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# The Future of US Shale. Clouded by Sentiment.

December 9th, 2020

Oxford Institute for Energy Studies/KAPSARC

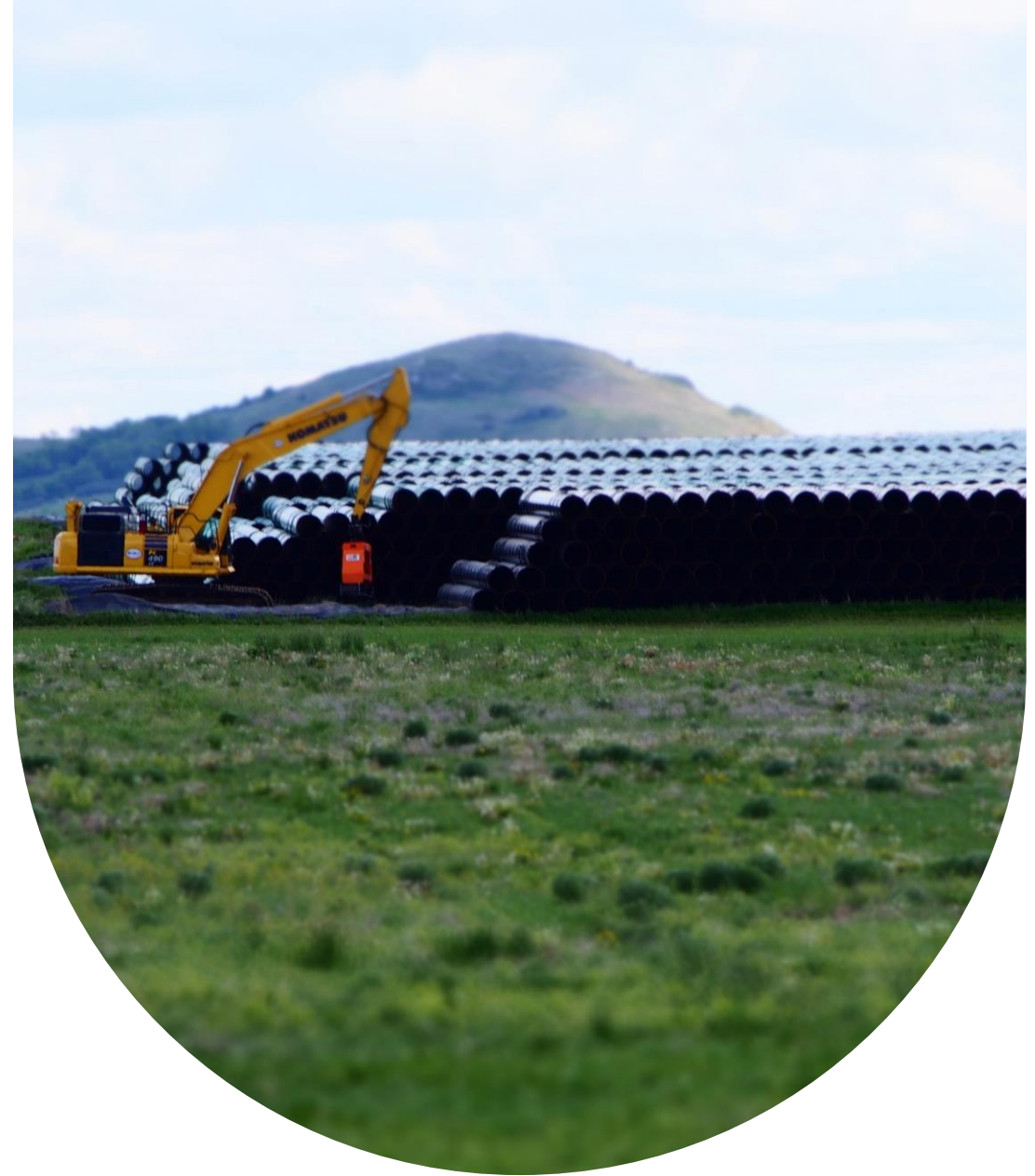
Would Shale Impede or Accelerate the Global Energy Transition?

# PetroNerds

“...REAL intelligence rooted in REAL experience”

We are closing the gap between the micro and the macro, discerning trends and keeping you informed of what is happening on the ground.

We provide solutions that are pragmatic and progressive.



# Outline

**01** US Shale Oil Market Background and Outlook

**02** Permian and US Shale Activity



# US Shale Market Background

Outlook and Nuances



## A Unique and Compounded Correction

- The impact of negative sentiment on the oil industry combined with this green wave and tech momentum cannot be underscored enough. No industry has been harder hit by COVID than the oil industry when comparing many metrics. The US oil and gas industry has shed tens of thousands of jobs. Exxon is no longer in the DOW and has just taken one of their biggest write offs in history. There is talk of the dividend being threatened. Energy makes up just 2 percent of the S&P 500. BP is selling their London headquarters.
- Most leaders in the industry expect the Biden administration to be Obama 2.0. He will not be Obama 2.0.
- This downturn is unlike any the world or industry has experienced. Trying to forecast activity based on prior understandings of basins, especially the Permian Basin, may yield incorrect results. Oil price corrections, as in any economic correction, create lasting changes and shifts in behavior.
- Shale rebounded, heartily, in the 2014 correction. The background is different now, in terms of capital availability, political sentiment, and regulatory concerns, but the rock is not. This is a very resilient industry.
- Sentiment and future concerns, driven by the worst price collapse in oil's history, are jading the analytical trajectory of this market, not just in the US, but globally.

## Outlooks and Views

*I've never ever seen the industry in a lower morale mode than they are this year then tremendous amounts of layoffs and office closures throughout the industry.*

*...And going forward, crystal clear, we're not going to be growing oil into an oversupplied market.*

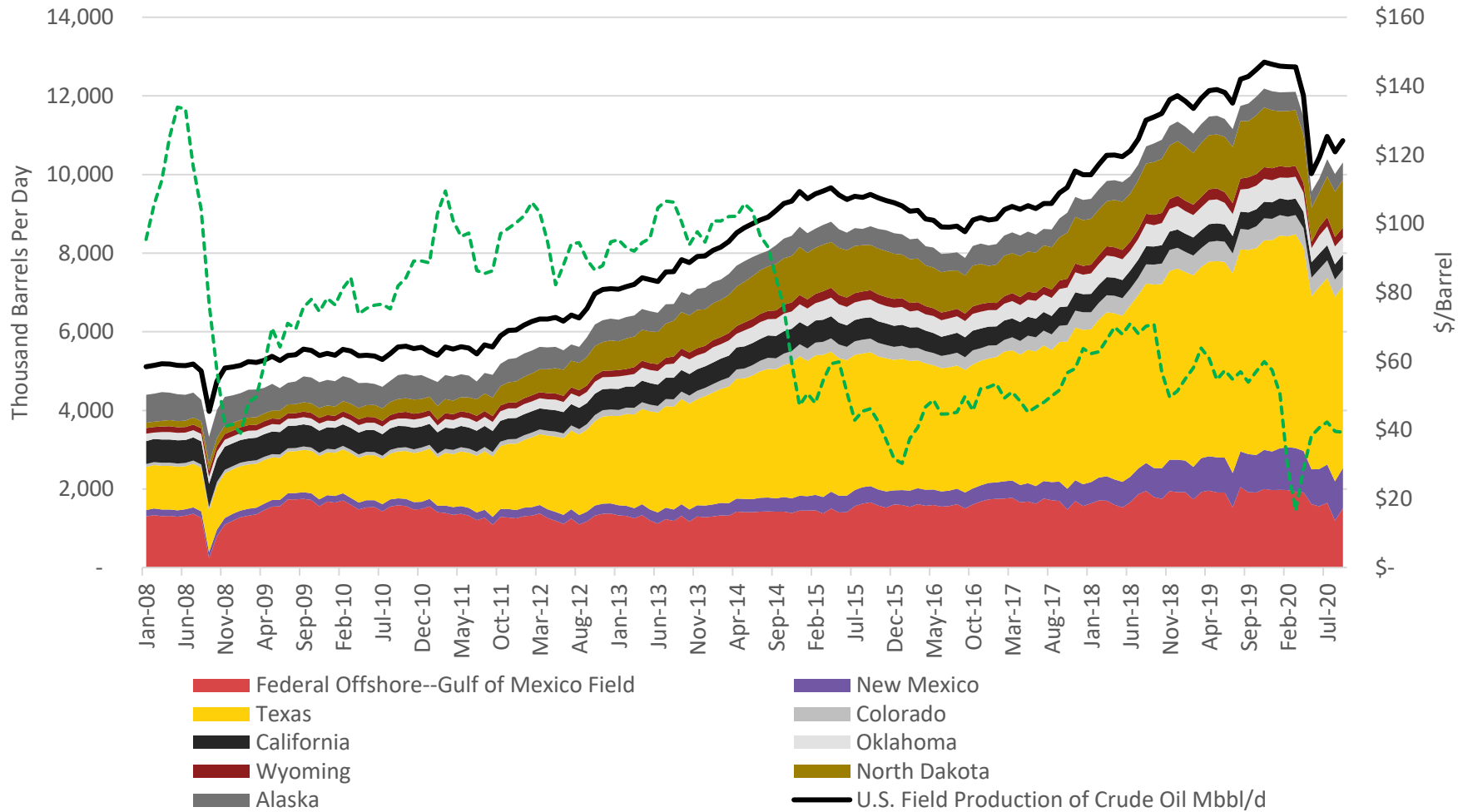
*But I think our stock has been in undue pressure, because of the federal acreage issue. I think it's been discounted too heavily. As we view the matter, like you said, we got eight plus years of growing on non-federal acreage that will not take away from the each ability to generate higher returns or reduce our capital efficiency.*

Bill Thomas, EOG CEO, Barclays CEO Energy Power Conference, September 9, 2020

*I cannot recall a time in my life, when there were so many people around me telling me exactly what the future will look like. They have been wrong before, and they will be wrong now. Cimarex has the capability and flexibility to deal with an uncertain future. Until then, we will show up each and every day and compete.*

Tom Jorden, Cimarex CEO, Nov 5, 2020, Q3 2020 Earnings Call

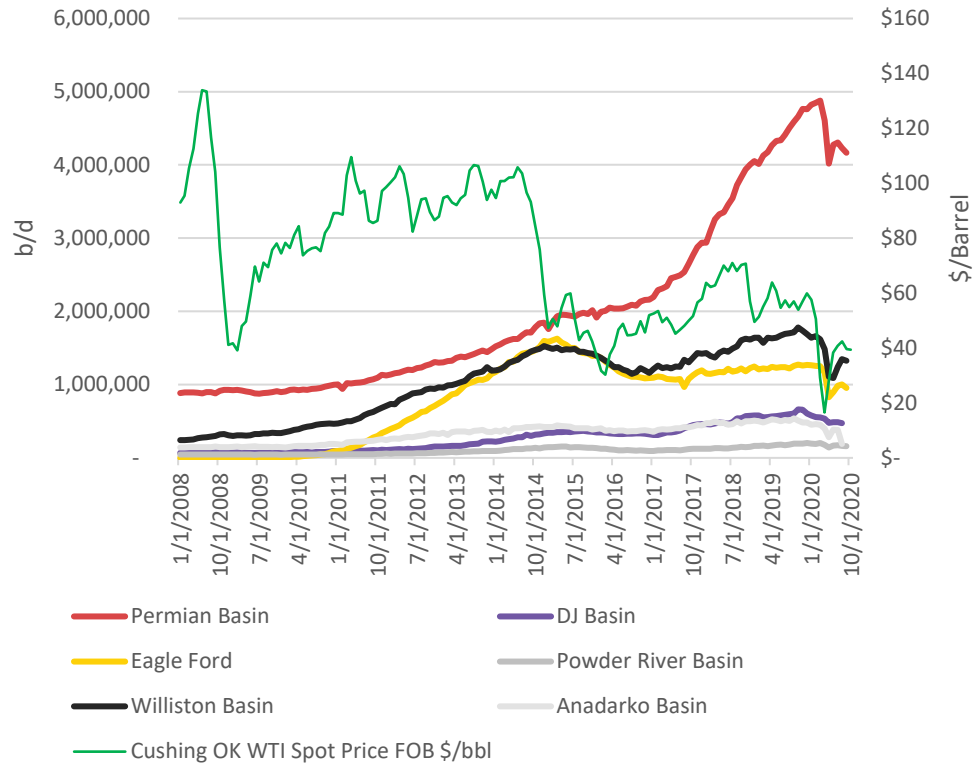
# US Production has Recovered to 11 mbd at \$40/barrel



Source: EIA

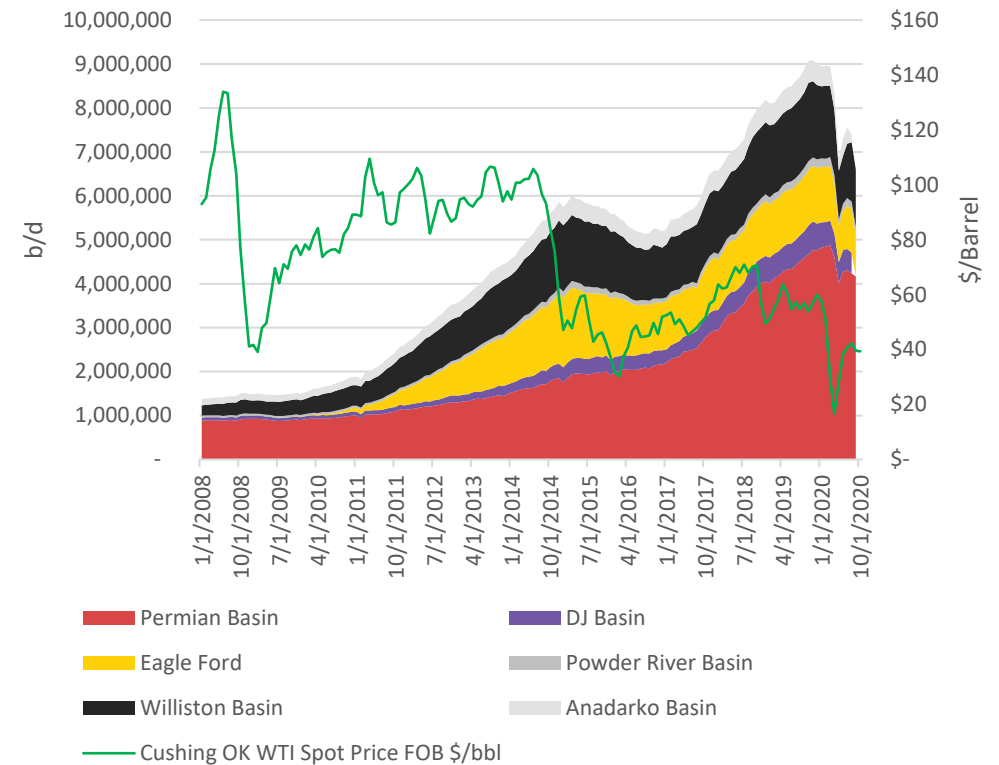
1. Operators were well positioned in early 2020 to capture profits from \$60 plus dollar oil seen in January, hedge at those price levels, and work around negative investor sentiment which weighed on stock performance.
2. Prices were ultimately going to dictate activity levels, not share price.
3. 2007 to 2014 - WTI averaged \$87/barrel (Brent \$93/barrel)
4. 2015 and 2020 - WTI averaged \$51/barrel between (Brent \$54)

# Shale Production



Source: PetroNerds, Enverus, EIA

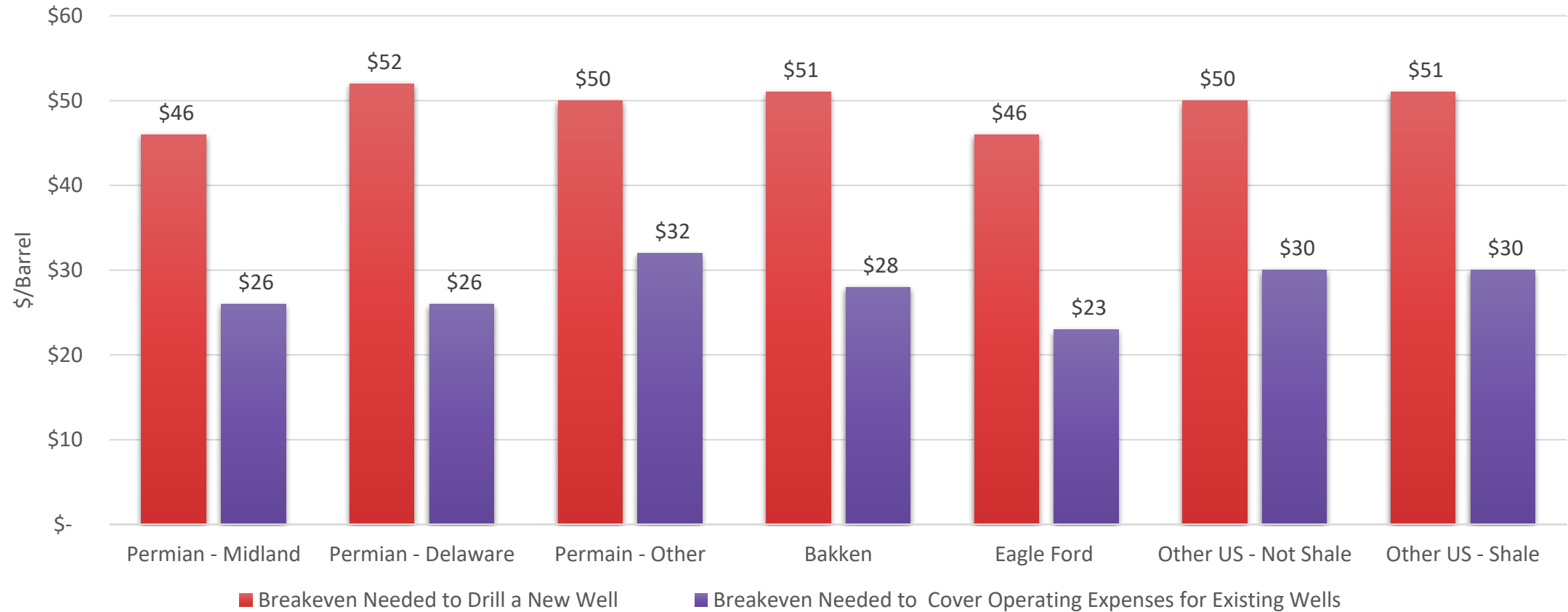
Shale production declined dramatically with shut ins, has since recovered somewhat, and faltered with substantially less activity.



Shale production hit over 9 mbd at the end of 2019 and is now 7.26 mbd.



# Breakevens for Major US Plays – Dallas Fed Survey



Source: Dallas Fed Survey

# Investor Sentiment Shifts in US Shale

Investor sentiment toward US shale has defined how people think about the future this business and should be thought about critically when analyzing US shale (and other booms taking place) and thinking about the future of shale and oil more broadly. US oil prices have averaged \$53/barrel from 2015 through February 2020.

**2010 to 2014**

**Average WTI/Brent  
\$92/\$102**

Euphoria. \$100/barrel.  
Operating companies cannot  
drill wells fast enough.  
Nobody is worried about  
“cost.”

**2015 and 2016**

**Average WTI/Brent  
\$46/\$48**

Correction and Permiana.  
The end of 2014 sets in and  
the mood begins to shift.  
Production and growth is  
favored by investors.

**2017 to 2019**

**Average WTI/Brent  
\$58/\$63**

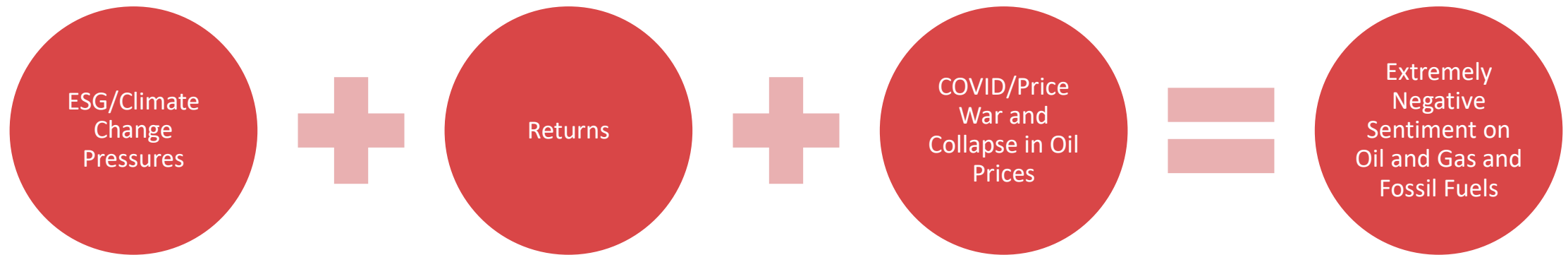
Reality. Investor pressure.  
Prices remain low. Free Cash  
Flow in 2019 for some.  
Operators continue to move  
forward regardless of stock  
performance.

**2020**

**Average WTI/Brent  
\$39/\$41**

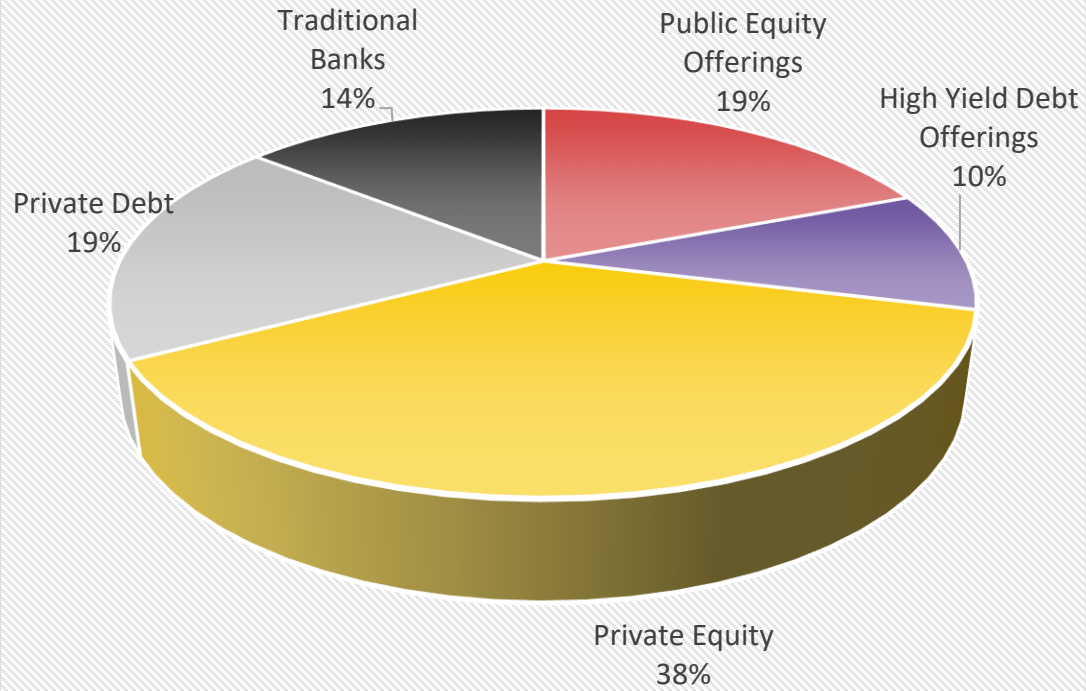
Devastation. The year started  
at \$60 and plunged to below  
zero. Oil is beginning to claw  
its way back and is now  
squarely feeling the pressure  
of ESG and anti oil.

# 2020 - Trifecta



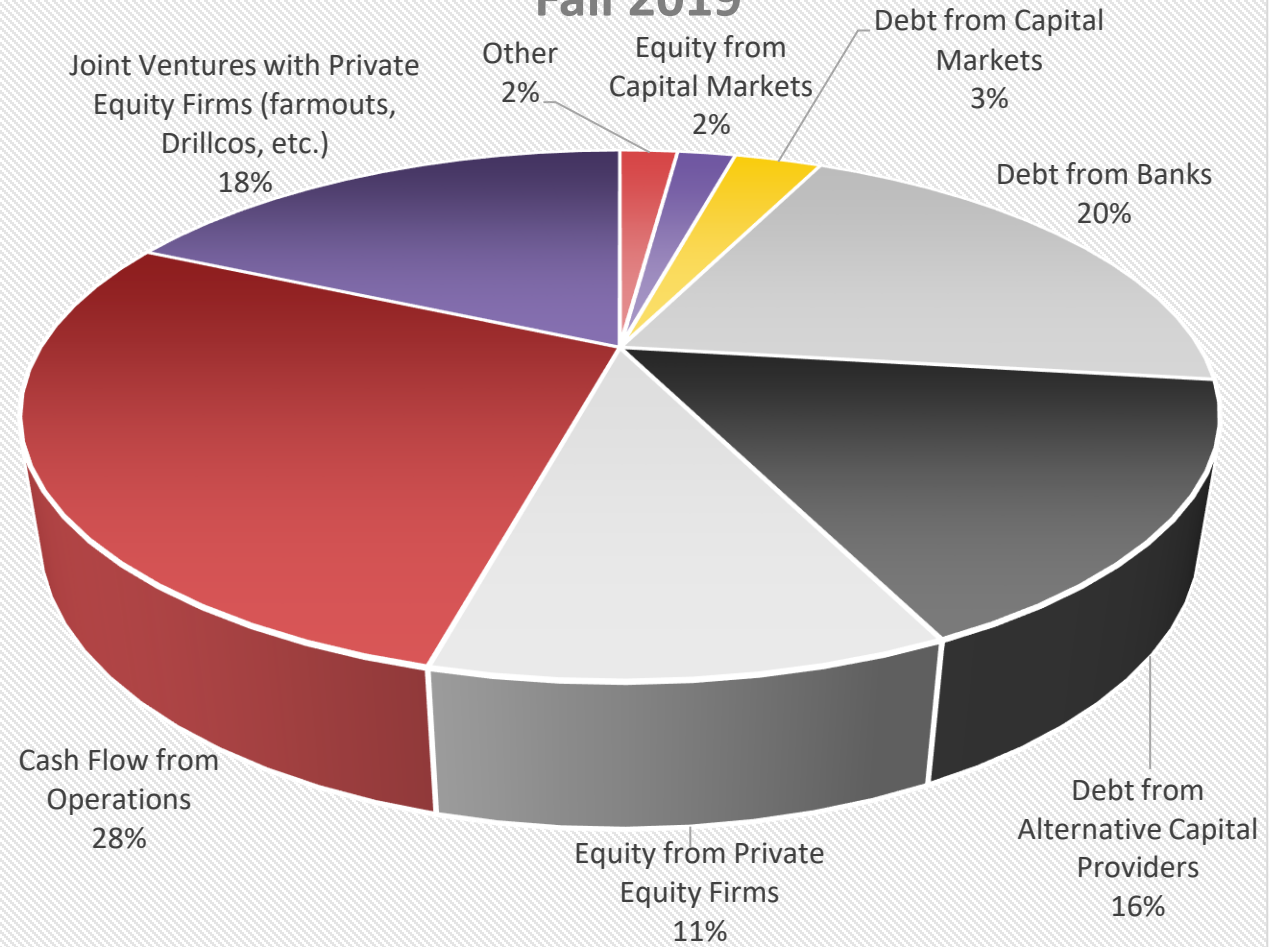
# Where was the money coming from? How were operators sourcing dollars?

## Fall 2016

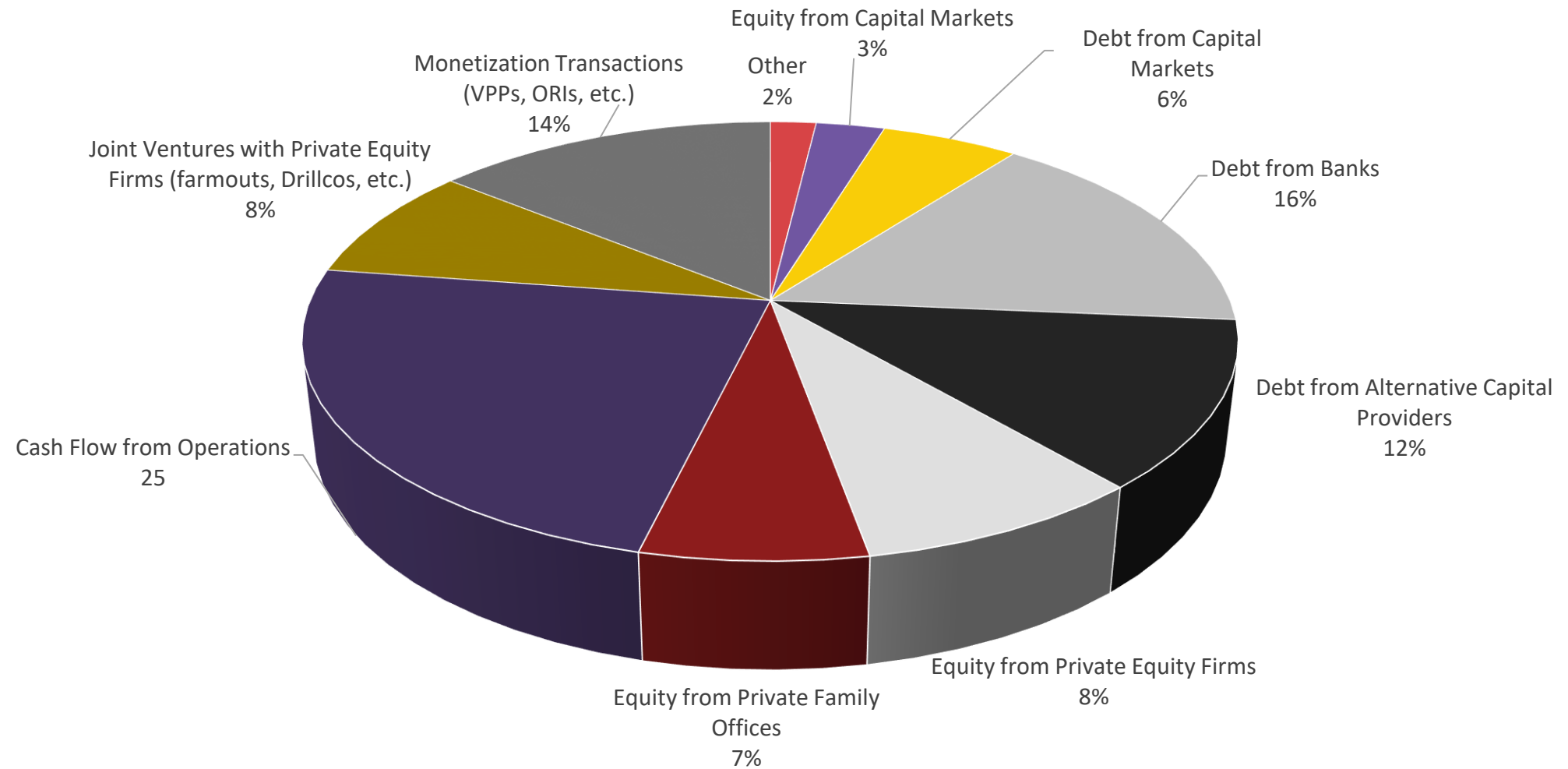


Source: Haynes and Boone Surveys

## Fall 2019



# What it will look like in 2021? Post Covid Mayhem?

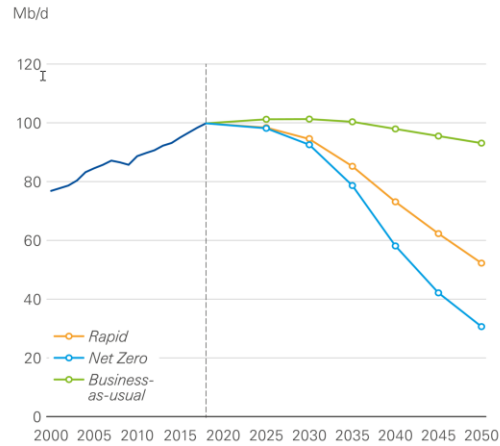


Source: Haynes and Boone Fall 2020 Survey

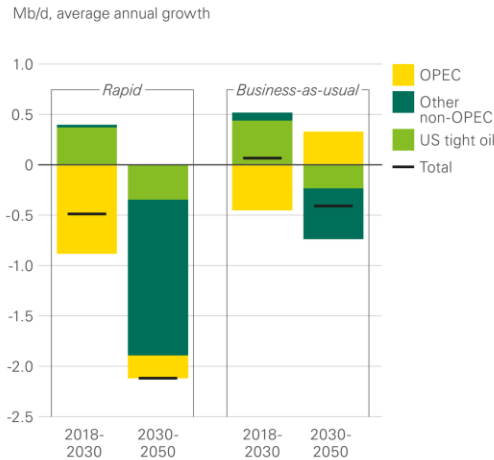
# “Investing in the Un-investible” - Thinking about the Future of Oil Differently

## Global market for liquid fuels adjusts to changing patterns of demand and production

### Liquid fuels consumption



### Liquid fuels supply growth



BP 2020

**WATEROUS ENERGY FUND**

STRATEGY TEAM

**Adam Waterous**  
MANAGING PARTNER & CHIEF EXECUTIVE OFFICER

Prior to founding Waterous Energy Fund in January, 2017, Adam served as Global Head of Banking and Head of Energy and Power, North America at Scotiabank, where he was responsible for all of Scotiabank's global Equity and Advisory activities and Scotia Waterous.

Under Adam's leadership from 2005 to 2016, Scotia Waterous was among the most active in the oil and gas acquisition and divestiture market with transactions roughly evenly split between Canada, the United States and other countries.

Adam co-founded Waterous & Co., a predecessor firm to Scotia Waterous, in September 2005.

THIRD QUARTER 2020

Gochring & Rozencajg  
Natural Resource Market Commentary

Managing Partners:  
LEIGH R. GOEHRING  
ADAM A. ROZENCWAJG



## INVESTING IN THE UN-INVESTABLE

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- On the Verge of a Commodity Cycle

*"But when it comes to bullion (gold) as an investment, and as a measure of national weather, gold is a goner."*

*"Whereas gold used to be seen as a good asset, it is now seen as the bottom of the pile."*

*"Gold has fallen from favor and is now a mere metal -- and a bad investment."*

Quotes from the famous "Death of Gold" cover story in the *Financial Times* December 13, 1997

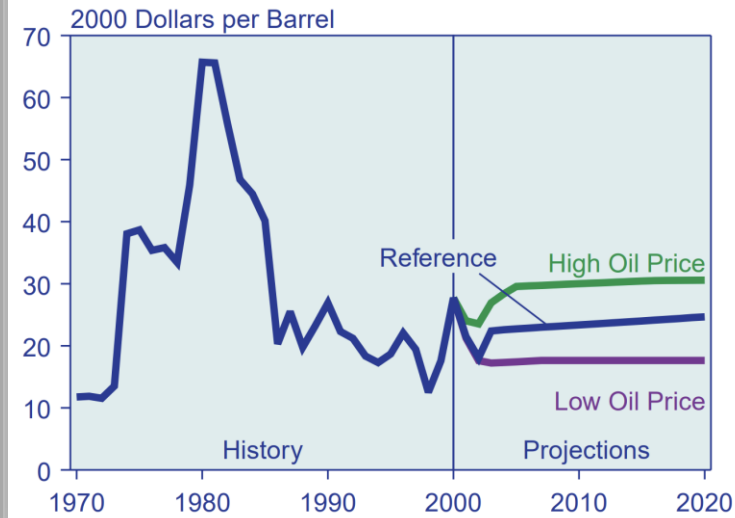
**Gold at the time was \$283 per ounce.**

What happens when you buy into a radically undervalued, un-investable asset class? If history is any guide, the answer is: "Great things."

Today's indisputable un-investable asset class is energy broadly and crude oil specifically. Oil has been (and remains) the most important input to economic growth in the post-World War II world. However, in the span of only a few short years, oil's importance has gone from

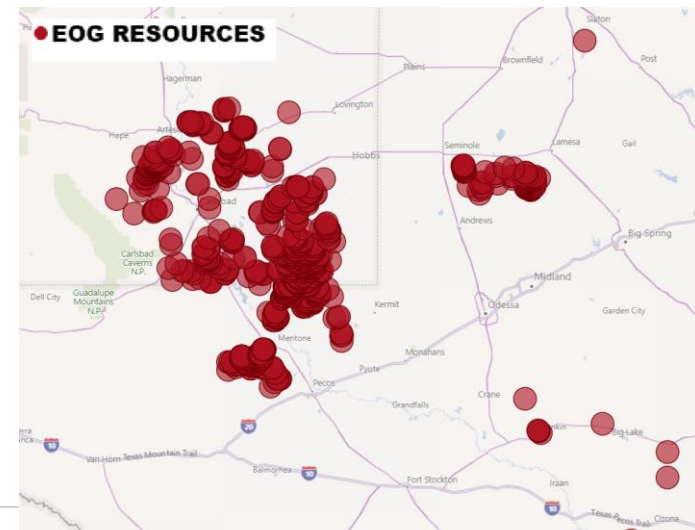
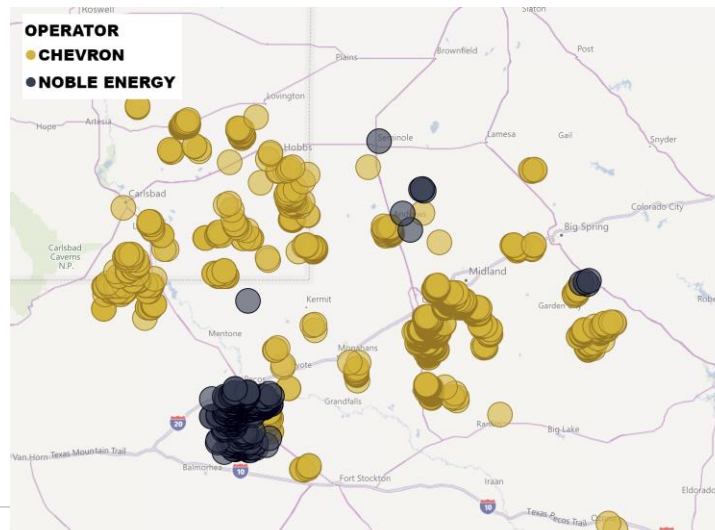
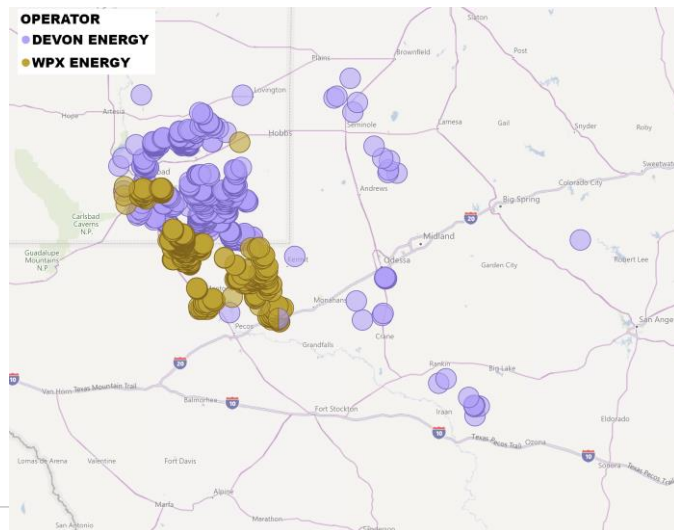
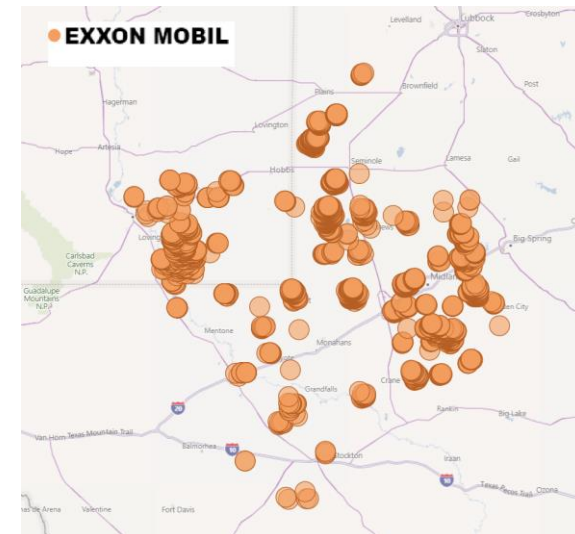
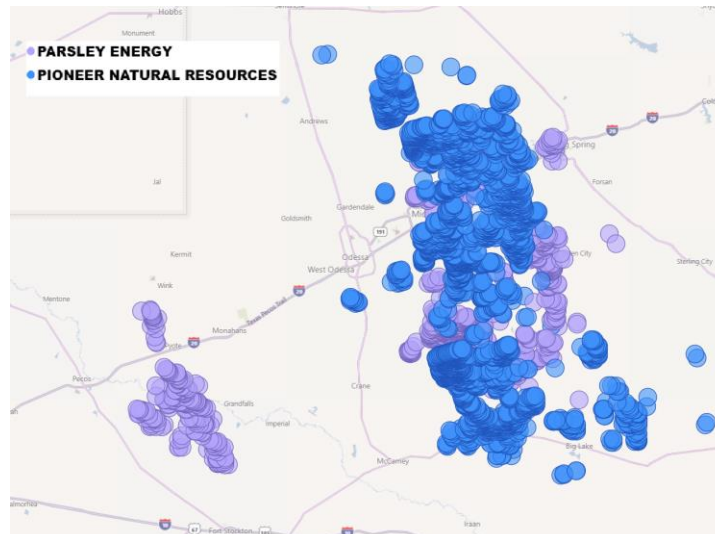
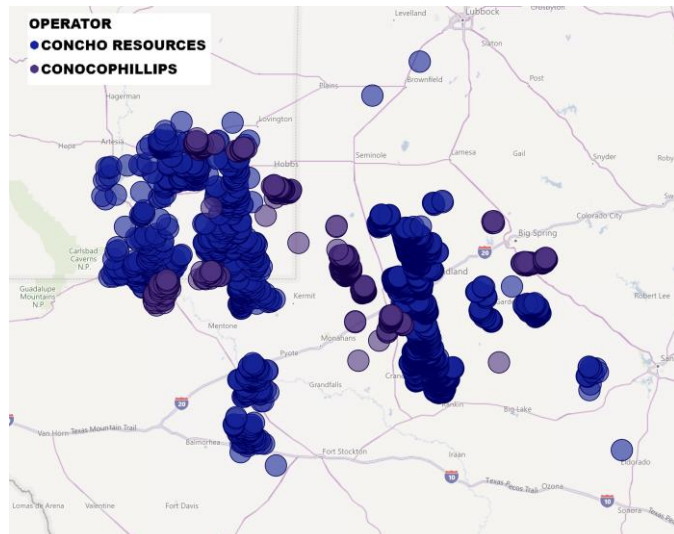
GOEHRING & ROZENCWAJG  
Natural Resource Investors

## World Oil Prices in Three Cases, 1970-2020



EIA International Energy Outlook 2002

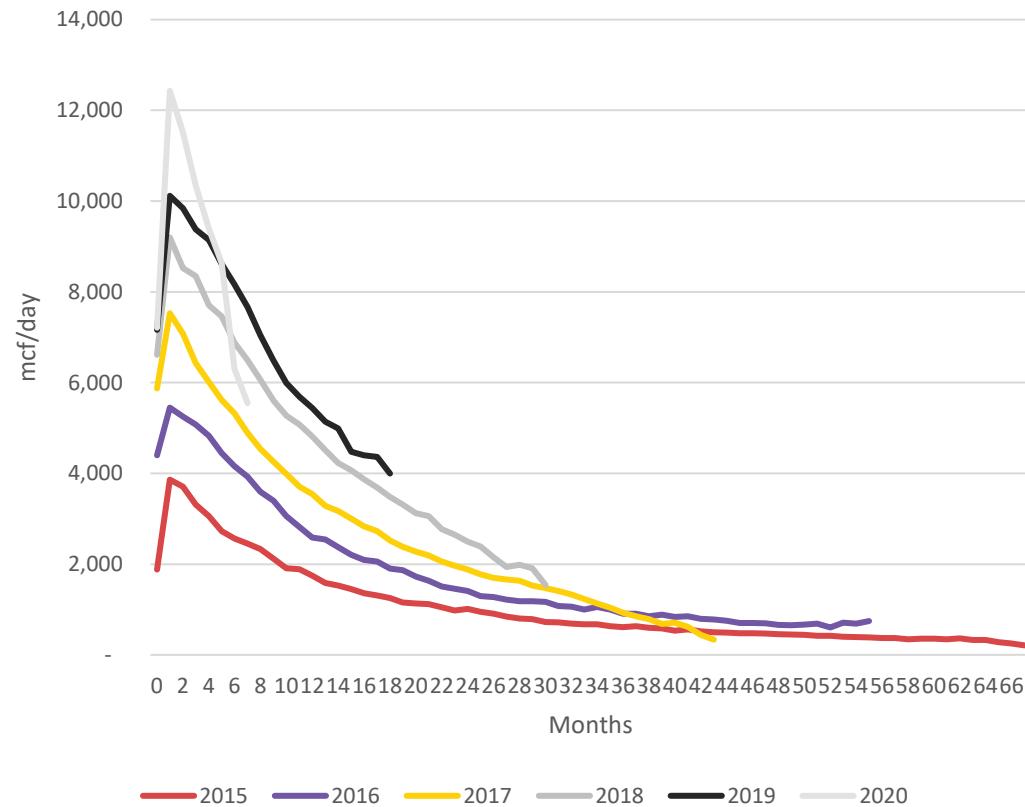
# Permian Consolidation





# Liberty Oilfield Services and EOG's Q3 Push into Natural Gas

Haynesville Decline Curve – Non Normalized



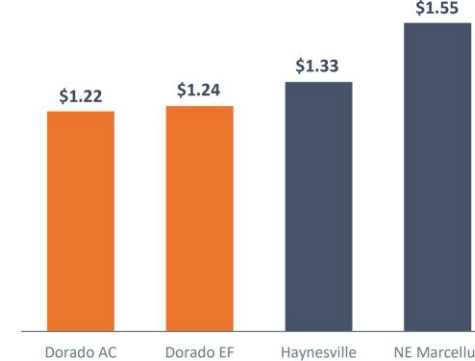
Source: PetroNerds, Enverus, EOG

## Dorado

Lowest-Cost Dry Gas Play in North America and Competitive with EOG Premium Oil Plays



Breakeven Price<sup>1</sup> at Henry Hub  
\$ per Mcfe



Direct ATROR<sup>2</sup>



(1) Breakeven Price includes Finding Cost, Lease & Well, Gathering & Transportation, Production Tax and Local Price Differential. See slide 50 for additional data. Dorado Austin Chalk and Dorado Eagle Ford breakeven prices based on EOG data. Haynesville and NE Marcellus breakeven prices sourced from company filings, industry reports, and EOG analysis.

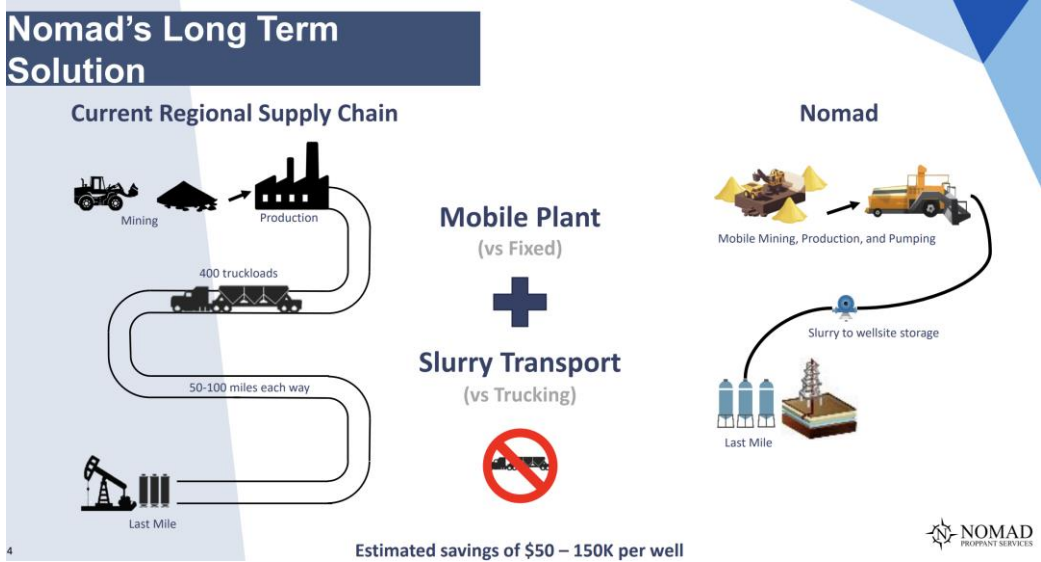
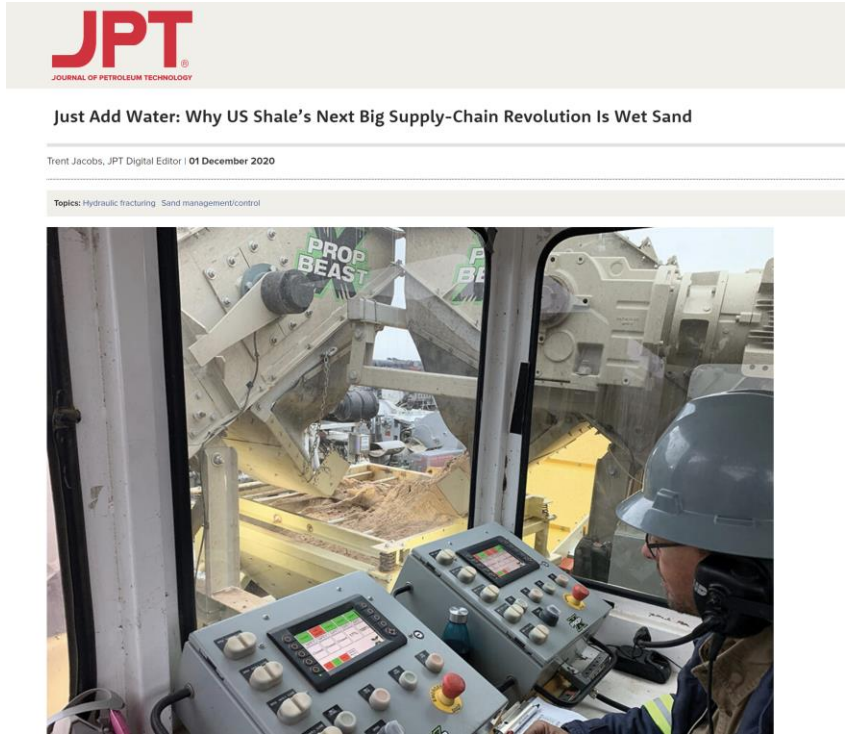
(2) See accompanying schedules for reconciliations and definitions of non-GAAP measures and other measures.

Bernstein Ops 2020

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# Thinking about Frac Sand Differently – Again – Another Way to Lower Cost



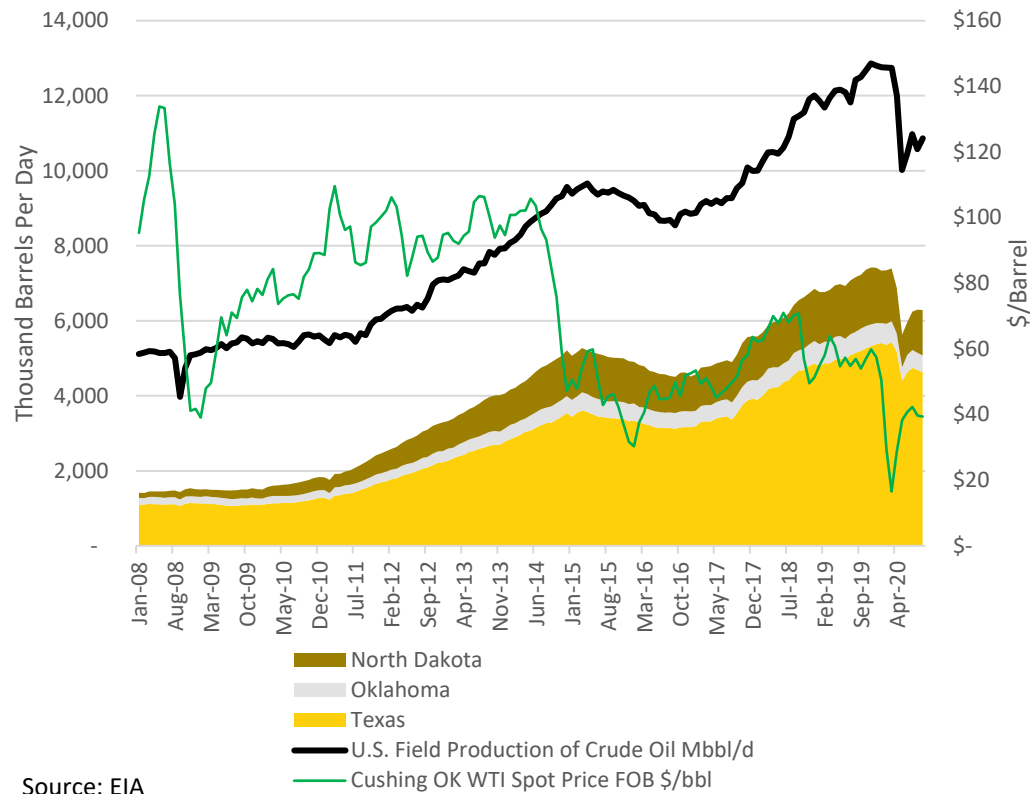
Nomad and other frac sand players in the space are looking to mine almost directly at the well site, further driving down cost, and taking out any need for trucking or last mile solutions.

This was fiction and few years ago and is now seeing considerable momentum.

# Biden is Not Obama 2.0 for Oil and Gas

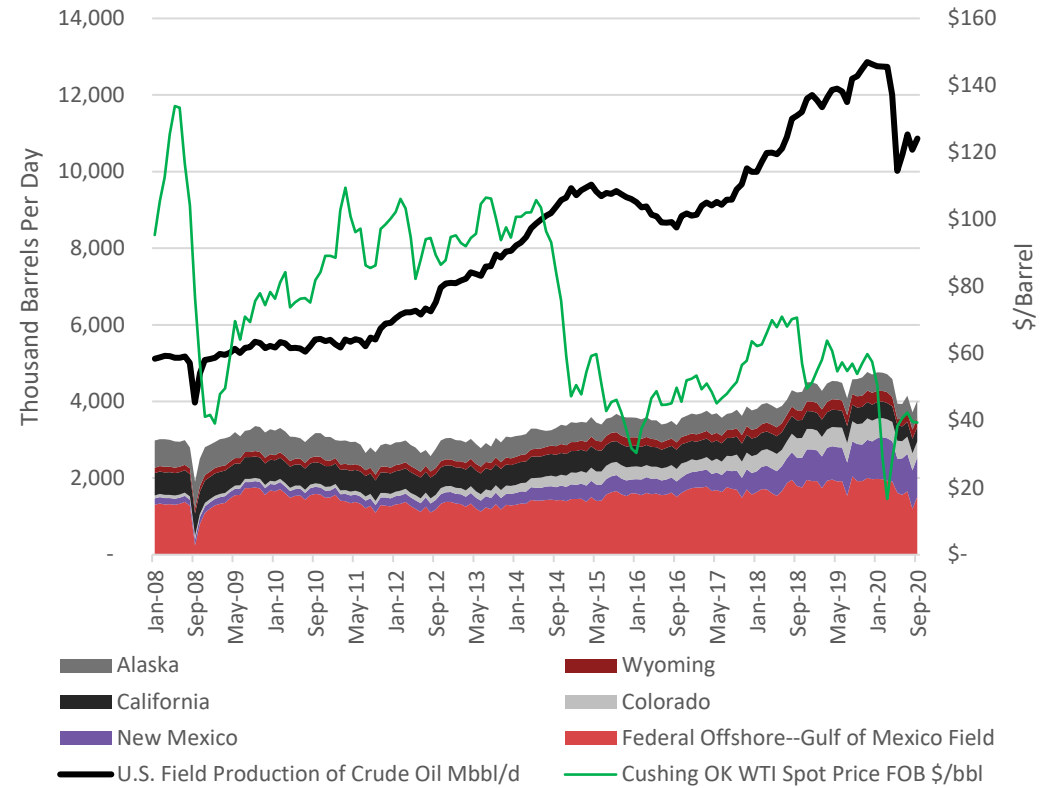
- The Biden administration is being viewed and greeted with optimism by industry leaders. They believe he will effectively act like a version of the previous Obama administration which got involved in Keystone XL, amped up the EPA, but otherwise really left shale alone and allowed US oil and natural gas production to flourish.
- The regulatory burden on water and air quality standards, permitting delays on Federal Land, further constraints on pipelines and infrastructure are all potential realities.
- The aggressive climate plan set forth by the new administration, the views of the hard left on climate, and Biden admitting that one of the first places to tackle climate change will be energy production all point to a much cloudier picture for oil and gas drilling, fracing, and future production in the US.
- It is hard to see how a Biden administration will work proactively with oil and gas. Governor Polis should be an example of this in Colorado.
- Increased taxes on oil and gas would have been a given if a blue wave had taken place and Democrats had increased their numbers in the senate. The runoff in Georgia is an important election in this regard.

# Safe States with Little to No Federal Land vs. States with Significant Federal Land Exposure



Source: EIA

North Dakota, Oklahoma, and Texas have limited Federal Land exposure.



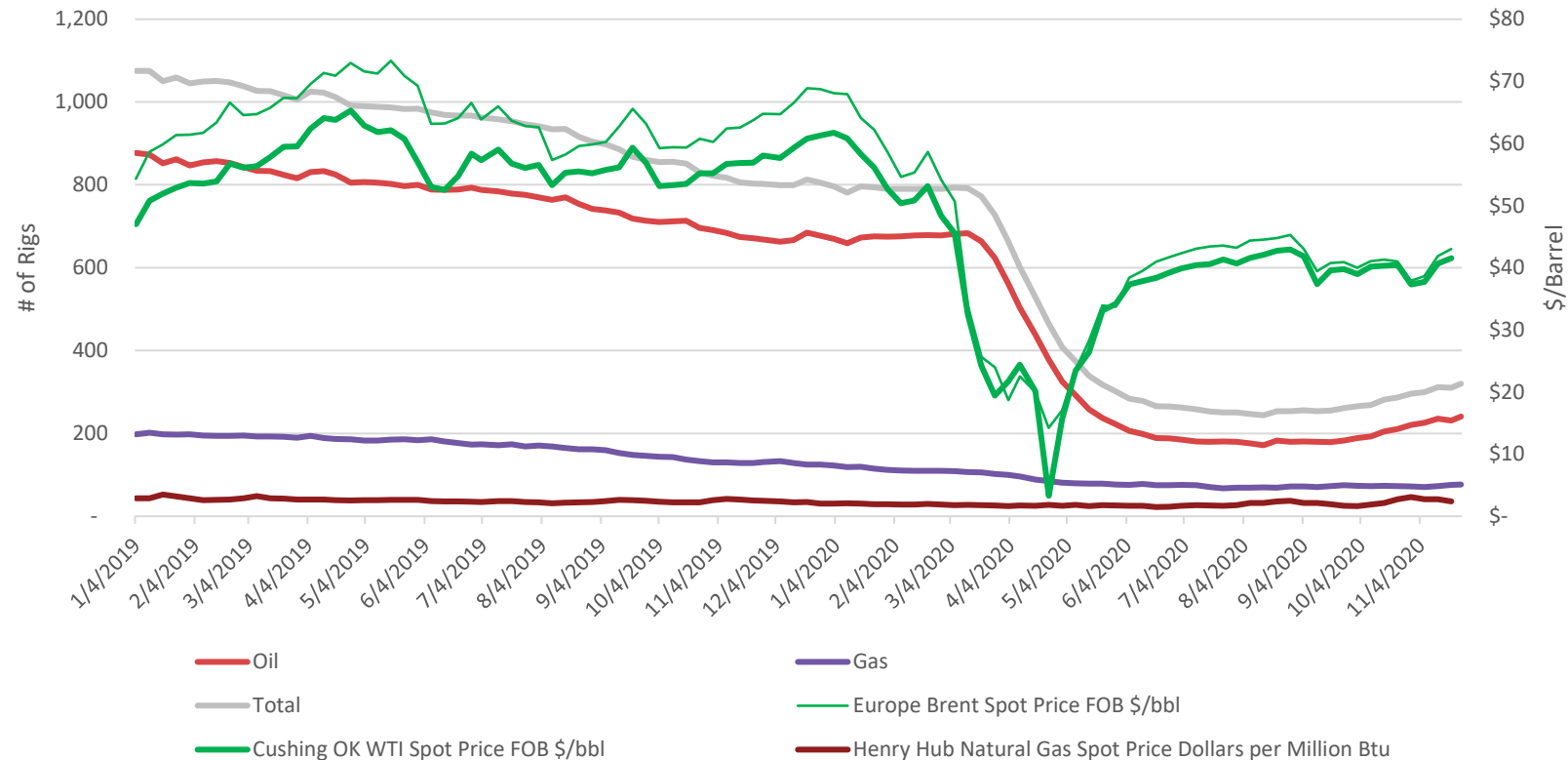
New Mexico, Wyoming, Colorado, Alaska, California, and Offshore all have significant Federal Land exposure.

# Shale Production and Activity Update

US Shale and Permian Basin



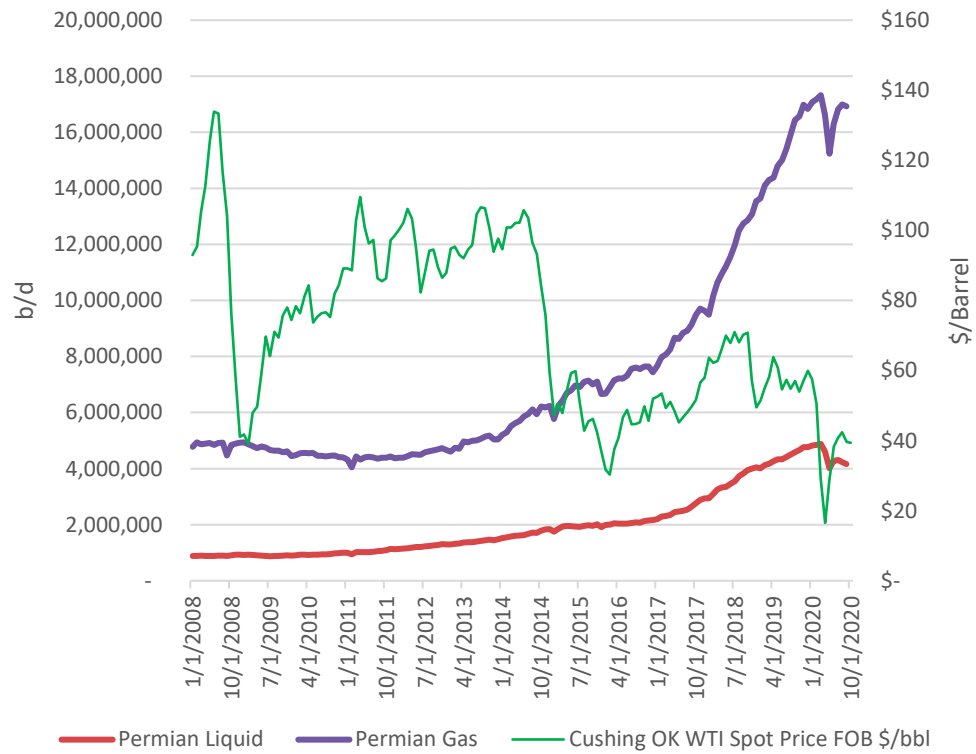
# US Rig Count and Prices



Source: EIA, Baker Hughes

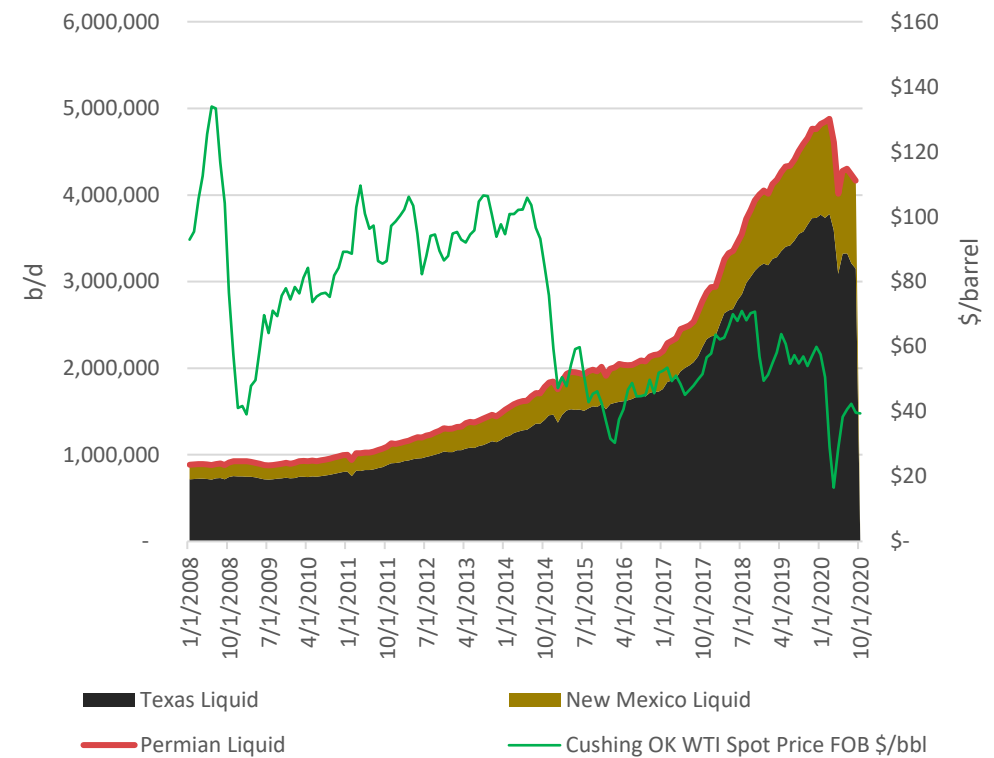
The US rig count rises from the low of 244 in early August to 320 last week. The oil rig count bottomed at 172 in August and has since continue to climb to 214 as of 11/25/20.

# Permian Basin Production – 4.9 mbd Pre Covid



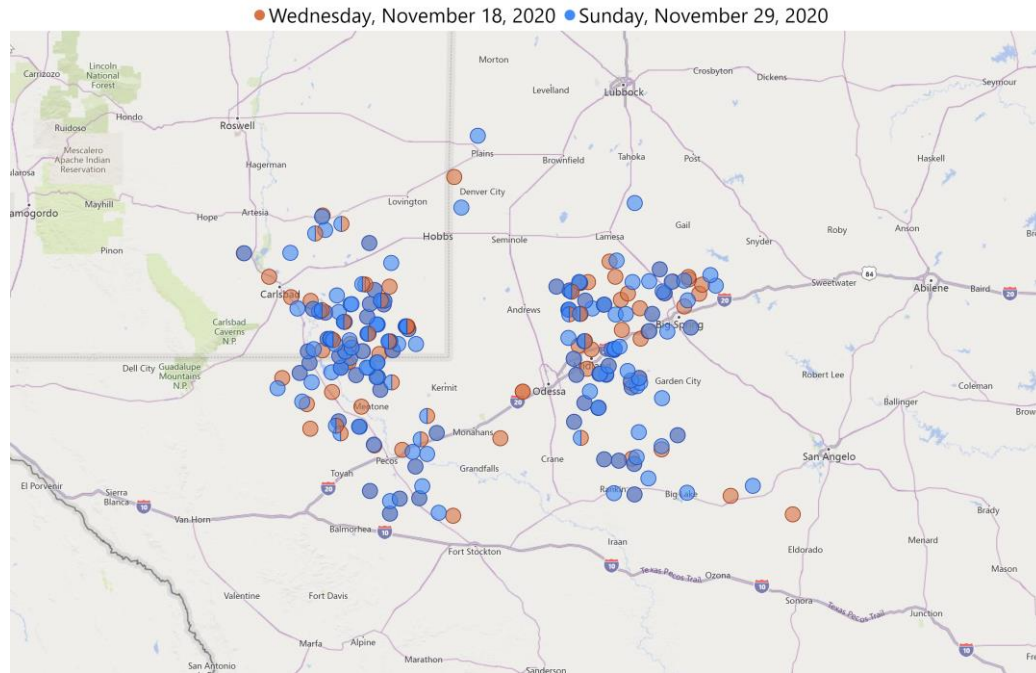
Source: PetroNerds, Enverus, EIA

Permian Basin production hit 4.9 mbd prior to the onset of the COVID price collapse.



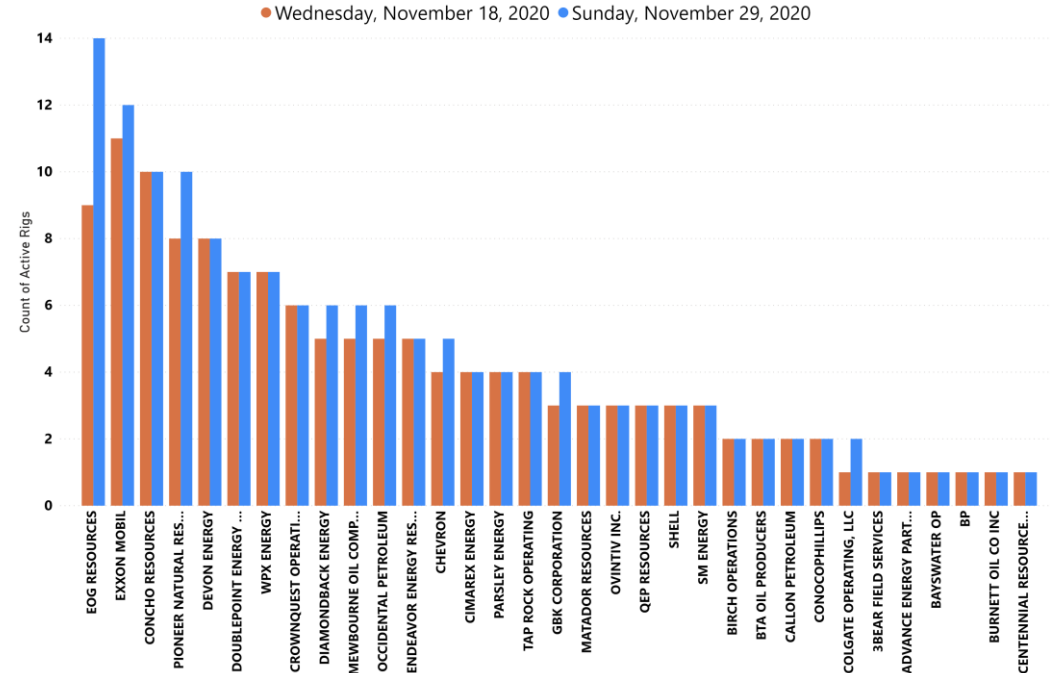
New Mexico accounts for 1 mbd of Permian Basin production, doubling in just 3 years.

# Significant Rig Increases in the Permian Basin in an 11 Day Period



Source: PetroNerds, Enverus

Rig concentration continues to be concentrated in the northern most portions of the Delaware and Midland.



EOG overtook Exxon in the rig count in the Permian Basin, adding a whopping 5 rigs in only an 11 day period.



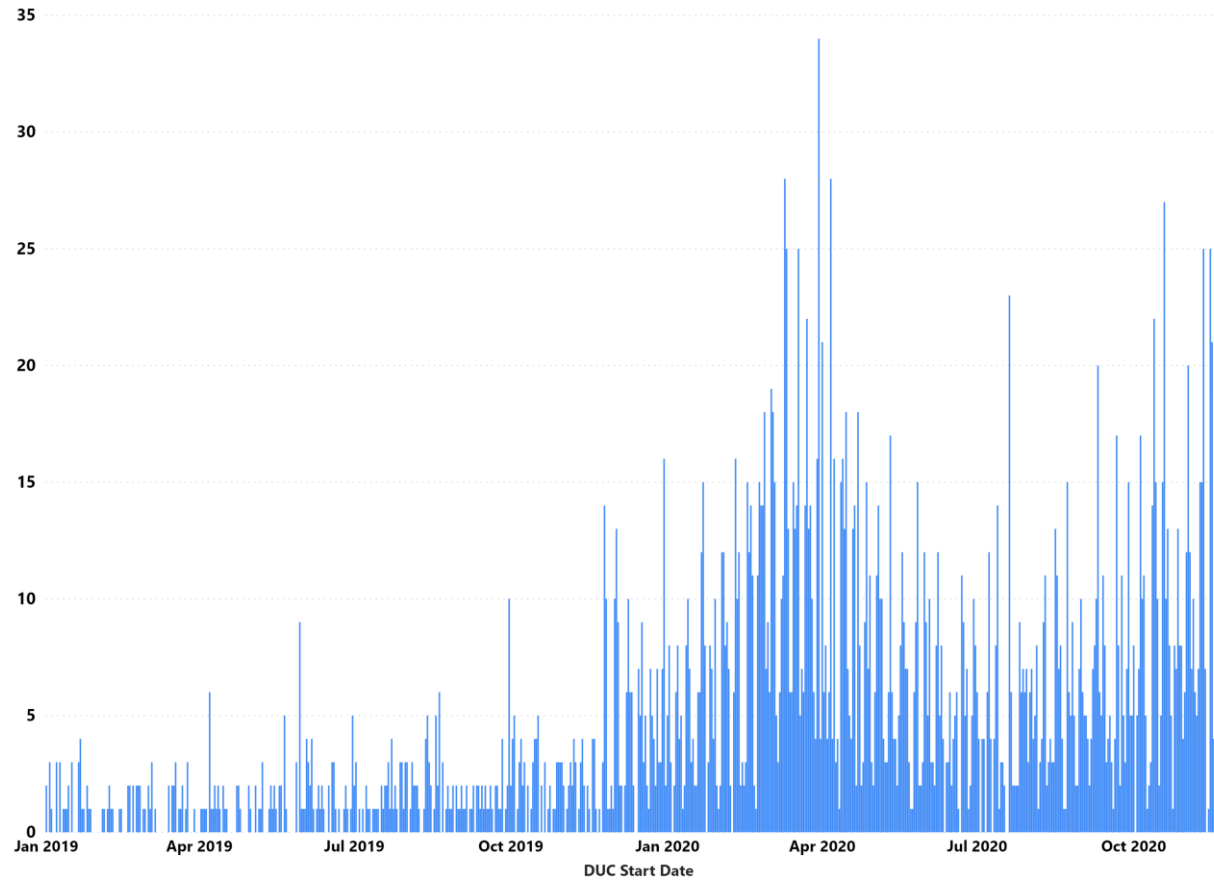
# The Rig Count Continues to Improve and the Players Involved Continue to Grow

Operator	1/6/2020	Operator	7/27/2020	Operator	10/18/2020	Operator	11/11/2020	Operator	11/29/2020
1 EXXON MOBIL	51 41 operators with 1 rig	1 EXXON MOBIL	24 17 operators with 1 rig	1 EXXON MOBIL	13 24 operators with 1 rig	1 EXXON MOBIL	11 30 operator with 1 rig	1 EOG RESOURCES	14 31 operators with 1 rig
2 DIAMONDBACK ENERGY	20 16 operators with 2 rigs	2 CONCHO RESOURCES	9 7 operators with 2 rigs	2 CONCHO RESOURCES	9 5 operators with 2 rigs	2 CONCHO RESOURCES	10 4 operators with 2 rigs	2 EXXON MOBIL	12 5 operators with 2 rigs
3 EOG RESOURCES	20 4 operators with 3 rigs	3 DEVON ENERGY	9 4 operators with 3 rigs	3 DEVON ENERGY	8 5 operators with 3 rigs	3 EOG RESOURCES	9 6 operators with 3 rigs	3 CONCHO RESOURCES	10 6 operators with 3 rigs
4 PIONEER NATURAL RESOURCES	20 10 operators with 4 rigs	4 PIONEER NATURAL RESOL	7 4 operators with 4 rigs	4 PIONEER NATURAL RESOURCES	8 8 operators with 4 rigs	4 DEVON ENERGY	8 4 operators with 4 rigs	4 PIONEER NATURAL RESC	10 5 operators with 4 rigs
5 CONCHO RESOURCES	18	5 WPX ENERGY	7	5 EOG RESOURCES	7	5 PIONEER NATURAL RESOURCES	8	5 DEVON ENERGY	8
6 OCCIDENTAL PETROLEUM	18	6 CROWNQUEST OPERATIN	6	6 WPX ENERGY	7	6 DOUBLEPOINT ENERGY LLC	7	6 DOUBLEPOINT ENERGY	7
7 CHEVRON	16	7 DIAMONDBACK ENERGY	6	7 DIAMONDBACK ENERGY	5	7 WPX ENERGY	7	7 WPX ENERGY	7
85 SMITH ENERGY OPERATING CON	1	38 SURGE OPERATING	1	39 LAREDO PETROLEUM	1	39 ENCORE PERMIAN HOLDINGS LP	1	39 FLAT CREEK RESOURCES	1
86 STEWARD ENERGY II, LLC	1	39 TALL CITY OPERATIONS LL	1	40 NOVO OIL & GAS NORTHERN DI	1	40 FLAT CREEK RESOURCES, LLC	1	40 FRANKLIN MOUNTAIN E	1
87 TALL CITY OPERATIONS LLC	1	Total	127	41 PARK HILL DISPOSAL LLC	1	41 FRANKLIN MOUNTAIN ENERGY LLI	1	41 GUIDON ENERGY MGM1	1
88 TEXLAND PETROLEUM, L.P.	1			42 PIEDRA OPERATING, LLC	1	42 GUIDON ENERGY MGMT SERVICES	1	42 HANNATHON PETROLEL	1
89 TITUS OIL & GAS PRODUCTION, I	1			43 PRIMEXX ENERGY PARTNERS LT	1	43 HANNATHON PETROLEUM, LLC	1	43 HENRY RESOURCES LLC	1
90 TRILOGY OPERATING, INC.	1			44 RILEY EXPLORATION, LLC	1	44 HIGHPEAK ENERGY HOLDINGS, LLC	1	44 HIGHPEAK ENERGY HOLI	1
91 TRIPLE CROWN RESOURCES LLC	1			45 SPUR ENERGY PARTNERS LLC	1	45 JETTA OPERATING CO., INC	1	45 LAREDO PETROLEUM	1
Total	378			46 STEWARD ENERGY II, LLC	1	46 LAREDO PETROLEUM	1	46 MCCLURE OIL COMPAN	1
				47 SUMMIT PETROLEUM INC	1	47 NOVO OIL & GAS NORTHERN DEL	1	47 PATRIOT RESOURCES, LL	1
				48 SURGE OPERATING	1	48 PIEDRA OPERATING, LLC	1	48 PIEDRA OPERATING, LLC	1
				49 TERRAIN WATER SOLUTIONS, LL	1	49 PRIMEXX ENERGY PARTNERS LTD	1	49 PINON OPERATING, LLC	1
				Total	138	50 RELIANCE ENERGY INC	1	50 POINT ENERGY PARTNEI	1
						51 RILEY EXPLORATION, LLC	1	51 PRIMEXX ENERGY PARTI	1
						52 ROFF OPERATING COMPANY LLC	1	52 RP OPERATING, L.L.C.	1
						53 SPUR ENERGY PARTNERS LLC	1	53 SEGURO OIL AND GAS, L	1
						54 SUMMIT PETROLEUM INC	1	54 SEQUITUR ENERGY RESC	1
						55 TRIPLE CROWN RESOURCES, LLC	1	55 SPUR ENERGY PARTNER	1
						56 UNKNOWN	1	56 STRAND ENERGY, LC	1
						Total	158	57 SUMMIT PETROLEUM IN	1
								58 TRIPLE CROWN RESOUR	1
								Total	173

Source: PetroNerds, Enverus

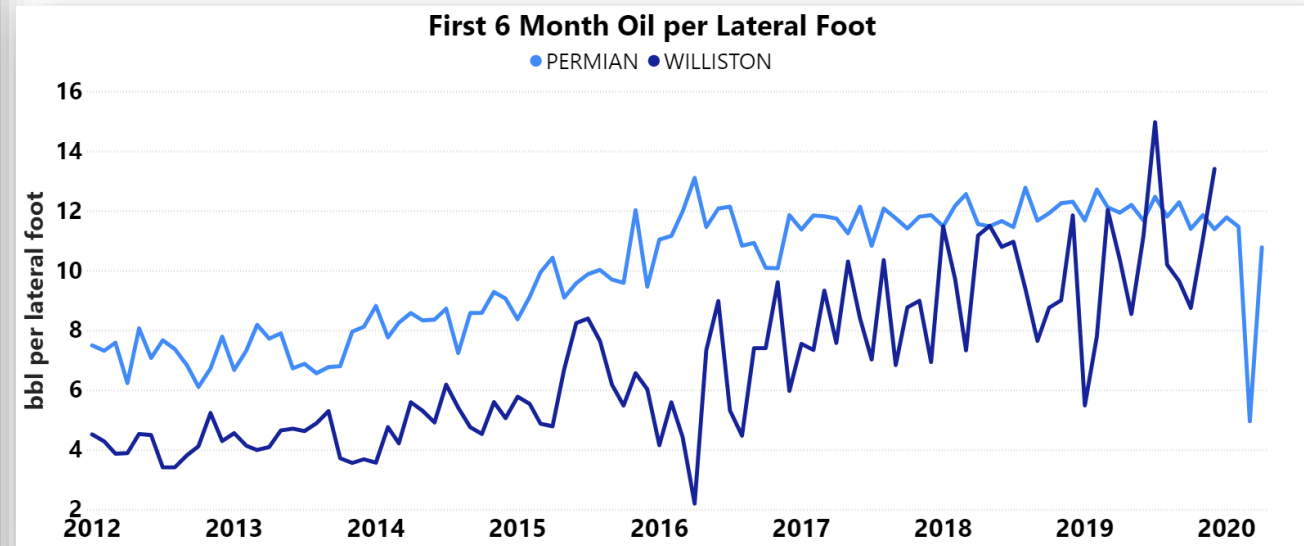
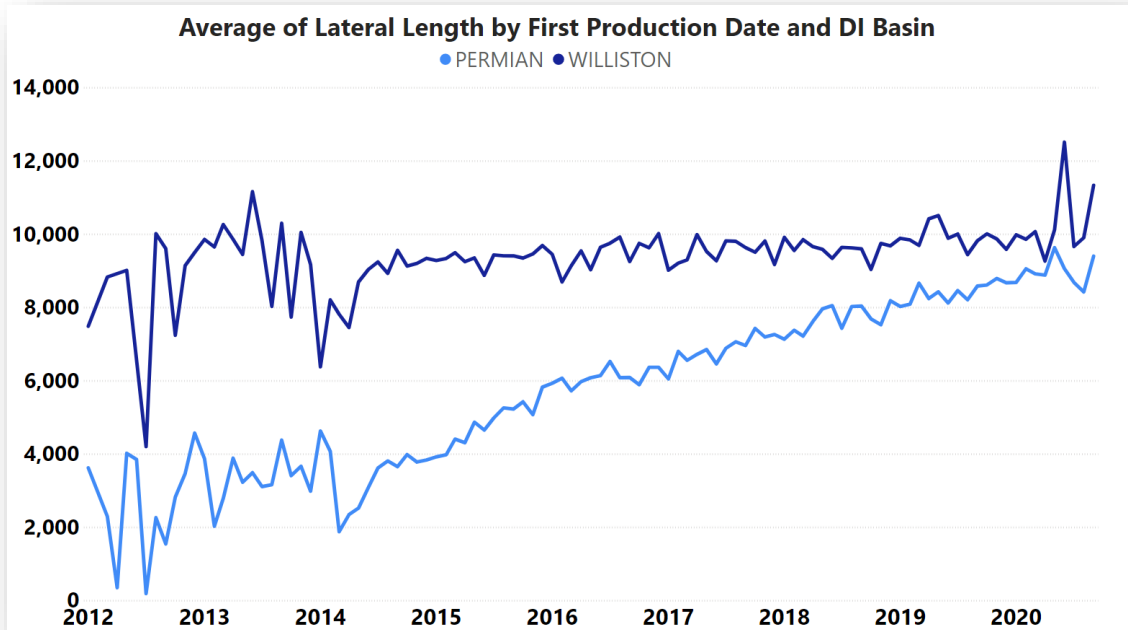


# Permian DUCs Build Up



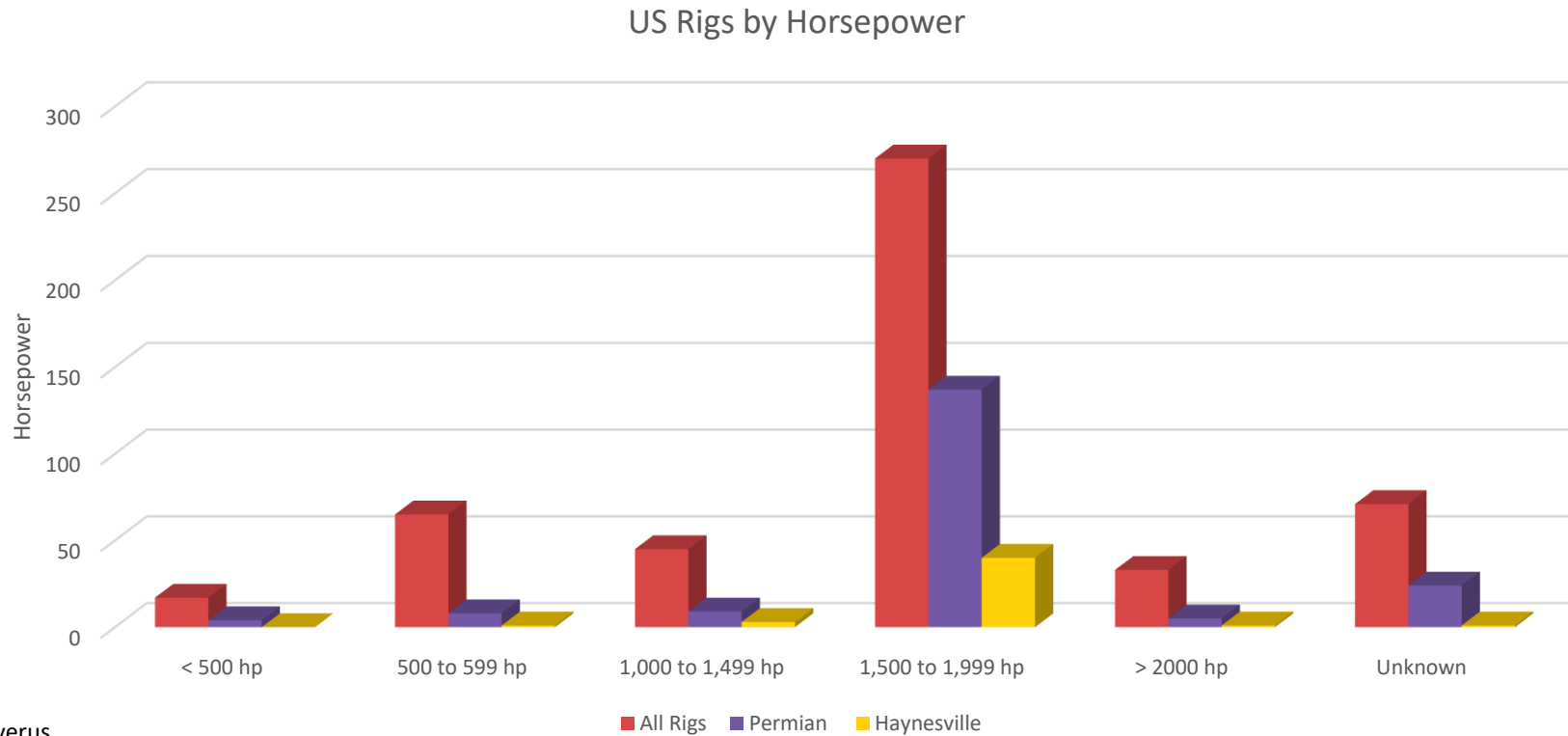
Source: PetroNerds, Enverus

# Lateral Length and Productivity for Williston and Permian



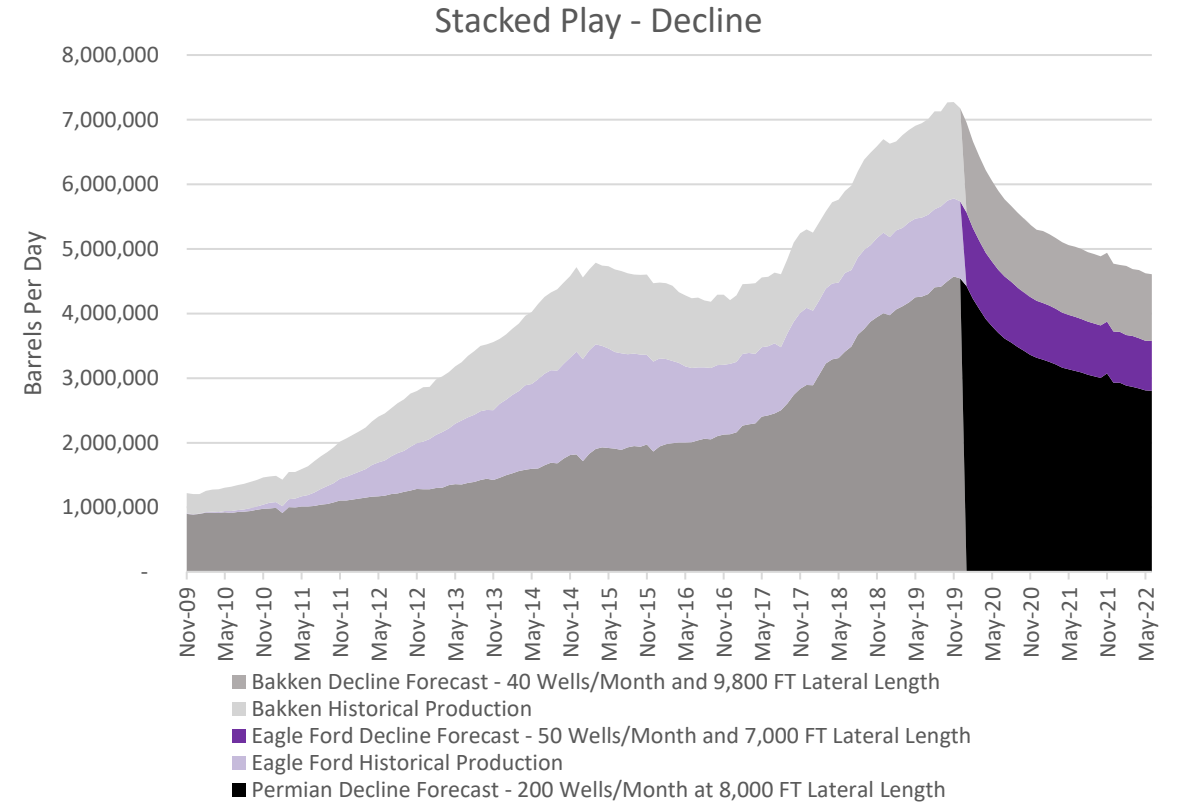
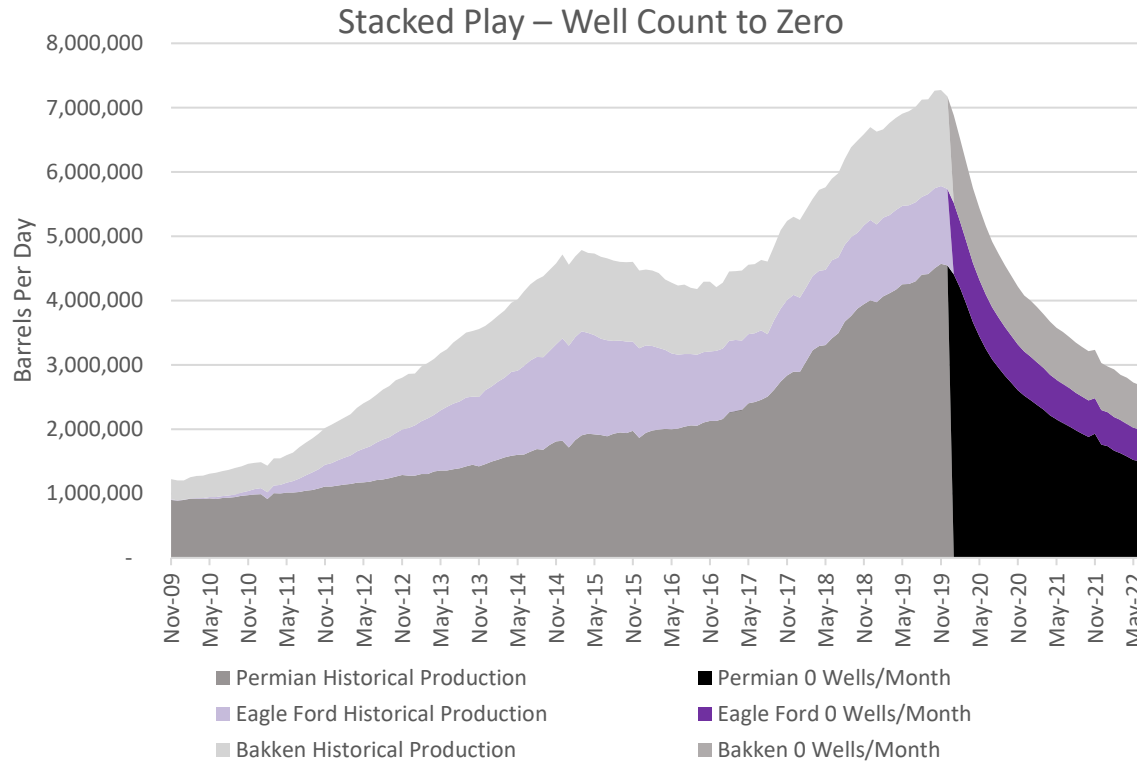
Source: PetroNerds, Enverus

# The Highest Spec Rigs are Drilling



Of the rigs running, the most efficient or highest horsepower rigs are the ones running. This means wells are being drilled faster and more efficiently. Operators are noting substantial gains in drilling feet per day (two mile laterals drilled in 10 days in the Delaware), completed feet per day is up. Cost per lateral foot is declining.

# Forecast in April 2020

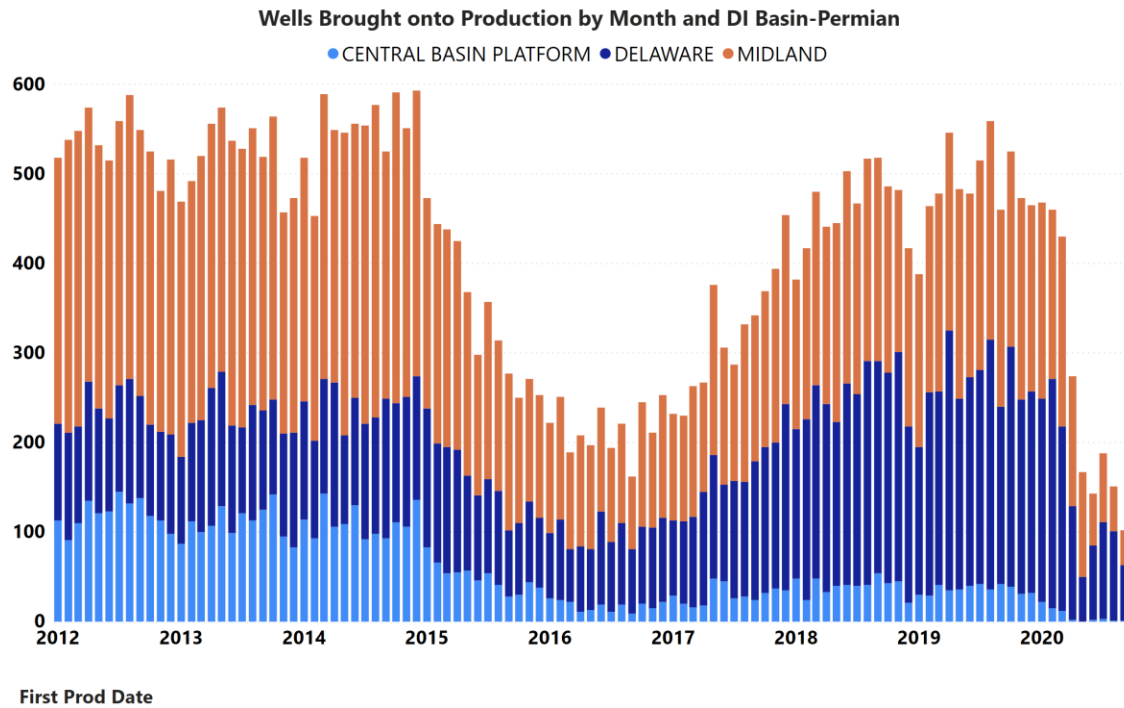


Source:  
PetroNerds,  
raw data  
DrillingInfo/En  
ervus

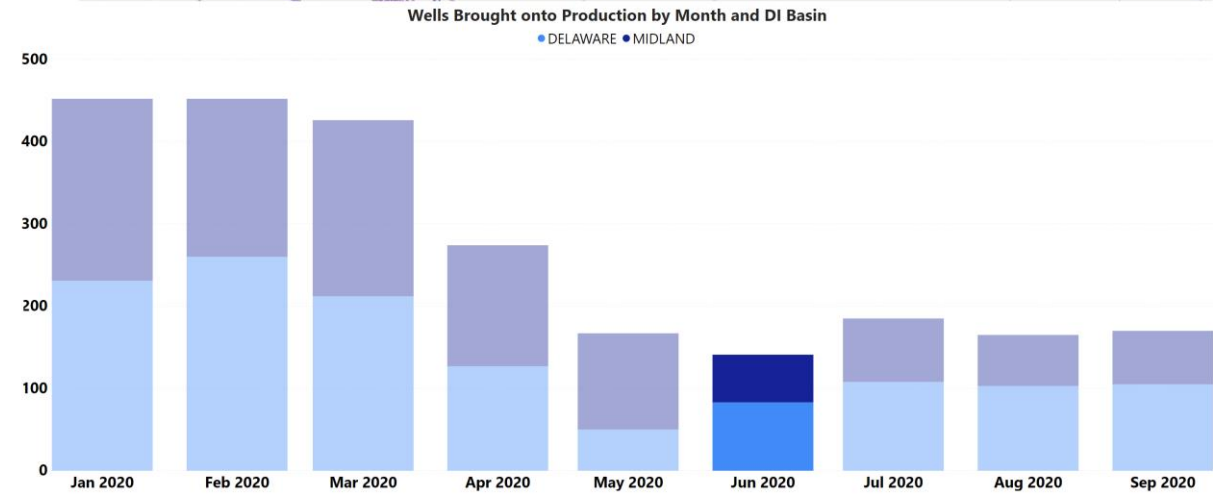
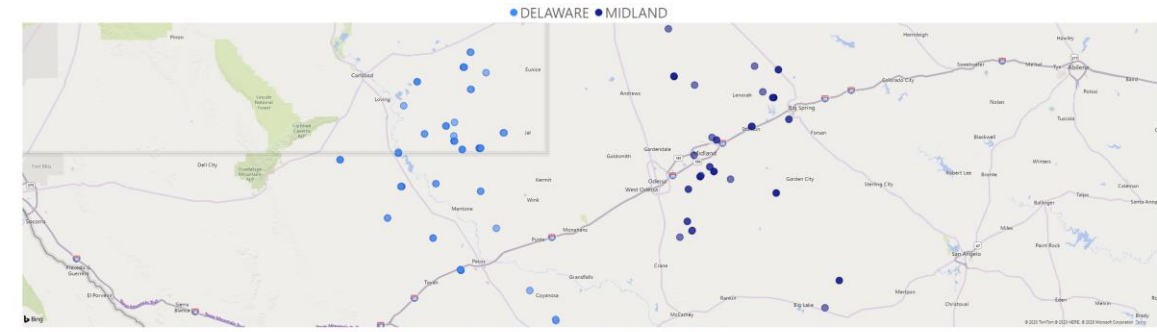
Forecast if well count went to zero, illustrating impact of potential and severe shut-ins.

Forecast if activity was halved from 2020 levels.

# Well Additions in the Permian Basin



Source: PetroNerds, Enverus

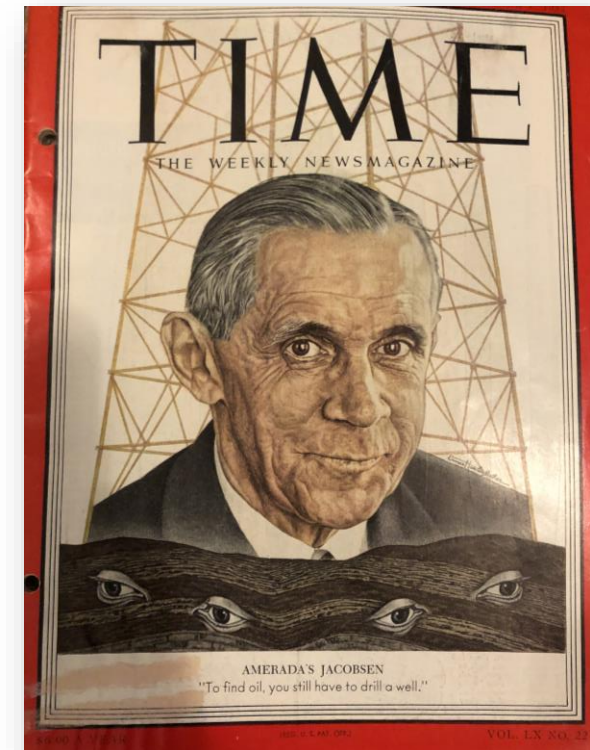
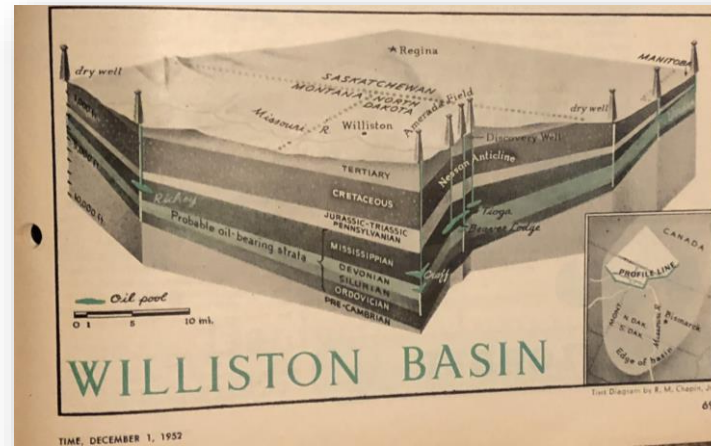
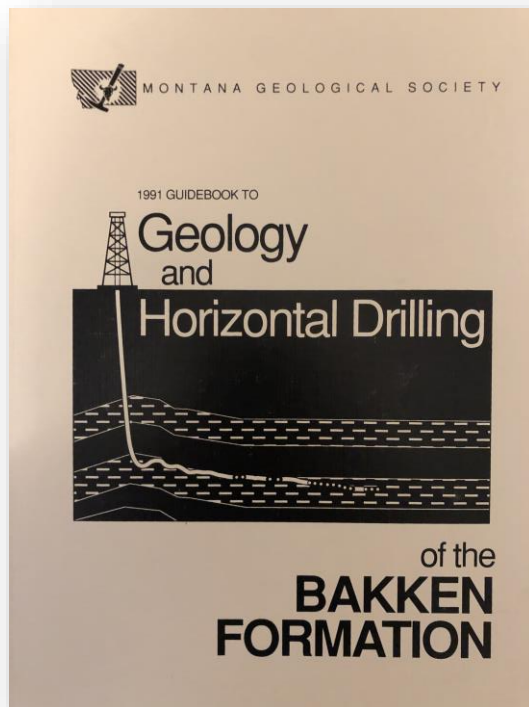


# So What will Happen to US Production and US Shale?

- It looks bad and it is bad, but operators are getting back to work. Operators are feeling more confident at these price levels and are hoping to see \$50 oil next year. Most importantly, operators are focused on cost. Do not expect to see absolute volume growth in the US. The sentiment around oil and gas, the depth of the price correction in April 2020, and the pressure by the new administration will hamper optimism and potential growth in the industry.
- Expect places with limited Federal Land to flourish, like Texas, Oklahoma, and North Dakota. Expect operators like EOG and service providers like Liberty to continue to exceed expectations in terms of productivity growth and efficiency.
- Drilling longer laterals a little bit faster has meaningful implications across the board. Drilling slightly longer laterals and keeping productivity flat on a barrels per foot basis means production increases.
- Remember that operators doing well make money in the high \$40s and make even more money at \$50. The lower their well cost, the more free cash flow they bring in and the higher incentive there is to produce a little bit more crude oil. EOG can grow at 8 to 10 percent a year at \$50 oil.
- The 2014 price correction induced the Permian frenzy and accelerated production growth and productivity gains, all while prices averaged just \$53 a barrel for the past 5 years. Yes, investors had the backs of the operators. But for those still in the oil patch, and there are many, this price correction has offered them another chance to pivot, reinvent, and survive. Do not write off oil and gas just yet. And do not write off US shale. The Saudi's are budgeting \$50, Exxon is budgeting \$50, and shale flourished at \$50.

# What is Old Will be New Again.

The US Shale Patch is Not Dead. Nor is Oil. Shale 3.0 may very well be a transfer of knowledge from the US to the Middle East.





petronerds

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LOCATION

Denver



# Appendix

Additional Slides



## *'Fracking' Used to Be the Future of Oil Drilling. This Company Is Betting It's Not Dead Yet.*

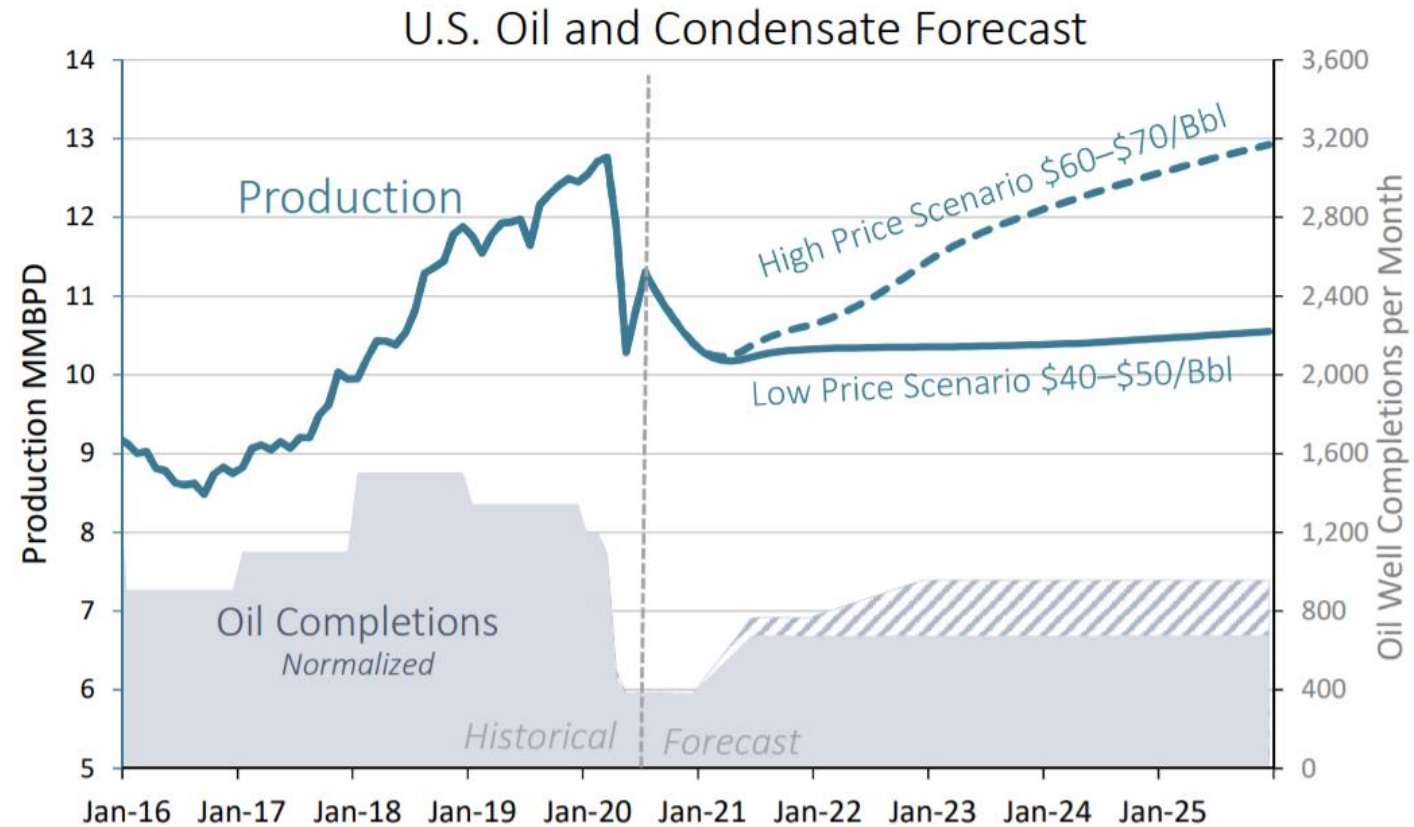
*"The internet was massively transformative, but the original investments in those companies massively destroyed capital," he said. "And then eventually the industry matured, and you've got strong businesses and not a crazy amount of unprofitable companies. Today the shale industry is going through that."*

*"It's a little bit of both," Wright told Barron's. "The depth of this downturn was May and June, and pricing was just outrageous. It's actually still terrible, but it's better today than June. You'll see a gradual, slow recovery in pricing. And it doesn't take a lot of movement and pricing to help. I think there's some of that that will come because capacity is shrinking from people going out of business."*

*At the same time, Wright said that "with technology and with some scale, we'll be able to deliver the same thing at a lower price than we can today. So our profitability at a certain price will be enhanced. I wouldn't hang our hat just on increasing pricing."*

[Barrons, Avi Salzman](#), Sept. 22, 2020 10:02 am ET / Original Sept. 22, 2020 8:19 am ET


# Energy Transfer Partners Sees US Oil Production Flat Even at Sustained Lows in Oil Prices



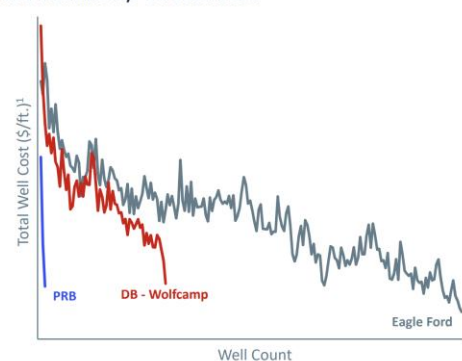
Source: September 2020 Investor Presentation

# EOG Notes the Declining Cost in Wells and the Ability to Grow Production at \$50

## EOG Culture Compounds the Impact of Innovation

-  **Embrace Change and Challenge Everything**
  - Pleased But Not Satisfied
-  **Decentralized Structure**
  - Leverage Innovation and Efficiencies Simultaneously Across Multiple Plays
-  **Take Advantage of Learnings from Other Plays**
  - Open Communication of New Ideas
  - New Plays Build on Existing Institutional Knowledge and Best Practices
-  **Sustainable Cost Reductions Through Cycles**
  - 75% of Reductions in 2020 Due to EOG Innovation and Efficiencies
  - 25% of Reductions Due to Cyclical Service Costs

New Premium Plays Get Better Faster



(1) Well Costs = Drilling, Completion, Well-Site Facilities and Flowback.



## Outlook to 2022 - 2023

Disciplined Growth Optimizes Returns and Free Cash Flow Potential



### Outlook Based on Current Premium Inventory

Oil Price (WTI)	\$50	\$50+
ROCE <sup>1,2</sup>	10%+	
Reinvestment Rate <sup>3,2</sup>	70% - 80%	<70% - 80%
Free Cash Flow <sup>4,2</sup> per Year	~\$2 BN	\$2+ BN
Oil Growth	8% - 10%	
BOE Growth	10% - 12%	

### Returns Focused

- Returns Increase Each Year With Cost Reductions and Productivity Improvements

### Disciplined Growth

- Dependent on Oil Market Fundamentals
- 8 - 10% Oil Growth Compounds Benefit of Margin Improvements
- Optimizes Returns and Current + Future Free Cash Flow to Maximize Total Shareholder Value

### Significant Free Cash Flow

- Free Cash Flow Priorities:
  - Sustainable Dividend Growth
  - Strengthen Balance Sheet
  - Value Accretive Share Repurchases and Other Cash Return Options
  - Low-Cost Property Additions

(1) Return on Capital Employed calculated using reported net income (GAAP).  
 (2) See accompanying schedules for reconciliations and definitions of non-GAAP measures and other measures.  
 (3) Reinvestment Rate = Capex / Discretionary Cash Flow.  
 (4) Discretionary Cash Flow less CAPEX.

Source: EOG Investor Presentation, Bernstein Conference, November 17, 2020

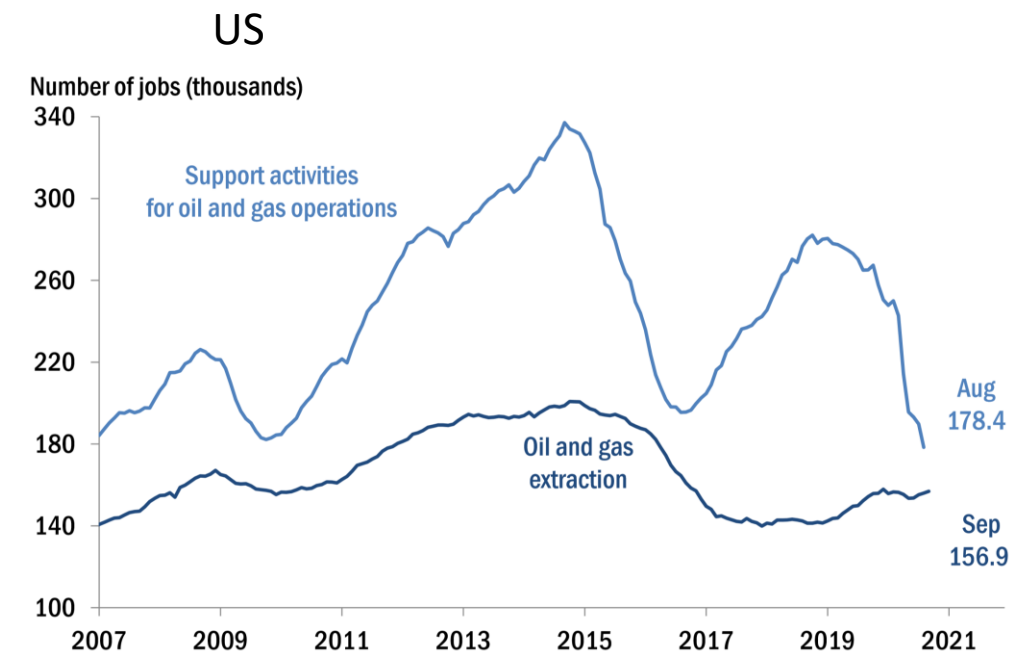
# Liberty had an Optimistic Outlook in their Earnings Call (setting themselves up well for SLB deal)

- *....outlook for us next year actually pretty good, you got a reshuffling of the deck, customers and even percent of work for larger customers. So outlook for us next year. Yes, I would say quite positive.*
- *Let me give a little math will end **this year with probably in the oil basins maybe 100 frac fleets working.** By our bottom up analysis basin by basin of crews. **It takes about 165 crews in the oil basins, to keep US oil production flat** at our now projected end of year oil production rate.*
- *Probably need **25 or 30 crews to run the gas basins, to keep gas production roughly flat.** So we've got to go from it, and again, if you add in the gas basin, maybe we'll end this year 125, 130 crews, probably need 190 to 200 just to hold U.S. production flat. You need another 80 or 85 crews to grow U.S. production by a million barrels a day.*
- *So which I do not believe will happen next year. I think we've seen tremendous discipline from the customers I think that message and that push to get returns up. But **the average active frac crews nationwide next year will likely be meaningfully higher than it will be at the end of this year.** And **Liberty's market share or whatever activity is there will probably continue to migrate up.***

Source: Liberty Oilfield Services, Q2 2020 Earnings Call

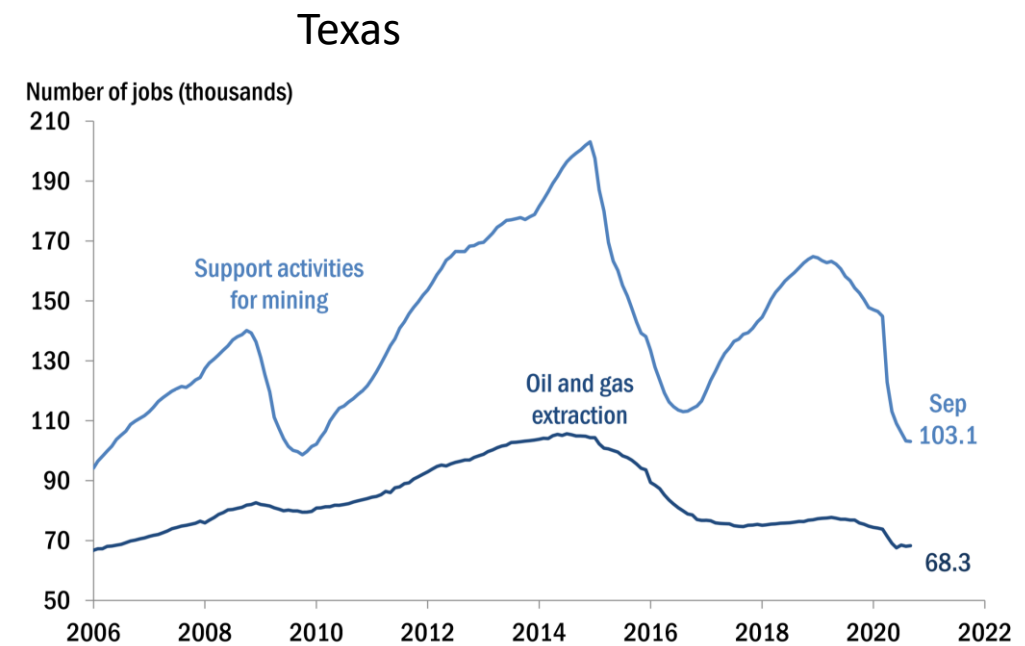
# US Oil and Gas Job Losses

- The impact on jobs that support the industry has been severe. Furthermore, these numbers do not account for the total economic impact across the value chain of crude oil and natural gas production, processing, and export.



 Federal Reserve Bank of Dallas

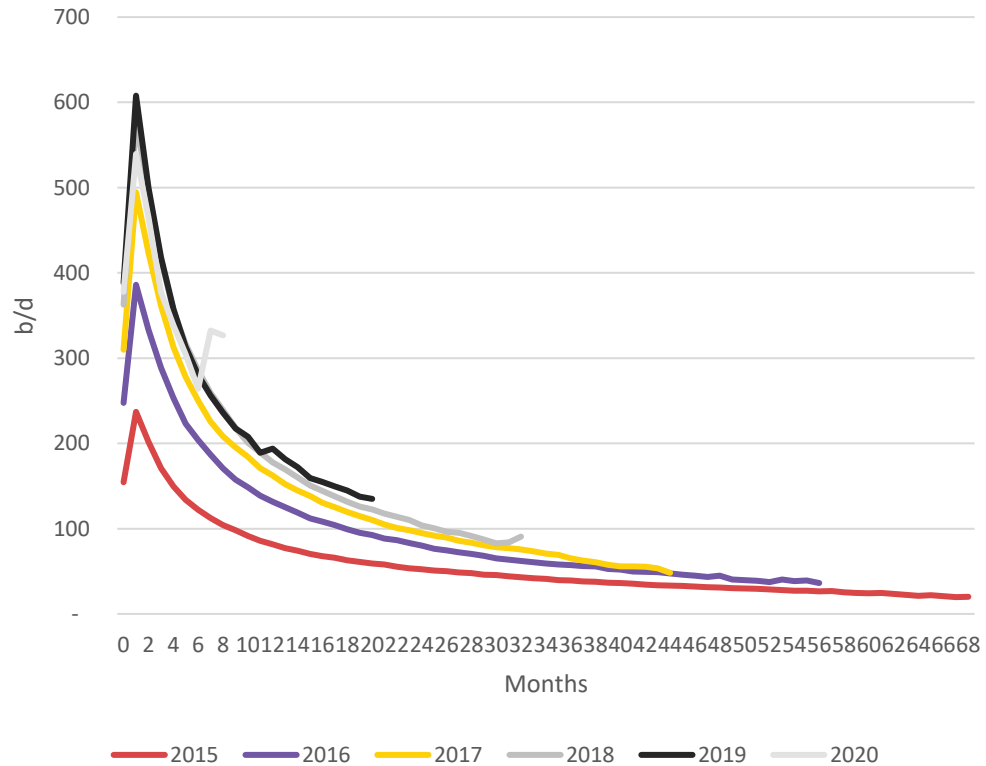
NOTE: Series are seasonally adjusted.  
SOURCE: Bureau of Labor Statistics.



 Federal Reserve Bank of Dallas

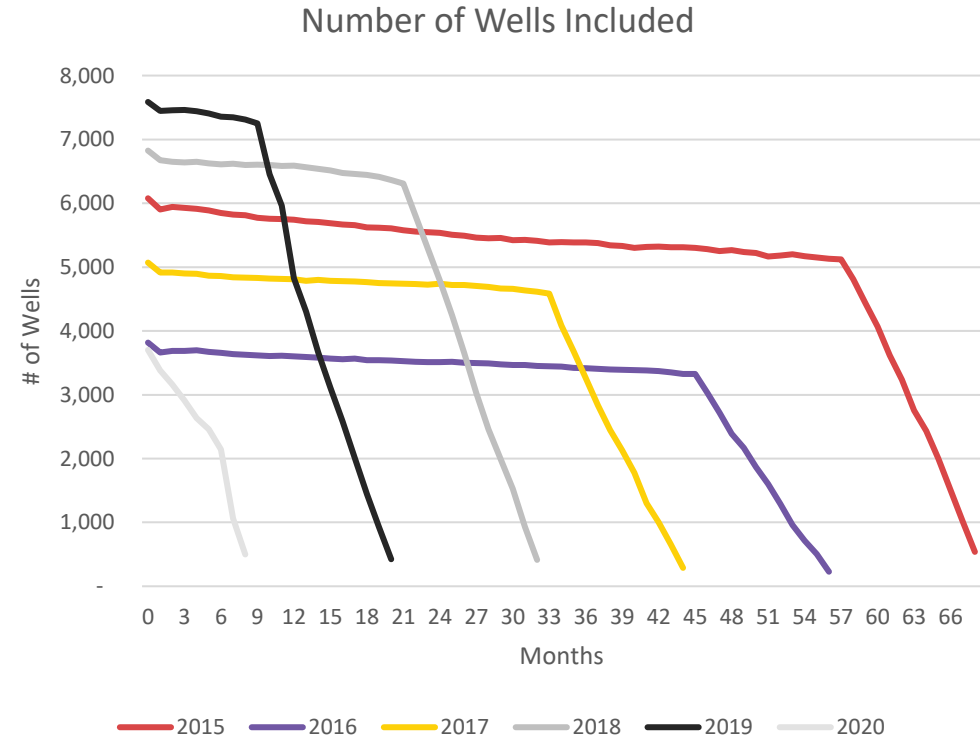
SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Dallas.

# Permian Basin Decline Curve



Source: PetroNerds, Enverus

The Permian Basin decline curve has faltered in 2020, not unexpectedly, but remains in line with 2018 and just below 2019.



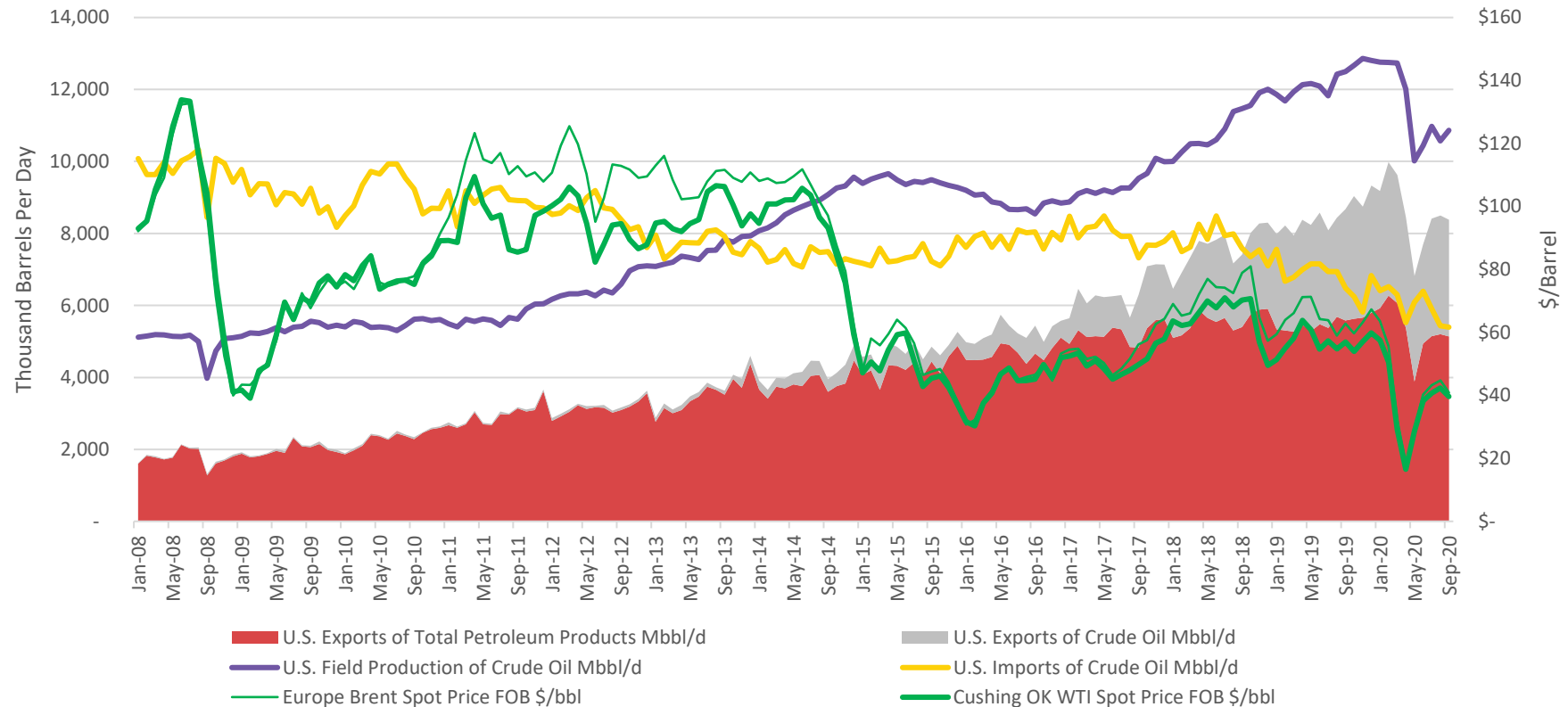
The number of wells brought online in 2020 has also declined substantially.

# Nat Gas is Hot Again

1. Part of the interest in natural gas right now by US E&Ps is driven from both the stability of the commodity, the relative “greenness,” the ease of extraction, and simply the sentiment around it.
2. EOG and Liberty both announced their big natural gas moves in the third quarter of 2020 on their earnings calls.
3. “Gas” was mentioned 31 times in the Liberty call while “Haynesville” was mentioned 14 times.
4. “Gas” was mentioned 43 times in the EOG earnings call.
5. *The third quarter also marked an entry into our first major gas basin, the Haynesville Shale, with an existing customer. The Haynesville is a world-class gas resource, geographically advantaged, being developed by a crew of strong operators. We are excited to plant our flag in the Haynesville.* Chris Wright Q3 2020 LBRT Earnings Call
6. *Along with substantial cost reductions and solid earnings results, we announced Dorado our new premium South Texas natural gas play.* Tim Driggers EOG Q3 2020 Earnings Call



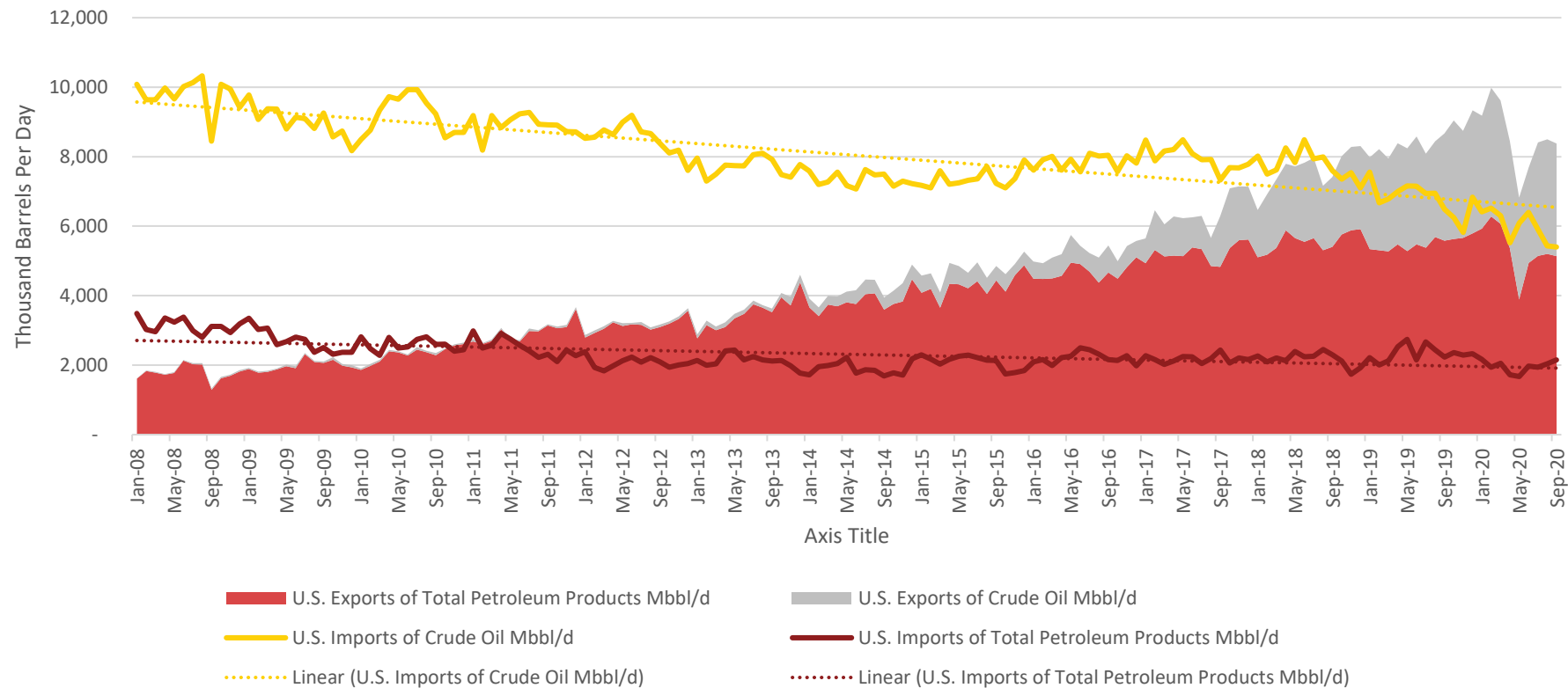
# US Oil Production, Oil Imports, Exports of Oil and Exports of Product



Source: EIA

US production growth, from just over 5 mbd in 2008 has allowed the US to drop crude oil imports considerably while running refineries at full steam and exporting vast amounts of diesel, gasoline, propane and other products.

# The US is a Net Exporter of Crude Oil and Petroleum Product Combined



Source: EIA

Crude oil imports and petroleum product imports have been in a steady decline since 2008 as oil production surged. Exports of product and oil and increased to 10 mbd combined prior to covid and have recovered to over 8 mbd. This creates significant value to the US economy and is not captured in jobs lost or gained in oil and gas.