

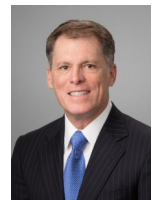
Weekly E&P Update

February 18, 2025

Vol. 7

Engineers Week: Celebrating Progress and Preparing Tomorrow's Engineers

By Steve Hendrickson
President of Ralph E. Davis Associates



This week, February 16-22, marks [Engineers Week](#), an annual event dedicated to celebrating the vital contributions engineers make to our world. Sponsored by DiscoverE, Engineers Week serves not only to recognize the work of engineers but also to increase awareness about the growing need for engineers, technicians, and technologists, while inspiring students to consider careers in engineering.

As we reflect on the purpose of this week, it's worth considering just how far we've come as a society—thanks largely to the persistent efforts of scientists and engineers. Historically, technological progress was painstakingly slow, with generations passing before notable advancements improved human lives. Today, however, we live in an era where rapid technological progress has transformed our quality of life in ways that would have been unimaginable even a century ago.

Consider the comparison made by Richard W. Rahn in the Cato Institute: the average low-income [American today enjoys amenities](#) that French King Louis XIV and John D. Rockefeller—two of the wealthiest figures in history—could not have dreamed of. From antibiotics that cure diseases once fatal, to year-round access to fresh food, to instantaneous access to information via smartphones, our lives are undeniably better than those of even the richest historical figures. These improvements are not accidental; they are the direct result of scientific inquiry and engineering innovation.

Yet, as KC Cushman highlighted in the Daily Utah Chronicle, despite living in such a technologically advanced era, [scientific literacy remains alarmingly low](#). Only 28% of Americans are scientifically literate, and many struggle with basic scientific understanding, such as recognizing that antibiotics are ineffective against viruses. This gap in knowledge has real-world consequences, especially in an age of rampant misinformation, where critical decisions about energy, public health, and climate policy are often influenced by flawed information.

This is precisely why Engineers Week is so important. It reminds us that while we must continue to attract and train the brightest minds to advance science and engineering, we also need to raise scientific literacy across all levels of society. Ethan Siegel, writing for Forbes, pointed out that many people believe that [doing their own "research"](#) online can make them as knowledgeable as trained experts. This misconception undermines the value of professional expertise and contributes to widespread mistrust of science.

The rapid technological advancements we enjoy today—safer cars, better healthcare, abundant food, and instant global communication—are the results of countless hours of research, testing, and problem-solving by engineers and scientists. As Max Roser illustrated in Vox, [global living conditions have improved dramatically](#) over the past two centuries. Child mortality rates have plummeted, life expectancy has soared, and extreme poverty has declined significantly. None of these achievements would have been possible without engineering innovation.

As an engineer myself, I see Engineers Week not just as a time to celebrate the work we do, but also as a reminder of our responsibility to continue solving the world's challenges. Our work impacts nearly every aspect of modern life, and it's essential that we foster a scientifically literate society that values and supports these efforts. To my fellow engineers, technicians, and technologists—thanks for your dedication, creativity, and resilience. This week, we celebrate you and the enduring legacy of engineering excellence.

Sources and Further Information -

1. Rahn, Richard W. Common Folk Live Better Now than Royalty Did in Earlier Times. Cato Institute, 2014.
2. Cushman, KC Ellen. Teach Americans Scientific Literacy. The Daily Utah Chronicle, 2021.
3. Siegel, Ethan. How America's Big Science Literacy Mistake Is Coming Back to Haunt Us. Forbes, 2021.
4. Roser, Max. Proof that Life Is Getting Better for Humanity, in 5 Charts. Vox, 2016.
5. [The Engines of Our Ingenuity](#), a daily radio program that explores "the machines that make our civilization run, and the people whose ingenuity created them."

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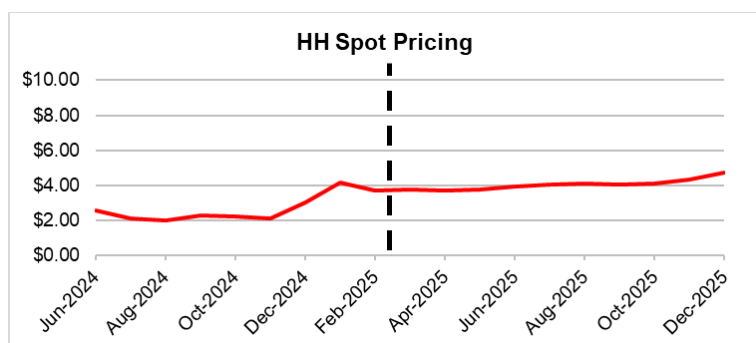
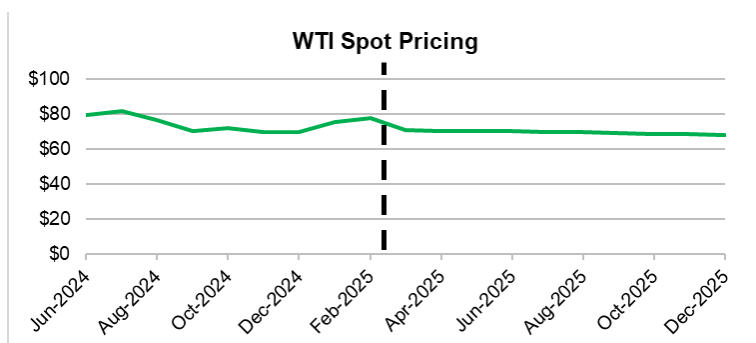
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NYMEX FUTURE PRICING



FRIDAY'S MARKET CLOSE

NYMEX WTI CRUDE OIL FUTURES as of February 14, 2025 Close (\$/bbl)

Period	Current	WoW Change	Last Week	1 Yr Ago
2025	\$69.68	(\$0.86)	\$70.54	\$71.56
2026	\$66.66	(\$0.25)	\$66.91	\$68.07
2027	\$64.88	(\$0.14)	\$65.02	\$65.97
2028	\$63.87	(\$0.07)	\$63.94	\$64.93
2029	\$63.17	(\$0.03)	\$63.20	\$64.71

NYMEX HH NATURAL GAS FUTURES as of February 14, 2025 Close (\$/MMBtu)

Period	Current	WoW Change	Last Week	1 Yr Ago
2025	\$4.04	\$0.19	\$3.85	\$3.28
2026	\$4.14	\$0.09	\$4.05	\$3.63
2027	\$3.88	\$0.03	\$3.85	\$3.71
2028	\$3.70	\$0.05	\$3.65	\$3.68
2029	\$3.59	\$0.05	\$3.54	\$3.61

INDUSTRY METRICS—QUICK SNAPSHOT

	Current	Last Week	WoW Change	%Change
Crude Oil Near-Month Price (\$/bbl)	\$71.52	\$71.00	\$0.52	0.7%
Natural Gas Near-Month Price (\$/MMBtu)	\$3.65	\$3.41	\$0.24	7%
Weekly Upstream-Deal Transaction Value (\$MM)	\$307.00	\$1,202.75	(\$895.75)	(74%)
Weekly Number of Upstream-Deal Transactions	1	2	(1)	(50%)
Current Total US Rig Count	588	586	2	0.3%
US Field Crude Oil Production (MMbbl/day)	13.5	13.5	0.0	0.1%
US Field Dry Natural Gas Production (Bcf/day)	112.5	112.3	0.2	0.2%
Commercial Crude Oil Stocks-Excluding SPR (MMbbl)	428	424	4	1%
Natural Gas Stocks-Working Gas Underground Storage (Bcf)	2,297	2,397	(100)	(4%)
All Basin Drilled But Uncompleted Wells (DUC-Last Quarter)	5,238	5,238	0	-

*Source—Energy Information Administration (EIA), Bloomberg LP

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

COMMODITY FUTURES - FRIDAY'S MARKET CLOSE

	Current	1-Month Change	3-Month Change	6-Month Change	Year Ago Change
WTI					
Prompt	\$70.74	-7.14 [-9.17%]	+3.72 [5.55%]	-5.91 [-7.71%]	-8.45 [-10.67%]
Bal25	\$69.68	-3.94 [-5.35%]	+2.66 [3.96%]	-5.54 [-7.37%]	-6.95 [-9.07%]
Cal26	\$66.66	-1.40 [-2.05%]	+0.58 [0.88%]	-4.96 [-6.93%]	-4.90 [-6.85%]
Cal27	\$64.88	-1.06 [-1.60%]	+0.53 [0.82%]	-3.61 [-5.27%]	-3.19 [-4.69%]
Cal28	\$63.87	-0.92 [-1.43%]	+0.51 [0.80%]	-2.55 [-3.84%]	-2.10 [-3.19%]
Cal29	\$63.17	-0.85 [-1.33%]	+0.20 [0.31%]	-1.97 [-3.02%]	-1.76 [-2.71%]
Brent					
Prompt	\$74.74	-6.05 [-7.49%]	+3.70 [5.21%]	-4.94 [-6.20%]	-8.73 [-10.46%]
Bal25	\$73.31	-3.40 [-4.43%]	+3.19 [4.54%]	-5.64 [-7.14%]	-7.74 [-9.54%]
Cal26	\$70.45	-1.49 [-2.06%]	+1.83 [2.66%]	-5.77 [-7.57%]	-6.09 [-7.95%]
Cal27	\$68.93	-1.14 [-1.62%]	+0.96 [1.41%]	-4.45 [-6.06%]	-4.52 [-6.16%]
Cal28	\$68.24	-0.94 [-1.36%]	+0.38 [0.57%]	-3.31 [-4.62%]	-3.39 [-4.73%]
Cal29	\$67.85	-0.77 [-1.12%]	-0.10 [-0.14%]	-2.60 [-3.69%]	-2.93 [-4.15%]
Henry Hub					
Prompt	\$3.73	-0.22 [-5.65%]	+0.90 [31.95%]	+1.60 [75.46%]	+2.12 [131.51%]
Bal25	\$4.04	+0.18 [4.53%]	+1.22 [43.28%]	+1.50 [59.22%]	+1.82 [82.14%]
Cal26	\$4.14	+0.14 [3.44%]	+1.04 [33.39%]	+0.91 [28.32%]	+0.86 [26.19%]
Cal27	\$3.88	+0.07 [1.91%]	+0.24 [6.55%]	+0.34 [9.56%]	+0.26 [7.05%]
Cal28	\$3.70	+0.04 [0.97%]	+0.01 [0.29%]	+0.11 [3.00%]	-0.01 [-0.36%]
Cal29	\$3.59	+0.10 [2.72%]	0.00 [0.03%]	+0.07 [1.87%]	-0.09 [-2.35%]
Heating Oil					
Prompt	\$2.46	-0.02 [-1.06%]	+0.14 [7.21%]	-0.22 [-9.54%]	-0.25 [-10.54%]
Bal25	\$2.33	-0.03 [-1.56%]	+0.22 [11.15%]	+0.01 [0.60%]	-0.21 [-8.81%]
Cal26	\$2.24	-0.04 [-1.81%]	0.00 [0.01%]	-0.13 [-6.13%]	-0.14 [-6.54%]
Cal27	\$2.19	-0.03 [-1.31%]	+0.04 [2.25%]	-0.09 [-4.41%]	-0.10 [-4.97%]
Cal28	\$2.16	-0.02 [-1.21%]	+0.05 [2.59%]	-0.05 [-2.72%]	-0.07 [-3.27%]
RBOB					
Prompt	\$2.09	-0.16 [-6.07%]	+0.29 [13.40%]	+0.13 [5.72%]	-0.35 [-12.29%]
Bal25	\$2.17	-0.10 [-4.16%]	+0.16 [7.31%]	-0.02 [-0.88%]	-0.30 [-11.36%]
Cal26	\$2.00	-0.05 [-2.26%]	+0.06 [2.83%]	-0.10 [-4.45%]	-0.20 [-8.22%]
Cal27	\$1.96	-0.03 [-1.57%]	+0.01 [0.26%]	-0.11 [-4.81%]	-0.16 [-6.97%]
Cal28	\$1.96	-0.03 [-1.36%]	+0.01 [0.32%]	-0.08 [-3.61%]	-0.14 [-6.22%]

*Source—Bloomberg LP

SELECTED INDUSTRY HEADLINES

US EIA Projects Oil, Gas Production Growth in 2025 Amid Stalling Rigs

US exploration and production companies kept drilling activity flat in January, according to the US Energy Information Administration, a cadence that is generally expected to continue in the months ahead before rig counts set off on a decline as oil producers face down lackluster crude prices and natural gas-weighted operators await a sustained call for additional supply.

Oil Producers Exercise Caution Despite Policy Shifts

Ahead of his second term, President Donald Trump revived the “Drill, Baby, Drill” slogan, reaffirming his commitment to boosting domestic oil production and reducing energy costs.

DUCs Fly the Coop: Big Drawdowns from the Midland to Haynesville (LOGIN REQUIRED)

The Midland Basin depleted its inventory of excess DUCs the most last year, falling from two months of runway to one during the past year, according to a report by Enverus Intelligence Research.

Trump Administration Approves Two Major Oil & Gas Export Projects

The Trump administration has signed off on permitting approvals for two major oil and gas export projects on the U.S. Gulf Coast: the Texas GulfLink offshore oil loading terminal, and the Commonwealth LNG plant in Louisiana.

Oil Prices Give Up Early Gains As Uncertainty Reigns Over Supply

Oil lost early gains on Tuesday and prices were back near their previous close in the face of uncertainty over how supply will be affected by Ukraine-Russia peace talks, international trade tariffs and OPEC+ crude output.

Trump Creates Council For ‘Energy Dominance,’ Boosts Natural Gas Exports and Offshore Drilling

President Donald Trump on Friday signed an executive order formally creating a National Energy Dominance Council and directed it to move quickly to drive up already record-setting domestic oil and gas production.

USA EIA Boosts Henry Hub Natural Gas Price Forecasts

In its latest short term energy outlook (STEO), which was released on February 11, the U.S. Energy Information Administration (EIA) increased its Henry Hub spot price forecast for 2025 and 2026.

Taking Profits Following String of Gains, Market Sends Natural Gas Futures Lower (LOGIN REQUIRED)

March natural gas futures were sinking early Tuesday as traders took profits following a five-day rally ahead of the Presidents Day weekend, with warmer weather expected to replace the frigid conditions forecast for the next several days.

Shell Sees AI Revolutionizing Energy System in New Outlook

Artificial intelligence could lead to significant energy demand growth as the technology is implemented across industries, an acceleration that could also help to halve the system’s carbon intensity by 2050, according to a new report from Shell Plc.

Energy Transfer to Provide Gas to AI Data Center in Texas

Energy Transfer LP has entered into a long-term agreement to provide natural gas to CloudBurst Data Centers, Inc.’s flagship AI-focused data center development in Central Texas.

Republicans Plan Bill to Define EPA’s Authority

House Energy and Commerce Republicans are working on a first-of-its-kind effort that would lay out EPA’s powers in a single piece of legislation.

SELECTED RECENT TRANSACTIONS

Diamondback Energy to Expand in Permian Basin With \$4.08 Billion Deal

Diamondback Energy said on Tuesday it would buy certain units of EnCap Investments-backed energy producer Double Eagle for \$4.08 billion in cash and stock, expanding its presence in the oil-rich U.S. Permian basin.

Bayswater E&P to Sell DJ Basin Assets for \$603 Million

Bayswater Exploration and Production, a Denver-based oil and natural gas development company, has entered into an agreement to sell assets in the Denver Julesburg Basin to Prairie Operating Company in a cash and stock transaction valued at approximately \$603 million.

ConocoPhillips Sells \$600 Million in Noncore Permian Basin Assets

Following its \$22.5 billion deal to buy Marathon Oil, ConocoPhillips is targeting \$2 billion in asset sales—a goal a company executive said would largely be achieved this year.

Viper Buys \$330 Million Midland Interests in Shadow of \$4.5 Billion Dropdown

Viper Energy has entered into a definitive purchase agreement to buy mineral and royalty interests from Morita Ranches Minerals LLC in a cash-and-equity deal valued at about \$330 million.

Elk Range Acquires Permian, Eagle Ford Minerals and Royalties

Elk Range Royalties LP is acquiring Newton Financial Corp., Concord Oil Co. and Mission Oil Co., which together own mineral and royalty interests across the Permian Basin and Eagle Ford Shale, Dallas-based Elk said Jan. 29.

Diversified to Acquire Maverick, Enter Permian Basin in \$1.3 Billion Deal

Diversified Energy will acquire EIG's Maverick Natural Resources, adding acreage that offsets Diversified's core Western Anadarko position and Permian Basin assets in the northern Delaware.

Amplify Energy to Merge With Juniper Capital's Upstream Rocky Mountain Companies

Amplify Energy has entered into a definitive merger agreement with privately held Juniper Capital to combine with certain Juniper portfolio companies which own substantial oil-weighted producing assets and significant leasehold interests in the DJ and Powder River Basins.

W&T Offshore Secures Settlement and Strategic Asset Sale

The company is making strategic moves by selling a non-core interest in Garden Banks Blocks 385 and 386 for \$12.3 million.

Kimbell Royalty Partners Acquires Midland Basin Assets for \$231 Million

Kimbell Royalty Partners, LP an owner of oil and gas mineral and royalty interests in approximately 17 million gross acres in 28 states, today announced that it has agreed to acquire mineral and royalty interests held by a private seller in a cash and unit transaction valued at approximately \$231 million.

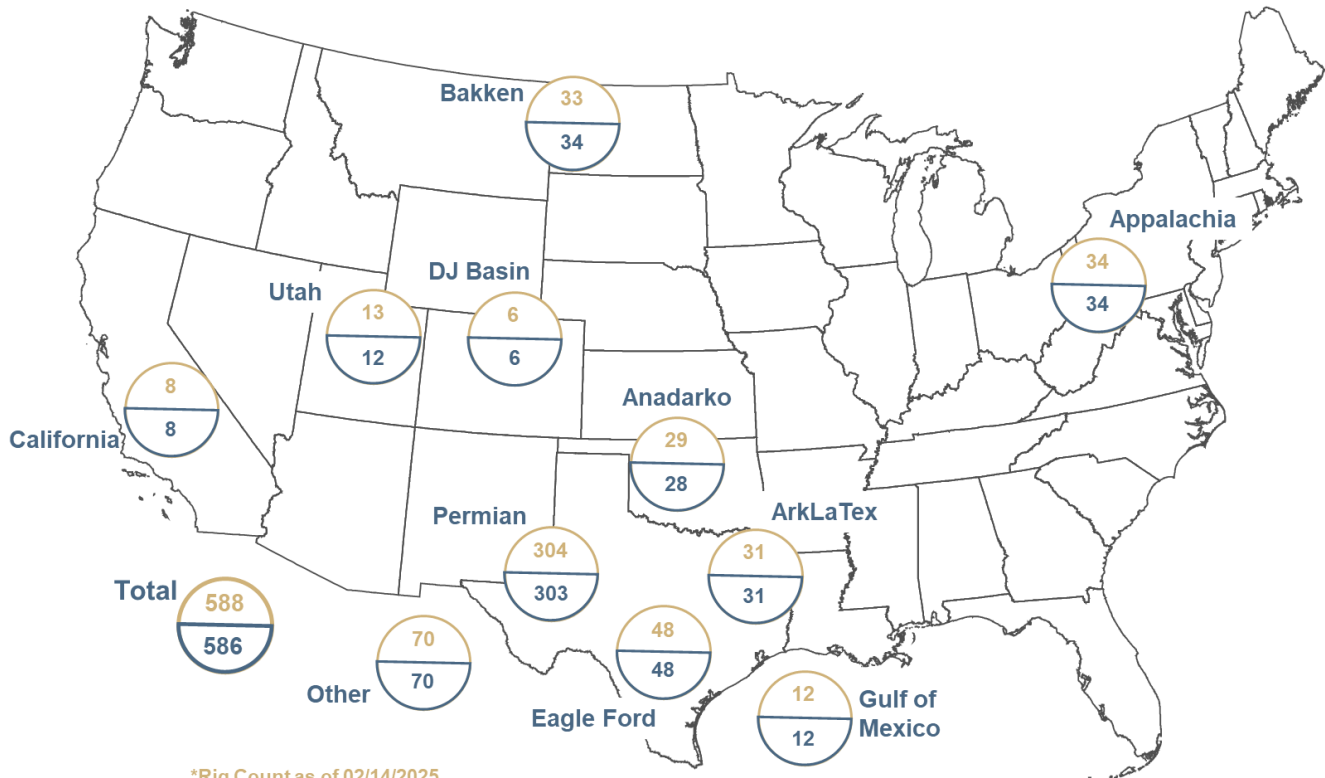
Diversified Energy Company to Acquire Operated Properties of Summit Natural Resources LLC for \$45 Million

Diversified Energy Company PLC agreed to acquire operated natural gas properties and related facilities of Summit Natural Resources LLC for \$45 million on January 6, 2025.

Vitesse Inks a \$222 Million Strategic Expansion Deal to Acquire Lucero Energy

Vitesse Energy, Inc. VTS recently announced an all-stock transaction deal to acquire Lucero Energy, an oil and gas producer operating on the North Dakota side of the Williston Basin.

RIG ACTIVITY BY US REGION

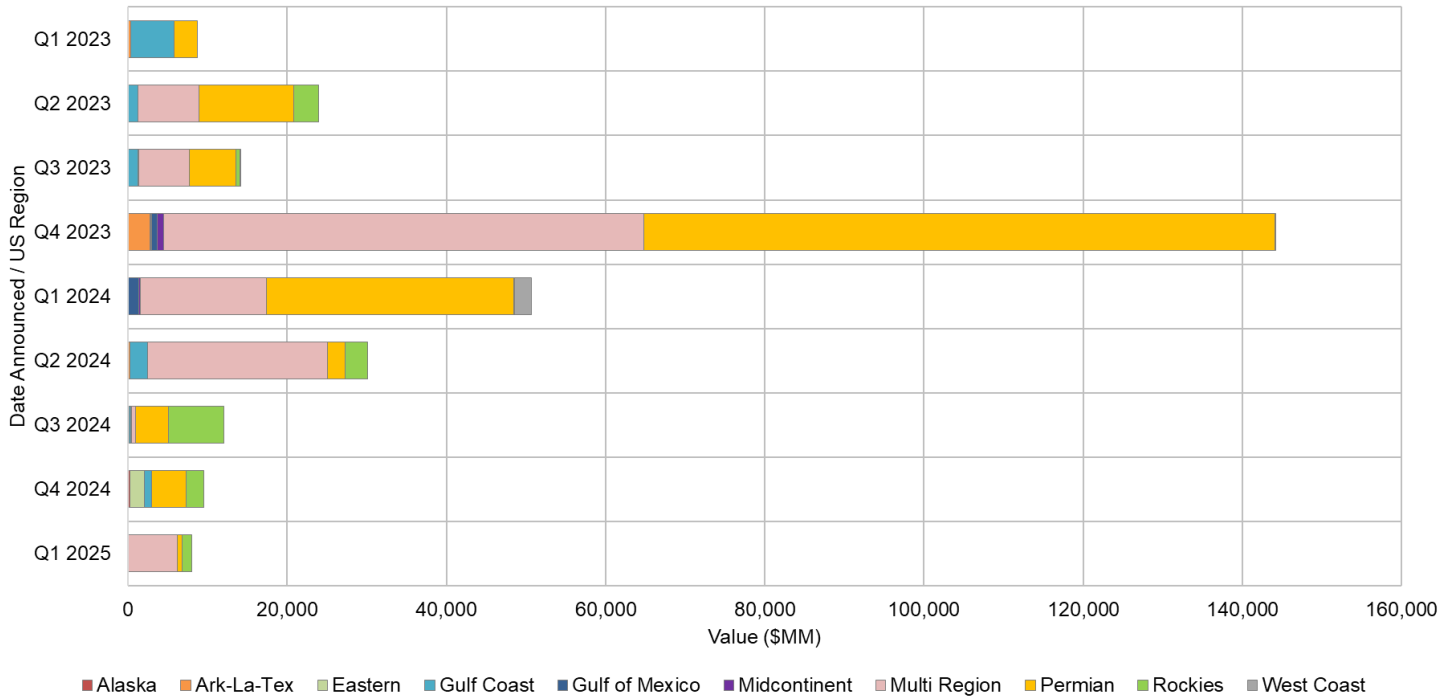


*Rig Count as of 02/14/2025
*Rig Count as of 02/07/2025

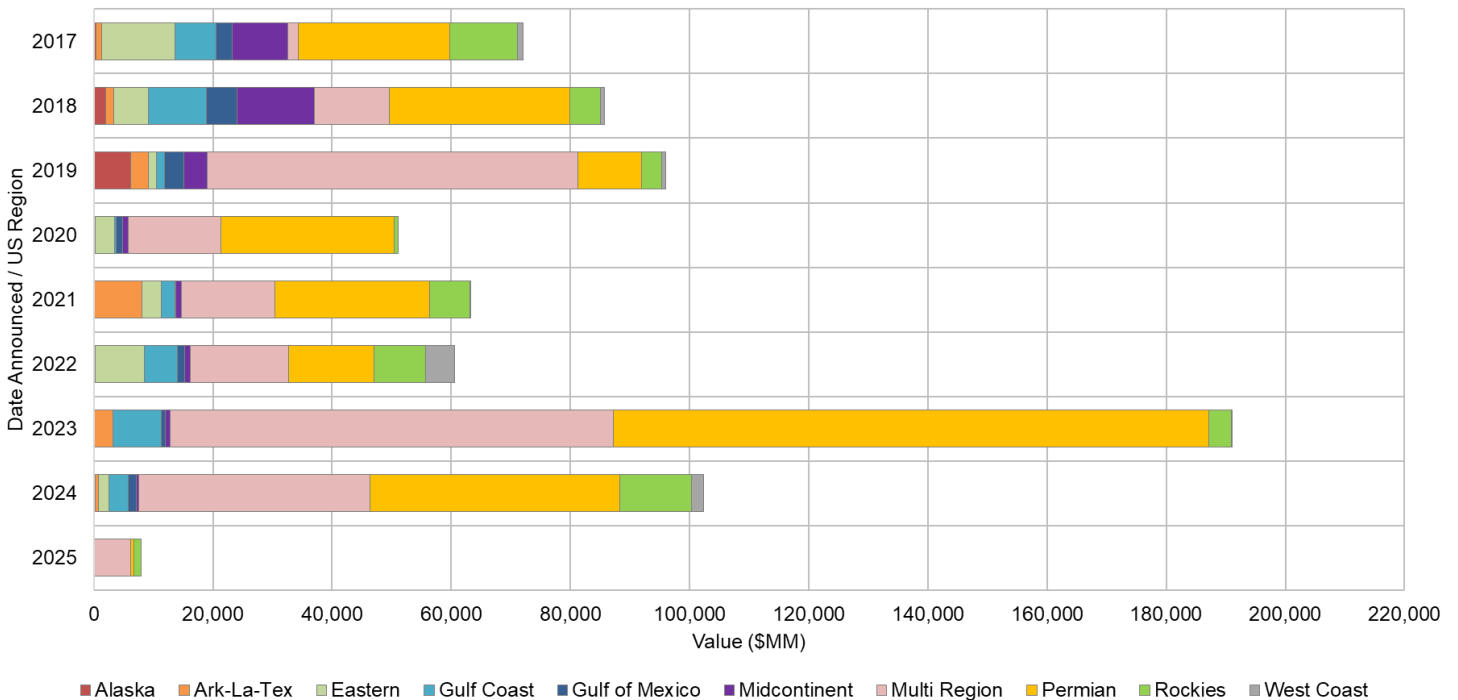
	Week Ending 02/14/2025			Week Ending 02/07/2025		Week Ending 02/16/2024
U.S. Rig Breakouts	Count	+/-	Count	+/-	Count	
Oil	481	1	480	(16)	497	
Gas	101	1	100	(20)	121	
Not Specified	6	0	6	3	3	
Directional	51	1	50	3	48	
Horizontal	524	1	523	(36)	560	
Vertical	13	0	13	0	13	
Land (Inc Others)	572	2	570	(30)	602	
Inland Waters	2	0	2	2	0	
Offshore	14	0	14	(5)	19	
US Total	588	2	586	(33)	621	

*Source—Baker Hughes North America Rotary Rig Count

DEAL VALUE BY US REGION (BY QUARTER)

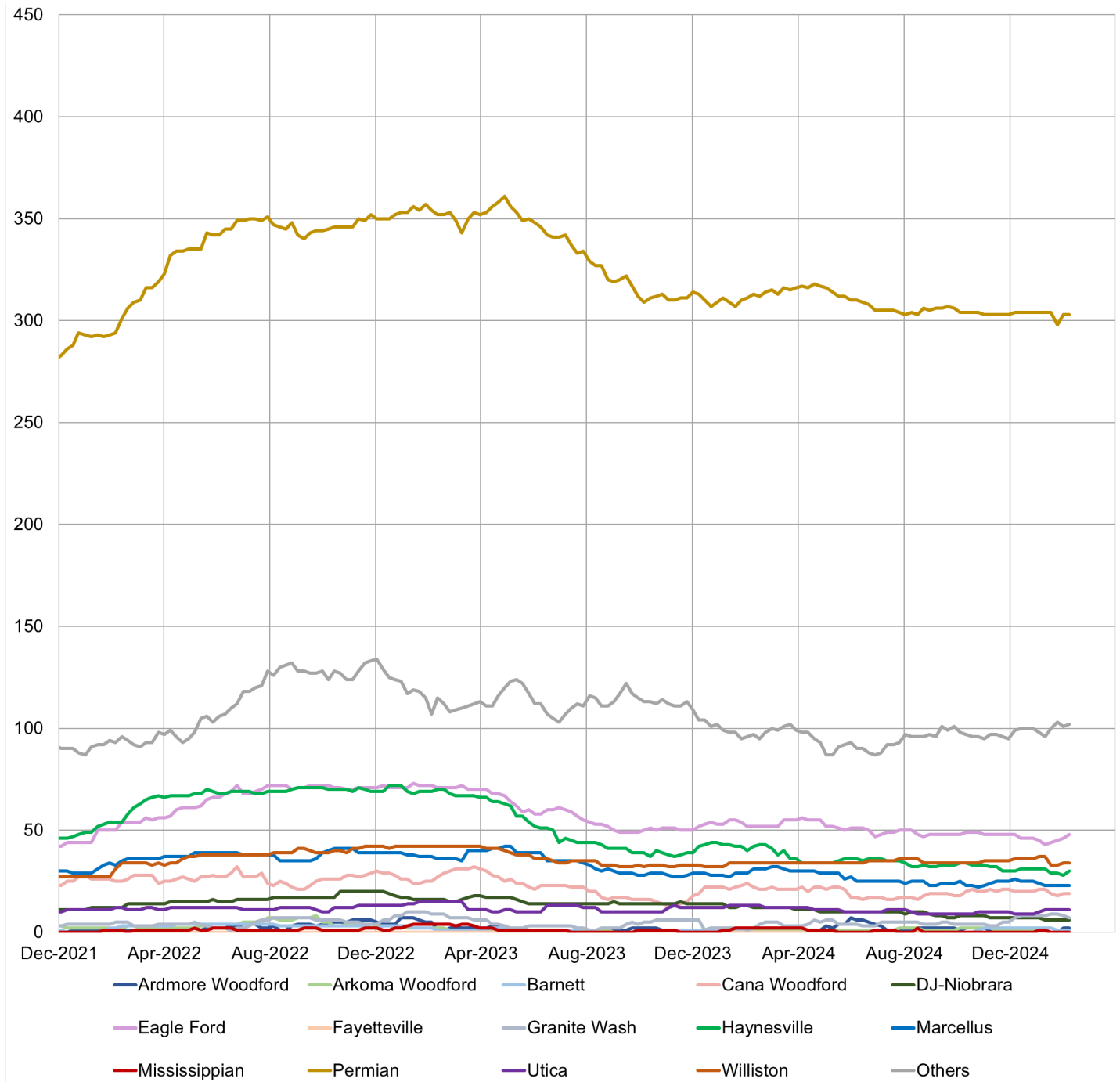


DEAL VALUE BY US REGION (BY YEAR)



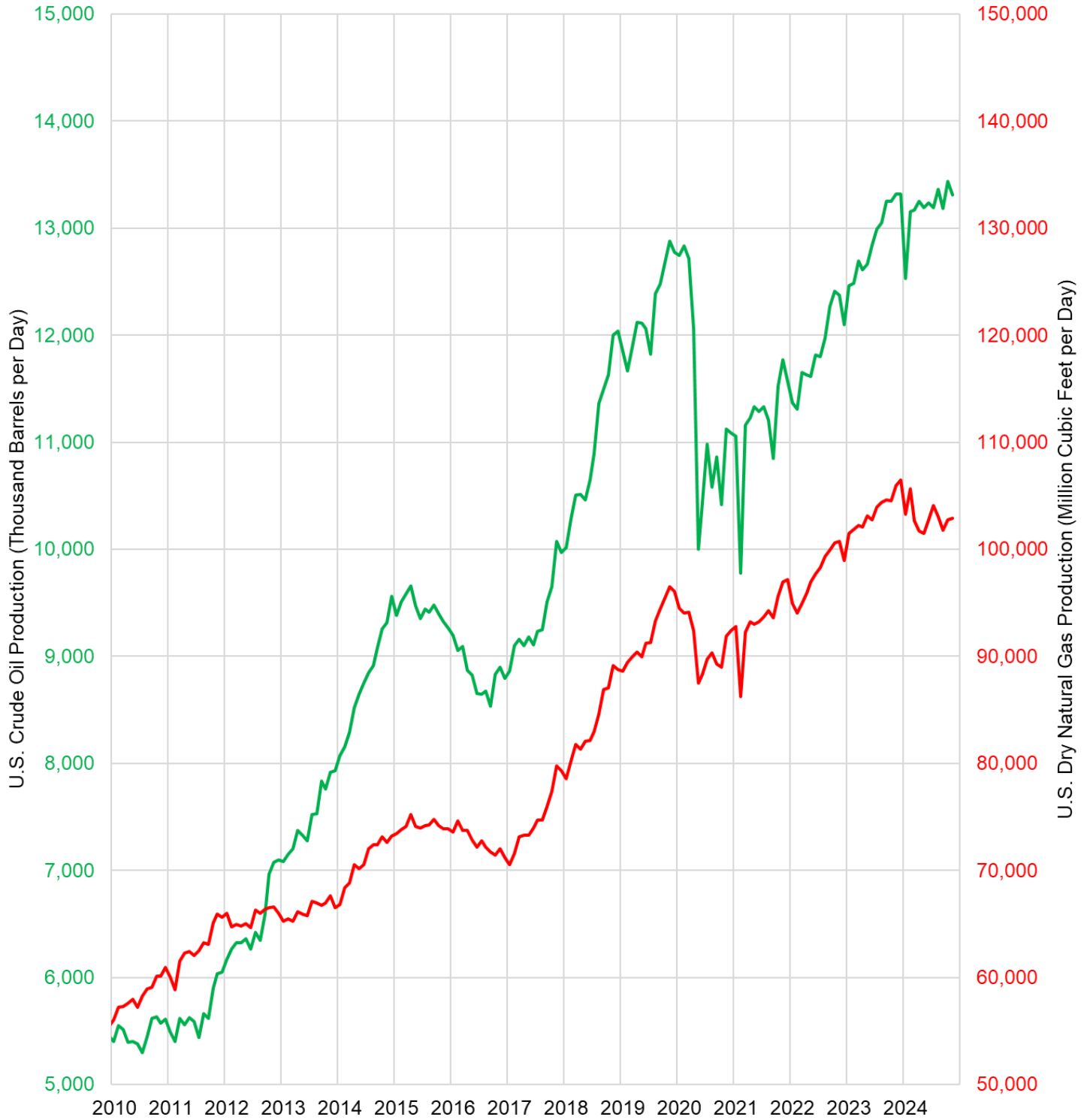
*Source—Enverus M&A Data- (Charts exclude terminated deals)

RIG ACTIVITY BY US REGION



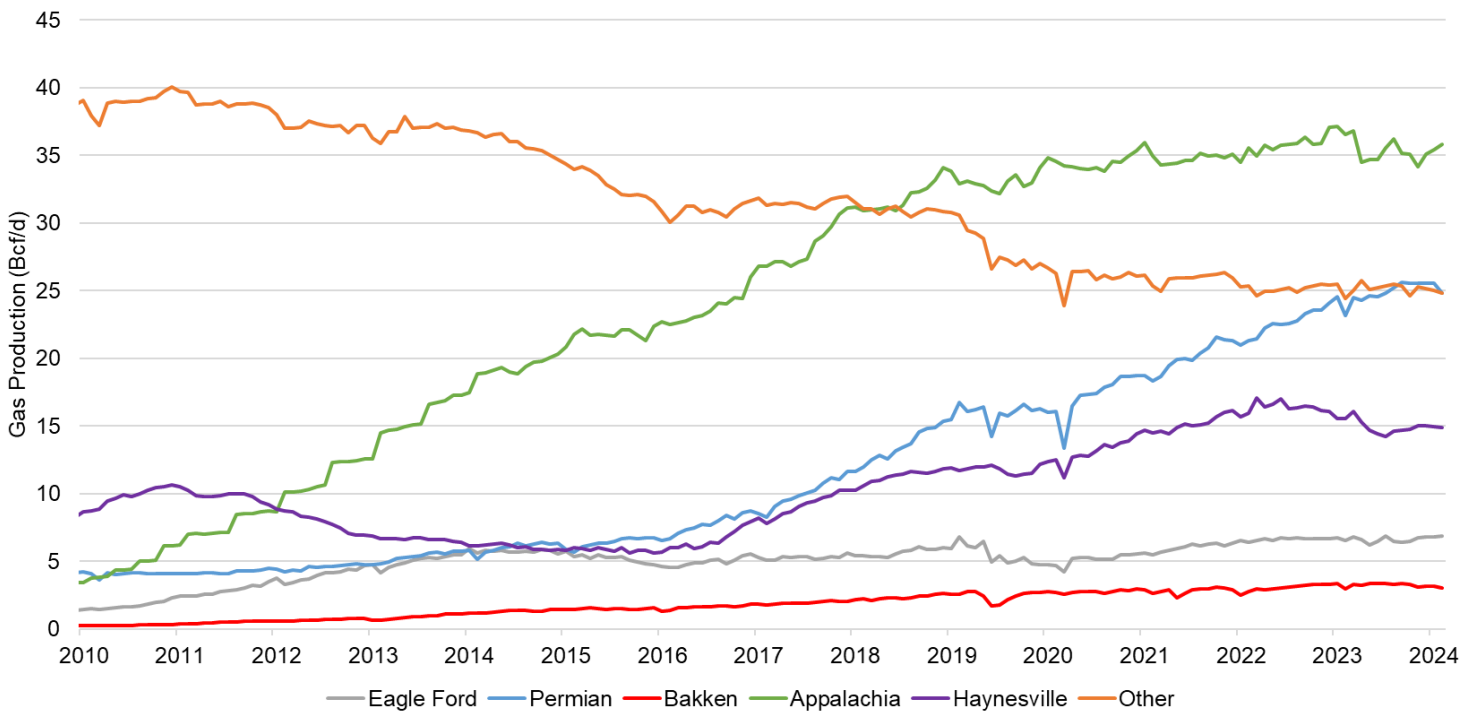
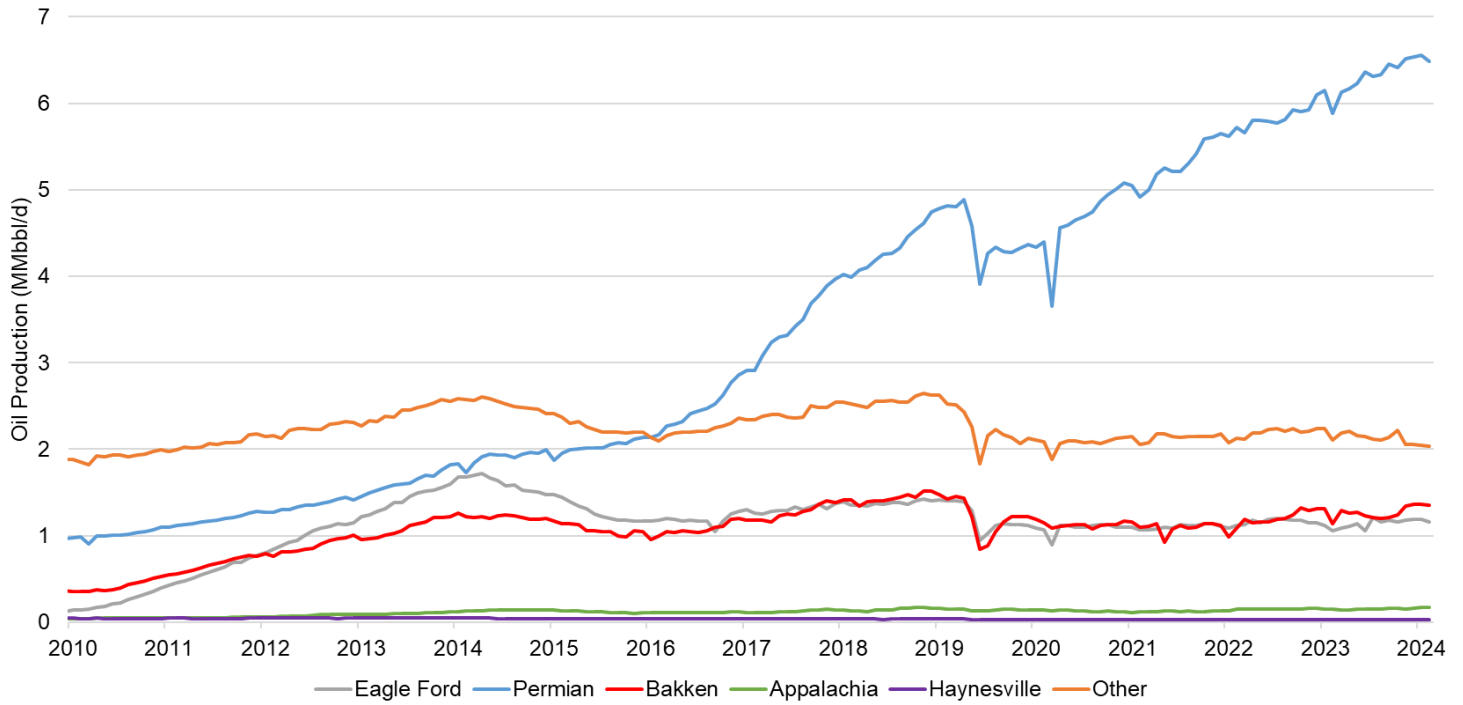
*Source—Baker Hughes North America Rotary Rig Count

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



*Source—Energy Information Administration (EIA)

HISTORICAL PRODUCTION OF SELECTED US SHALE REGIONS



*Source—Energy Information Administration (EIA)



UPCOMING EVENTS

February 2025

<u>SPE GCS - A&D Symposium</u>	February 26	Houston, TX
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March 2025

<u>U.S. Men's Clay Court Championship</u>	March 29 - April 6	Houston, TX
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April 2025

<u>Texas Bankruptcy Bench/Bar Conference</u>	April 2	Houston, TX
<u>Quorum Qnections 25</u>	April 22-24	Las Vegas, NV
<u>World Oilman's Poker Tournament</u>	April 23-25	Las Vegas, NV
<u>Hunger Free Golf Classic</u>	April 25	Houston, 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 four 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.

