



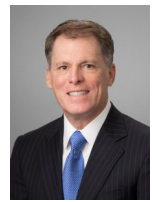
Weekly E&P Update

May 9, 2023

Vol. 18

ICYMI—Utah Activity Increasing

By Steve Hendrickson
President of Ralph E. Davis Associates

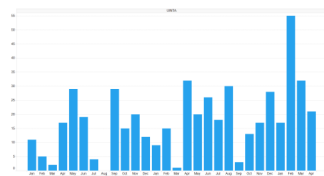


The Utah Basin is located in northeastern Utah and has produced oil and gas since the 1940s. The Altamont and Buebell Fields are two of the best-known fields in the basin and one of the key features of the oil produced from them and other fields is their high wax content. This type of crude has several attractive properties (such as low levels of sulfur and other impurities) that refiners desire, particularly for making "automotive lubricant base stocks and low sulfur marine bunker fuels."



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(Source: EBN Energy)



[CLICK TO ENLARGE](#)

(Source: Enverus)



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(Source: Enverus)

There are five refineries in the region that process the Utah crude, but they are limited in the amount of waxy crude they can handle to about 83,000 barrels per day. Because of the high wax content, Utah crudes solidify at fairly high temperatures (80-110F), so they must be kept warm in order to handle them. Historically, a lack of appropriate transportation infrastructure out of the region capped how much the basin could produce without depressing local prices.

That situation may change significantly if a proposed new railway continues to progress. This will allow producers to transport crude out of the region and connect to a more extensive rail network to move the product to Gulf Coast refineries. Like their Utah counterparts, they also have a high demand for the unique Utah oil.

Permitting activity in the basin has increased recently, with over four times as many horizontal drilling permits approved in the first quarter of this year compared to 2022.

Existing rail capacity has already allowed operators to exceed the historical 80,000 to 90,000 bopd threshold, and with some areas of the play showing strong well performance, look for this region's production to continue to grow.

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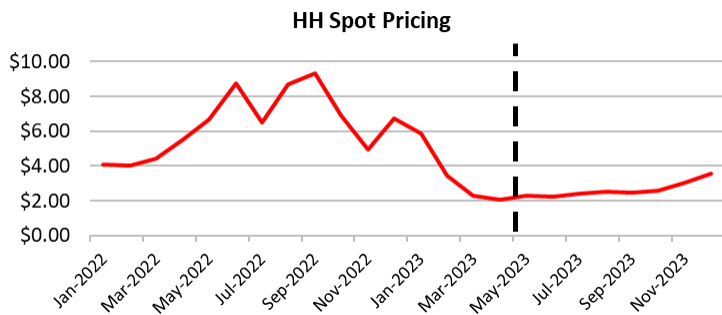
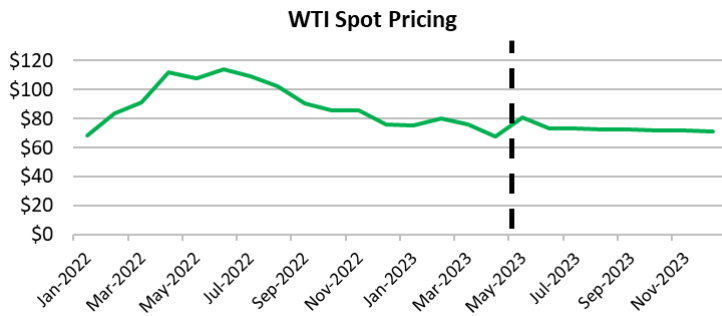
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NYMEX FUTURE PRICING



MONDAY'S MARKET CLOSE

NYMEX WTI CRUDE OIL FUTURES as of May 08, 2023 Close (\$/bbl)

Period	Current	WoW Change	Last Week	1 Yr Ago
2023	\$72.30	(\$2.22)	\$74.52	\$89.30
2024	\$68.98	(\$1.78)	\$70.76	\$79.74
2025	\$65.97	(\$1.54)	\$67.51	\$73.48
2026	\$63.79	(\$1.16)	\$64.95	\$69.32
2027	\$61.95	(\$0.77)	\$62.72	\$66.82

NYMEX HH NATURAL GAS FUTURES as of May 08, 2023 Close (\$/MMBtu)

Period	Current	WoW Change	Last Week	1 Yr Ago
2023	\$2.69	(\$0.03)	\$2.75	\$5.84
2024	\$3.50	(\$0.03)	\$3.56	\$4.45
2025	\$4.16	(\$0.04)	\$4.20	\$4.15
2026	\$4.24	(\$0.04)	\$4.28	\$4.17
2027	\$4.23	(\$0.03)	\$4.26	\$4.20

INDUSTRY METRICS—QUICK SNAPSHOT

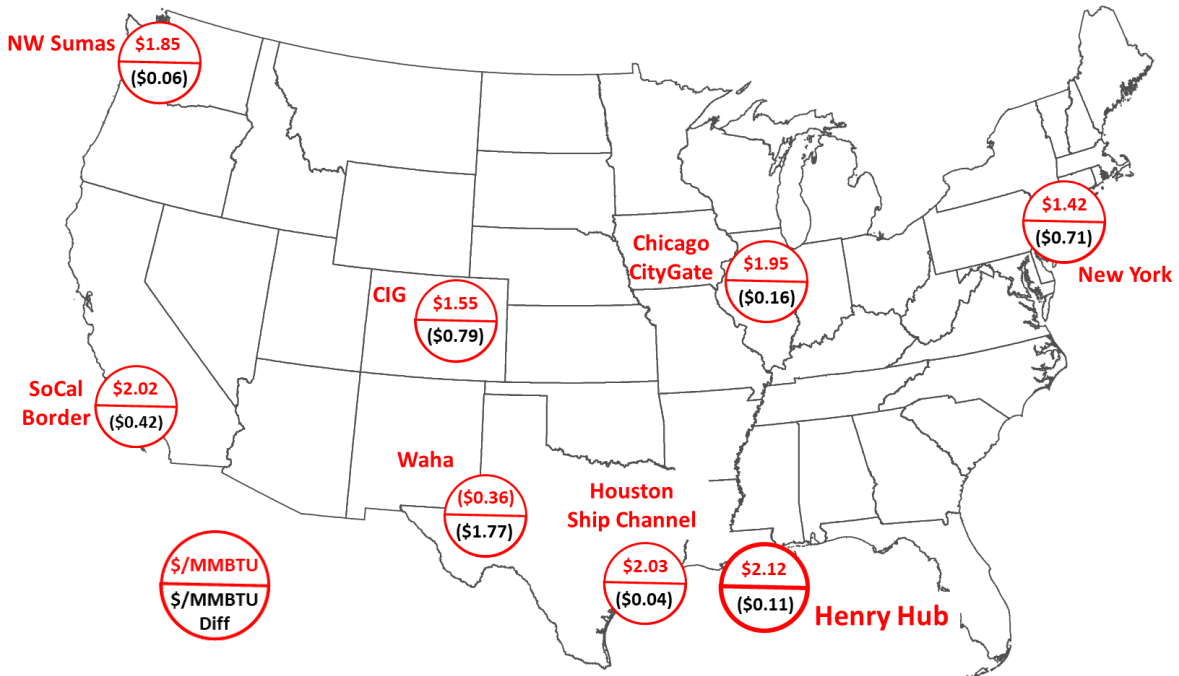
	Current	Last Week	WoW Change	%Change
Crude Oil Near-Month Price (\$/bbl)	\$71.35	\$74.91	(\$3.56)	(5%)
Natural Gas Near-Month Price (\$/MMBtu)	\$2.15	\$2.36	(\$0.21)	(9%)
Weekly Upstream Deal Transaction Value (\$MM)	\$1,730.00	\$225.00	\$1,505.00	669%
Weekly Number of Upstream Deal Transactions	3	2	1	50%
Current Total US Rig Count	748	755	(7)	(0.9%)
US Field Crude Oil Production (MMbbl/day)	123	122	01	0.8%
US Field Dry Natural Gas Production (Bcf/day)	1068	1065	03	0.3%
Commercial Crude Oil Stocks-Excluding SPR (MMbbl)	460	461	(1)	(0.3%)
Natural Gas Stocks-Working Gas Underground Storage (Bcf)	2,063	2,009	54	3%
Total Drilled But Uncompleted Wells (DUG Last Month)	4,676	4,676	-	0%

*Source—Energy Information Administration, United States (EIA)
*Source—Baker Hughes North America Rotary Rig Count & PLS M&A Database

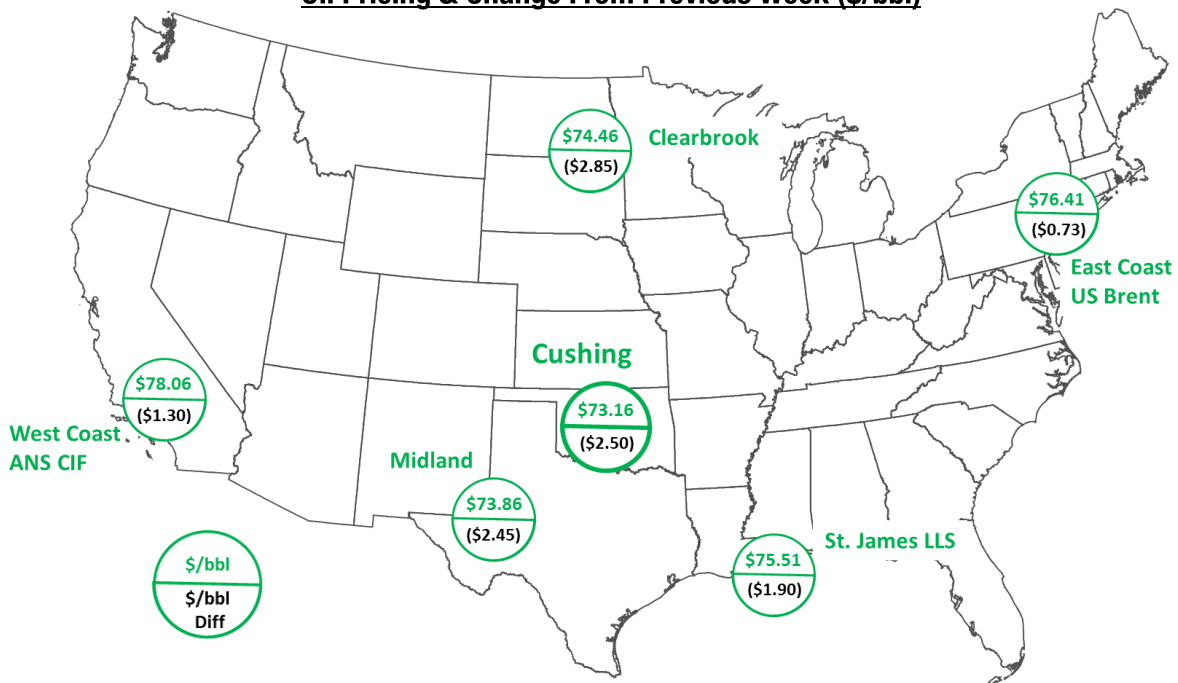


US COMMODITY PRICES CONTINUED

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



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



*Source—BarrtagLP



SELECTED INDUSTRY HEADLINES

Window Of Opportunity For Offshore Oil And Gas

Offshore wind may be attracting all the media attention, but offshore oil and gas is entering a major boom cycle

Shale Oil Drilling Getting Cheaper

The cost of drilling for shale oil is dropping for the first time in about two years as demand for equipment and workers wavers

The Next U.S. Shale Patch Consolidation Has Yet To Begin

The value and volume of U.S. upstream oil and gas deals fell in the first quarter of the year as companies focused on mature plays and are still watching and waiting for opportunities to snap up undeveloped acreage in the Permian

Oil Climbs Over 2% As Recession Fears Begin To Fade (LOGIN CREDENTIALS REQUIRED)

Oil prices over 2% as US recession fears eased and some traders saw crude's three-week slide on demand worries as overdone

Big Oil Has \$150 Billion In Cash And Investors Want A Share

Oil-and-gas companies have built up a mountain of cash with few precedents in recent history. Wall Street has a few ideas on how to spend it — and new drilling isn't near the top of the list

Turkey Makes Huge 1-Billion Barrel Oil Discovery

Turkish Petroleum (TPAO) has made the largest crude oil discovery onshore Turkey with a find estimated to hold 1 billion barrels of crude, the Turkish company said

US Shale Drillers See Natural Gas Price Rebound in 2024 After Short-Lived Pain (LOGIN CREDENTIALS REQUIRED)

US shale-gas drillers are betting that a price slump eroding their cash-flow outlook will be short-lived and that a rebound awaits in 2024

Italy's New LNG Plant Receives Maiden Delivery

Italy's newest and fourth regasification facility has received its first liquefied natural gas (LNG), paving the way for the startup of a project supplier Eni SPA said can serve about seven percent of domestic demand

Texas Expected To Experience Greater Reliance On Renewable Energy This Summer

The Texas power grid is expected to see a greater reliance on renewable energy this summer, the chairman of the Texas Public Utility Commission and the CEO of the Electric Reliability Council of Texas said recently.

Bill Gates On The Future Of Nuclear Energy, AI

TerraPower, founded by billionaire and Microsoft co-founder Bill Gates in 2008, is opening a new nuclear power plant in Kemmerer, Wyoming

USA Pipeline Agency Proposes Tougher Safeguard Rule

The USA pipeline safety agency has filed a draft regulation aimed at strengthening industry measures to curb methane emissions and prevent hazards to people and the environment from the country's nearly three million miles of gas pipelines



SELECTED RECENT TRANSACTIONS

Crescent Energy Announces Accretive Eagle Ford Bolt-On; Acquires Operated Interest In Existing Non-Operated Assets

Crescent Energy Company announced that it has entered into a definitive purchase agreement to acquire operatorship and incremental working interest in its existing Western Eagle Ford assets from Mesquite Energy, Inc. for total consideration of \$800 million in cash, subject to customary purchase price adjustments.

Callon To Acquire Core Delaware Basin Assets And Exit Eagle Ford

Callon Petroleum Company ("Callon") signed two definitive agreements that streamline and focus Callon's operations, accelerate the achievement of its debt reduction target and allow for the initiation of a shareholder return program in third quarter of 2023.

Elk Range Royalties Announces Mineral And Royalty Acquisition In The Eagle Ford Basin

Elk Range Royalties ("Elk Range") is pleased to announce it has acquired certain Eagle Ford Basin mineral and royalty interests ("the Acquired Assets") from an undisclosed private seller.

U.S. Energy Development Corp. Expands Footprint In Permian Basin With \$225M Investment

U.S. Energy Development Corp., an Arlington-based exploration and production company, has acquired a 25% working interest in the Meaco Project, a stacked pay asset in core Midland Basin for \$225 million cash and other considerations, the company announced.

88 Energy Awarded New Alaskan North Slope Block

88 Energy Ltd., Perth, has been awarded a new exploration block (Project Leonis) on the North Slope of Alaska, about 15 kms southwest of the town of Deedhorse and 25 km north of the operator's Project Phoenix block.

Japan's Mitsui Buys U.S. Gas Asset In 'Pragmatic Solution' For Energy Transition

Japan's Mitsui & Co Ltd., has bought a 92% stake in an unconventional gas asset in Texas and plans to promote its gas business as a "pragmatic solution" for the energy transition, it said on Thursday.

Kimbell Royalty Partners, LP Announces \$143.1 Million Midland Basin Mineral and Royalty Acquisition

Kimbell Royalty Partners, LP has entered into an agreement to acquire Midland Basin mineral and royalty assets in Texas from MB Minerals LP, a subsidiary of Sabal Holdings LLC (backed by EnCap Investments).

Ovintiv To Acquire Leasehold Interest And Related Assets

Ovintiv Inc. has entered into agreements to divest its Bakken assets in North Dakota to Grayson Mill Bakken LLC, an affiliate of Grayson Mill Energy LLC.

Ovintiv To Acquire \$4.2B Midland Basin Assets

Ovintiv Inc. has entered into a definitive purchase agreement to acquire substantially all leasehold interest and related assets of Back Swan Oil & Gas LLC, Petro Legacy Energy II LLC, and Pineda Energy III LLC.

Phoenix Capital Group Has Acquired Over 560 Net Mineral Acres For A Purchase Price Exceeding \$6M

Phoenix Capital Group Holdings LLC, doing business as Phoenix Capital Group, is excited to announce it has acquired more than 560 net mineral acres for a purchase price that exceeds \$6 million.

Wedgemount Resources To Acquire Additional Texas Permian Basin Oil And Gas Assets

Wedgemount Resources Corp., is pleased to announce that it has entered into a Purchase and Sale Agreement for the acquisition of additional oil and gas assets located in the prolific Permian Basin of west central Texas.

Principal Solar To Acquire Minerva-Rockdale Leases, Wells, And Assets

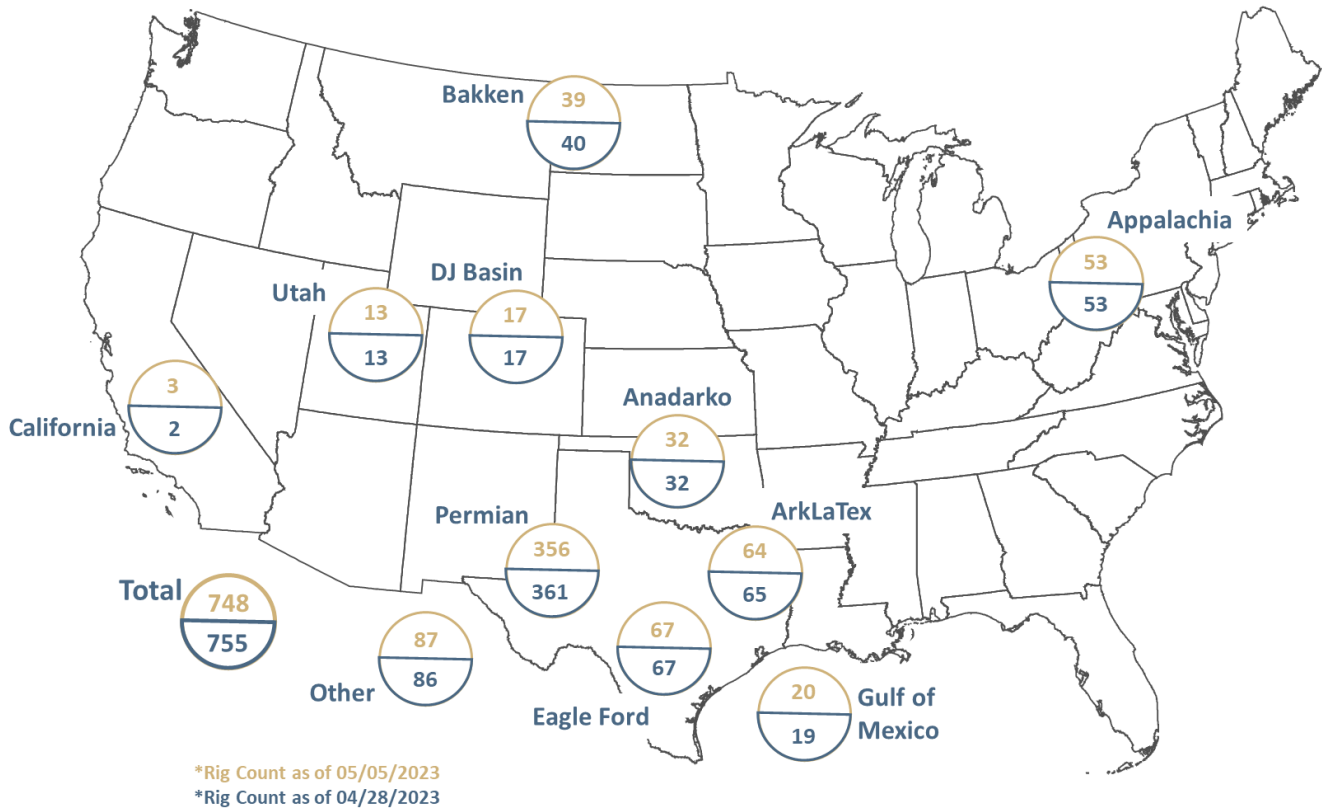
Principal Solar, Inc. recently announced that it has executed a Letter of Intent to purchase a controlling working interest in the leases and oil & gas wells along with all of the assets associated with the Minerva-Rockdale Oil Field from Winchester Oil & Gas LLC.

Carrier Energy Partners II Sells Eagle Ford Assets

Carrier Energy Partners II, LLC has closed on the sale of its oil and gas assets in the Eagle Ford Shale in South Texas for total cash consideration of \$145 million.



RIG ACTIVITY BY US REGION

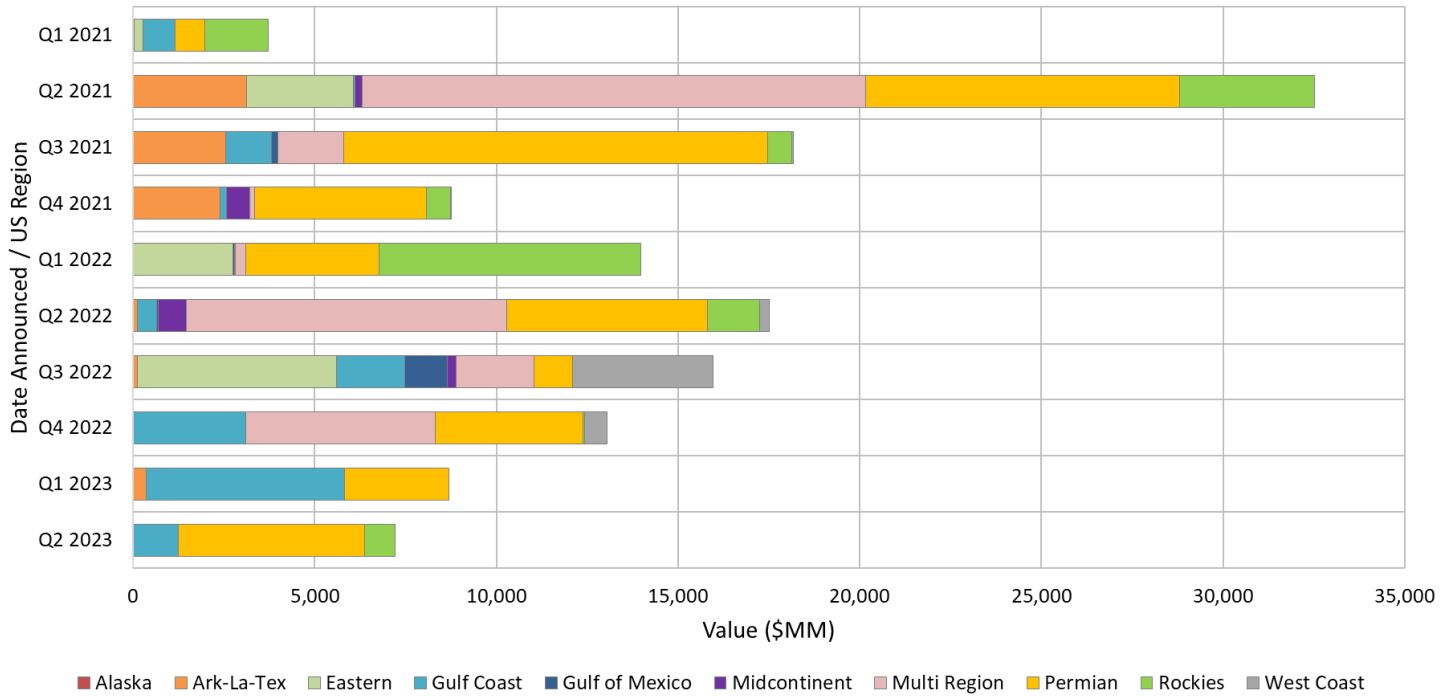


	Week Ending 05/05/2023			Week Ending 04/28/2023		Week Ending 05/06/2022
US Rig Breakouts	Count	+/-	Count	+/-	Count	
Oil	588	(3)	591	31	557	
Gas	157	(4)	161	11	146	
Not Specified	3	0	3	1	2	
Directional	51	4	47	17	34	
Horizontal	676	(9)	685	30	646	
Vertical	21	(2)	23	(4)	25	
Land (Inc Others)	725	(8)	733	37	688	
Inland Waters	2	0	2	2	0	
Offshore	21	1	20	4	17	
US Total	748	(7)	755	43	705	

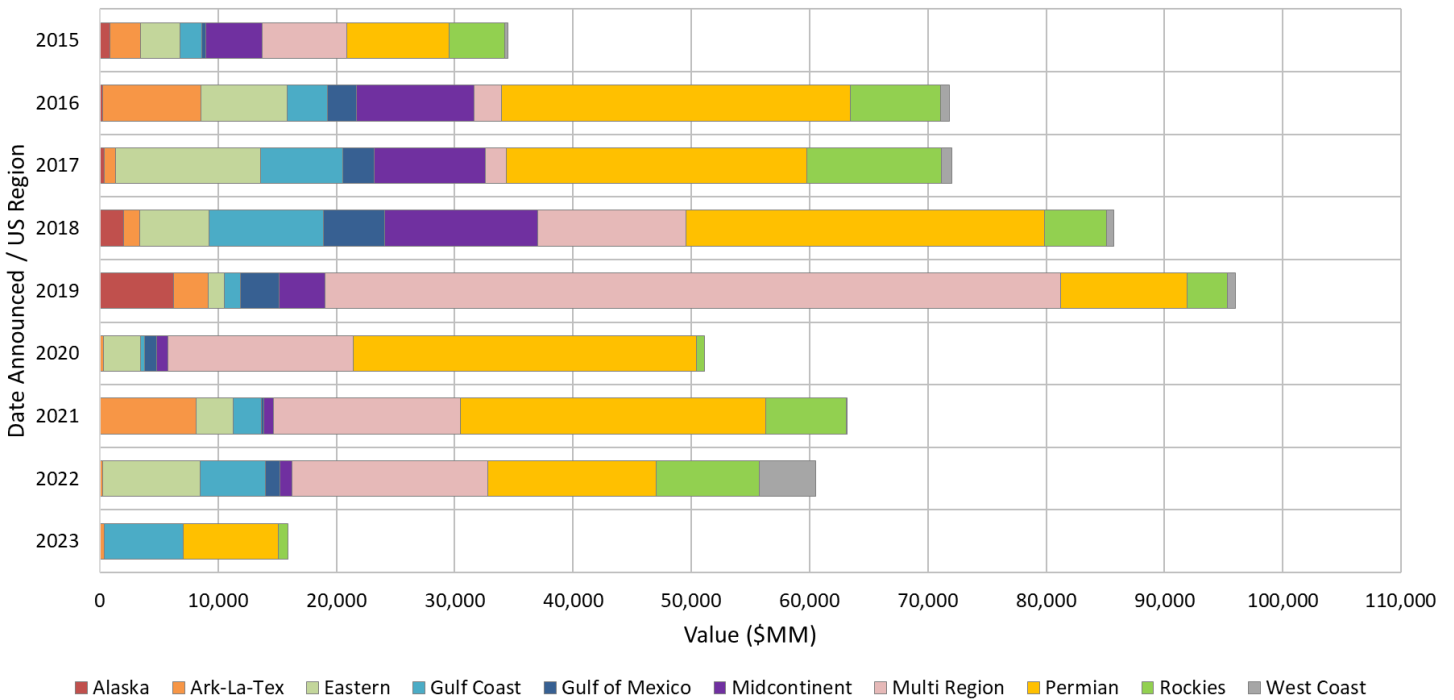
*Source—Baker Hughes Weekly Rig Counts



DEAL VALUE BY US REGION (BY QUARTER)



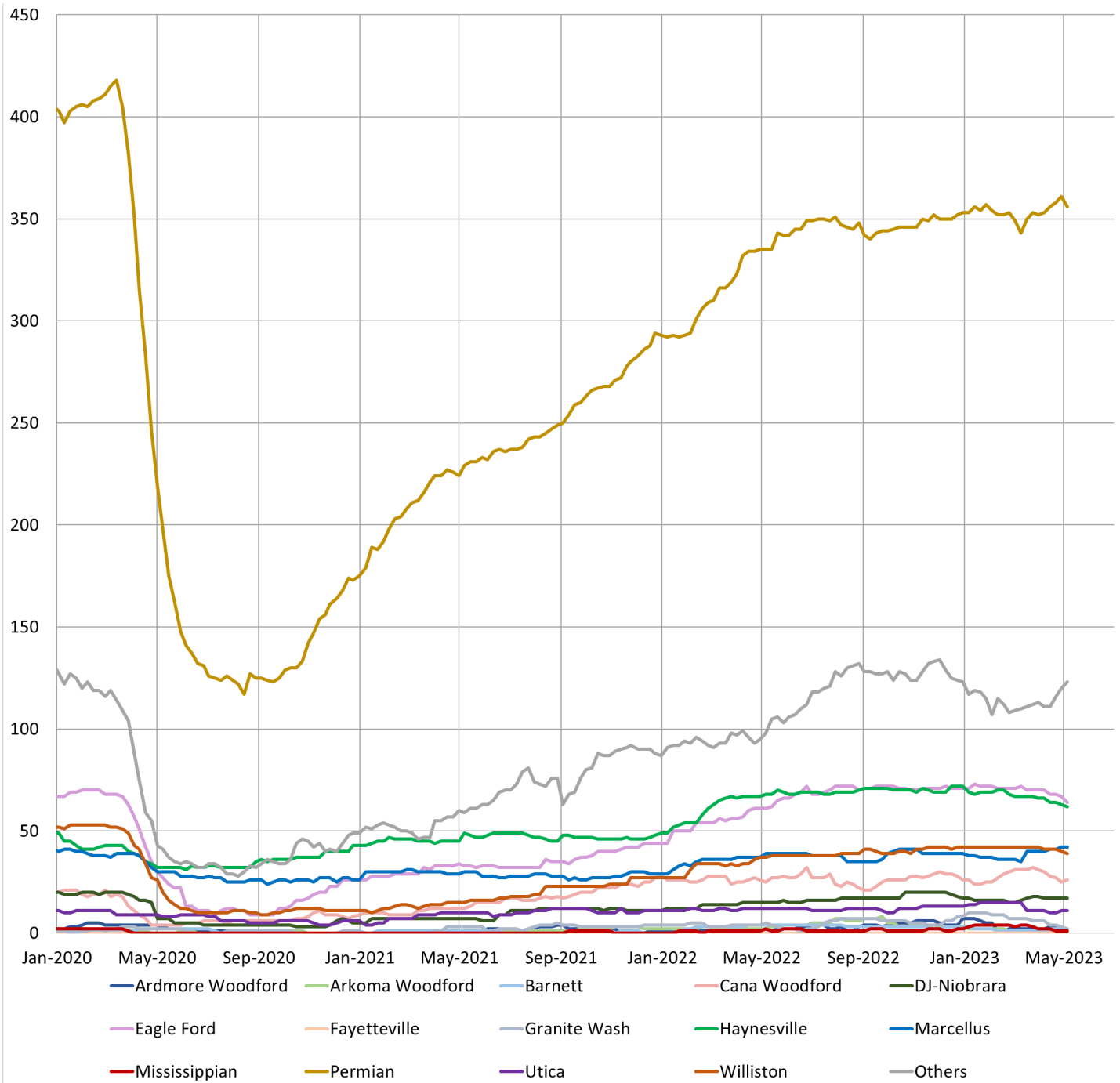
DEAL VALUE BY US REGION (BY YEAR)



*Source - PLSM&A Database (Charts exclude terminated deals)



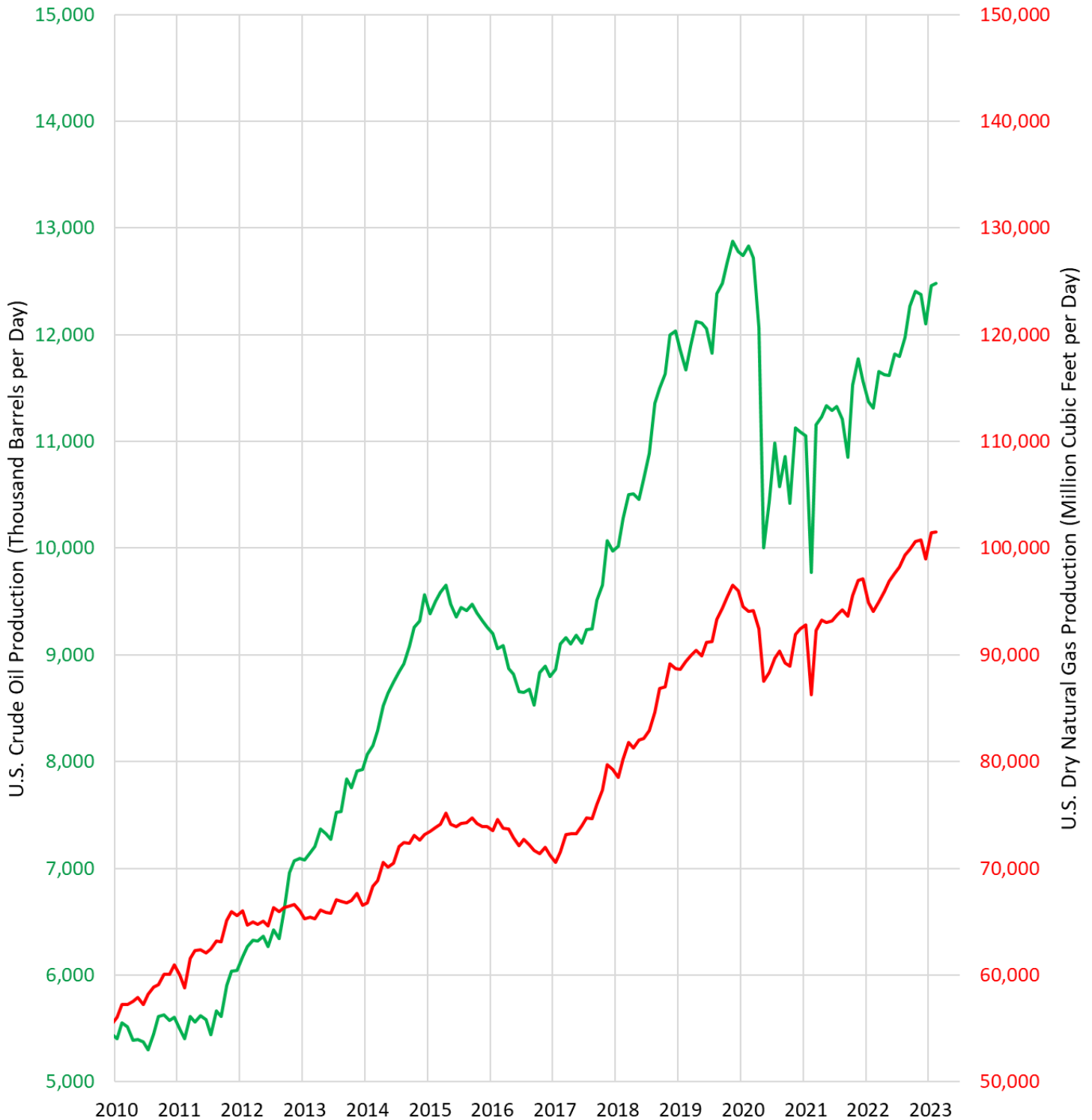
RIG ACTIVITY BY US REGION



*Source—Baker Hughes Weekly Rig Counts



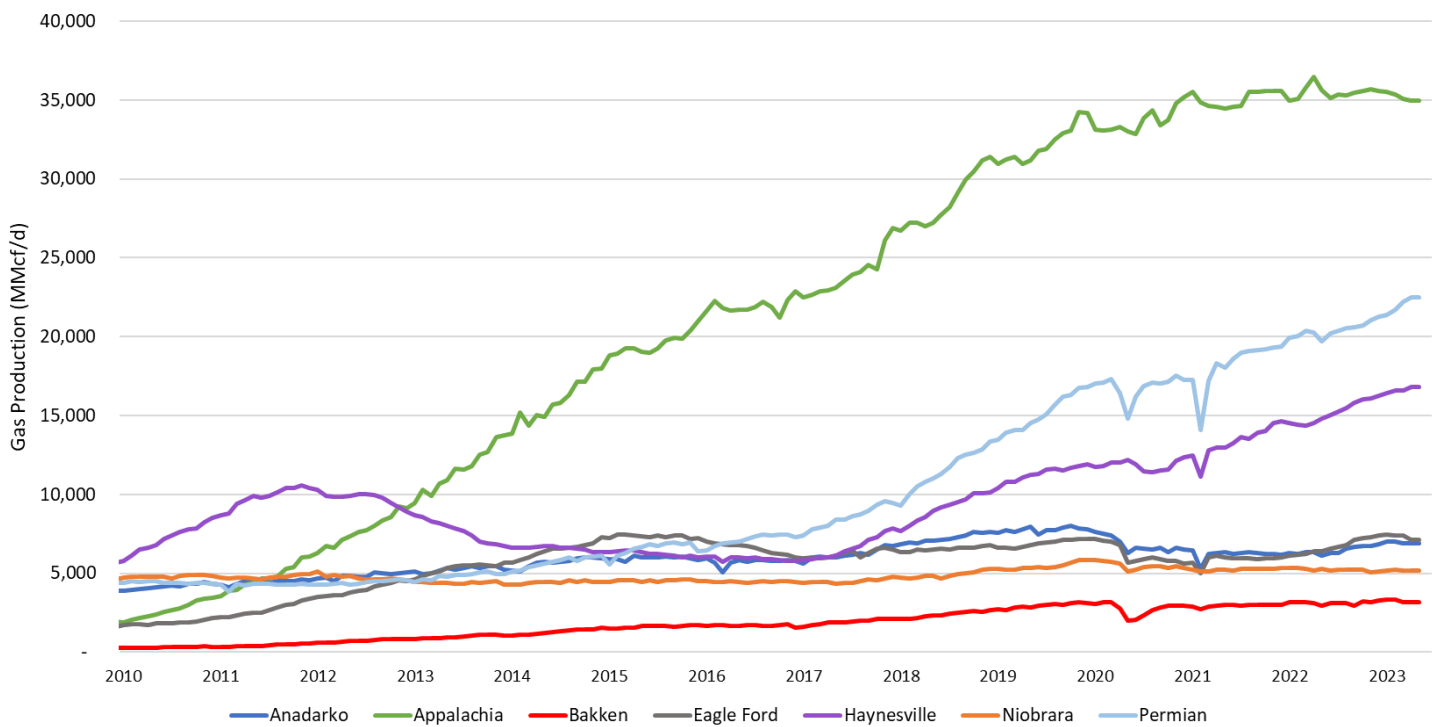
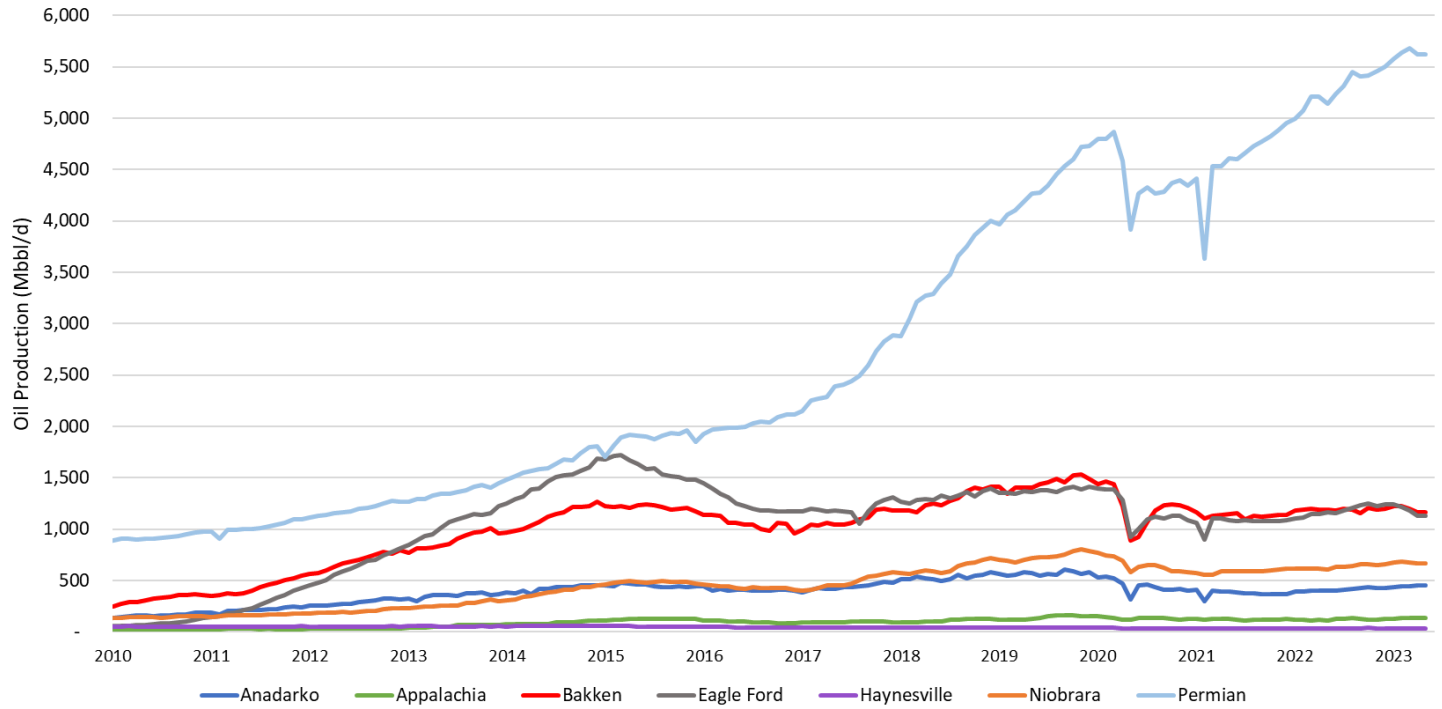
US DAILY CRUDE (MMbbl) & DRY NATURAL GAS PRODUCTION (MMcf)



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



HISTORICAL PRODUCTION OF SELECTED US SHALE REGIONS



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



UPCOMING EVENTS

May 2023

Her Justice Annual Photography Auction + Benefit

May 9

New York, NY

Salesforce For Energy (with Oppertune)

May 10

Denver, CO

Energy Valuation Conference

May 11

Houston, TX

Allegro User Conference

May 11-12

Houston, TX

North American Petroleum Accounting Conference

May 18-19

Dallas, TX

DUG Permian Basin & Eagle Force Conference & Exhibition

May 22-24

Fort Worth, TX

June 2023

Society Of Petroleum Evaluation Engineers (SPEE) Annual Meeting

June 17-20

Newport, RI

Telluride Executive Series

June 27-19

Telluride, CO

July 2023

Barff Energy Summit

July 12-14

Barff, Alberta, Canada

August 2023

Barff Energy Summit

July 12-14

Barff, Alberta, Canada

*Denotes an Oppertune 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 Oppertune 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 Oppertune 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 Baird is Vice President of Ralph E. Davis Associates, an Oppertune 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).



Yvonne Trujillo is a Senior Petroleum Engineer at Ralph E. Davis Associates, an Oppertune LLP company. Yvonne has over 25 years experience in the oil and gas industry with extensive expertise in reserves engineering, SEC and PRMS/SPE reporting and economics and asset evaluation in conventional and unconventional reservoirs in the US Lower 48. Yvonne earned a B.S. in Mechanical Engineering at Simon Bolivar University in Caracas, Venezuela and an M.S. in Petroleum Engineering at the University of Houston.



David Edwards is a Petroleum Engineer at Ralph E. Davis Associates, an Oppertune 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 MBA from The University of Texas Permian Basin and a B.S. in Petroleum Engineering from The University of Oklahoma.

