

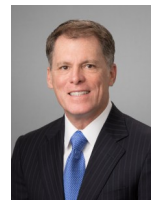
Weekly E&P Update

April 8, 2025

Vol. 14

An Unscripted Turn for U.S. Oil

By Steve Hendrickson
President of Ralph E. Davis Associates



In last week's column, we outlined a set of growing risks facing the oil industry—rising costs, uncertain demand, and policy shifts with global implications. What we didn't expect was how quickly those risks would move from possibility to reality. The past several days brought two major developments: a much larger-than-expected round of tariffs from the Trump administration, and a faster-than-anticipated increase in production from OPEC+. Both landed abruptly, reshaping the backdrop for U.S. producers.

A Changing Economic Scene

The new tariffs came with little warning and wide reach, prompting economists to revise their outlooks almost immediately. Some now project the U.S. will slip into recession this year, while others expect GDP to barely grow. At the same time, inflation forecasts are being marked higher — raising the prospect of a difficult mix: slowing growth alongside rising prices.

Federal Reserve Chair Jerome Powell acknowledged the shift, warning that the inflationary impact of the tariffs may be more persistent than initially thought. He emphasized the Fed's challenge: supporting the economy without fueling a longer-lasting inflation problem. This complicates expectations around rate cuts. Market participants had hoped for easier monetary policy to cushion any downturn. But higher prices may leave the Fed less room to act.

Market Expectations Rewritten

Crude prices fell sharply on the news. WTI briefly dipped below \$60 per barrel — a level that, for many, signals reduced investment and eventual declines in production. OPEC+ added to the pressure by announcing it would unwind supply cuts more aggressively, adding more than 400,000 barrels per day starting in May.

These two developments — tariffs and supply increases — arrived back-to-back, catching many off guard. Oil markets had been operating under the assumption of a steady if uncertain year. That outlook has changed, and quickly.

Tighter Margins, Thinner Protection

Independent U.S. producers are more financially stable today than they were during the last downturn. But they're also far less hedged. A recent survey found just 21% of 2025 production is locked in at fixed prices — leaving many exposed to further declines.

Production levels have been relatively flat over the past year, even as rig counts stabilized. But if drilling and completion activity slows—as current price levels suggest it might—output would begin to fall and fall rapidly. That's the nature of unconventional production: high initial rates followed by steep declines. Without a steady stream of new wells, aggregate volumes can slip quickly, tightening cash flow and challenging capital plans.

Costs are also rising. Tariffs on imported steel and other materials have begun to ripple through the supply chain, with some inputs already up significantly. Oilfield service providers are adjusting prices accordingly. According to recent surveys, average breakeven prices across key basins now sit in the \$60–70 range—uncomfortably close to current prices.

Efforts to offset those costs through regulatory rollbacks are unlikely to be enough. Many operators are facing the difficult reality of rising input prices just as revenue expectations fall.

The Next Episode

If the trade conflict were to resolve quickly, and tariff levels return to prior norms, prices would likely rebound. Brent could return to the mid-\$70s, and WTI to \$70—a much more comfortable range for the U.S. upstream sector. But based on the administration's goals—reshoring supply chains, recalibrating trade relationships—a near-term resolution seems unlikely.

Instead, companies are preparing for a slower pace of activity. Capital discipline will remain front and center. Consolidation may continue, though the pool of attractive assets is getting smaller. Asset sales, on the other hand, could slow, as lower prices and uncertain timing make valuation and timing more difficult.

The industry hasn't reached a breaking point. But the scene has changed, and fast. What was shaping up to be a year of steady footing now looks more like a scramble for balance. For operators, investors, and policymakers alike, the next act will depend on how much clarity the coming months bring.

Sources and further reading

1. [American Oil Is Underhedged and Heavily Exposed](#) – OilPrice.com
2. [Powell Warns Trump's Tariffs Risk Stoking Even Higher Inflation and Slower Growth](#) – New York Times
3. [Trump Tariffs: Economists Slash US Growth, Boost Inflation Forecasts](#) – Bloomberg
4. [Two Shots of Surprise](#) – Stratas Advisors
5. [U.S. Oil Prices Dip Below Nerve-Wracking \\$60 Threshold](#) – Fortune
6. [Weekly Fixed Income Commentary: Tariff Shock Triggers a Treasury Yield Slide](#) – Nuveen
7. [What's Affecting Oil Prices This Week?](#) – Hart Energy
8. [The Case for the Middle: Navigating Tariffs, Recession Fears, & Bonds](#) – Divident.com
9. [Conflicting Goals: Tariffs, Oil Prices and Energy Security](#) – Weekly E&P Update

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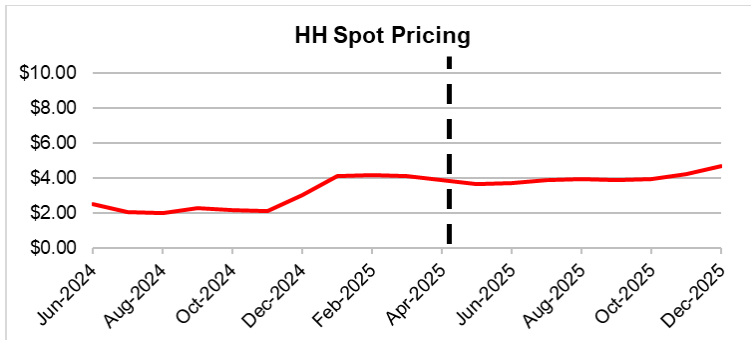
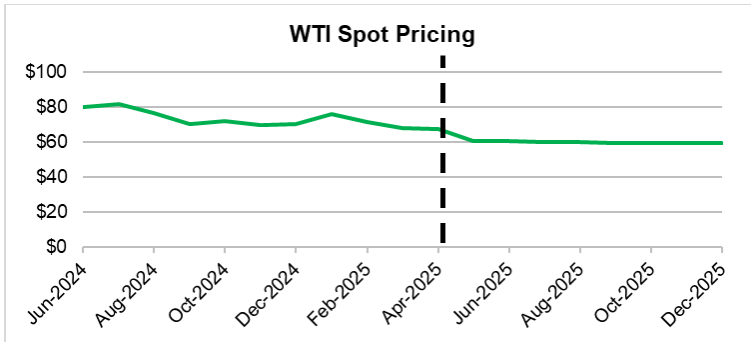
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NYMEX FUTURE PRICING



MONDAY'S MARKET CLOSE

NYMEX WTI CRUDE OIL FUTURES as of April 7, 2025 Close (\$/bbl)

Period	Current	WoW Change	Last Week	1 Yr Ago
2025	\$59.89	(\$9.51)	\$69.39	\$76.06
2026	\$59.27	(\$6.51)	\$65.78	\$70.96
2027	\$59.65	(\$4.66)	\$64.31	\$67.66
2028	\$60.36	(\$3.40)	\$63.76	\$65.55
2029	\$61.03	(\$2.44)	\$63.47	\$64.30

NYMEX HH NATURAL GAS FUTURES as of April 7, 2025 Close (\$/MMBtu)

Period	Current	WoW Change	Last Week	1 Yr Ago
2025	\$4.01	(\$0.54)	\$4.55	\$3.46
2026	\$4.09	(\$0.35)	\$4.44	\$3.82
2027	\$3.73	(\$0.14)	\$3.87	\$3.86
2028	\$3.55	(\$0.04)	\$3.59	\$3.80
2029	\$3.43	(\$0.03)	\$3.46	\$3.77

INDUSTRY METRICS—QUICK SNAPSHOT

	Current	Last Week	WoW Change	%Change
Crude Oil Near-Month Price (\$/bbl)	\$61.12	\$69.43	(\$8.31)	(12%)
Natural Gas Near-Month Price (\$/MMBtu)	\$3.81	\$4.18	(\$0.37)	(9%)
Weekly Upstream-Deal Transaction Value (\$MM)	\$673.00	\$850.00	(\$177.00)	(21%)
Weekly Number of Upstream-Deal Transactions	4	2	2	100%
Current Total US Rig Count	590	592	(2)	(0.3%)
US Field Crude Oil Production (MMbbl/day)	13.6	13.6	0.0	0.0%
US Field Dry Natural Gas Production (Bcf/day)	110.1	110.8	(0.7)	(0.6%)
Commercial Crude Oil Stocks-Excluding SPR (MMbbl)	440	434	6	1%
Natural Gas Stocks-Working Gas Underground Storage (Bcf)	1,773	1,744	29	2%
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 - MONDAY'S MARKET CLOSE

	Current	1-Month Change	3-Month Change	6-Month Change	Year Ago Change
WTI					
Prompt	\$60.70	-5.33 [-8.07%]	-12.62 [-17.21%]	-12.87 [-17.49%]	-25.73 [-29.77%]
Bal25	\$59.89	-4.61 [-7.14%]	-11.18 [-15.73%]	-13.39 [-18.27%]	-23.37 [-28.07%]
Cal26	\$59.27	-2.95 [-4.74%]	-8.17 [-12.11%]	-11.82 [-16.62%]	-16.79 [-22.08%]
Cal27	\$59.65	-1.86 [-3.02%]	-5.77 [-8.83%]	-9.23 [-13.41%]	-11.32 [-15.95%]
Cal28	\$60.36	-0.97 [-1.58%]	-3.87 [-6.03%]	-7.23 [-10.70%]	-7.30 [-10.79%]
Cal29	\$61.03	-0.24 [-0.40%]	-2.44 [-3.85%]	-5.83 [-8.72%]	-4.52 [-6.90%]
Brent					
Prompt	\$64.21	-5.07 [-7.32%]	-11.95 [-15.69%]	-12.97 [-16.80%]	-26.17 [-28.96%]
Bal25	\$63.47	-4.37 [-6.44%]	-10.79 [-14.53%]	-13.71 [-17.77%]	-24.14 [-27.55%]
Cal26	\$63.08	-2.83 [-4.30%]	-8.17 [-11.47%]	-12.44 [-16.47%]	-18.04 [-22.23%]
Cal27	\$63.74	-1.72 [-2.63%]	-5.85 [-8.40%]	-9.90 [-13.44%]	-12.47 [-16.36%]
Cal28	\$65.00	-0.70 [-1.06%]	-3.76 [-5.47%]	-7.67 [-10.55%]	-8.13 [-11.12%]
Cal29	\$66.07	+0.01 [0.01%]	-2.20 [-3.22%]	-6.03 [-8.37%]	-5.07 [-7.13%]
Henry Hub					
Prompt	\$3.66	-0.84 [-18.62%]	+0.00 [0.11%]	+0.92 [33.74%]	+1.81 [98.21%]
Bal25	\$4.01	-0.85 [-17.46%]	+0.42 [11.67%]	+1.04 [35.14%]	+1.48 [58.40%]
Cal26	\$4.09	-0.35 [-7.96%]	+0.20 [5.22%]	+0.75 [22.42%]	+0.63 [18.19%]
Cal27	\$3.73	-0.12 [-3.13%]	-0.04 [-1.18%]	+0.07 [1.91%]	-0.09 [-2.43%]
Cal28	\$3.55	-0.10 [-2.68%]	-0.12 [-3.37%]	-0.13 [-3.55%]	-0.31 [-8.04%]
Cal29	\$3.43	-0.06 [-1.84%]	-0.11 [-3.08%]	-0.16 [-4.42%]	-0.37 [-9.68%]
Heating Oil					
Prompt	\$2.07	-0.07 [-3.46%]	+0.01 [0.49%]	-0.05 [-2.32%]	-0.73 [-26.50%]
Bal25	\$2.04	-0.09 [-4.61%]	-0.21 [-9.85%]	-0.16 [-7.60%]	-0.64 [-25.26%]
Cal26	\$2.04	-0.05 [-2.59%]	-0.15 [-7.64%]	-0.29 [-13.48%]	-0.45 [-19.76%]
Cal27	\$2.05	-0.03 [-1.63%]	-0.14 [-7.13%]	-0.25 [-12.11%]	-0.37 [-16.78%]
Cal28	\$2.04	-0.02 [-1.31%]	-0.13 [-6.79%]	-0.23 [-11.09%]	-0.32 [-14.94%]
RBOB					
Prompt	\$2.02	-0.11 [-5.05%]	-0.28 [-11.95%]	-0.23 [-9.89%]	-0.66 [-24.14%]
Bal25	\$1.90	-0.10 [-4.51%]	-0.24 [-10.73%]	-0.27 [-11.66%]	-0.68 [-24.99%]
Cal26	\$1.83	-0.07 [-3.15%]	-0.18 [-8.02%]	-0.27 [-11.75%]	-0.53 [-20.65%]
Cal27	\$1.82	-0.04 [-1.73%]	-0.13 [-5.88%]	-0.26 [-11.41%]	-0.40 [-16.25%]
Cal28	\$1.82	-0.02 [-0.92%]	-0.11 [-4.92%]	-0.23 [-10.30%]	-0.33 [-13.77%]

*Source—Bloomberg LP

SELECTED INDUSTRY HEADLINES

Why OPEC+ is Accelerating Oil Production as Prices Are Tanking and Tariffs Hammer Markets

The oil price outlook is being hit with more bearish forecasts on the back of U.S. President Donald Trump's sweeping and market-hammering tariff announcements.

Oil Prices Slide 2% to Near 4-year Low as US Trade Conflict Fuels Recession Fears

Oil prices slid 2% to a near four-year low on Monday on worries U.S. President Donald Trump's latest trade tariffs could push economies around the world into recession and reduce global demand for energy.

Oil Imports Exempted From Trump's Sweeping Tariffs

Imports of oil, gas and refined products were exempted from U.S. President Donald Trump's sweeping new tariffs, the White House said on Wednesday.

Oil Price Rout Extends on Recession Fears

The price slump in crude oil that began last week has extended into this one as market players' fears about a global recession deepen.

US Oil, Gas Producers Expected to Tighten Capital Budgets Amid Tariff Actions

The Trump administration's tariffs and countermeasures by other economies are expected to discourage capital spending by US oil and natural gas producers, which are worried about the prospect of higher drilling costs and general macroeconomic headwinds that could negatively affect demand for their products, according to analysts.

Texas New Drills Jump 27% Higher in March Over February, Tie January's Level

RRC figures show 1,072 new drills recorded during March (up 27.5%), including 818 oil wells, 246 gas wells and eight dry holes.

Natural Gas Futures Turn Positive as Market Participants Weigh Tariff Impacts Against Strong Fundamentals

May Nymex natural gas futures reversed early Monday losses and moved back onto the plus side as market participants remained wary of the impact of President Trump's tariffs on supply and demand, even as fundamentals provided some support.

Chris Wright Elaborates on DOE Data Center Build-out, Job Cuts

Energy Secretary Chris Wright fleshed out Thursday his agency's plan to build data centers on federal land, saying he envisions co-locating the facilities with power sources.

US LNG Exports Soar in March on Ramp up of Plaquemines Plant

The U.S. exported a record amount of liquefied natural gas (LNG) in March, selling more than 9 million metric tons (MT) of the superchilled gas, according to preliminary data from LSEG.

Trump to Sign Executive Orders Aimed at Reviving Coal

President Donald Trump is preparing to sign executive orders Tuesday to bolster the coal industry, including using his emergency authority to force some coal-fired power plants set for closure to stay open and keep producing electricity.

Occidental, 1PointFive Secure Class VI Permits to Sequester CO2 From Texas DAC Plant

Occidental Petroleum Corp. and its subsidiary 1PointFive received Class VI permit approvals from the US Environmental Protection Agency (EPA) to sequester CO2 captured from the STRATOS direct air capture (DAC) plant when it begins operating in Ector County, Tex.

SELECTED RECENT TRANSACTIONS

Matador Resources Sells Remaining Eagle Ford Shale Assets for \$30 Million

Matador Resources has completed the sale of its remaining acreage and production positions in the Eagle Ford shale, located in La Salle, Karnes and Atascosa counties in south Texas, US.

WhiteHawk Energy Acquires Natural Gas Assets in Marcellus Shale For \$118 Million

The transaction enhances WhiteHawk's position across 475,000 gross unit acres, primarily in Washington and Greene counties, Pennsylvania.

TG Natural Resources Wins Chevron's Haynesville Assets for \$525 Million

Marketed by Chevron Corp. for more than a year, the 71,000-contiguous-net-undeveloped-acreage sold to TG Natural Resources is valued by the supermajor at \$1.2 billion at current Henry Hub futures.

Mentor Buys Diamondback-Operated Royalty Acres in Permian

Plano, Texas-based Mentor Capital Inc. has acquired a 25.127 net royalty acre stake in a producing 71-well pooled project in the Permian Basin, the firm said March 27.

Validus Pays \$850 Million for 89 Energy as Midcon M&A Heats Up

Elliott Investment Management-backed Validus Energy continues to roll up Midcontinent assets, closing an \$850 million acquisition of 89 Energy III.

Elk Range Royalties Closes \$905 Million Acquisition of DJ Basin Assets

Elk Range Royalties has announced a landmark acquisition of a significant mineral and royalty position spanning approximately 250,000 net royalty acres in the DJ Basin from affiliates of Occidental Petroleum.

Citadel Buys Haynesville E&P Paloma Natural Gas for \$1.2 Billion

Hedge fund giant Citadel has acquired Haynesville Shale E&P Paloma Natural Gas for \$1.2 billion, Hart Energy has learned.

Evolution Petroleum Announces Acquisition of Non-Operated Oil and Natural Gas Assets

Evolution Petroleum Corporation announced that it has entered into a definitive agreement to acquire non-operated oil and natural gas assets in New Mexico, Texas, and Louisiana.

Ring Energy Bolts On Lime Rock's Central Basin Assets for \$100 Million

Ring Energy Inc. is bolting on Lime Rock Resources IV LP's Central Basin Platform assets for \$100 million, the E&P announced Feb. 26.

Civitas Makes \$300 Million Midland Bolt-On, Plans to Sell D-J Assets

Civitas Resources is buying Midland Basin locations in a \$300 million bolt-on acquisition from an undisclosed seller, deepening its Permian inventory by about a year.

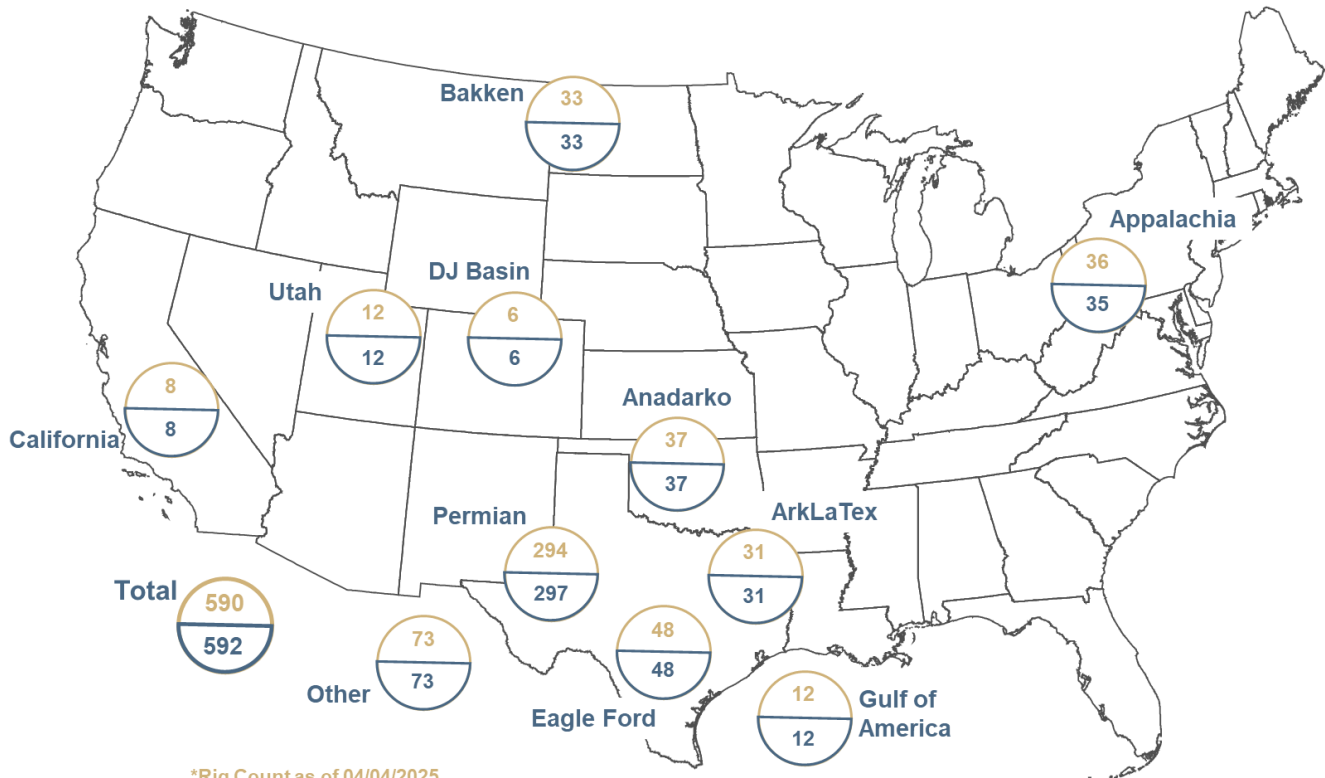
Tokyo Gas Announces Sale of Eagle Ford Shale Gas Assets

Tokyo Gas Co. has announced that its wholly-owned subsidiary, Tokyo Gas America, through its subsidiary TG Eagle Ford Resources LP, signed Heads of Agreement with Shizuoka Gas Co, to sell its Eagle Ford shale gas assets.

ConocoPhillips to Sell Interests in Ursa and Europa Fields to Shell for \$735 Million

ConocoPhillips said on Friday it would sell its interests in the Ursa and Europa Fields to Shell for \$735 million, as part of the shale producer's plan to streamline its portfolio.

RIG ACTIVITY BY US REGION

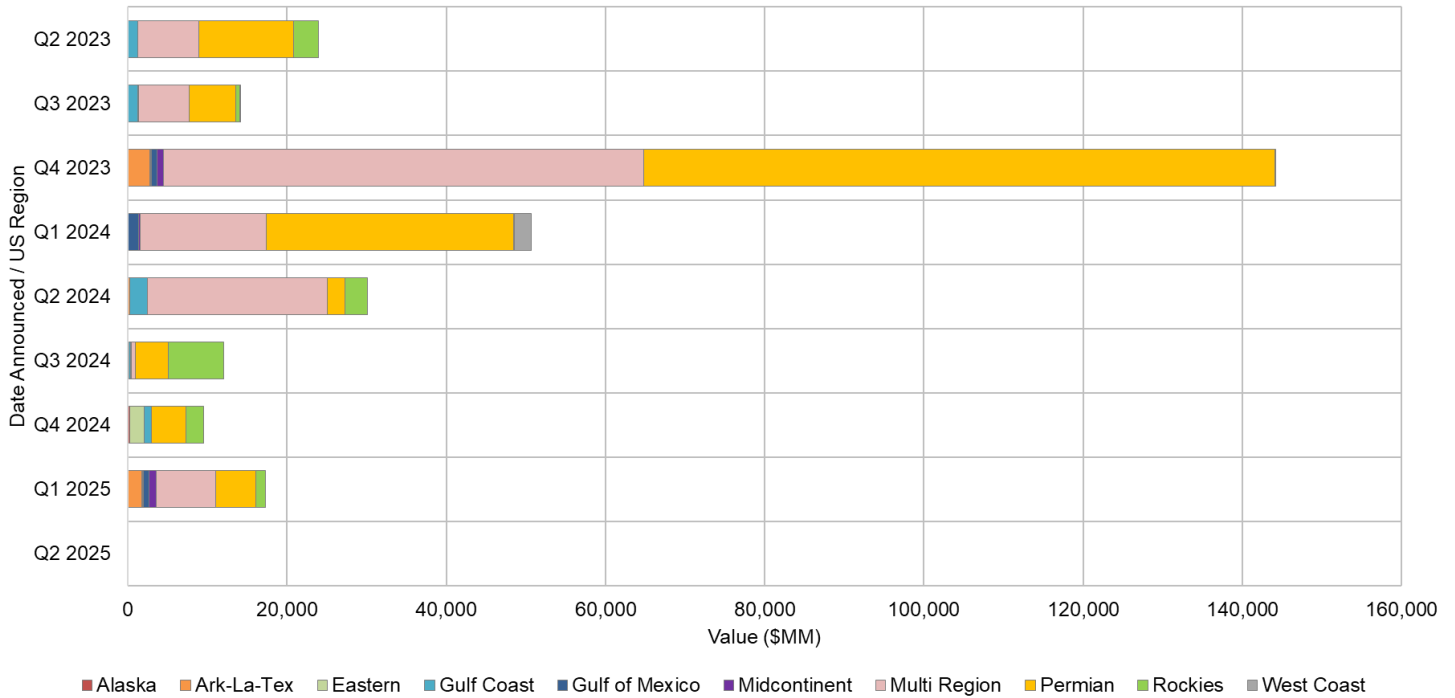


*Rig Count as of 04/04/2025
*Rig Count as of 03/28/2025

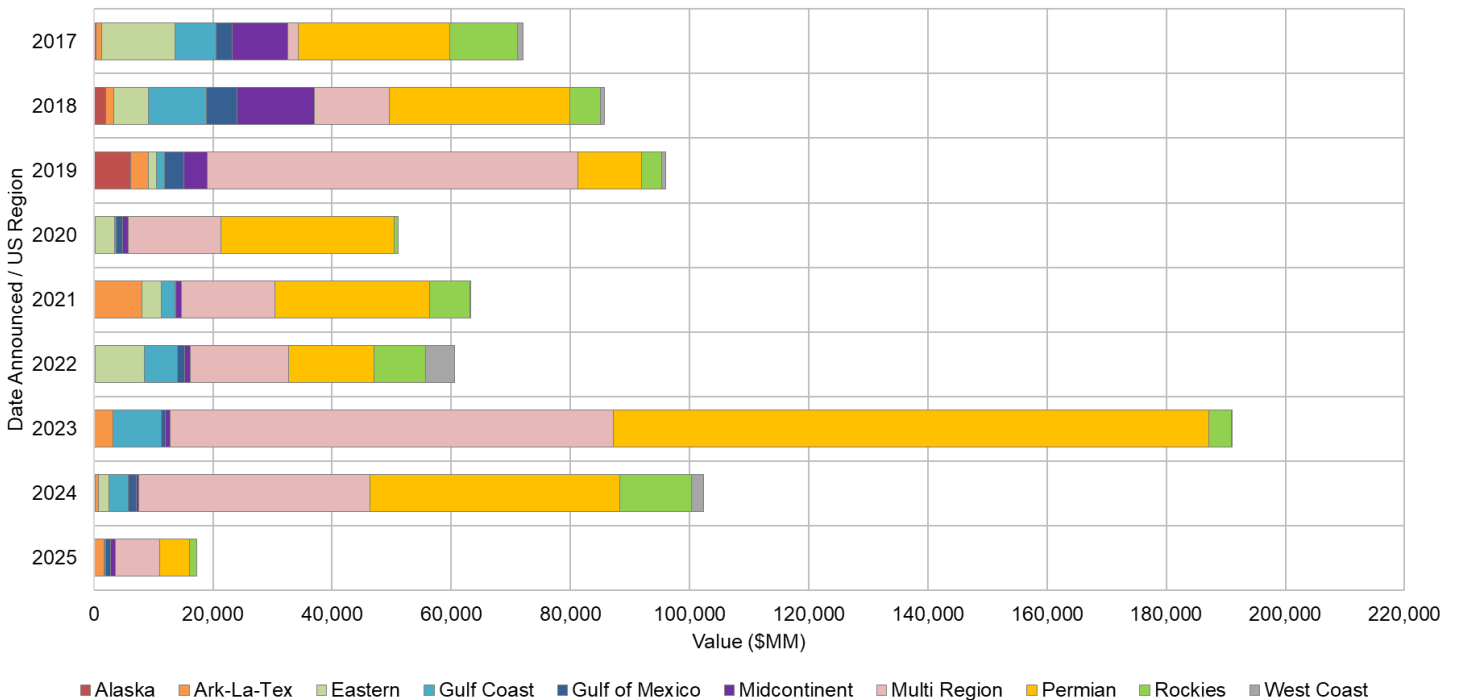
	Week Ending 04/04/2025			Week Ending 03/28/2025		Week Ending 04/05/2024
U.S. Rig Breakouts	Count	+/-	Count	+/-	Count	
Oil	489	5	484	(19)	508	
Gas	96	(7)	103	(14)	110	
Not Specified	5	0	5	3	2	
Directional	48	(2)	50	(3)	51	
Horizontal	529	0	529	(28)	557	
Vertical	13	0	13	1	12	
Land (Inc Others)	573	(2)	575	(27)	600	
Inland Waters	3	0	3	3	0	
Offshore	14	0	14	(6)	20	
US Total	590	(2)	592	(30)	620	

*Source—Baker Hughes North America Rotary Rig Count

DEAL VALUE BY US REGION (BY QUARTER)

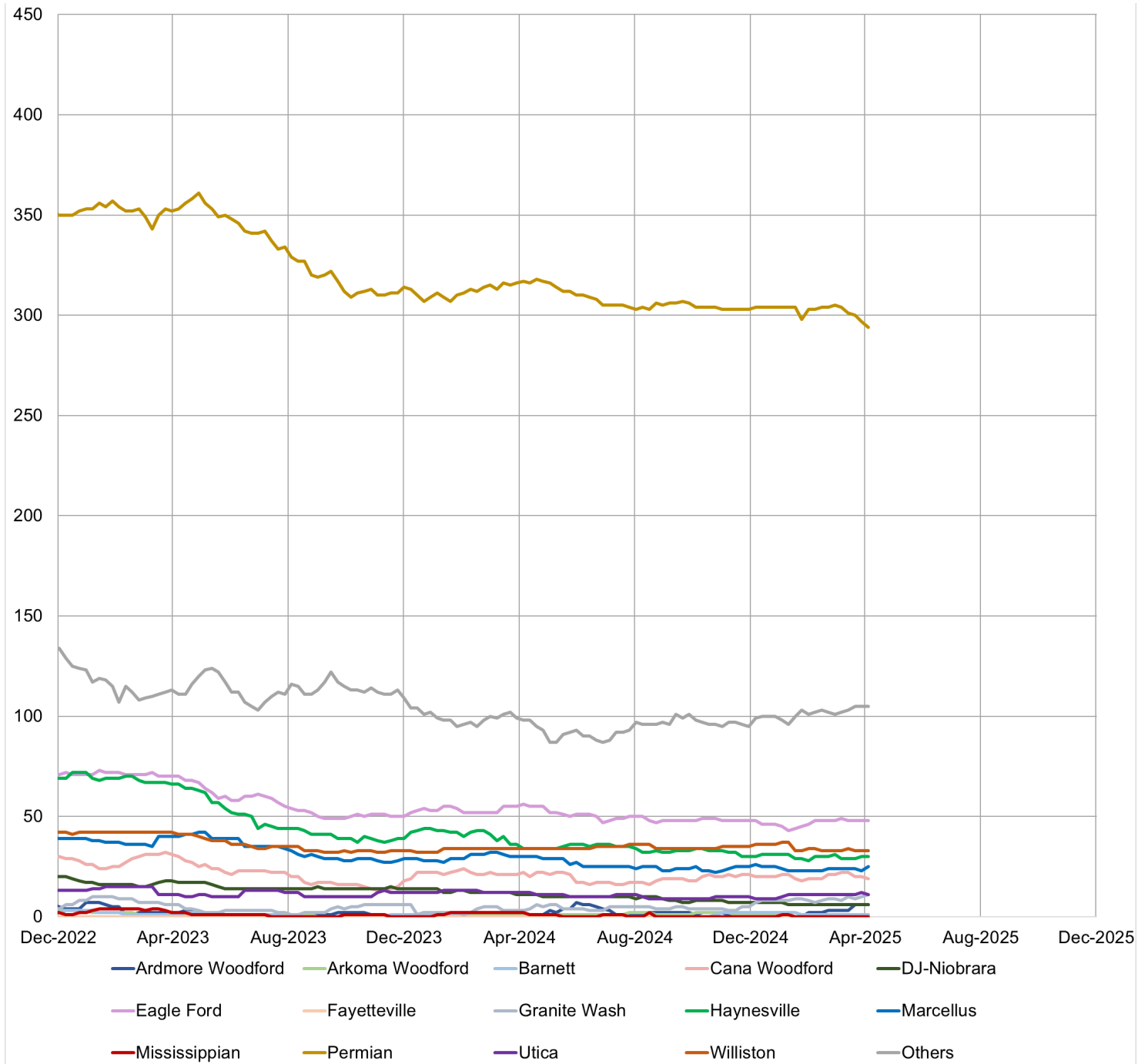


DEAL VALUE BY US REGION (BY YEAR)



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

RIG ACTIVITY BY US REGION



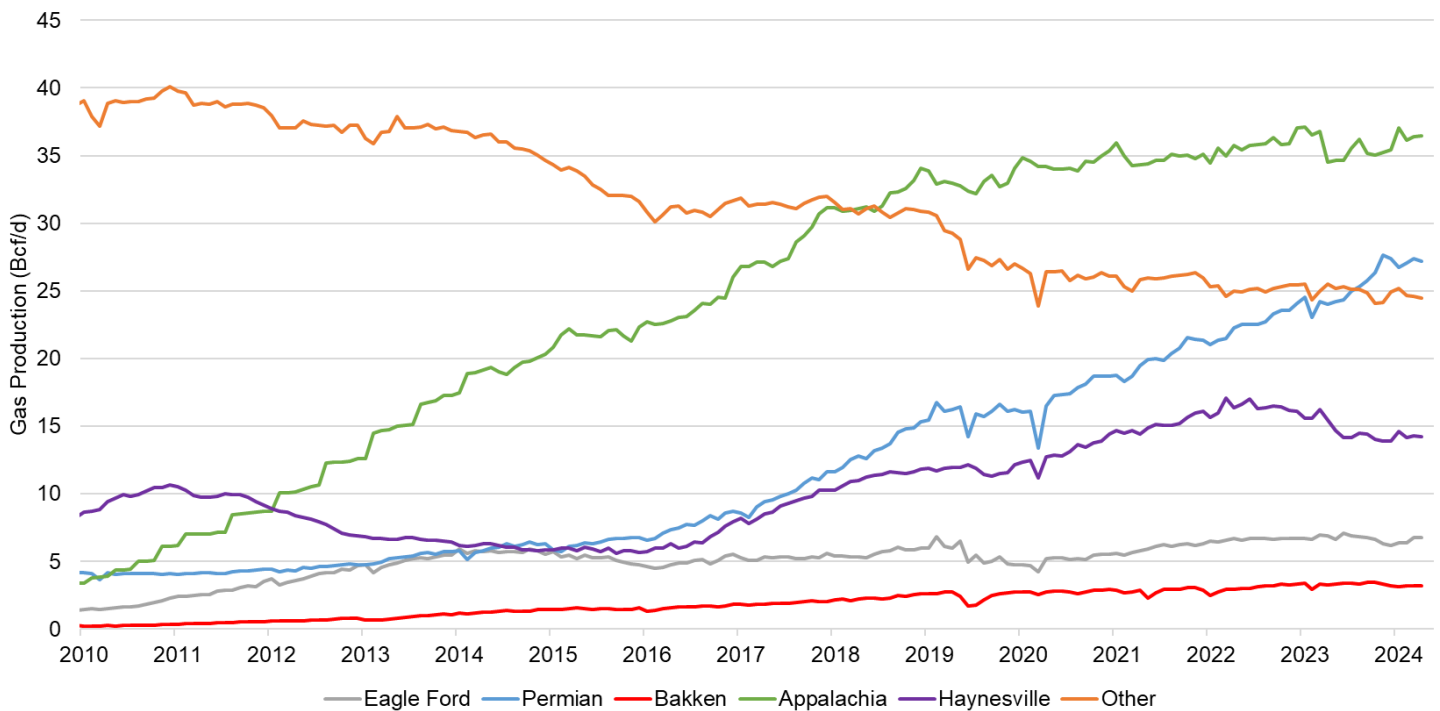
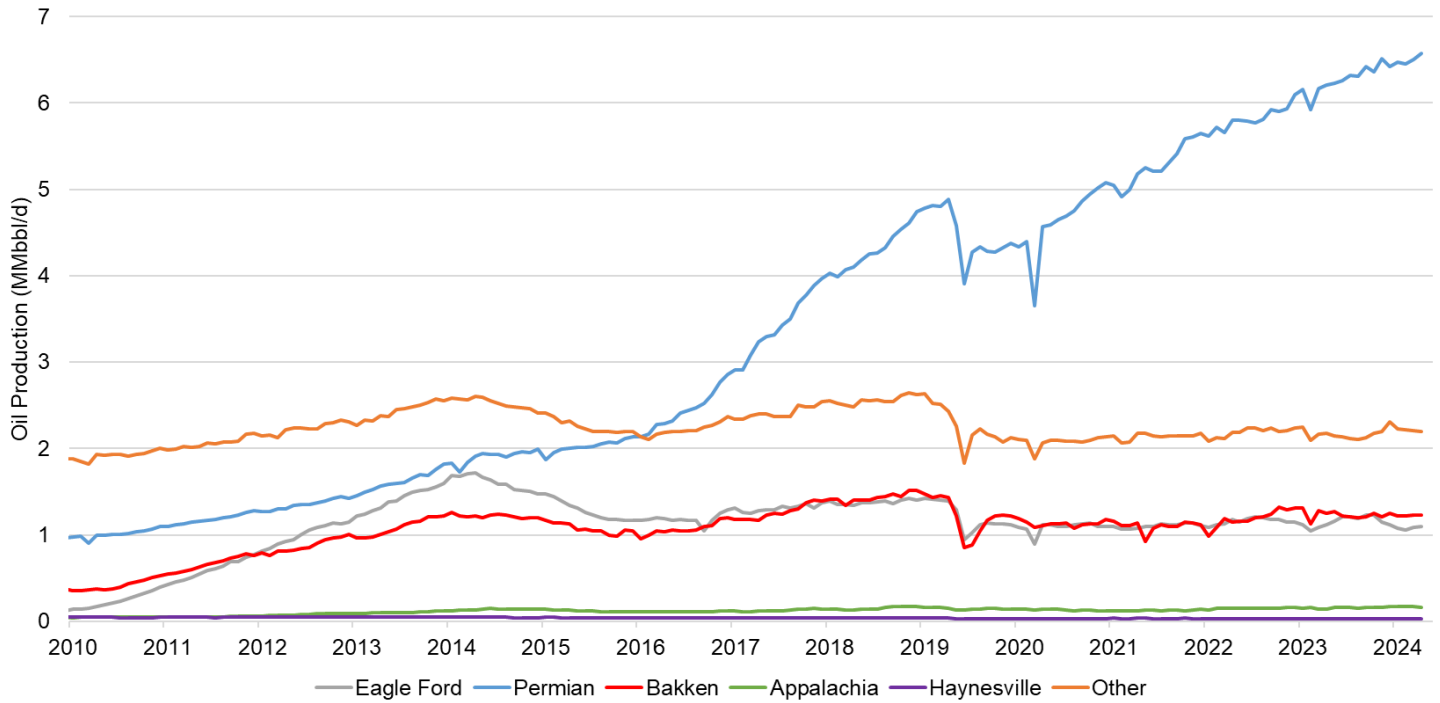
*Source—Baker Hughes North America Rotary Rig Count

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

April 2025

<u>Texas Bankruptcy Bench/Bar Conference</u>	April 2	Houston, TX
<u>SPE GCS - New Ventures Panel</u>	April 16	Houston, TX
<u>Quorum Qnections 25</u>	April 22-24	Las Vegas, NV
<u>SIGMA Spring Conference</u>	April 22-24	Scottsdale, AZ
<u>World Oilman's Poker Tournament</u>	April 23-25	Las Vegas, NV
<u>Hunger Free Golf Classic</u>	April 25	Houston, TX
<u>World Oilman's Tennis Tournament</u>	April 30 - May 3	Houston, TX

May 2025

<u>Quorum Qnections Barcelona</u>	May 13-15	Barcelona, Spain
<u>ASA Energy Valuation Conference</u>	May 15	Houston, TX
<u>North American Petroleum Accounting Conference</u>	May 15-16	Dallas, TX
<u>Texas Dreamin' 2025</u>	May 29-30	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 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.

