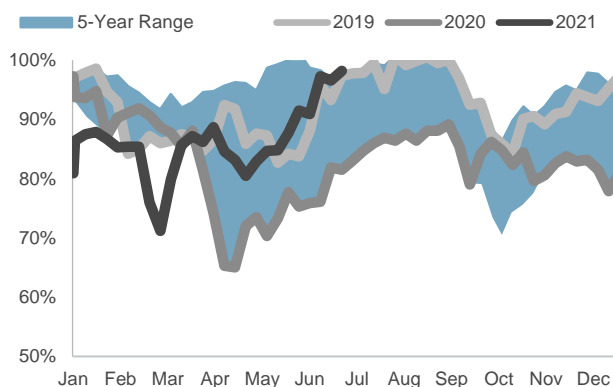
Total U.S.



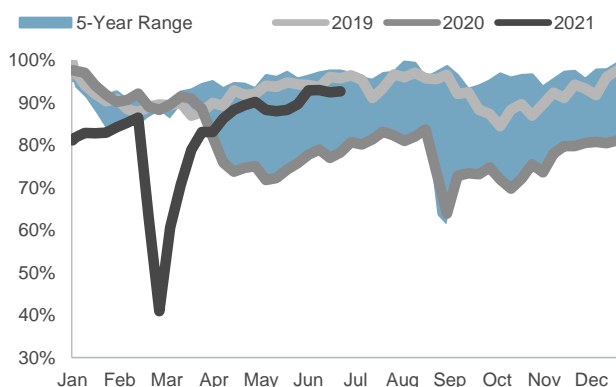
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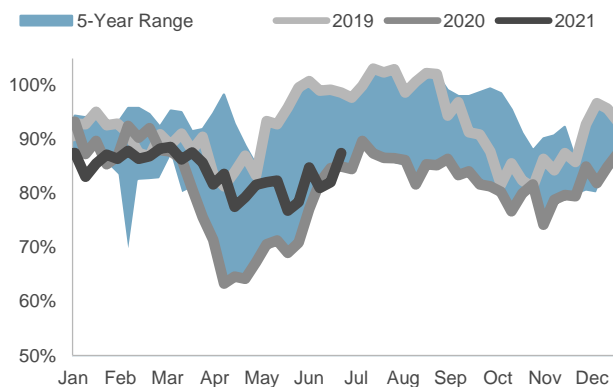
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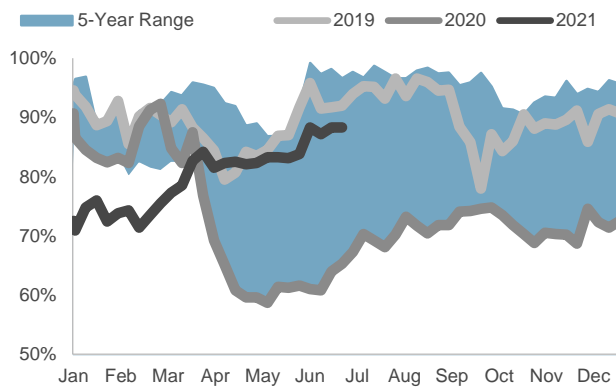
PADD III



PADD IV

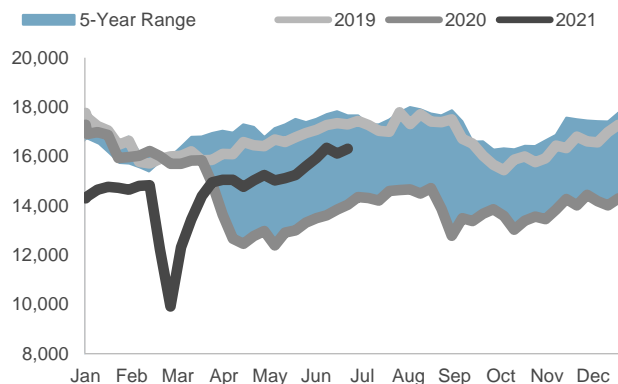


PADD V

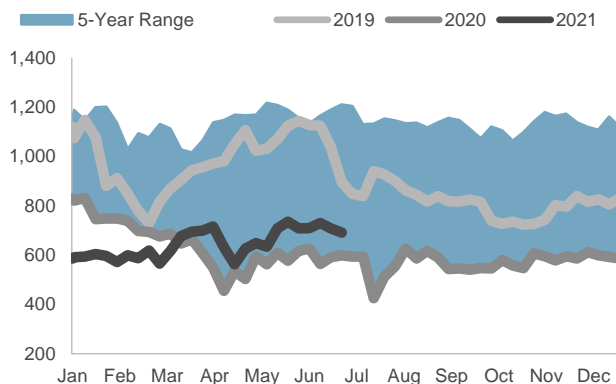


Refining—U.S. Crude Runs (Mbbbl/d)

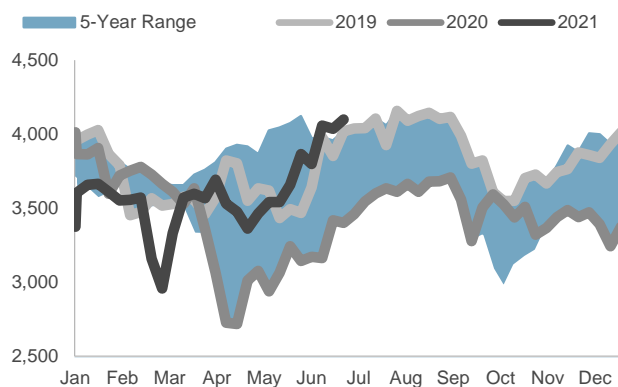
Total U.S.



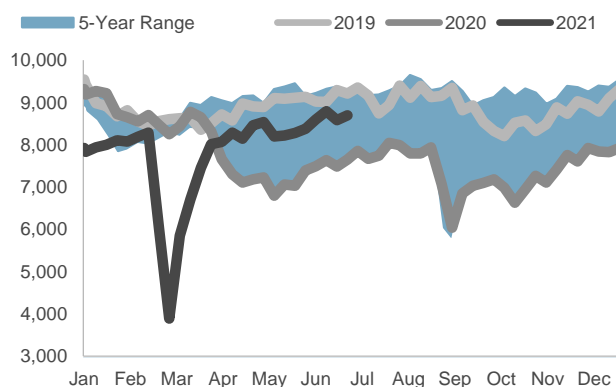
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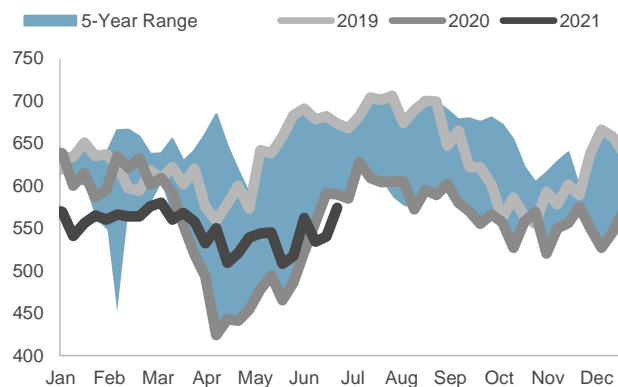
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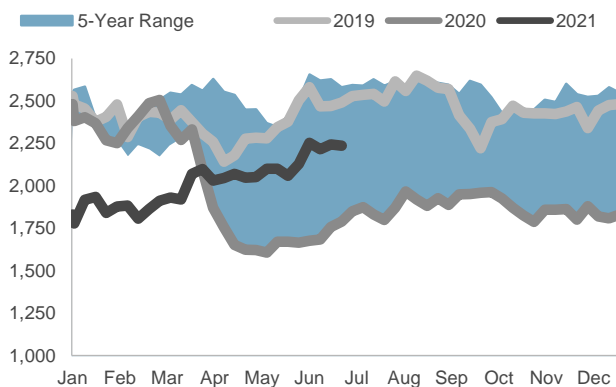
PADD III



PADD IV

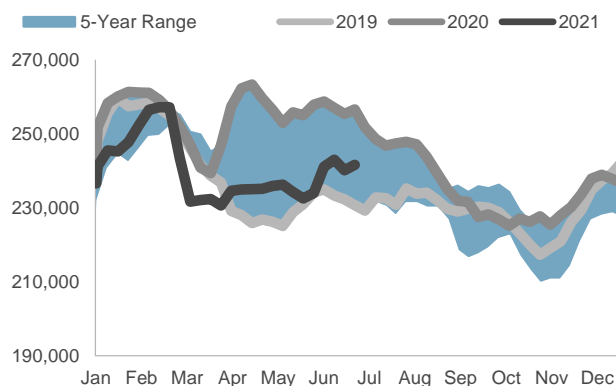


PADD V

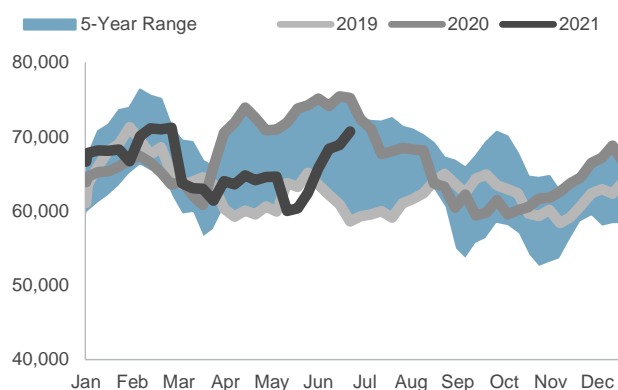


Refining—Motor Gasoline Inventory (Mbbl)

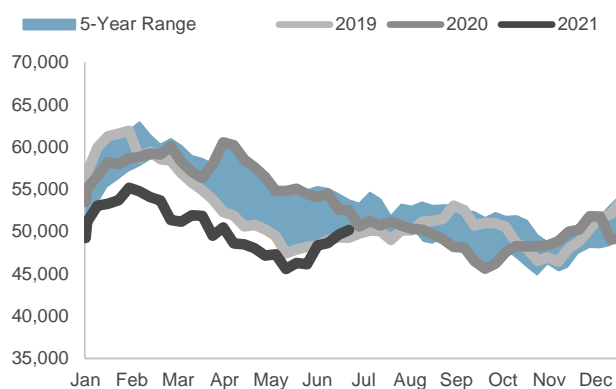
Total U.S.



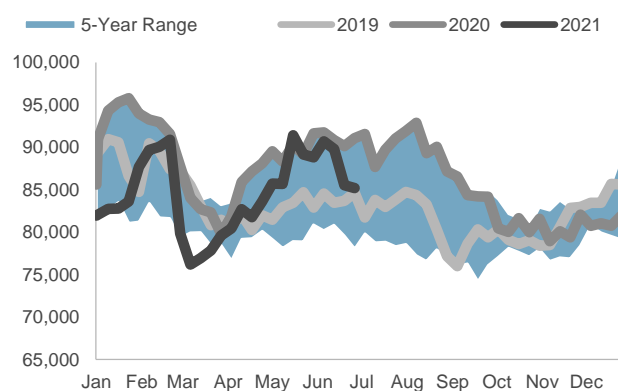
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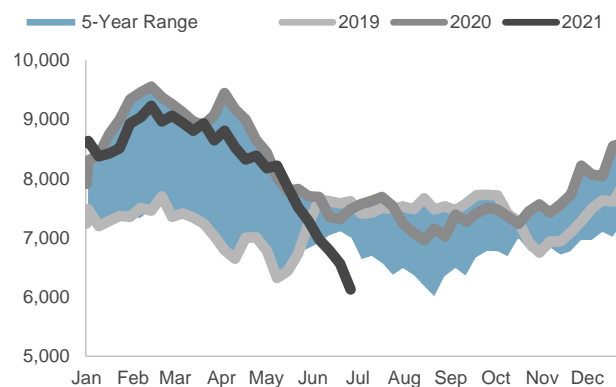
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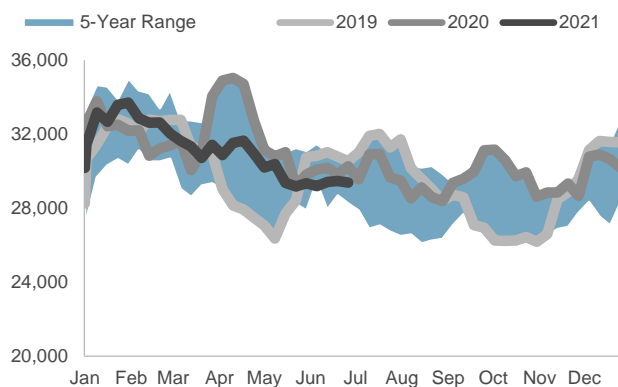
PADD III



PADD IV

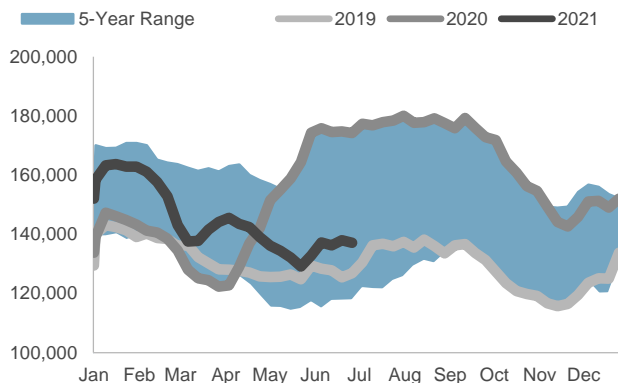


PADD V

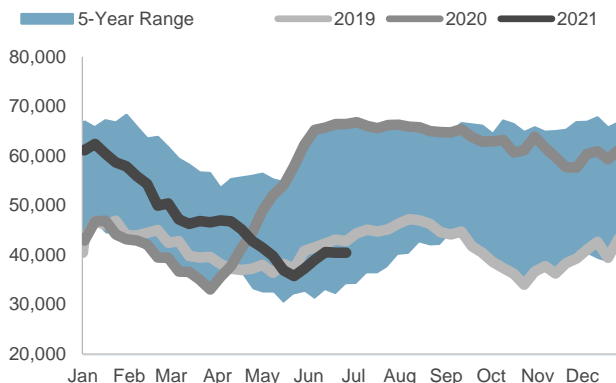


Refining—Distillate Fuel Oil Inventory (Mbbl)

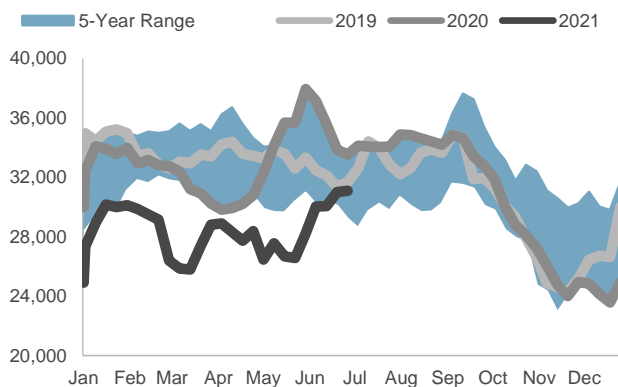
Total U.S.



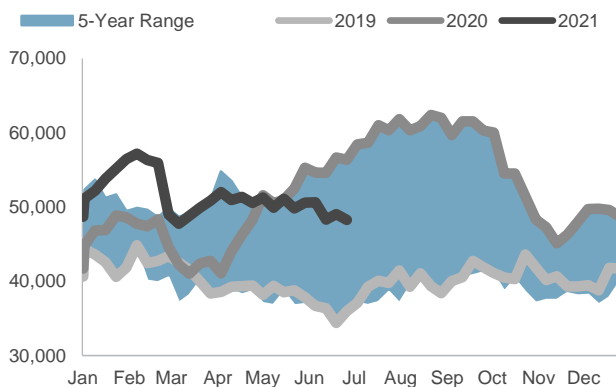
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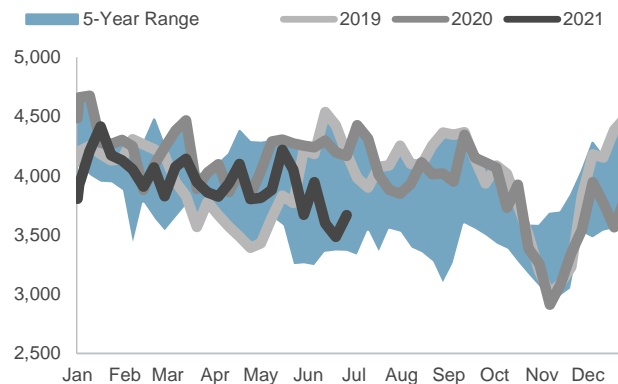
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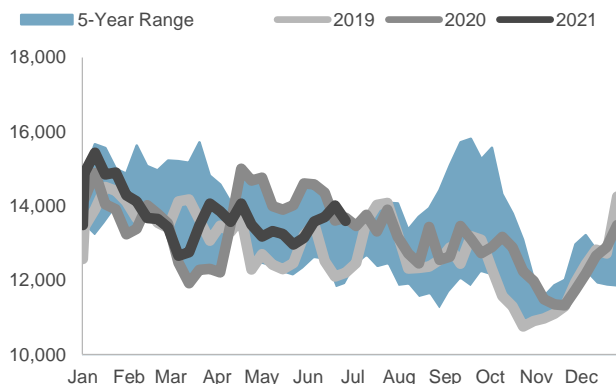
PADD III



PADD IV

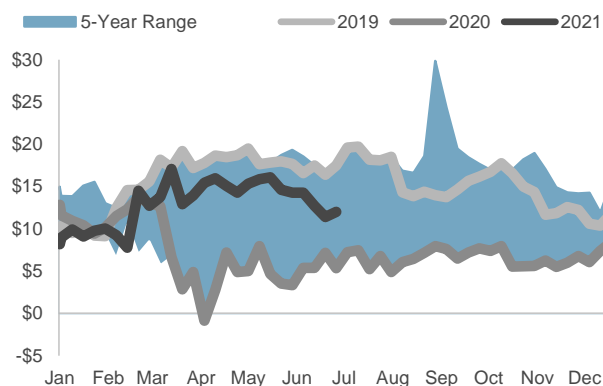


PADD V

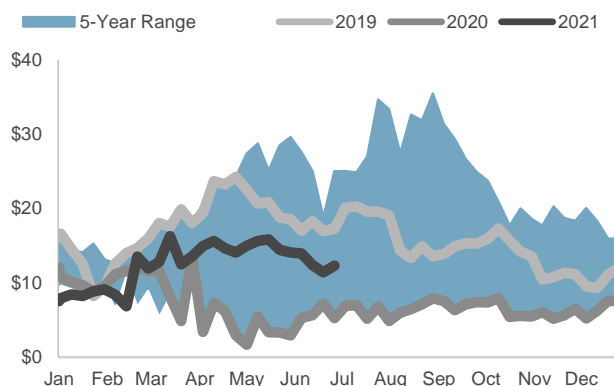


Refining—3:2:1 Crack Spreads (\$/bbl)

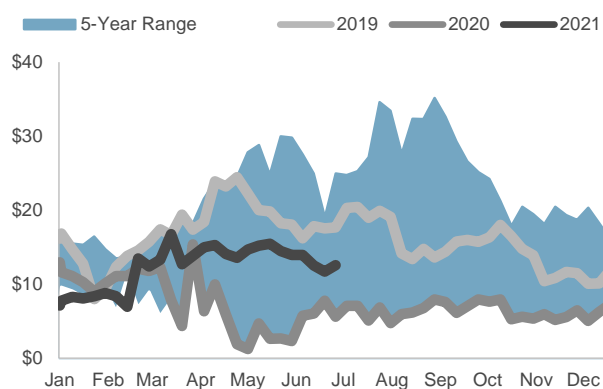
WTI Cushing (U.S. Gulf Coast)



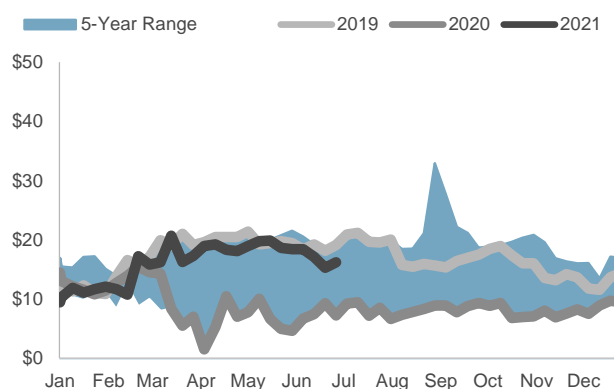
WTI Midland (U.S. Gulf Coast)



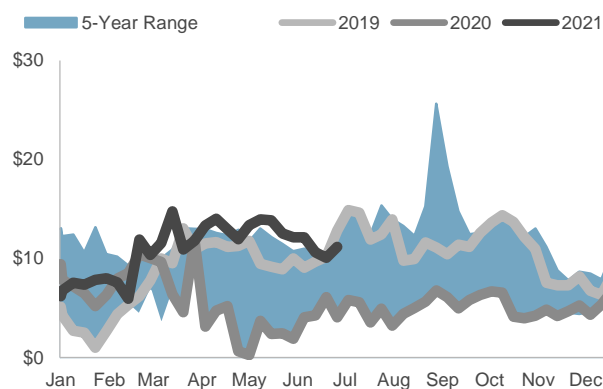
WTS Midland (U.S. Gulf Coast)



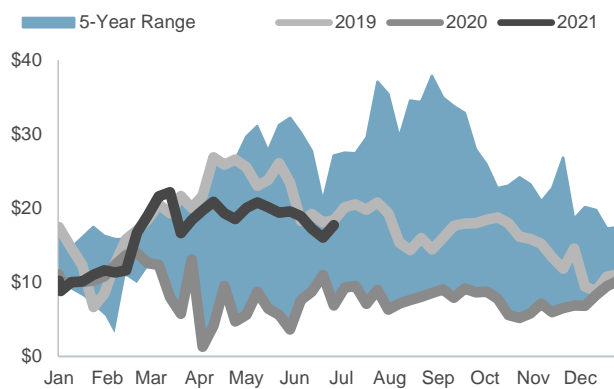
WTI Cushing ULSD (U.S. Gulf Coast)



LLS (U.S. Gulf Coast)

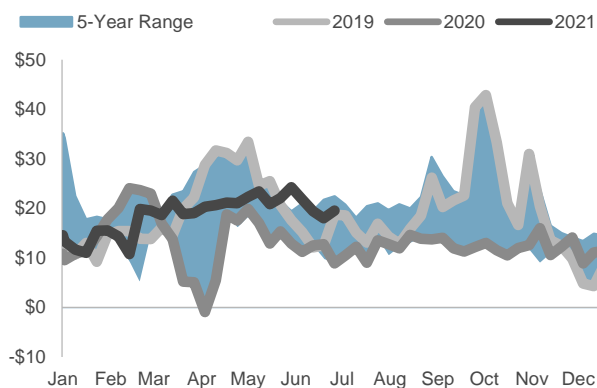


WTI Midland ULSD (U.S. Midcontinent)

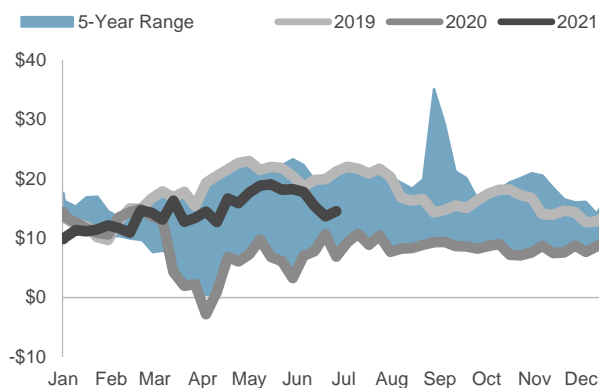


Refining—3:2:1 Crack Spreads (\$/bbl) (cont.)

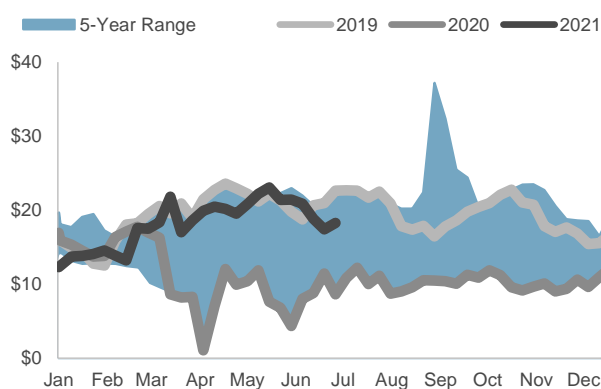
ANS (U.S. West Coast)



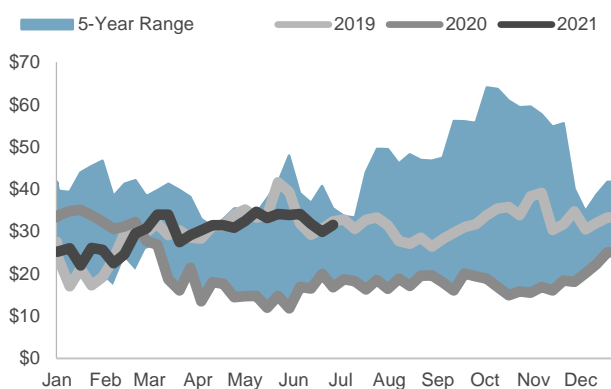
WTI Cushing (NYH RBOB Gasoline)



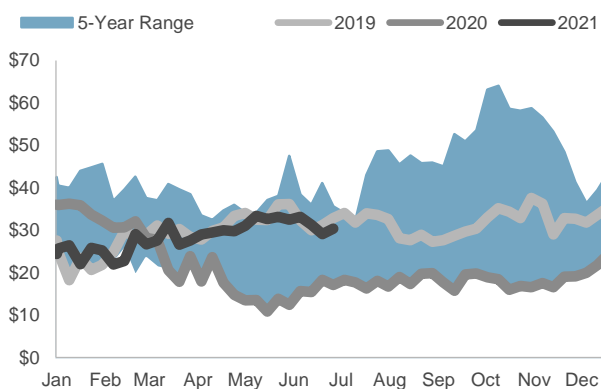
WTI Cushing ULSD (NY Harbor)



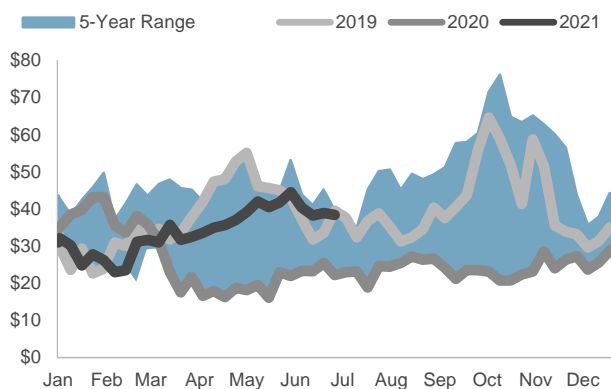
WCS (U.S. Midcontinent)



WCS (U.S. Gulf Coast)

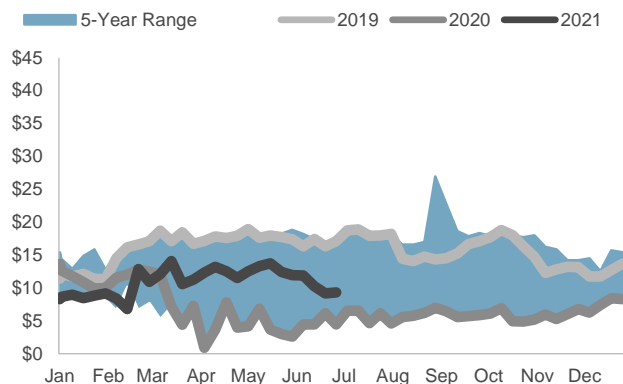


WCS (San Francisco)

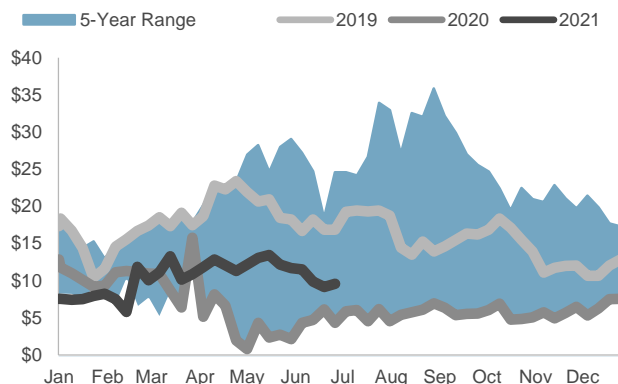


Refining—2:1:1 Crack Spreads (\$/bbl)

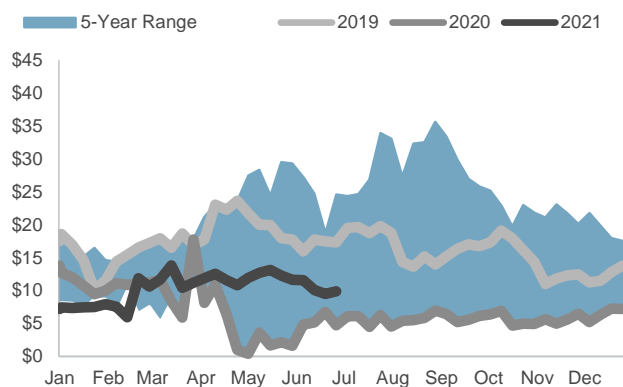
WTI Cushing (U.S. Gulf Coast)



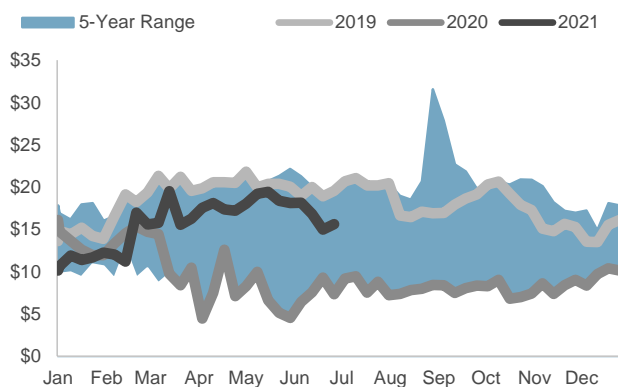
WTI Midland (U.S. Midcontinent)



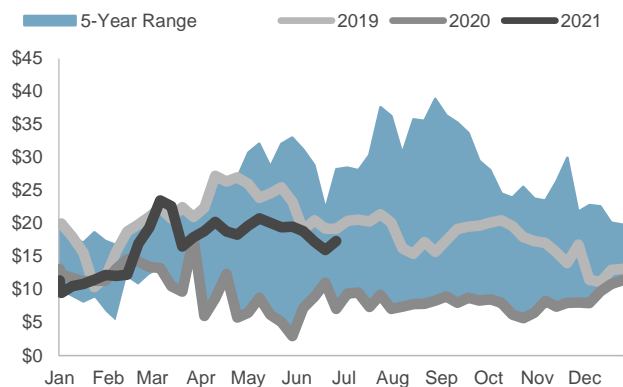
WTS Midland Crude (U.S. Gulf Coast)



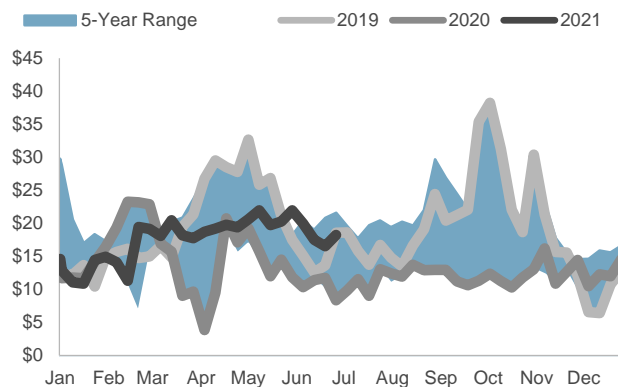
WTI Cushing ULSD (U.S. Gulf Coast)



WTI Midland ULSD (U.S. Midcontinent)

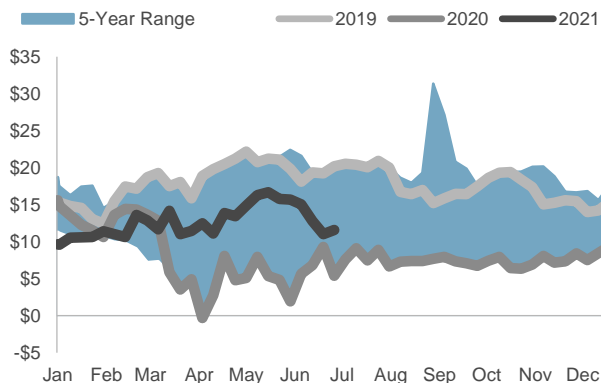


ANS (U.S. West Coast)

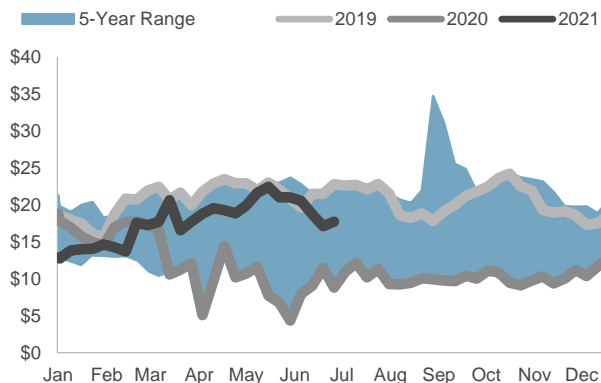


Refining—2:1:1 Crack Spreads (\$/bbl) (cont.)

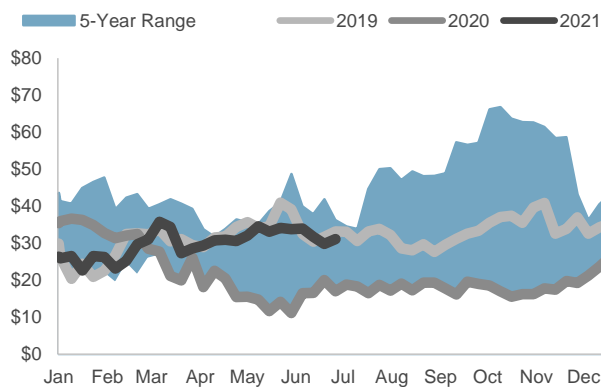
WTI Cushing (NYH RBOB Gasoline)



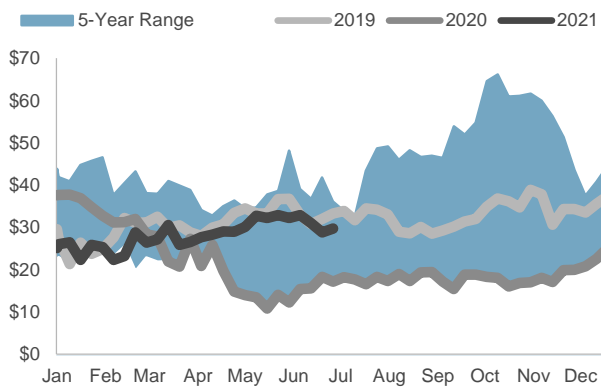
WTI Cushing ULSD (NY Harbor)



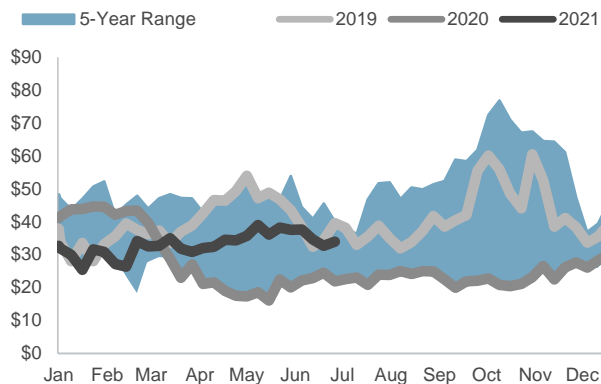
WCS (U.S. Midcontinent)



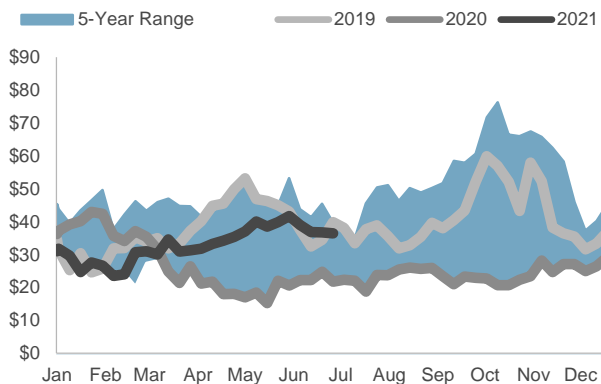
WCS (U.S. Gulf Coast)



WCS (U.S. West Coast)

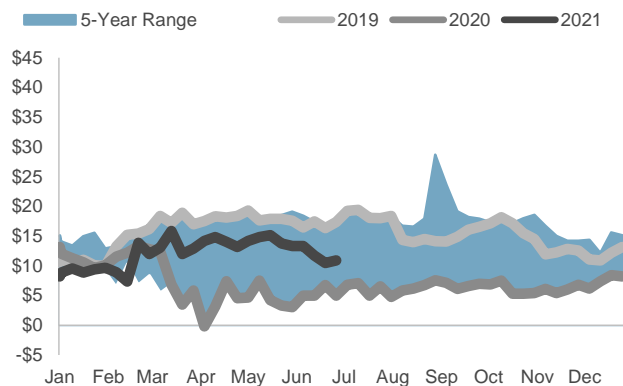


WCS (San Francisco)

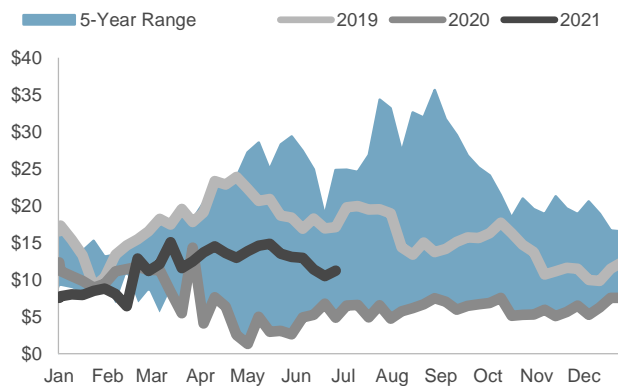


Refining—5:3:2 Crack Spreads (\$/bbl)

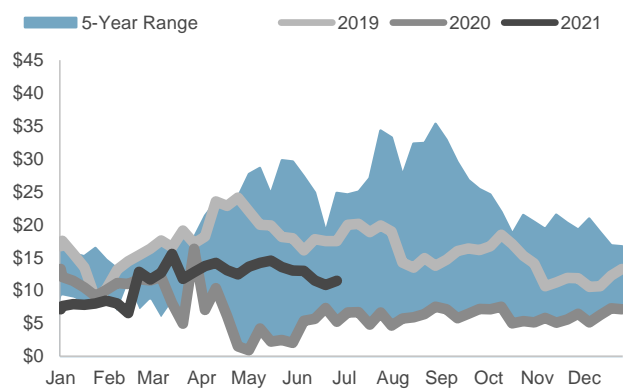
WTI Cushing (U.S. Gulf Coast)



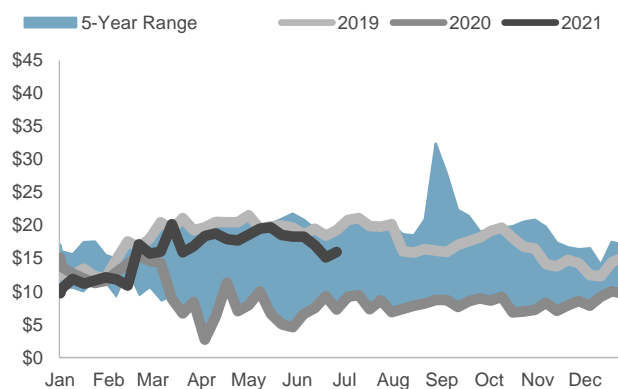
WTI Midland (U.S. Gulf Coast)



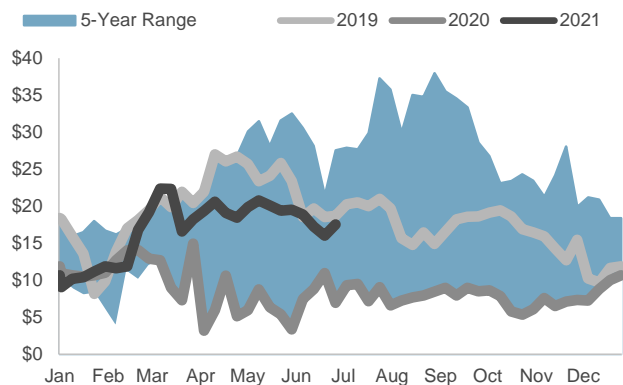
WTS (U.S. Gulf Coast)



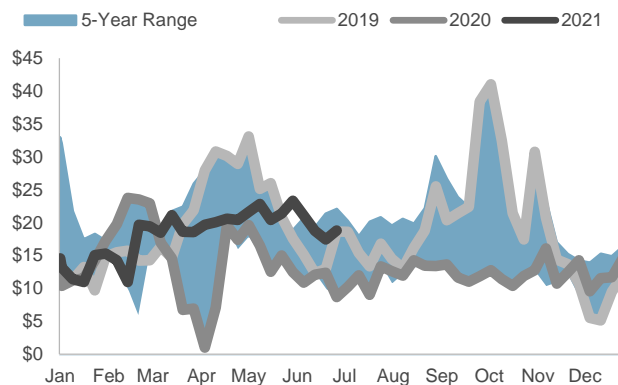
WTI Cushing ULSD (U.S. Gulf Coast)



WTI Midland ULSD (U.S. Midcontinent)

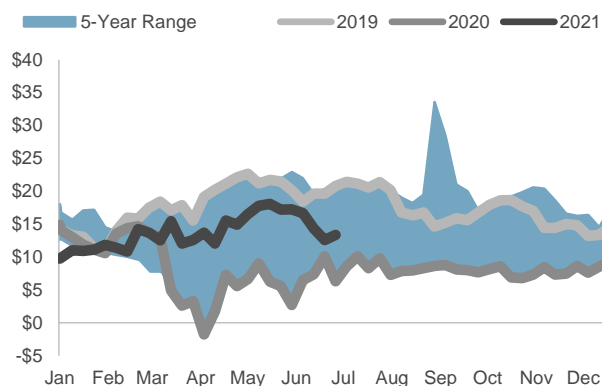


ANS (U.S. West Coast)

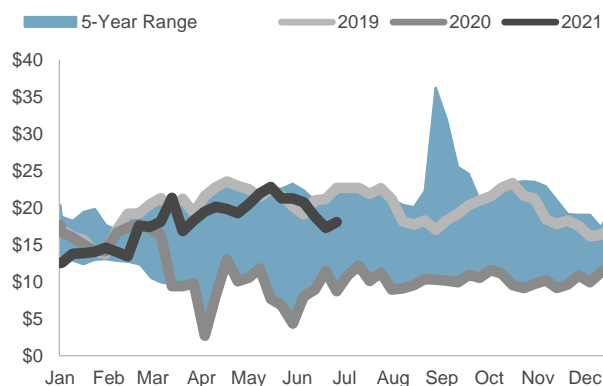


Refining—5:3:2 Crack Spreads (\$/bbl) (cont.)

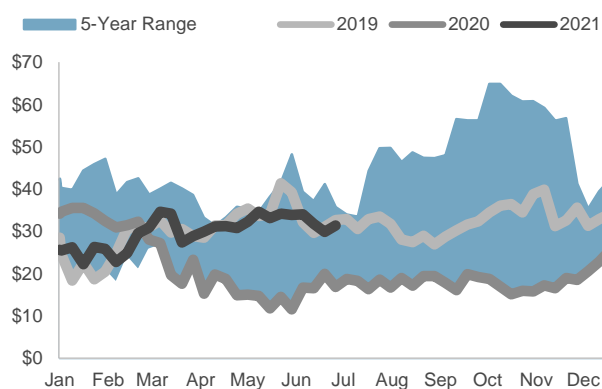
WTI Cushing (NYH RBOB Gasoline)



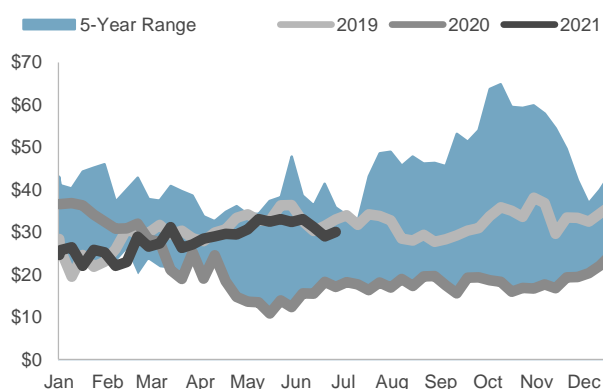
WTI Cushing ULSD (NY Harbor)



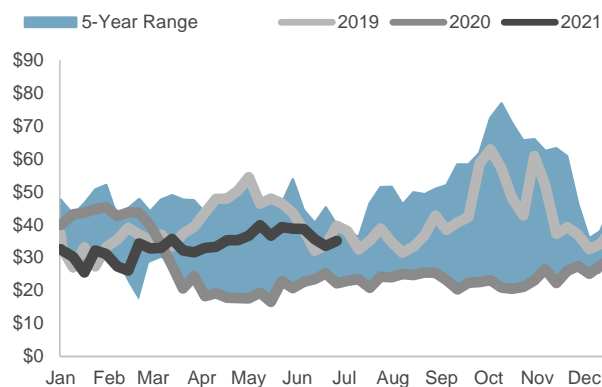
WCS (U.S. Midcontinent)



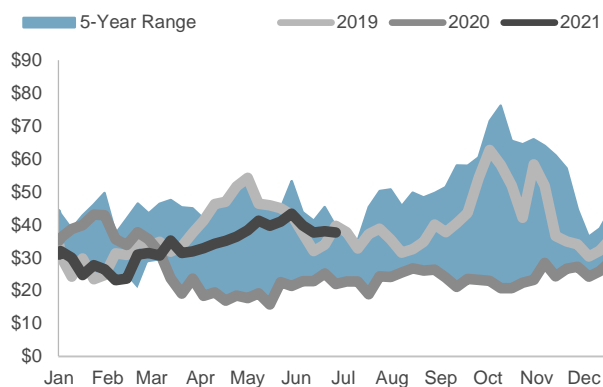
WCS (U.S. Gulf Coast)



WCS (U.S. West Coast)

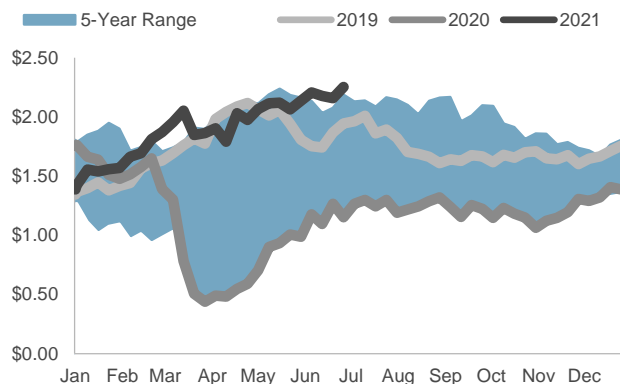


WCS (San Francisco)

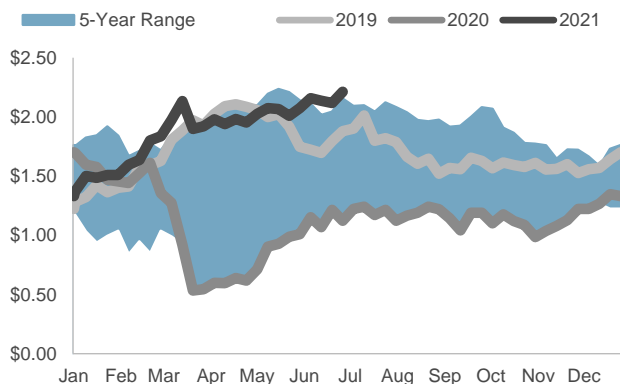


Refining—Product Prices (\$/gal)

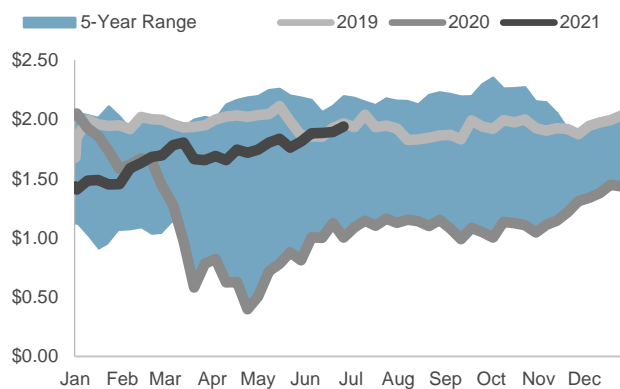
84 RBOB Gasoline (NY Harbor)



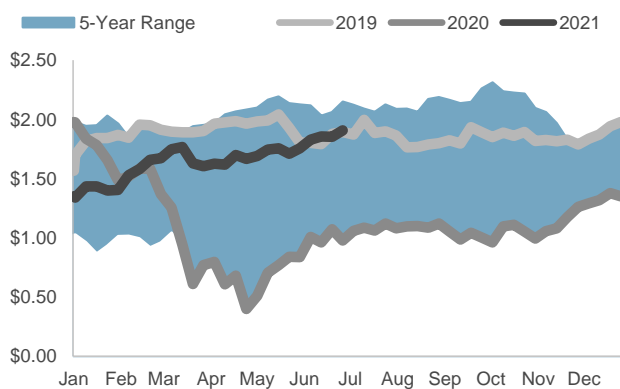
84 RBOB Gasoline (U.S. Gulf Coast)



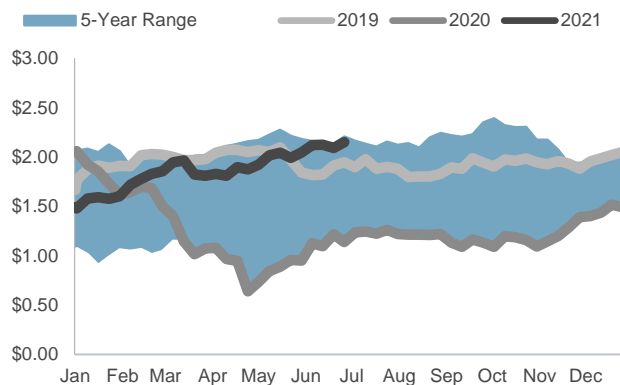
54-Grade Jet Fuel (NY Harbor)



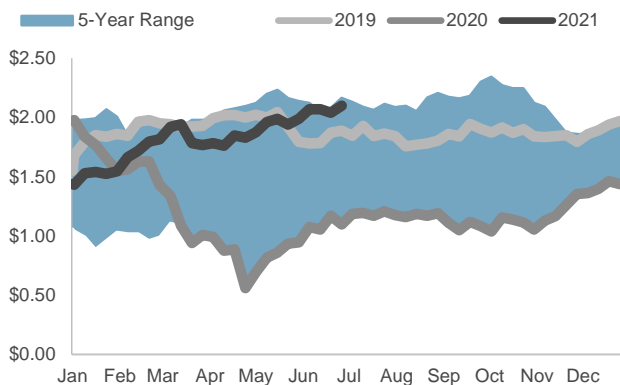
54-Grade Jet Fuel (U.S. Gulf Coast)



ULSD (NY Harbor)



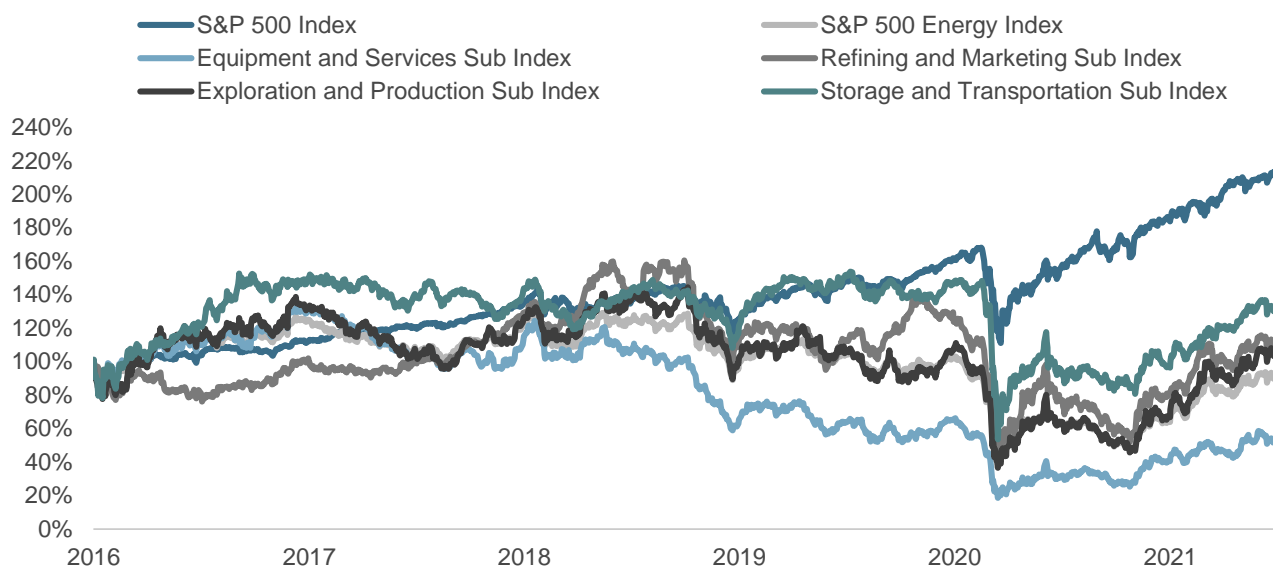
ULSD (U.S. Gulf Coast)



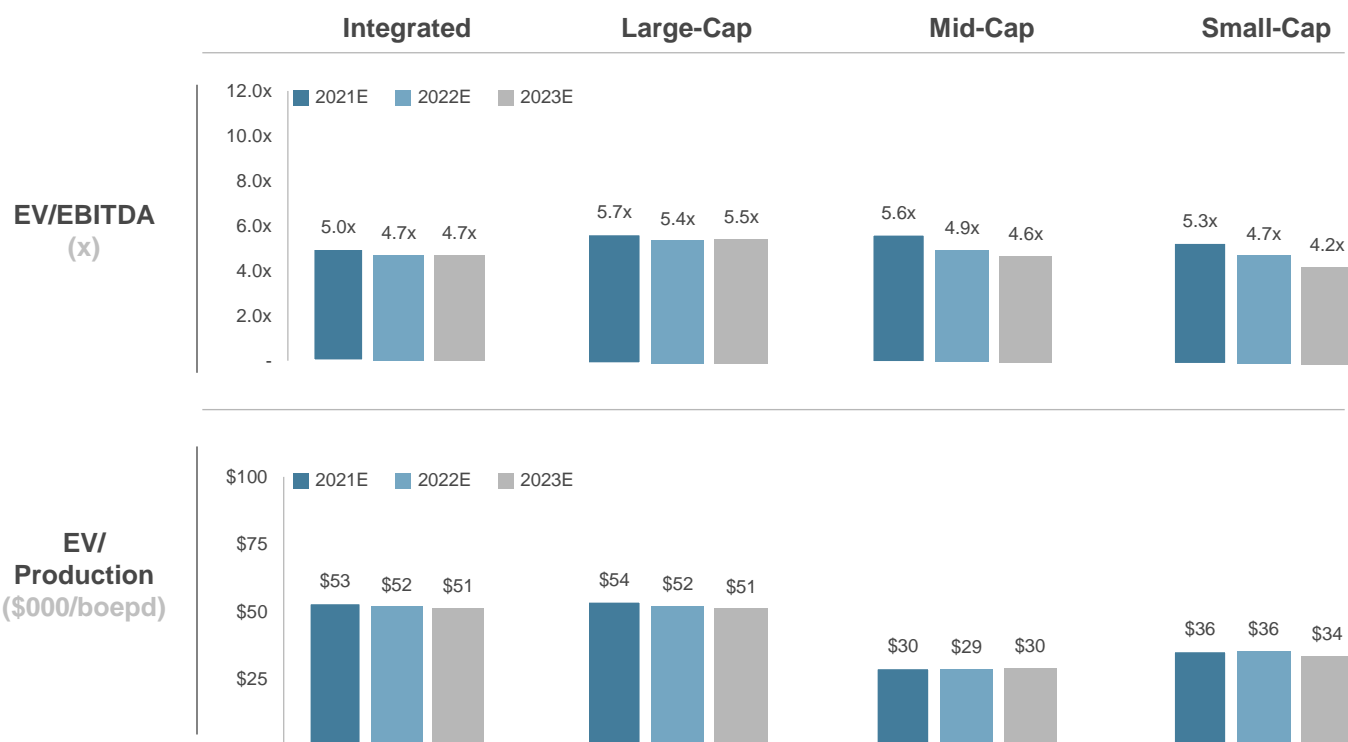
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Public Markets Overview

12 Months Indexed Stock Price Performance (January 1, 2016 = 100%)



Public E&P Company Trading Metrics



Source: S&P Capital IQ.

Note: Trading multiples are based on share price and market data listed as of June 30, 2021, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2021.

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E&P

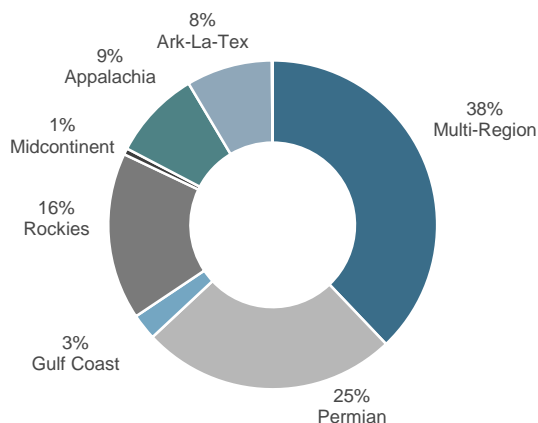
M&A (\$ in billions)

U.S. Region	2019	2020	YTD June		%Δ
			2020	2021	
Multi-Region	\$62.3	\$21.5	\$0.3	\$13.9	NMF
Permian	10.7	24.2	1.2	9.2	675%
Gulf Coast	1.3	0.4	0.1	0.9	NMF
Rockies	3.6	0.8	0.2	6.0	NMF
Midcontinent	3.9	0.6	0.2	0.2	7%
Appalachia	1.4	3.3	1.3	3.2	140%
Ark-La-Tex	3.0	0.4	0.0	3.1	NMF
Gulf of Mexico	3.2	1.0	0.1	0.0	-100%
West Coast	0.7	0.0	0.0	0.0	-100%
Alaska	6.2	0.0	0.0	0.0	122%
Total	\$96.2	\$52.4	\$3.4	\$36.8	NMF

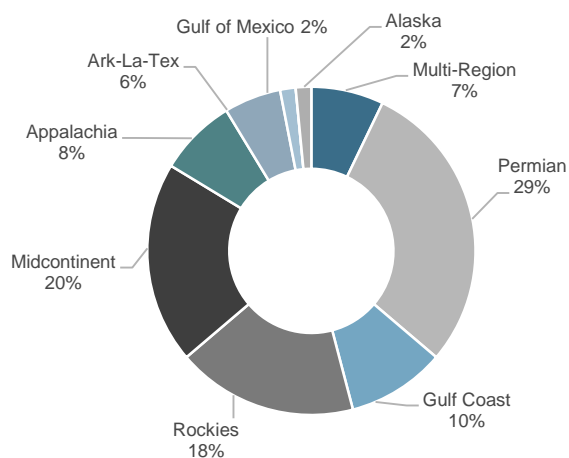
M&A (Deal Count)

U.S. Region	2019	2020	YTD June		%Δ
			2020	2021	
Multi-Region	54	45	21	14	-33%
Permian	290	120	47	57	21%
Gulf Coast	92	53	27	19	-30%
Rockies	115	46	25	35	40%
Midcontinent	159	67	33	39	18%
Appalachia	28	39	18	15	-17%
Ark-La-Tex	41	20	5	11	120%
Gulf of Mexico	27	8	3	3	0%
West Coast	7	9	6	0	-100%
Alaska	8	6	5	3	-40%
Total	821	413	190	196	3%

M&A—Q2 2021 (\$ in billions)



M&A—Q2 2021 (Deal Count)

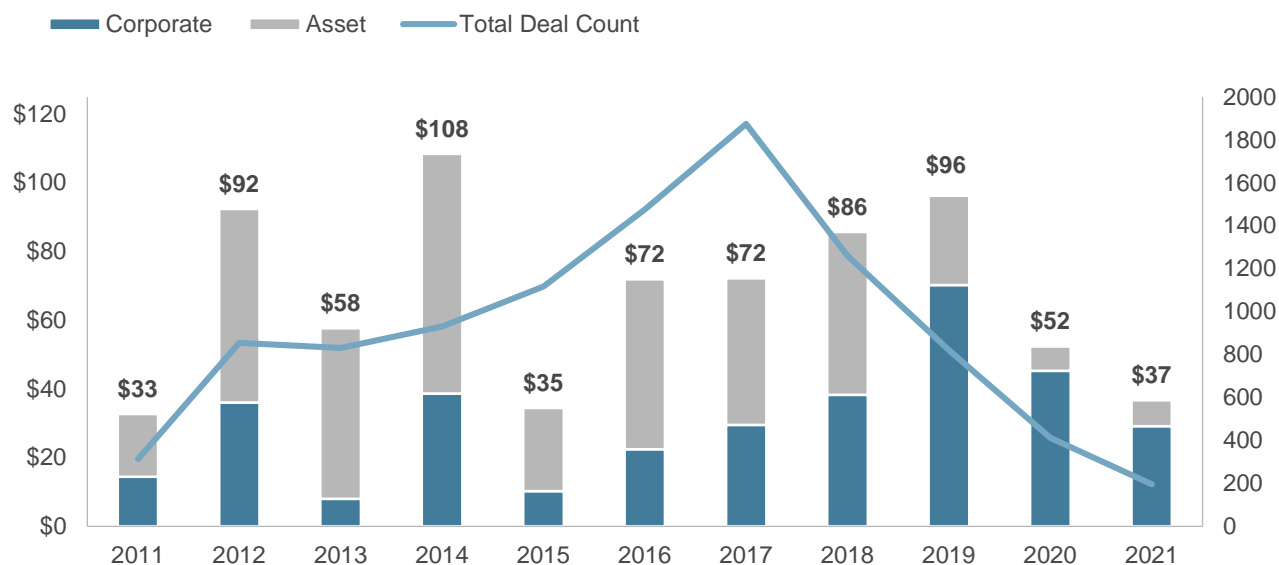


Source: Enverus based on selection criteria of seller assets being located in the U.S. Current year may not include values for all announced transactions or findings. Historical amounts may be adjusted as additional information is available.

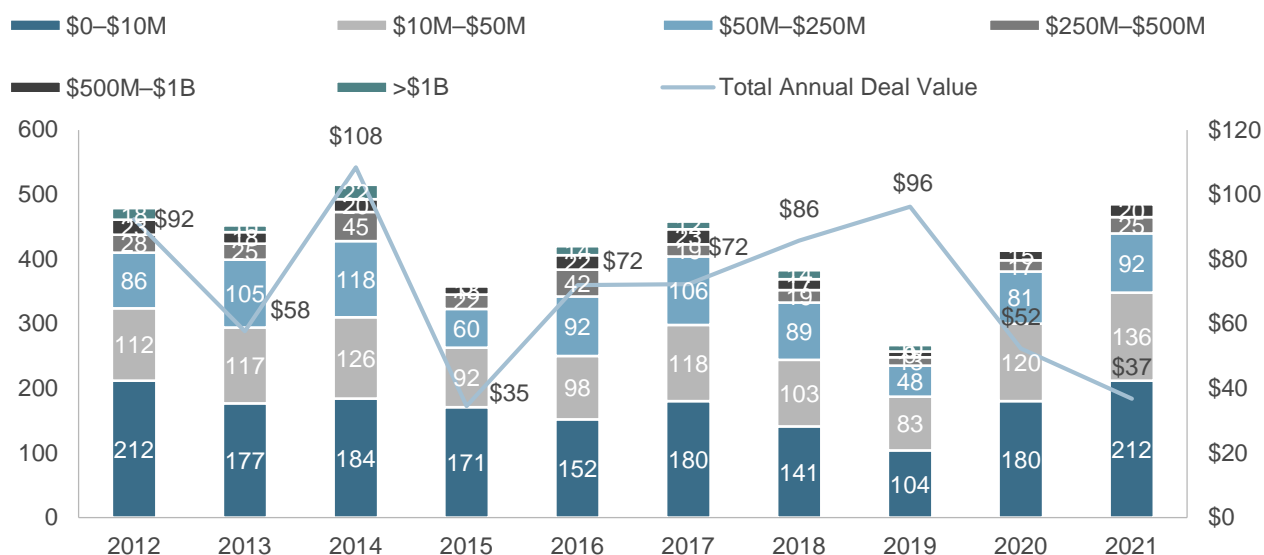
Note: All data as of June 30, 2021.

Historical E&P Transaction Activity

U.S. Transactions Since 2011 (\$ in billions)



U.S. Transactions by Deal Size Since 2011⁽¹⁾ (\$ in billions)



Source: Enverus based on selection criteria of seller assets being located in the U.S.

Note: All data as of June 30, 2021.

(1) Deal count excludes transactions without a publicly disclosed deal value.

OFS

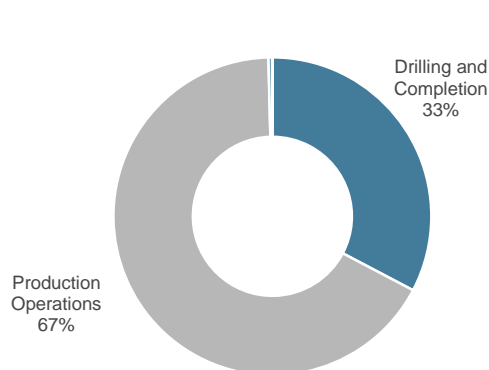
M&A (\$ in billions)

Segment	2019	2020	YTD June		%Δ
			2020	2021	
Drilling and Completion	1.8	0.2	0.1	0.1	2%
Production Operations	2.8	0.7	0.2	0.1	-18%
Information Services	0.1	0.0	0.0	0.0	-93%
Integrated	7.9	0.0	0.0	0.0	NMF
Other	0.0	0.0	0.0	0.0	NMF
Total	\$12.6	\$0.8	\$0.2	\$0.2	-17%

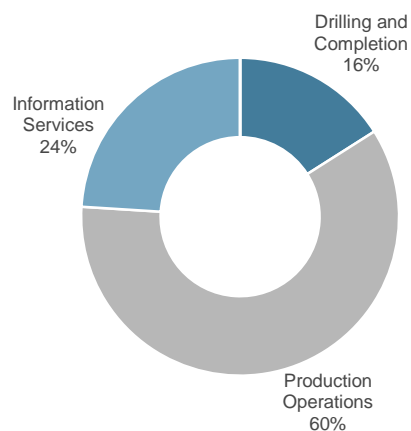
M&A (Deal Count)

Segment	2019	2020	YTD June		%Δ
			2020	2021	
Drilling and Completion	20	16	5	4	-20%
Production Operations	63	33	16	15	-6%
Information Services	22	6	2	6	200%
Integrated	15	4	0	0	NMF
Other	0	0	0	0	NMF
Total	120	59	23	25	9%

M&A—Q2 2021 (\$ in billions)



M&A—Q2 2021 (Deal Count)



Downstream

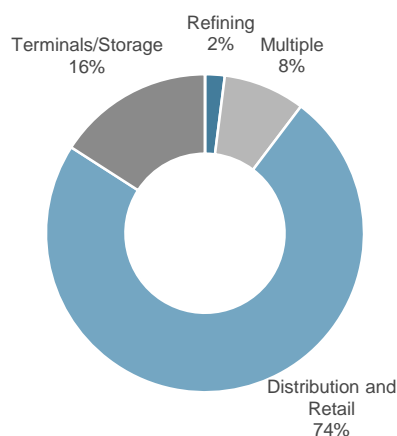
M&A (\$ in billions)

Segment	2019	2020	YTD June		%Δ
			2020	2021	
Refining	0.0	0.3	0.0	0.1	NMF
Multiple	11.2	0.7	0.1	0.6	306%
Distribution and Retail	6.4	22.9	0.1	5.2	NMF
Terminals/Storage	0.4	4.2	0.4	1.1	171%
Shipping	0.4	0.5	0.3	0.0	-100%
Total	\$18.3	\$28.7	\$1.0	\$7.0	603%

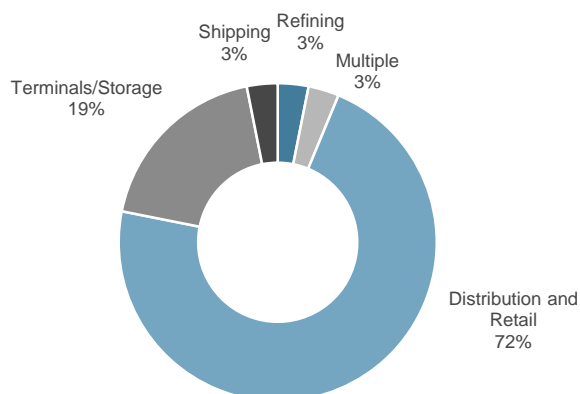
M&A (Deal Count)

Segment	2019	2020	YTD June		%Δ
			2020	2021	
Refining	2	2	0	1	NMF
Multiple	8	4	1	1	0%
Distribution and Retail	50	49	15	23	53%
Terminals/Storage	2	12	5	6	20%
Shipping	5	4	2	1	-50%
Total	67	71	23	32	39%

M&A—Q2 2021 (\$ in billions)



M&A—Q2 2021 (Deal Count)



Midstream

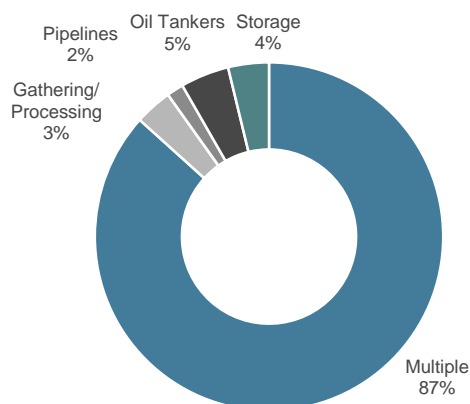
M&A (\$ in billions)

Segment	2019	2020	YTD June		%Δ
			2020	2021	
Multiple	43.0	15.2	5.5	19.5	254%
Gathering/ Processing	8.6	1.6	0.8	0.8	2%
Gas Processing	0.0	0.0	0.0	0.0	NMF
Pipelines	4.5	3.5	0.2	0.4	126%
Oil Tankers	0.2	0.1	0.0	1.0	NMF
Storage	0.7	0.4	0.2	0.9	282%
Total	\$57.0	\$20.8	\$6.7	\$22.5	238%

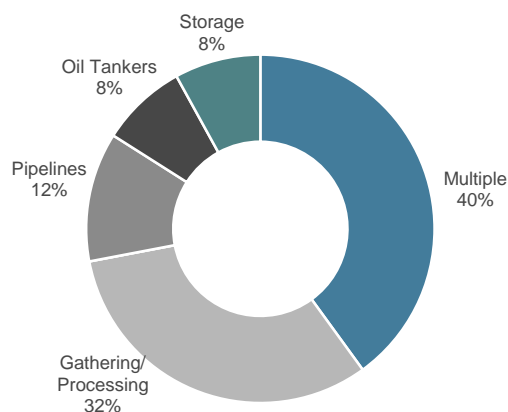
M&A (Deal Count)

Segment	2019	2020	YTD June		%Δ
			2020	2021	
Multiple	16	9	5	10	100%
Gathering/ Processing	31	16	6	8	33%
Gas Processing	0	0	0	0	NMF
Pipelines	17	11	5	3	-40%
Oil Tankers	4	3	0	2	NMF
Storage	5	4	2	2	0%
Total	73	43	18	25	39%

M&A—Q2 2021 (\$ in billions)



M&A—Q2 2021 (Deal Count)



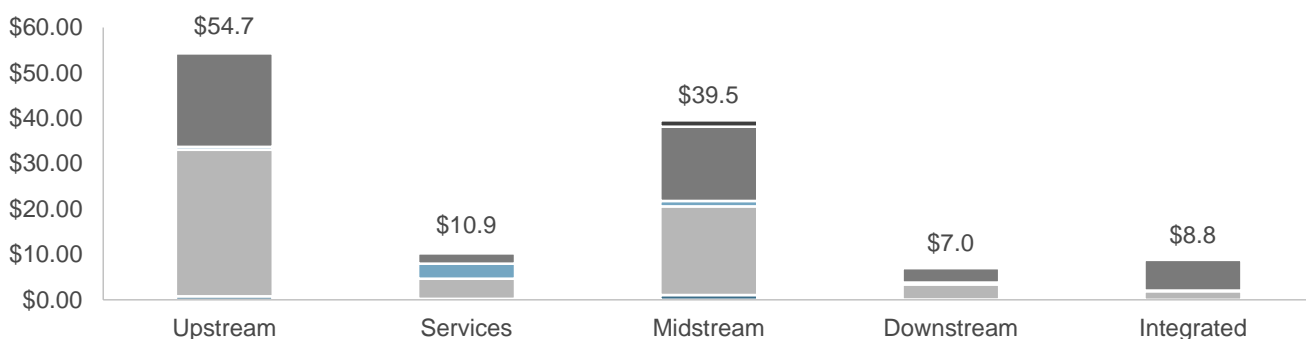
Financing by Instrument

Financing by Instrument (\$ in billions)

Capital	2019	2020	YTD June		%Δ
			2020	2021	
Upstream					
Equity	\$1.7	\$1.1	\$0.3	\$0.8	186%
Credit Facility	25.2	46.1	22.6	32.2	43%
Loan	4.4	12.7	10.3	0.7	-93%
Bond	27.5	32.9	19.2	20.6	7%
Other	0.0	0.1	0.1	0.4	332%
Total	\$58.9	\$92.9	\$52.5	\$54.7	4%
Services					
Equity	\$0.4	\$0.0	\$0.0	\$0.2	NMF
Credit Facility	19.4	18.6	9.9	4.5	-55%
Loan	7.7	5.8	5.2	3.3	-36%
Bond	8.3	6.6	4.4	2.3	-48%
Other	0.0	0.2	0.0	0.6	NMF
Total	\$35.8	\$31.1	\$19.5	\$10.9	-44%
Midstream					
Equity	\$2.2	\$2.9	\$2.6	\$1.1	-59%
Credit Facility	28.5	28.4	13.8	19.6	42%
Loan	14.1	6.1	5.6	1.2	-79%
Bond	34.8	43.9	26.1	16.4	-37%
Other	0.7	2.6	1.6	1.4	-11%
Total	\$80.2	\$84.0	\$49.6	\$39.5	-20%
Downstream					
Equity	\$0.0	\$0.0	\$0.0	\$0.1	NMF
Credit Facility	11.4	8.7	7.6	3.3	-56%
Loan	1.0	1.3	1.3	0.4	-70%
Bond	3.4	15.6	9.8	3.2	-68%
Other	0.1	0.0	0.0	0.0	NMF
Total	\$16.0	\$25.6	\$18.8	\$7.0	-63%
Integrated					
Equity	\$2.3	\$1.1	\$1.1	\$0.0	-100%
Credit Facility	10.0	0.9	0.9	1.9	111%
Loan	0.0	0.7	0.7	0.2	-76%
Bond	24.3	73.1	59.8	6.7	-89%
Other	0.0	1.5	0.5	0.0	-100%
Total	\$36.6	\$77.3	\$63.0	\$8.8	-86%
Grand Total	\$227.6	\$310.9	\$203.3	\$120.9	-41%

Financing by Instrument—Q2 2021 (\$ in billions)

■ Equity ■ Credit Facility ■ Loan ■ Bond ■ Other



Source: Enverus.

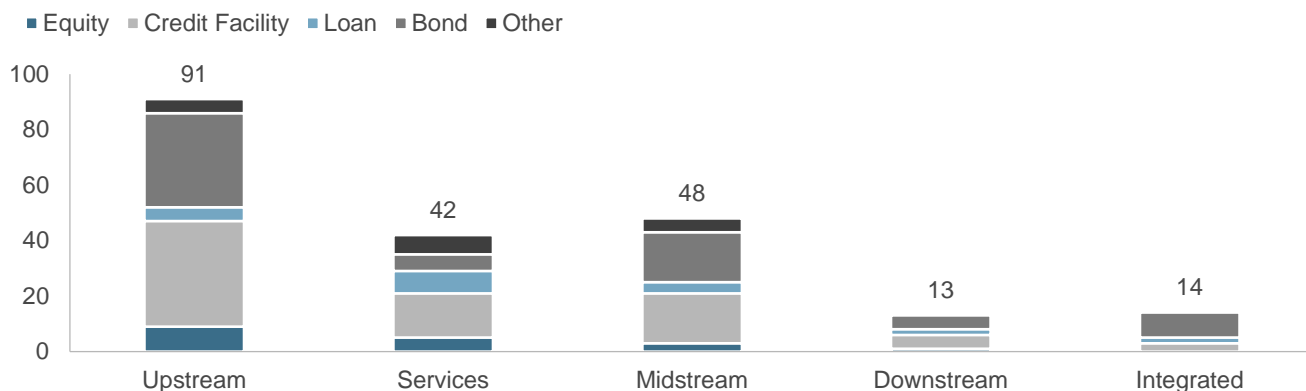
Notes: All data as of June 30, 2021. Current year may not include values for all announced transactions or findings. Historical amounts may be adjusted as additional information is available.

Financing by Instrument (cont.)

Financing by Instrument (Count)

Capital	2019	2020	YTD June		%Δ
			2020	2021	
Upstream					
Equity	12	12	4	9	125%
Credit Facility	22	69	23	38	65%
Loan	18	28	13	5	-62%
Bond	31	47	26	34	31%
Other	1	2	1	5	400%
Total	84	158	67	91	36%
Services					
Equity	2	2	2	5	150%
Credit Facility	26	62	23	16	-30%
Loan	22	33	27	8	-70%
Bond	19	16	9	6	-33%
Other	1	6	3	7	133%
Total	70	119	64	42	-34%
Midstream					
Equity	6	6	4	3	-25%
Credit Facility	26	25	15	18	20%
Loan	20	12	9	4	-56%
Bond	50	59	34	18	-47%
Other	2	6	4	5	25%
Total	104	108	66	48	-27%
Downstream					
Equity	0	0	0	1	NMF
Credit Facility	8	9	7	5	-29%
Loan	6	4	3	2	-33%
Bond	5	25	15	5	-67%
Other	2	1	0	0	NMF
Total	21	39	25	13	-48%
Integrated					
Equity	3	2	2	0	-100%
Credit Facility	2	2	2	3	50%
Loan	1	2	2	2	0%
Bond	27	65	49	9	-82%
Other	0	2	1	0	-100%
Total	33	73	56	14	-75%
Grand Total	312	497	278	208	-25%

Financing by Instrument—Q2 2021 (Deal Count)



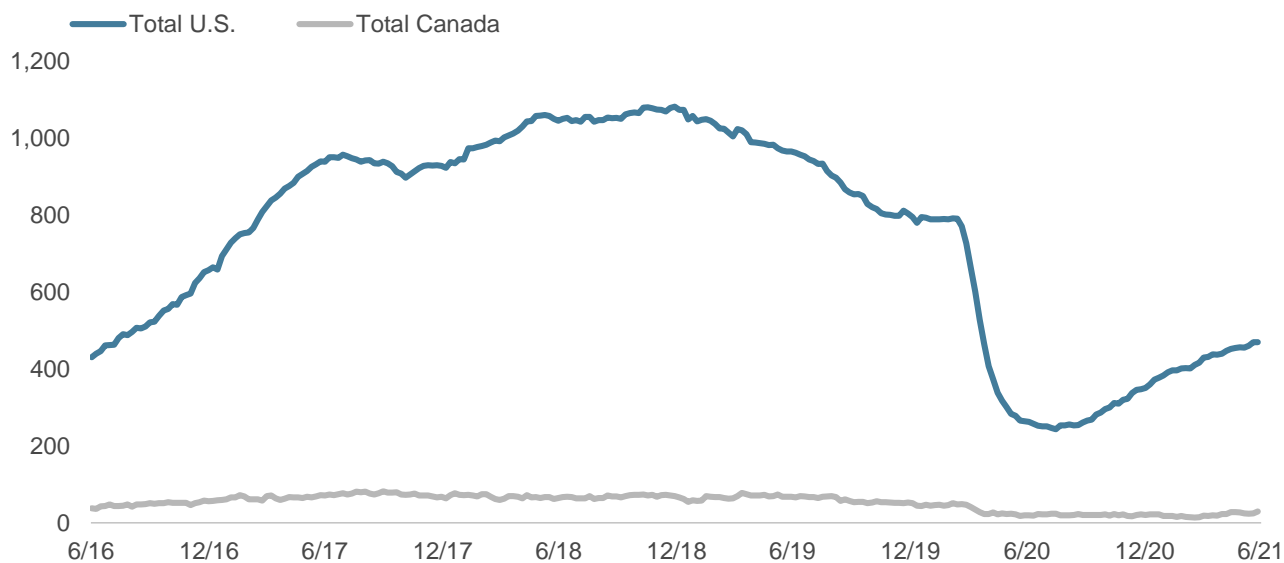
Source: Enverus.

Notes: All data as of June 30, 2021. Current year may not include values for all announced transactions or findings. Historical amounts may be adjusted as additional information is available.

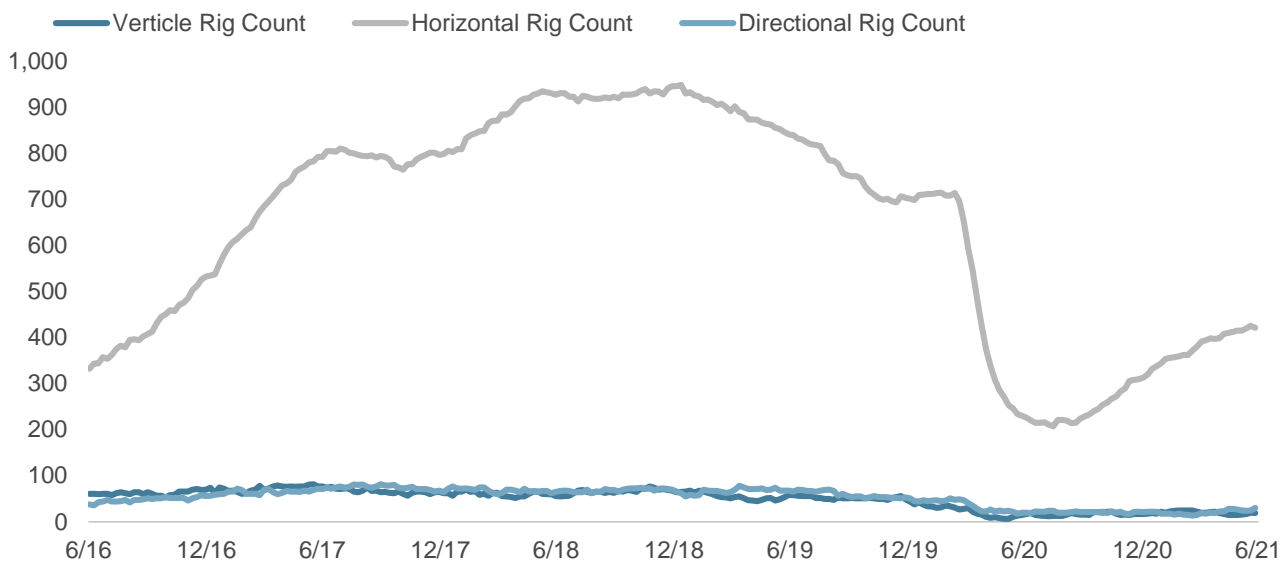
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Rigs

Total U.S. vs. Canada Rigs

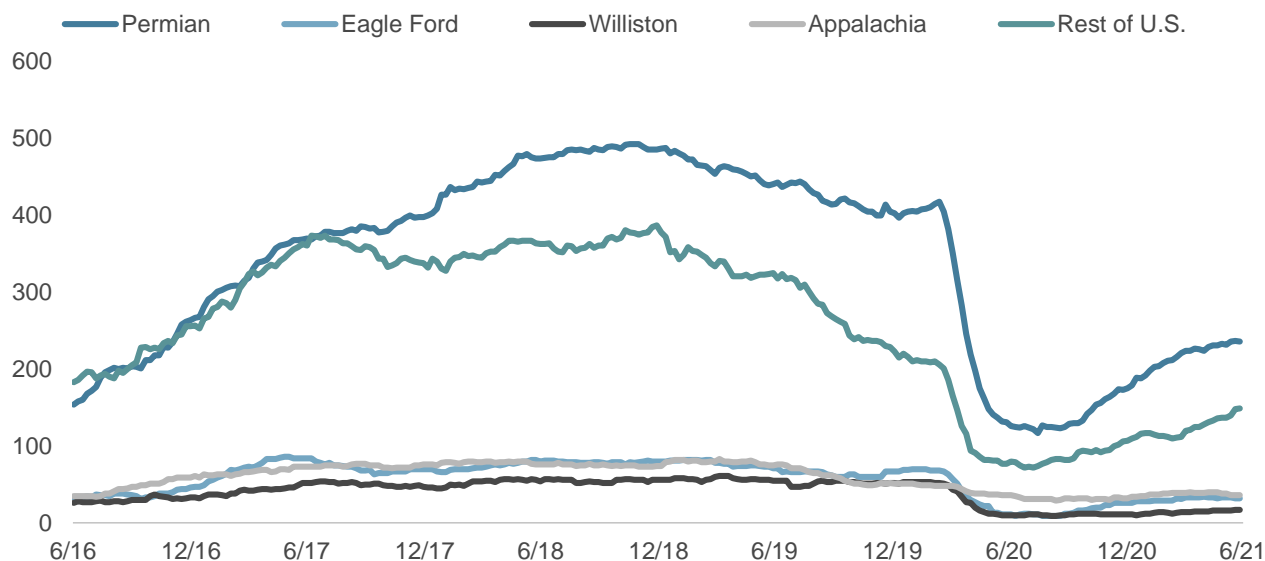


U.S. Rig Counts by Vertical, Horizontal, and Directional



Rigs (cont.)

U.S. Rigs by Regions

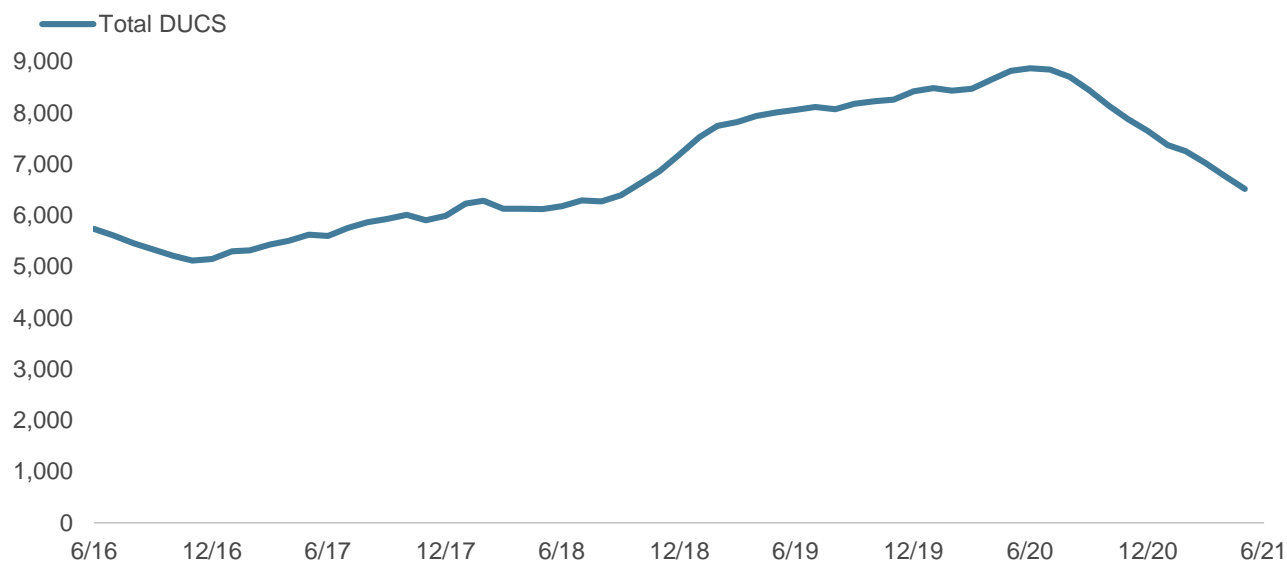


Change in Rig Counts

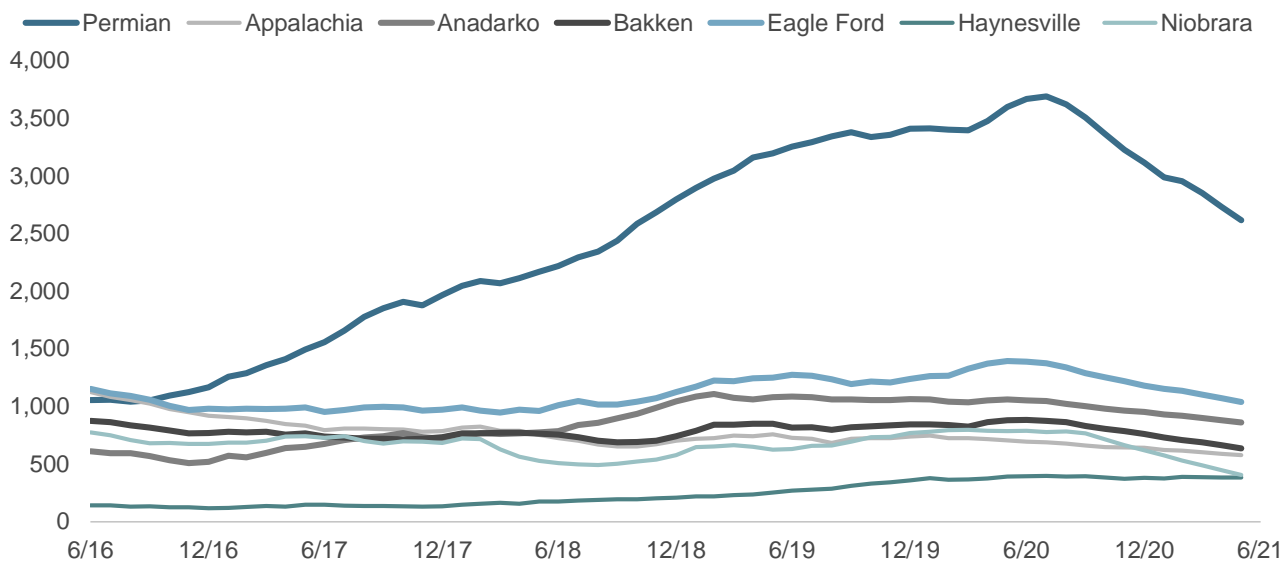
Region	6/30/2021	6/30/2020	3/31/2021	YoY % Change	QoQ % Change
Permian	236	131	221	80.2%	6.8%
Eagle Ford	32	11	31	190.9%	3.2%
Williston	17	10	14	70.0%	21.4%
Marcellus	27	27	30	0.0%	-10.0%
Cana Woodford	17	6	12	183.3%	41.7%
DJ Niobrara	9	4	7	125.0%	28.6%
Granite Walsh	2	0	0	NMF	NMF
Haynesville	49	32	45	53.1%	8.9%
Utica	9	9	9	0.0%	0.0%
Rest of U.S.	72	35	48	105.7%	50.0%
Total	470	265	417	77.4%	12.7%

Rigs (cont.)

Total U.S. DUCs



Total DUCs by Basin



Source: Bloomberg.

Notes: All data as of June 30, 2021. Data is collected on a monthly basis and subject to a one-month lag.

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