



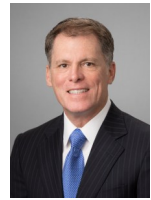
Weekly E&P Update

April 2, 2024

Vol. 14

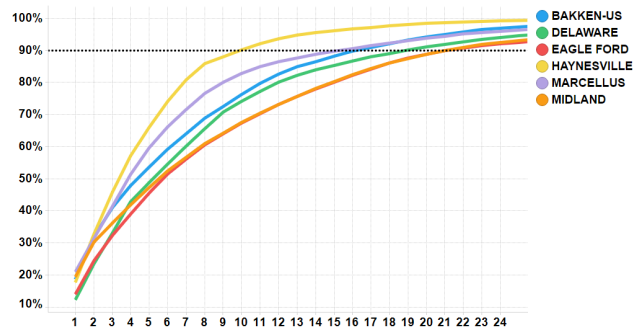
Consolidation Leads to Increased Concentration of Unconventional Assets

By Steve Hendrickson
President of Ralph E. Davis Associates



As expected, we've seen a wave of consolidation among companies operating in the major domestic unconventional plays over the prior year. Although fewer companies remain to join forces, the market forces that favor combinations are likely to persist. I thought it would be interesting to see how concentrated these plays have become, so we extracted the number of currently producing horizontal wells across six key plays to examine what proportion of them are operated by the top companies. We've focused on the horizontal wells because they represent the majority of production and drilling activity.

In the graph below, each line depicts the cumulative fraction of active horizontal wells operated plotted against the number of operators. Currently, the most concentrated play is Haynesville, where ten companies operate 90% of the active wells. The other plays are less concentrated (the Midland Basin is the least), but still, less than 20 companies operate about 90% of the active wells in each.



CLICK TO ENLARGE
(Source: Enverus, RED analysis)

The benefits of consolidation, such as corporate synergies and economies of scale, may be greatest to companies that operate in the same basin. Here are the top ten operators by well horizontal well count in each. Take a look and see if you can predict the next mega-deal!

PLAY RANK	BAKKEN-US	DELAWARE	EAGLE FORD	HAYNESVILLE	MARCELLUS	MIDLAND
1	CHORD ENERGY	EOG	EOG	CHESAPEAKE	EQT	PIONEER
2	CONTINENTAL RESOURCES	CONOCOPHILLIPS	MARATHON	COMSTOCK	CHESAPEAKE	DIAMONDBACK
3	HESS	OCCIDENTAL	CRESCENT ENERGY COMPANY	SOUTHWESTERN ENERGY	RANGE RESOURCES	ENDEAVOR ENERGY
4	GRAYSON MILL OPERATING LLC	DEVON	DEVON	AETHON ENERGY	SOUTHWESTERN ENERGY	EXXON
5	MARATHON	MEVBOURNE OIL	CONOCOPHILLIPS	EXCO RESOURCES	ANTERO RESOURCES	CONOCOPHILLIPS
6	EXXON	CHEVRON	INEOS	TG NATURAL RESOURCES LLC	COTERRA ENERGY	OVINTIV
7	CONOCOPHILLIPS	PERMIAN RESOURCES	VERDUN OIL COMPANY	BP	NATIONAL FUEL GAS	PERMIAN RESOURCES
8	ENERPLUS	COTERRA ENERGY	SILVERBOW RESOURCES	EXXON	REPSOL	VITAL ENERGY
9	PETRO-HUNT	EXXON	MURPHY OIL	SABINE OIL & GAS	CNX	CROWNQUEST OPERATING
10	DEVON	MATADOR RESOURCES	BAYTEX ENERGY	SEP HAYNESVILLE II, LLC	PENNENERGY	APA CORP

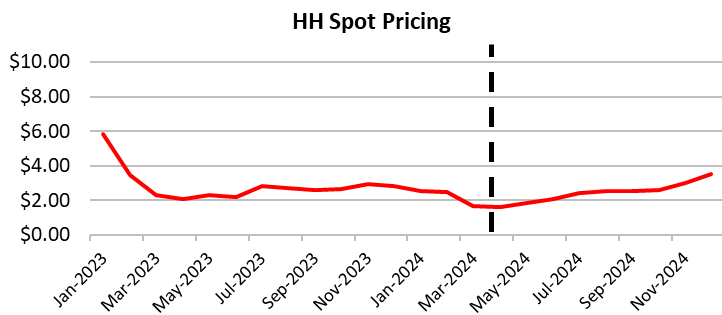
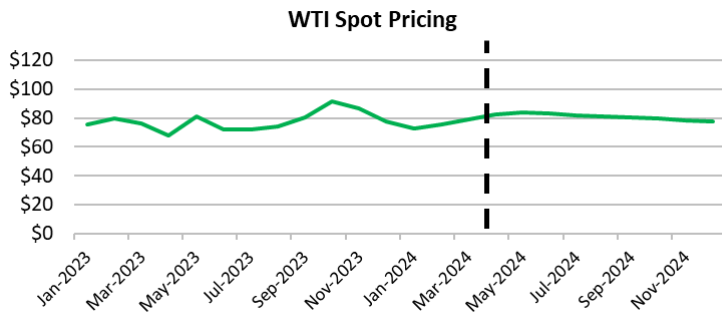
CLICK TO ENLARGE
(Source: Enverus, RED analysis)
Note: Some operator names have not been updated for recently announced transactions

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NYMEX FUTURE PRICING



MONDAY'S MARKET CLOSE

NYMEX WTI CRUDE OIL FUTURES as of April 1, 2024 Close (\$/bbl)

Period	Current	WoW Change	Last Week	1 Yr Ago
2024	\$80.73	\$1.11	\$79.62	\$71.10
2025	\$74.49	\$0.58	\$73.91	\$67.39
2026	\$70.18	\$0.46	\$69.72	\$64.40
2027	\$67.32	\$0.33	\$66.99	\$61.68
2028	\$65.46	\$0.18	\$65.28	\$59.36

NYMEX HH NATURAL GAS FUTURES as of April 1, 2024 Close (\$/MMBtu)

Period	Current	WoW Change	Last Week	1 Yr Ago
2024	\$2.55	\$0.17	\$2.38	\$3.63
2025	\$3.50	\$0.09	\$3.41	\$4.24
2026	\$3.81	\$0.07	\$3.74	\$4.27
2027	\$3.84	\$0.07	\$3.77	\$4.22
2028	\$3.78	\$0.07	\$3.71	\$4.24

INDUSTRY METRICS—QUICK SNAPSHOT

	Current	Last Week	WoW Change	%Change
Crude Oil Near-Month Price (\$/bbl)	\$84.04	\$81.94	\$2.10	3%
Natural Gas Near-Month Price (\$/MMBtu)	\$1.84	\$1.61	\$0.23	14%
Weekly Upstream-Deal Transaction Value (\$MM)	\$281.00	\$386.00	(\$105.00)	(27%)
Weekly Number of Upstream-Deal Transactions	6	5	1	20%
Current Total US Rig Count	621	624	(3)	(0.5%)
US Field Crude Oil Production (MMbbl/day)	13.1	13.1	0	-
US Field Dry Natural Gas Production (Bcf/day)	105.6	105.3	0.3	0.3%
Commercial Crude Oil Stocks-Excluding SPR (MMbbl)	448	445	3	0.7%
Natural Gas Stocks-Working Gas Underground Storage (Bcf)	2,296	2,332	(36)	(2%)
Total Drilled But Uncompleted Wells (DUC-Last Month)	4,483	4,483	0	-

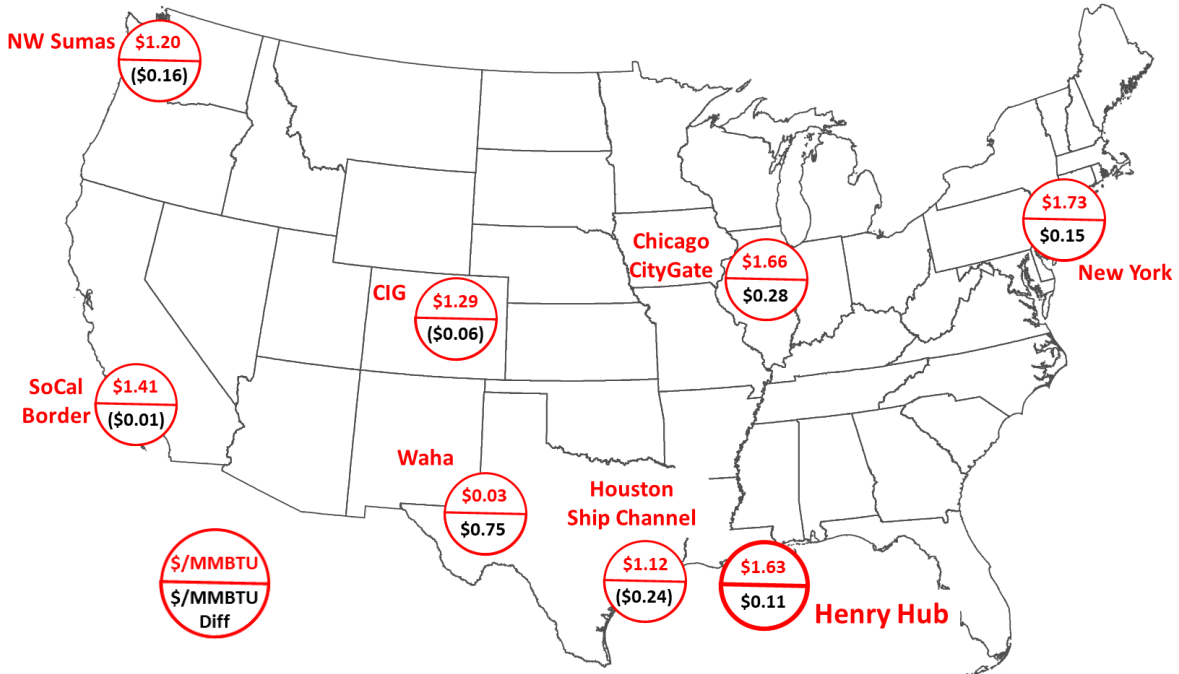
*Source—Energy Information Administration, United States (EIA)

*Source—Baker Hughes North America Rotary Rig Count & PLS M&A Database

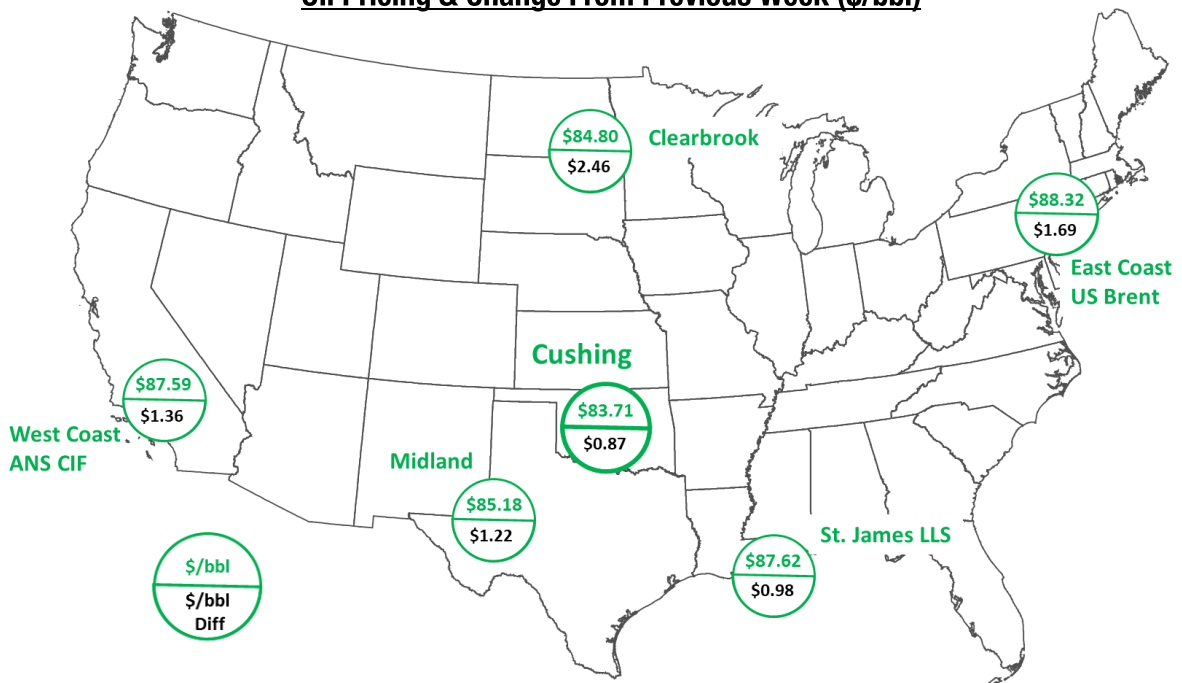


US COMMODITY PRICES CONTINUED

Natural Gas Pricing & Change From Previous Week (\$/MMBTu)



Oil Pricing & Change From Previous Week (\$/bbl)



*Source—Bloomberg LP



SELECTED INDUSTRY HEADLINES

Oil and Gas Production Decreased in the First Quarter - Dallas Fed

Oil and gas production in Texas, Louisiana and New Mexico decreased in the first quarter of 2024, the Federal Reserve Bank of Dallas said on Wednesday in its quarterly survey of energy activity.

US Buys 2.8 Million Barrels of Oil as it Fills Crude Reserve

The Energy Department has been slowly refilling the Strategic Petroleum Reserve after it reached a 40-year-low following the Biden administration's unprecedented drawdown in the wake of the Russia's invasion of Ukraine.

Baker Hughes: US, Canada Weekly Rig Counts Down

The US drilling rig count is down 3 units to 621 rigs working for the week ended Mar. 28, according to Baker Hughes data.

Oil Prices Climb to Five-month High on Escalating Middle East Tensions and Fresh Supply Threats

Oil prices on Tuesday rose to their highest level since October as investors closely monitored fresh supply threats amid an escalating conflict in the Middle East and a Ukrainian drone strike on a major Russian oil refinery.

U.S. Natural Gas Production Grew by 4% in 2023, Similar to 2022

U.S. natural gas production grew by 4% in 2023, or 5.0 billion cubic feet per day, to average 125.0 Bcf/d, according to our Natural Gas Monthly.

U.S. Natural Gas Futures Post Big First-Quarter Losses

U.S. natural gas futures settle higher on a slightly bigger-than-expected 36 Bcf storage draw for last week, but end the first quarter down sharply after an exceptionally mild winter that kept a lid on heating demand and prompted some major producers to cut drilling and output plans.

Oil and Gas Execs Reveal Where They See Henry Hub Price Heading

Executives from oil and gas firms have revealed where they expect the Henry Hub natural gas price to be at various points in the future as part of the recently released first quarter Dallas Fed Energy Survey.

US Gas Prices to be Increasingly Linked to International Markets Through LNG

S&P Global analysts forecast US LNG feed gas demand will rise to almost 25 Bcf/d by 2028, up by about 90% from 2023 levels.

Natural Gas Futures Give Back Gains Early as LNG Demand Levels Drop (LOGIN CREDENTIALS REQUIRED)

Natural gas futures fell in early trading Tuesday, giving up a large chunk of the previous day's gains as daily export demand levels faded in updated estimates.

The U.S. Was the World's Top LNG Exporter in 2023

The United States beat out both Australia and Qatar to become the largest exporter of liquefied natural gas in 2023, with an average of 11.9 billion cubic feet per day in exports last year, the U.S. Energy Information Administration said on Monday.

USA Biofuels Industry is Booming

That's what Rystad Energy stated in a release sent to Rigzone recently, adding that a "fresh surge in production is just around the corner thanks to increased demand for renewable diesel and sustainable aviation fuels in the coming years".

Investors Lack Sufficient Detail on Oil, Gas Sector Transition Risks – Report

The energy transition plans of 10 of the world's largest publicly traded oil and gas companies lack sufficient detail to help investors accurately gauge related material financial risks, according to a new report.

ESG Credentials Called Key to Attracting Gas Sector Investment

As the US gas industry seeks to bolster its reputation among investors, finance experts say demonstrating ESG bona fides is key to drawing capital to the sector.



SELECTED RECENT TRANSACTIONS

Dorchester Minerals, L.P. Announces Acquisition of Mineral Interests

Dorchester Minerals, L.P. announced it completed an acquisition of mineral interests totaling approximately 1,485 net royalty acres located in two counties in Colorado.

Elk Range Royalties Makes Entry in Appalachia with Three-state Deal

NGP-backed Elk Range Royalties signed its first deal for mineral and royalty interests in Appalachia, including locations in Pennsylvania, Ohio and West Virginia.

TotalEnergies to Acquire Upstream Position in Eagle Ford Shale

Global energy company TotalEnergies is expanding in the US shale patch with an upstream acquisition in the Eagle Ford of South Texas, chairman and CEO Patrick Pouyanné.

Diversified Energy Buys NatGas Assets in Runup to LNG Exports

Diversified Energy will pay \$386 million to buy 100% interest in Oaktree Capital Management's assets in Oklahoma, East Texas and Louisiana.

Civitas, Prioritizing Permian, Jettisons Non-core Colorado Assets

After plowing nearly \$7 billion into Permian Basin M&A last year, Civitas Resources is selling off non-core acreage from its legacy position in Colorado as part of a \$300 million divestiture goal.

Epsilon Energy Bolsters Permian Presence With Pradera Fuego Acquisition, Eyes Future Drilling

Epsilon Energy's acquisition in Ector County, Texas, underscores its strategic focus on expanding crude oil production in the Permian Basin, positioning the company for growth and operational efficiencies.

Esperanza, Andros Capital Partners to Acquire ExxonMobil's Interests in Ursa, Princess Fields

Esperanza Capital Partners and Andros Capital Partners LLC have announced the execution of a definitive purchase agreement to acquire Exxon Mobil Corporation's assets in the Ursa and Princess fields in the Gulf of Mexico.

Chord Energy, Canada's Enerplus to Combine Into \$11 Billion Company in North Dakota's Williston Basin

Chord Energy Corp. and Canada's Enerplus Corp. said late Wednesday they have agreed to merge in an \$11 billion stock and cash deal with an eye toward establishing a "premier" position in North Dakota's Williston shale basin.

Benchmark Buys Revolution Resources' Anadarko Assets in \$145 Million Deal

Benchmark Energy II is acquiring Revolution Resources just over four years after Revolution bought out Jones Energy Inc.'s Midcontinent portfolio.

Bayswater Acquires New Oil and Gas Production, Drilling Assets in DJ Basin

Bayswater Exploration & Production, a Denver-based oil and natural gas development company, recently acquired assets that will continue to expand its operations in the Denver Julesburg Basin in Weld County, Colorado.

Diamondback Agrees to \$26 Billion Deal to Buy Endeavor Energy in Growing Permian Push

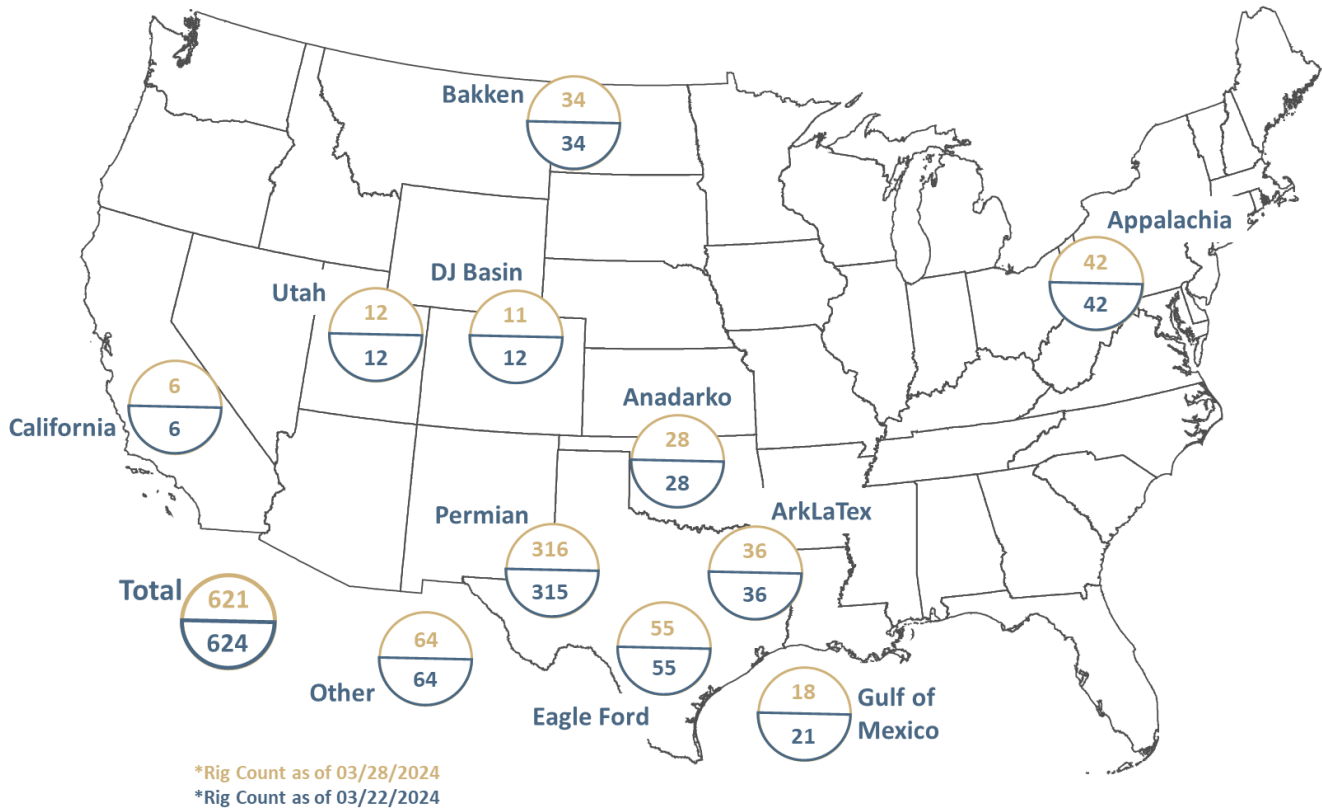
Shale producer Diamondback Energy said on Monday it would buy the largest privately held oil and gas producer in the Permian Basin, Endeavor Energy Partners, in a cash-and-stock deal valued at about \$26 billion, including debt.

California Resources Corporation to Combine With Aera Energy

California Resources Corporation announced the signing of a definitive merger agreement to combine with Aera Energy, LLC in an all-stock transaction valued at approximately \$2.1 billion.



RIG ACTIVITY BY US REGION

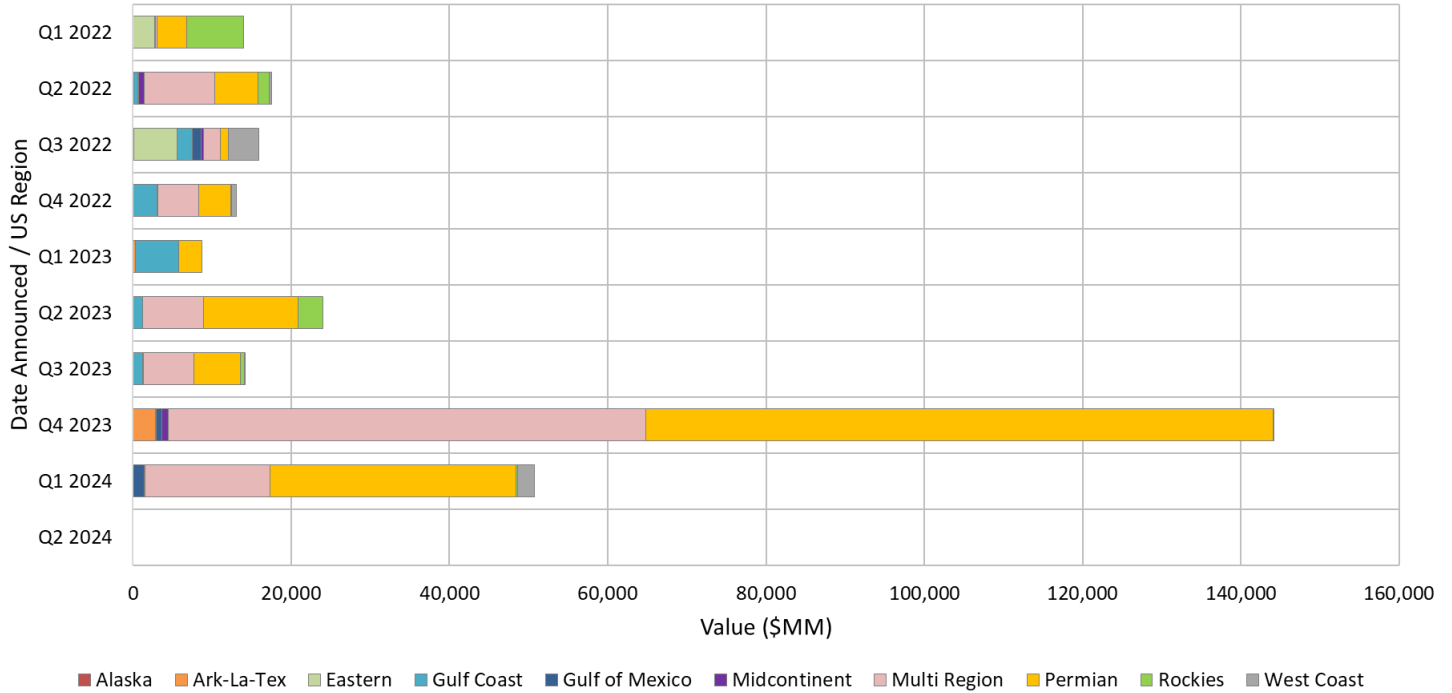


	Week Ending 03/28/2024			Week Ending 03/22/2024		Week Ending 03/30/2023
U.S. Rig Breakouts	Count	+/-	Count	+/-	Count	
Oil	506	(3)	509	(86)	592	
Gas	112	0	112	(48)	160	
Not Specified	3	0	3	0	3	
Directional	50	(6)	56	(1)	51	
Horizontal	558	2	556	(133)	691	
Vertical	13	1	12	0	13	
Land (Inc Others)	601	0	601	(135)	736	
Inland Waters	0	0	0	(1)	1	
Offshore	20	(3)	23	2	18	
US Total	621	(3)	624	(134)	755	

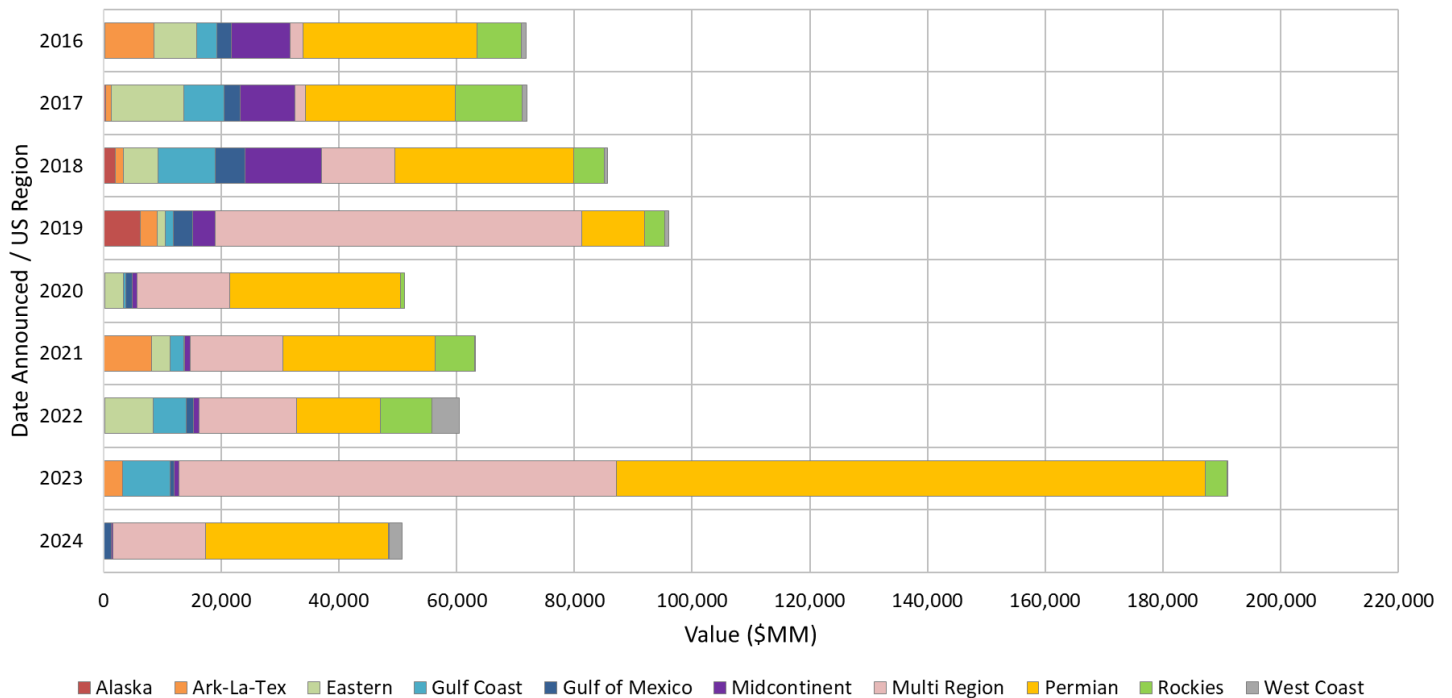
*Source—Baker Hughes Weekly Rig Counts



DEAL VALUE BY US REGION (BY QUARTER)



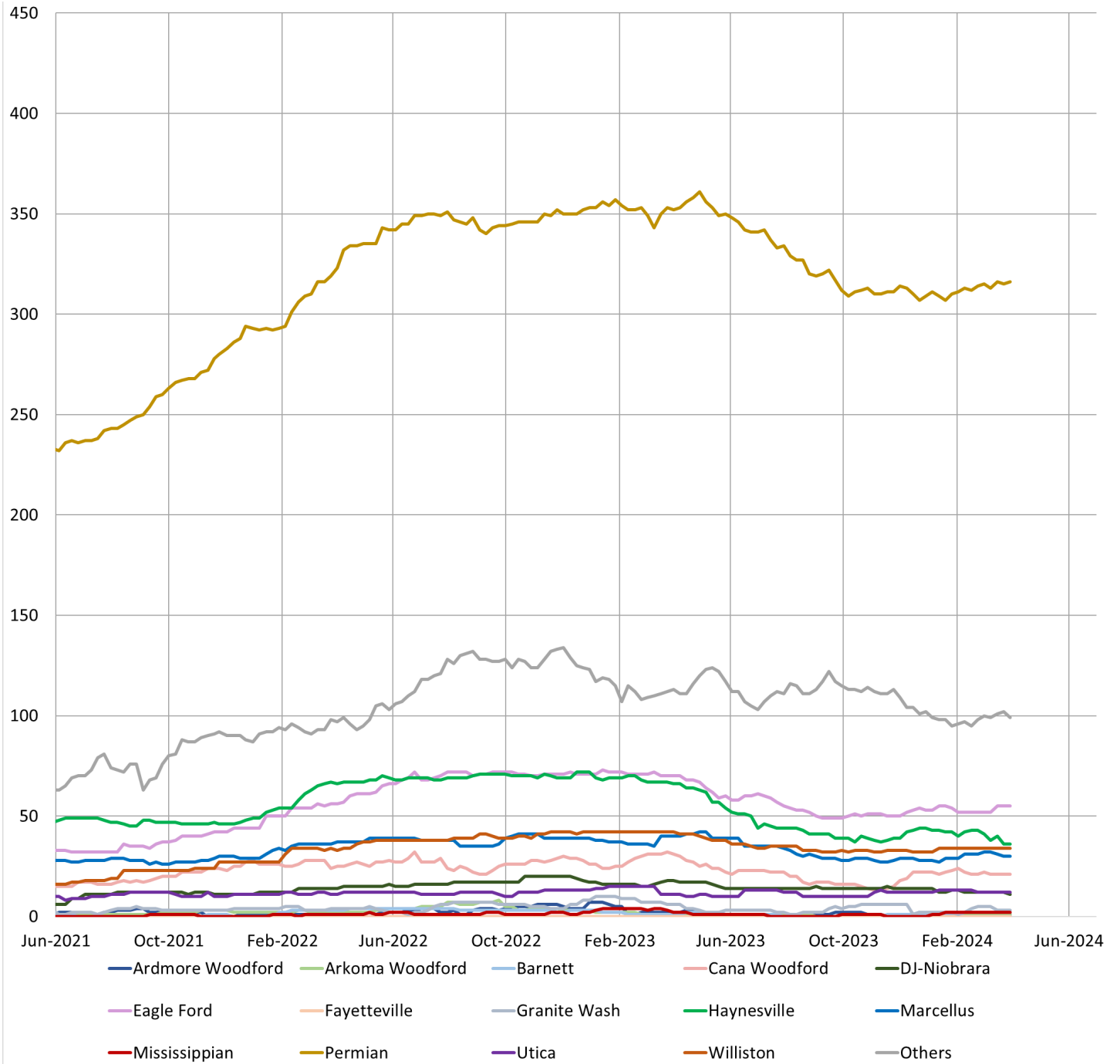
DEAL VALUE BY US REGION (BY YEAR)



*Source—PLS M&A Database (Charts exclude terminated deals)



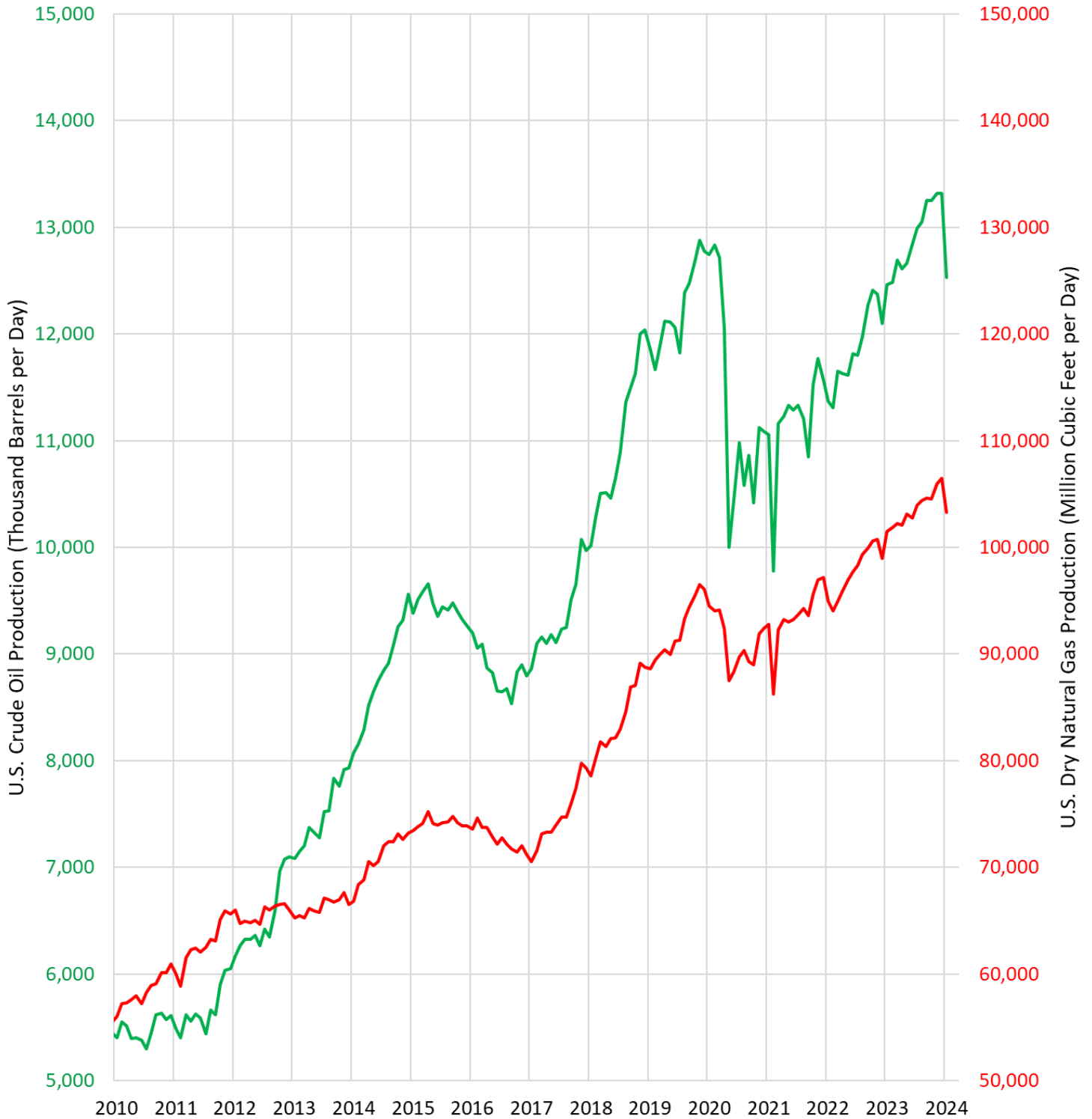
RIG ACTIVITY BY US REGION



*Source—Baker Hughes Weekly Rig Counts



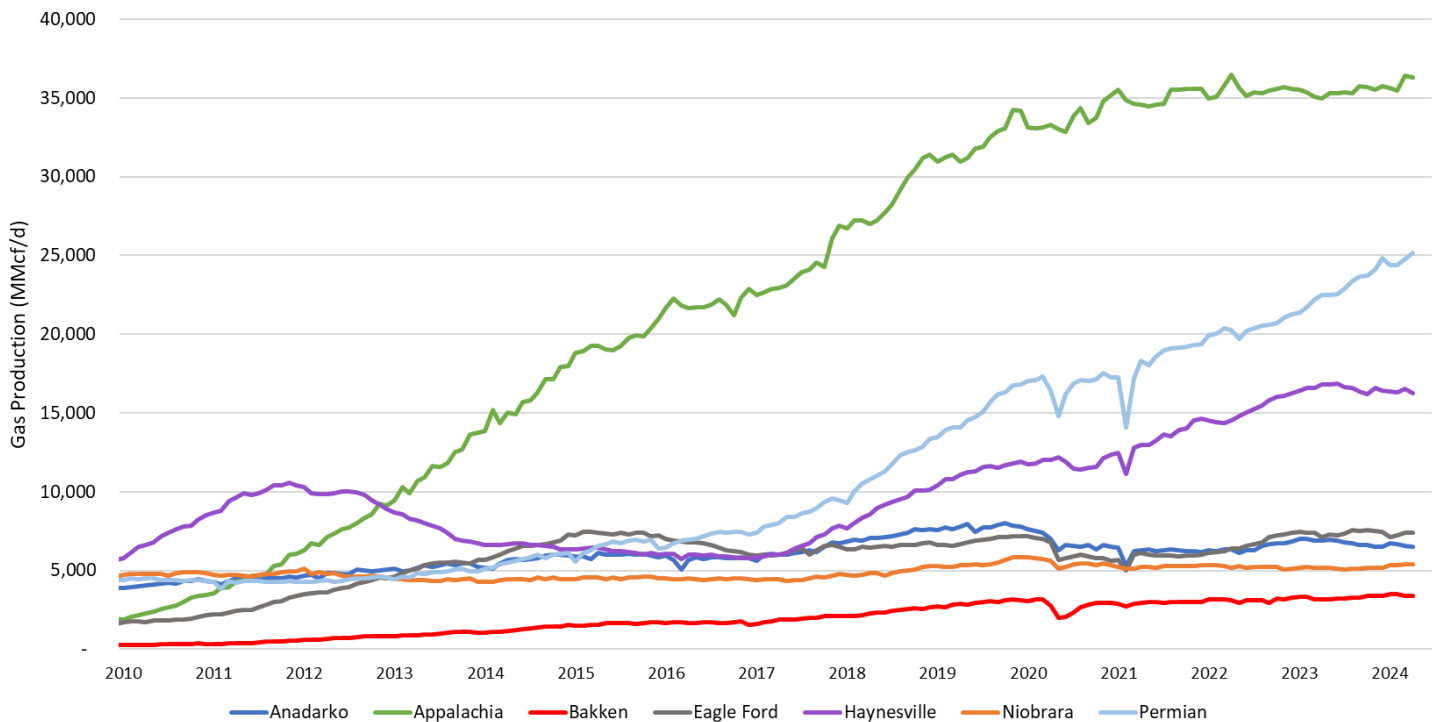
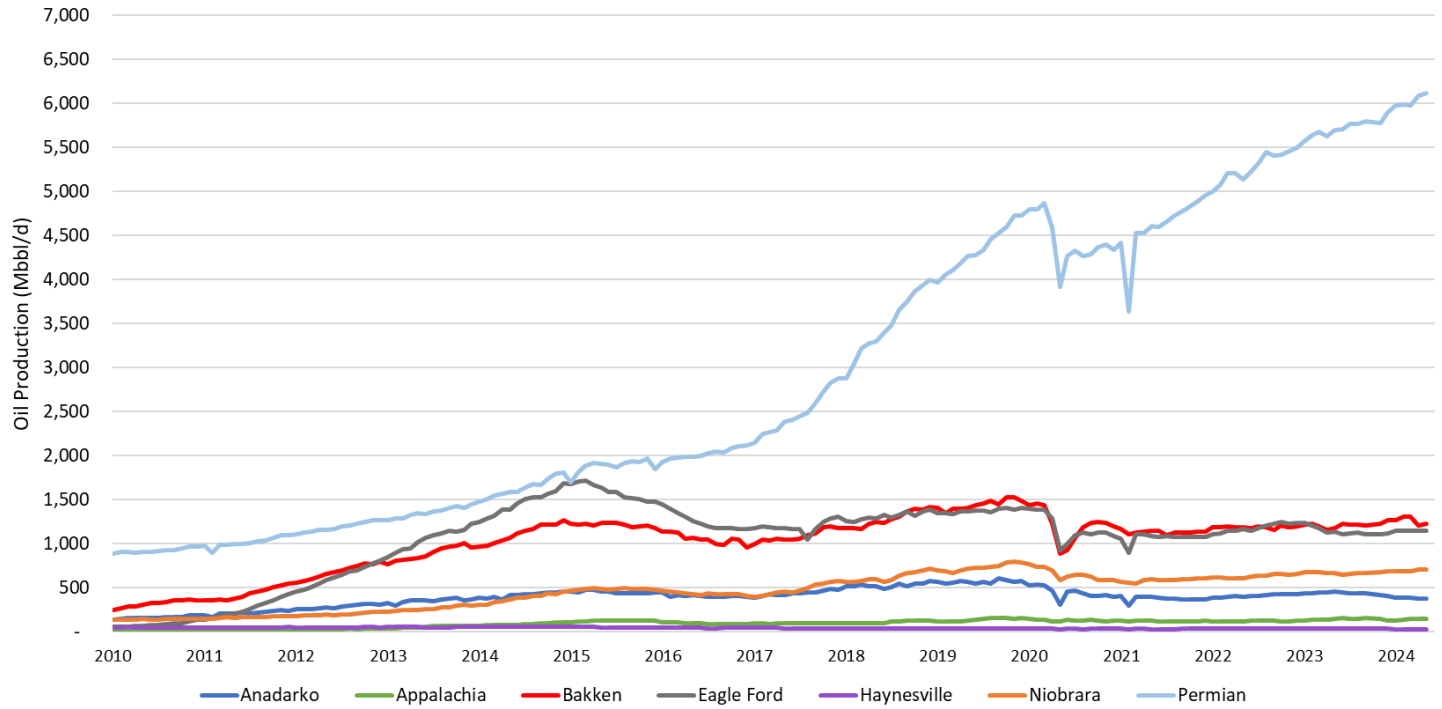
US DAILY CRUDE (MMbbl) & DRY NATURAL GAS PRODUCTION (MMcf)



*Source—Energy Information Administration, United States (EIA)



HISTORICAL PRODUCTION OF SELECTED US SHALE REGIONS



*Source—Energy Information Administration, United States (EIA)



UPCOMING EVENTS

April 2024

<u>World Oilman's Poker Tournament (WOPT)</u>	April 3-5	Las Vegas, NV
<u>The Leukemia & Lymphoma Society (LLS) Big Climb</u>	April 6	Houston, TX
<u>HBA & HPF Spring Social</u>	April 11	Houston, TX
<u>World Oilman's Mineral & Royalty Conference (MARC)</u>	April 15-16	Houston, TX
<u>Quorum Qnections Conference</u>	April 23-25	Las Vegas, NV
<u>HPF/SPE Fifth Annual Crawfish Boil</u>	April 24	Houston, TX
<u>World Oilman's Tennis Tournament (WOTT)</u>	April 24-28	Houston, TX
<u>ADAM Energy Golf Tournament</u>	April 29	Frisco, TX

May 2024

<u>Alteryx Inspire 24</u>	May 13-16	Las Vegas, NV
<u>North American Petroleum Accounting Conference</u>	May 16-17	Dallas, TX
<u>ASA Energy Valuation Conference</u>	May 16	Houston, TX
<u>Qnections 24 Barcelona</u>	May 28-30	Barcelona, Spain
<u>Texas Dreamin' 2024</u>	May 30-31	Austin, TX

*Denotes an Opportune Sponsored Event



ABOUT RALPH E. DAVIS ASSOCIATES

Ralph E. Davis Associates LLC (RED) is an industry-leading petroleum engineering and geosciences firm committed to satisfying the individual needs of clients. We accomplish this by holding ourselves to the highest standards of integrity and professionalism to deliver honest, direct and actionable insights to help clients achieve their strategic objectives. We distinguish ourselves by combining reservoir engineering, geoscience evaluation techniques and advanced data analytics with economic analyses to provide our clients with individual, customized solutions.

Banks, bondholders, private equity firms, financial institutions and law firms around the world trust in RED's diverse services and unrivaled upstream oil and gas expertise to deliver comprehensive solutions that help clients make informed decisions. We add value to every engagement by employing a team approach, leveraging Opportune LLP's experienced bench of experts in transactional due diligence, tax advisory, investment banking, restructuring and valuation.

We offer technical and economic analyses to deliver our clients a complete, independent, accurate and detailed assessment of the value of their assets. We apply a robust set of technical capabilities to assist our clients. Our capabilities include:

- Reservoir engineering and geosciences
- Economic forecasting and reporting
- Data analytics and geospatial analysis

KEY CONTACTS



Steve Hendrickson is the President of Ralph E. Davis Associates, an Opportune LLP company. Steve has over 35 years of professional leadership experience in the energy industry with a proven track record of adding value through acquisitions, development and operations. Steve is a licensed professional engineer in the state of Texas, and holds an M.S. in Finance from the University of Houston and a B.S. in Chemical Engineering from The University of Texas at Austin. He recently served as a board member of the Society of Petroleum Evaluation Engineers (SPEE) and is a registered FINRA representative.



John Beaird is Vice President of Ralph E. Davis Associates, an Opportune LLP company. John has 39 years of oil and gas management, reservoir engineering, and petroleum economics evaluation experience. Recent relevant experience includes the Permian, Western Gulf, Tx-La-Miss Salt, Mid-Continent, Denver-Julesburg, Wind River, Williston Basin, and Appalachian Basins. John is a registered Petroleum Engineer in the State of Texas and holds a B.S. in Petroleum Engineering from Louisiana Tech University. He is also an active member of the Society of Petroleum Evaluation Engineers (SPEE).



David Edwards is a Petroleum Engineer at Ralph E. Davis Associates, an Opportune LLP company. David has over three years of reserves engineering experience in conventional and unconventional reservoirs. Before RED, David was a Petroleum Engineer at a lower middle market A&D advisory firm where he handled the technical processes for marketed assets. He began his career with an operator in Dallas, where he contributed to its engineering, operations, and A&D teams. David holds an M.B.A. from The University of Texas Permian Basin and a B.S. in Petroleum Engineering from The University of Oklahoma.

