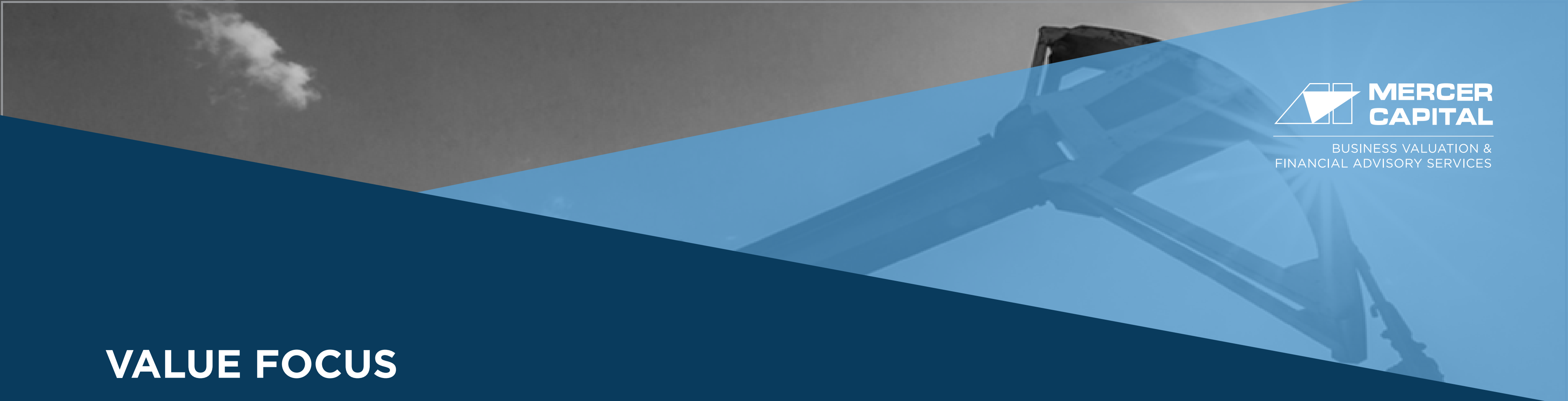

MERCER CAPITAL

BUSINESS VALUATION & FINANCIAL ADVISORY SERVICES

VALUE FOCUS

Exploration & Production

Third Quarter 2024 // Region Focus: Appalachian Basin

EXECUTIVE SUMMARY

Appalachian production declined over the last twelve months due to reduced drilling activity, driven by low natural gas prices and high storage inventory. Consequently, Appalachian E&P stocks generally saw year-over-year price drops across the board.

Despite recent setbacks, there is optimism for 2025. EQT CFO Jeremy Knop mentioned that the Mountain Valley Pipeline (MVP) ramp-up should support Appalachian differentials. EQT also regained ownership of Equitrans Midstream Corp., operator of MVP's 2 Bcf/d pipeline, key for future gas demand. Additionally, VettaFi Research highlighted that MVP's start-up is easing takeaway constraints. Meanwhile, EOG Resources is making promising oil discoveries in Ohio's Utica shale, with results competitive to the Permian basin

Oil and Gas Industry Services

Mercer Capital provides business valuation and financial advisory services to companies in the energy industry.

Services Provided

- Valuation of oil & gas companies
- Transaction advisory for acquisitions and divestitures
- Valuations for purchase accounting and impairment testing
- Fairness and solvency opinions
- Litigation support for economic damages and valuation and shareholder disputes

Industry Segments

Mercer Capital serves the following industry segments:

- Exploration & Production
- Oil Field Services
- Midstream Operations
- Alternative Energy
- Downstream
- Retail

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In This Issue

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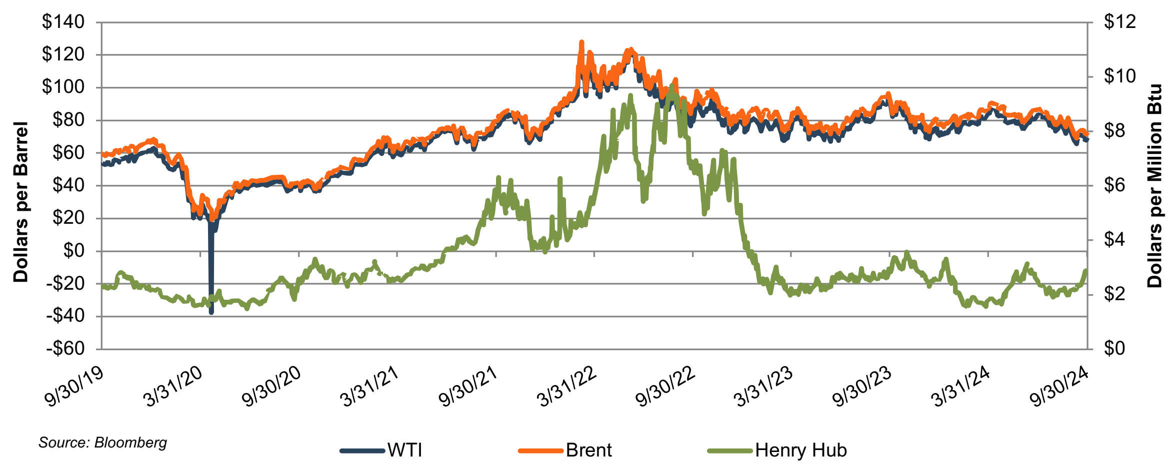
Oil and Gas Commodity Prices

Henry Hub natural gas front month futures prices showed the commodity's usual seasonal volatility over the September 2023 to September 2024 review period. The futures' price ran from $2.84 in early October to $3.82 in mid-October due to unusually low temperatures across much of the U.S., pushing residential and commercial consumption up 51%. Beginning in November, the Henry Hub futures turned sharply downward, with the decline continuing nearly uninterrupted through mid-February. The November to February 57% drop was precipitated in large part by excess supply. While gas producers were proactively cutting drilling and production in the face of 30-year low prices, gas production from oil producers that produce gas as a byproduct of their oil production operations continued to buoy supplies.

The Biden Administration's "temporary pause" in LNG export project approvals in late January precipitated the last leg of the price slide from $2.18 at the time of the pause's announcement to the review period low of $1.65 just 20 days later. Futures prices generally increased from mid-April to mid-June largely on expectations for warming temperatures, spurring increased cooling-related demand. The unusually mild summer, however, held down demand, and rising storage inventories in the third quarter drove Hub futures lower from June to early August, reaching a third-quarter low of $1.94 on August 5. Prices generally recovered over the remainder of the review period, ending at $2.61 as of September 18.

Crude Oil and Natural Gas Prices



Source: Bloomberg

Oil and Gas Commodity Prices

(cont.)

Oil prices, as benchmarked by West Texas Intermediate (WTI) and Brent Crude (Brent) front-month future contracts, showed much less volatility during the twelve-month period, varying from $66.75 to $92.20 for the WTI and $69.19 to $94.36 for the Brent. Oil prices started the LTM review period at their review period highs and generally declined through mid-December. Prices rose 25% over the following four months (through early April) before generally declining over the remainder of the review period. Review period lows were reached in early September.

Macro Update

Should Appalachian Natural Gas Producers' Stock Price Resiliency Be Surprising?

Reprint of Bryce Erickson's
***Forbes*.com column.**
Originally published Sept. 25, 2024

In a year where natural gas prices have spent almost the entire year under $3.00 per mcf, including a few months under $2.00, the stock prices of publicly traded Appalachian gas producers have remained remarkably stable. In fact, Antero Resources' price is up this year and Range Resources is basically flat for the year so far. Others such as EQT and Coterra Energy are down only marginally. This could come across as surprising. Appalachia has some disadvantages to other US gas producing basins, such as takeaway capacity, logistics, and longer distances to major LNG production facilities. However, since 2022 the stock market has held steady for these companies; of which this confidence has outlasted commodity price and earnings declines over the past two years.

HIGHER VALUATION MULTIPLES

One of the indicators of this buoyed optimism for Appalachian upstream producers are the cash flow or EBITDA multiples that they are trading at. As a group, they were averaging above a seven (7x) multiple. In the past several years, they have more often traded closer to three (3x) times. Take for example, Mercer Capital's second quarter data this year versus 2023.

					as of 6/28/2024	
Company Name	Ticker	6/28/2024 Enterprise Value	YoY % Change in Stock Price	EBITDAX Margin	EV/ EBITDAX	Daily Production (mboe/d)
Appalachia						
Range Resources Corporation	RRC	$9,545	14.0%	62.2%	7.6x	356
EQT Corporation	EQT	21,194	-10.1%	66.2%	7.2	888
Coterra Energy Inc	CTRA	20,981	5.4%	62.7%	6.1	650
Antero Resources Corporation	AR	11,876	41.7%	24.1%	11.4	562
Group Median			**9.7%**	**62.5%**	**7.4x**	**606**

					as of 6/30/2023	
Company Name	Ticker	6/30/2023 Enterprise Value	YoY % Change in Stock Price	EBITDAX Margin	EV/ EBITDAX	Daily Production (mboe/d)
Appalachia						
Range Resources Corporation	RRC	$8,461	18.8%	40.8%	3.1x	342
EQT Corporation	EQT	18,260	19.6%	71.4%	2.3	873
Coterra Energy Inc	CTRA	20,391	-1.9%	77.1%	2.9	640
Antero Resources Corporation	AR	8,486	-24.9%	48.7%	2.1	551
Group Median			**8.4%**	**60.1%**	**2.6x**	**596**

Macro Update
(cont.)

Should Appalachian Natural Gas Producers' Stock Price Resiliency Be Surprising?

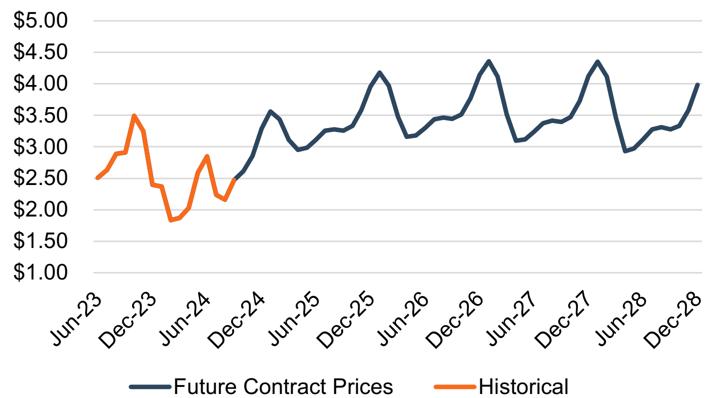
Reprint of Bryce Erickson's
***Forbes*.com column.**
Originally published Sept. 25, 2024

Over the last year, combined raw EBITDAX (earnings before interest, taxes, depreciation, amortization and exploration expenses) has dropped over 40% while market capitalization has ticked up a bit. This suggests that investors anticipated the profitability drop but did not run for the exits. It is also notable that except for EQT, analysts expect these producers to continue to have cash flow declines in the next few quarters due to continued weak commodity price forecasts. In past years, the stock prices of these companies tended to follow closer to natural gas prices for a host of reasons. However, through the volatility and lean times, these producers have toughened themselves through cost efficiencies and stronger balance sheets.

Natural Gas has spent so much time at or below $3.00 per mcf since 2016 that it has essentially required operators to operate profitably at prices below that threshold. Now, all four of the major publicly traded Appalachian producers currently have drilling break evens below $2.75, according to analysts and **investor presentations.** Laterals are going longer, and turnaround times are getting shorter which continues to notch away at overall drilling and completion costs. In addition, these companies have aggressively paid down debt over the last several years, which has been timely from a cash flow perspective as well as an interest rate perspective. As such, stockholders have more reason for confidence in the stability of their investment as well as their dividend streams. As an example, Antero Resources' credit rating was recently bumped up to investment grade (BBB-).

Although able to withstand low prices, these kinds of EBITDAX multiples do imply longer term price lifts for natural gas. Depending on hedging exposure, these stock prices tend to be suggesting that investors expect Henry Hub prices to be north of $3.50 per mcf in the longer term. This could easily be possible with the anticipated ability for demand takeaway to catch up closer to supply more frequently in the next few years. If this happens, all these companies have over a decade (or two) worth of relatively low-cost drilling locations waiting in the wings.

Henry Hub ($/mmbtu)



Macro Update

(cont.)

Should Appalachian Natural Gas Producers' Stock Price Resiliency Be Surprising?

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GAS INDUSTRY OPTIMISM

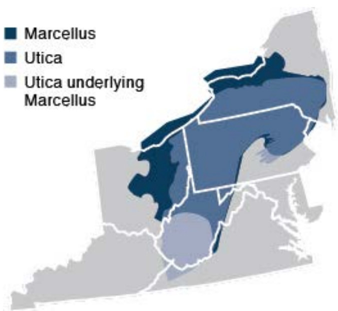
Appalachia's production has been relatively flat this year, however some of this has been the result of resource management as opposed to resource scarcity. These companies do not have the geographic advantage of being close to the Gulf Coast where almost all of LNG capacity growth has been and will continue to be developed. However, the recent opening of the **Mountain Valley Pipeline** is helping to relieve some of the constraints. In addition, although LNG permits have been delayed to the consternation of some and applause of others, pre-existing development projects should double export capacity over the next four years. LNG makes natural gas more tradeable worldwide. The world is adding millions of new appliances, computers and electric cars every year. China and India continue to grow. Appalachian companies will be able to participate in some of that, although other basins (Permian, Haynesville, and Eagle Ford) are more proximate.

Still, Appalachia does not even have to ship their gas overseas to find markets that need it. Presenters at the recent **Gastech conference**, which has been covered by some of my Forbes.com colleagues, claimed that domestic electricity demand will grow by 15% by 2030, which has been substantiated by others such as Wells Fargo who claim it will grow by 20%. **A CNBC article** back in May cited that A.I. is expected to add 323 terawatt hours of demand by 2030, which is seven times greater than New York City's consumption. That's a lot in a short period of time. Natural Gas will have to be a major contributor to that growth-related need. Renewables and Nuclear growth can help, but not that much or that fast at this juncture.

Investors have been waiting for years for supply takeaway and demand to catch up with the robust supply that technology and innovation has afforded the U.S. natural gas industry. For years, this optimism has been pushed off so far into the future, that stockholders had not appeared to meaningfully price in the timing of when that demand might really kick in. Perhaps now this growth potential is starting to be captured in their market metrics more visibly. Some observers might be surprised at this, but long-time investors are probably thinking that it is about time.

Appalachian Basin

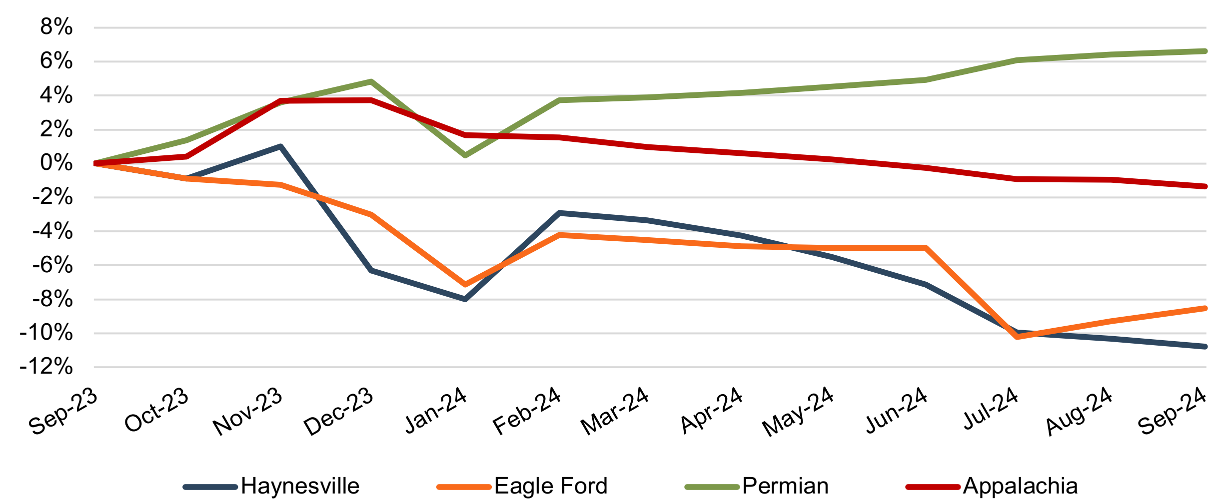
Production and Activity Levels



Appalachian production (on a barrels of oil equivalent, or "boe" basis) edged lower by 1.3% over the latest twelve-month ("LTM") period. After an initial 3.7% production run-up through November 2023, Appalachian production began a long, steady decline through August 2024. The production slide was precipitated by multiple factors, including seasonal declines, weak commodity pricing, and competition from other regions closer to LNG export facilities. In particular, EQT — the largest U.S. natural gas producer — purposefully reduced production volumes in consideration of surplus storage levels. Other Appalachian producers were following the same strategy.

Among the other major basins included in our analysis, only the Permian fared better from a production perspective, with an LTM increase of 6.6% — the only increase posted from the four basins. The Eagle Ford and Haynesville formations posted the largest production declines at 8.5% and 10.8%, respectively.

1-Year Change in Production



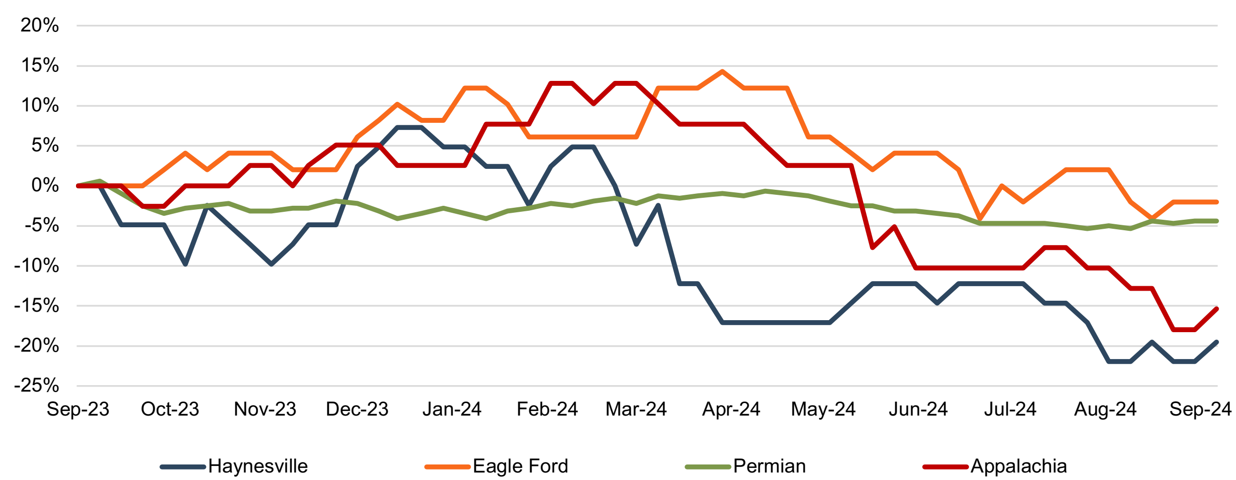
Source: Energy Information Administration

Production and Activity Levels (cont.)

Rig counts fell across all four basins over the LTM period, with the gas-heavy Appalachian and Haynesville basins leading the decline with decreases of 15% and 20%, respectively — largely due to natural gas prices hitting a three-decade low and sitting in the lower end of the $2 range for much of the period. Appalachian rig counts rose over the front end of the review period, up 13% from 39 to 44 active rigs in the six months through March. Thereafter, the Appalachian count headed downward, with particularly sharp declines in May and August.

The oil-heavy Permian and Eagle Ford basins fared better, albeit still posting declines of 4% and 2% in the LTM period, respectively.

1-Year Change in Rig Count



Source: Baker Hughes

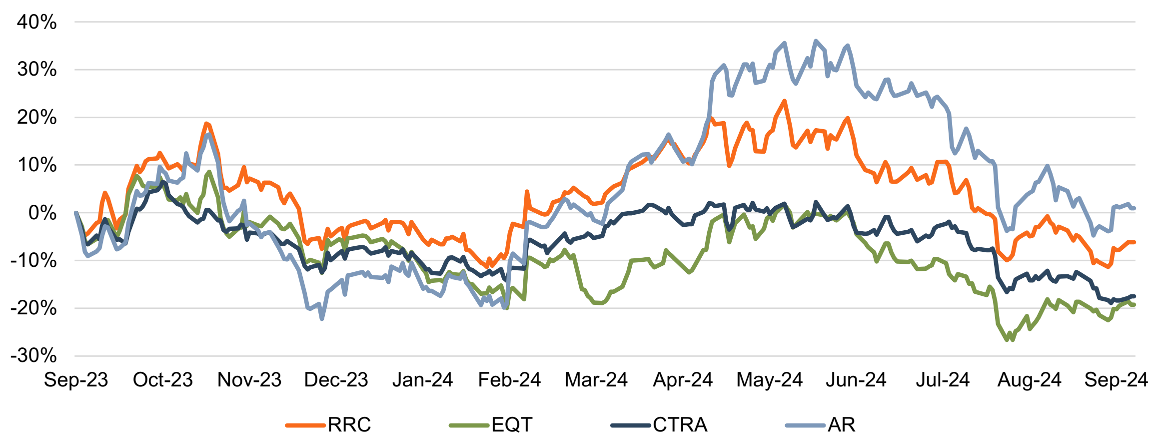
Financial Performance

The Appalachian public comp group saw notably high stock price movements over the course of the LTM period — although that is not unexpected for companies producing a commodity with significant price volatility. Three of the four comps posted stock price declines during the review period, with only Antero posting a price increase, albeit a very modest increase of just under 1%. The rest showed price declines ranging from -6% to -19%. EQT and Range Resources nearly tied for the largest declines at -19% and -18%, respectively.

The comp groups' price changes from September 18, 2023, were negative through early October before crossing into positive territory, where they remained through late October (Coterra), early November (Antero and EQT), or December (Range Resources). The stock prices showed no clear directional trend from December to mid-February when all four began a generally upward run through early May. The price run-up largely coincided with the same period rise in the Henry Hub futures price. Since May, all four posted generally declining stock prices in-line with the late-period drop in natural gas prices.

Antero showed the greatest price volatility over the review period, with both a 22% decline as of mid-December and a review period high increase of 36% as of mid-May. Roth MKM Analyst Leo Mariani noted that **Antero** has one of the longer inventory lives and higher quality inventory among the E&P sector, with approximately 20 years of high-quality drilling. However, Roth further noted that Antero has almost no remaining hedges in place, rendering its cash flows significantly more sensitive to natural gas price movements.

1-Year Change in Stock Price



Source: Capital IQ

Market Valuations & Transaction History

Observing the Negotiations of the Chesapeake - Southwestern Merger

M&A activity among upstream participants in the Marcellus and Utica Shales has been sparse in recent years, with Shale Experts reporting only one transaction since November 2022. In a departure from our typical analysis and discussion of recent deals in the upstream oil and gas industry, we take a break from deal multiples and observe the negotiations of the $7.4 billion merger between Chesapeake Energy Corp. ("Chesapeake") and Southwestern Energy Co. ("Southwestern"), a major player in the Marcellus Shale and Haynesville Shale. For a discussion on the deal's implications for the natural gas industry at large, see Thomas Kasierski's blog **post** from January 19 , 2024.

THE COURTSHIP BEGINS; SOUTHWESTERN PLAYS IT COOL

May 5, 2022: Southwestern's CEO, Bill Way discusses a potential business combination between Chesapeake and Southwestern with Chesapeake's Chair of the Board, Michael A. Wichterich. Discussions are preliminary and no transaction terms are proposed by either party.

May 19, 2022: Members of Southwestern's executive management team and board of directors discuss strategic alternatives, including a potential business combination with Chesapeake.

September 2022: Mr. Way and Chesapeake's CEO, Domenic Dell'Osso, Jr. meet for the first time and have high-level discussions about a potential business combination between Chesapeake and Southwestern.

October 18, 2022: Mr. Wichterich contacts Catherine Kehr, Southwestern's Chair of the Board, expressing the desire to meet and get to know each other. Over the coming days, Southwestern's board discusses the merits and considerations for a potential business combination with Chesapeake and decides that engaging in conversations with Chesapeake about a potential business combination are not warranted at that time.

October 27, 2022: Ms. Kehr called Mr. Wichterich and conveyed that an in-person meeting is not warranted at that time.

November 18, 2022: The Southwestern Board determines continued discussions with Chesapeake are not warranted at that time given current market conditions, notably commodity prices.

Market Valuations & Transaction History

Observing the Negotiations of the Chesapeake - Southwestern Merger

(cont.)

CHESAPEAKE MAKES AN OFFER; SOUTHWESTERN STILL NOT INTERESTED

March 10, 2023: Following a discussion between Ms. Kehr and Mr. Wichterich, Chesapeake makes an unsolicited, non-binding proposal with respect to a potential negotiated business combination between Southwestern and Chesapeake, contemplating Chesapeake acquiring all of the issued and outstanding equity of Southwestern in a stock-for-stock transaction at an exchange ratio of 0.0662x, implying a value per Southwestern share of $5.07, and implying an approximate 34% pro forma ownership in the combined company by Southwestern's shareholders.

March 29, 2023: Ms. Kehr delivers Southwestern's written response to Chesapeake's proposal stating that the consideration (including the pro forma ownership implied by the proposed exchange ratio) is insufficient.

March 31, 2023: Ms. Kehr further explains to Mr. Wichterich that until Southwestern and Chesapeake are more closely aligned on valuation, the Southwestern Board is not interested in discussing a potential transaction.

ROUND TWO: CHESAPEAKE MAKES A SECOND OFFER

April 3, 2023: Chesapeake makes a second unsolicited offer, this time contemplating Chesapeake acquiring all of the outstanding equity of Southwestern in a stock-for-stock transaction at an exchange ratio of 0.0718x, implying a value per Southwestern share of $5.46 based on the prior close, and implying an approximate 36% pro forma ownership in the combined company by Southwestern's shareholders. The offer letter reiterates Chesapeake's belief that the business combination would present substantial benefits to all stakeholders from increased scale, greater trading liquidity, lower cost of capital, and material expected potential synergies, and requests an in-person meeting between representatives of Chesapeake and representatives of Southwestern.

April 22, 2023: Ms. Kehr indicates to Mr. Wichterich that the pro forma ownership offered in the second offer is still insufficient and that the Southwestern Board would additionally need to understand Chesapeake's intentions regarding governance and organization of the combined entity.

Market Valuations & Transaction History

Observing the Negotiations of the Chesapeake - Southwestern Merger (cont.)

ROUND THREE: CHESAPEAKE MAKES A THIRD OFFER

April 23, 2023: Chesapeake sends Southwestern an unsolicited updated proposal letter, the terms of which remain substantially unchanged from the second offer (the exchange ratio remained at 0.0718x).

April 25, 2023: Ms. Kehr informs Mr. Wichterich that the unchanged exchange ratio remains insufficient.

May 2023: Discussions between Chesapeake and Southwestern stall until August 2023.

ROUND FOUR: A FOURTH OFFER; THIS TIME SOUTHWESTERN COUNTERS

August 21, 2023: Chesapeake makes a fourth unsolicited offer to Southwestern, this time noting that it has signed a definitive agreement with respect to its divestiture of certain Eagle Ford shale assets and that Chesapeake would like to reopen previous discussions at a revised exchange ratio of 0.0833x, implying a value per Southwestern share of $7.16 and implying an approximate 39% pro forma ownership in the combined company by Southwestern shareholders. Chesapeake also requests access to non-public information of Southwestern.

August 29, 2023: Southwestern responds to Chesapeake, noting that the proposed ownership remains insufficient, but that Southwestern would be open to meeting with Chesapeake and providing certain non-public information.

October 10, 2023: Chesapeake indicates it is open to increasing its offered exchange ratio from 0.0833x to 0.0851x, implying a value per Southwestern share of $7.58 based on the prior day's close, implying an approximate 39.5% pro forma ownership in the combined company by Southwestern's shareholders.

October 12, 2023: Southwestern counter proposes at an exchange ratio of 0.0900x, implying a value per Southwestern share of $7.99 and an approximate 41% pro-forma ownership in the combined company by Southwestern's shareholders. The Southwestern Board also authorizes the executive management of Southwestern to provide certain additional non-public information requested by Chesapeake in connection with the counterproposal. At this point, I guess you could say things are **getting pretty serious.**

Market Valuations & Transaction History

Observing the Negotiations of the Chesapeake - Southwestern Merger

(cont.)

RUMORS SWIRL; SOUTHWESTERN COUNTERS AGAIN

October 17, 2023: **Reuters** reports that Chesapeake is exploring purchasing Southwestern. The day after the article is published, the market exchange ratio of Southwestern stock relative to Chesapeake stock increases approximately 7.6%.

November 9, 2023: Chesapeake confirms its prior proposal of an exchange ratio of 0.0851x (39.5% pro forma ownership) and remains silent about Southwestern's counterproposal at 0.0900x (41% pro forma ownership).

December 1, 2023: Chesapeake indicates it is not prepared to increase its prior exchange ratio proposal at that time. However, the two companies continue to discuss the framework for identifying and selecting employees for the merged entity, the name of the new company, and the role of Southwestern's corporate office in Houston

December 4, 2023: Southwestern authorizes a counterproposal to Chesapeake at an exchange ratio of 0.0880x, reflecting a 40.2% pro forma ownership of the combined company by Southwestern shareholders. Southwestern further proposes: (i) a new name and ticker symbol; (ii) headquarters or a substantial presence in Houston; (iii) a construct for staffing the combined company based on the best person for the job as determined by Messrs. Way and Dell'Osso acting together; and (iv) that four of eleven directors on the combined company board would be nominated by Southwestern.

December 8, 2023: Mr. Dell'Osso calls Mr. Way to indicate that Chesapeake would soon be providing a counterproposal that would include the following terms: (i) Southwestern shareholders would own 40% of the pro forma combined company; (ii) that four of eleven directors on the combined company board would represent Southwestern; (iii) that the combined company board would have a non-executive chairman; (iv) that the combined company would have a new name; (v) that while the combined company would have a material presence in the Houston office, the headquarters of the combined company would be in Oklahoma City; and (vi) that the combined company would be staffed by the most qualified individuals among both companies' respective employees.

Market Valuations & Transaction History

Observing the Negotiations of the Chesapeake - Southwestern Merger

(cont.)

December 10, 2023: Southwestern's board unanimously determines it is willing to proceed with the transaction based on the counterproposal provided by Chesapeake.

FAIRNESS OPINIONS ARE RENDERED; A DEAL IS ANNOUNCED

January 10, 2024: Evercore, Chesapeake's financial advisor, presents its final financial analysis and renders its oral opinion to the Chesapeake board as to the **fairness**, from a financial point of view, to Chesapeake of the exchange ratio pursuant to the merger agreement.

Thereafter, the Chesapeake board determines that it is in the best interests of Chesapeake and its shareholders for Chesapeake to enter into a merger agreement with Southwestern.

Goldman Sachs, Southwestern's financial advisor, provides the Southwestern Board with its financial analysis with respect to the proposed business combination and renders its oral opinion, that the exchange ratio is fair, from a financial point of view, to the holders (other than Chesapeake and its affiliates) of Southwestern common stock.

The merger agreement is finalized and executed.

January 11, 2024: Chesapeake and Southwestern issue a joint press **release** announcing the transaction.

Appendix A

Selected Public Company Information

Mercer Capital tracks the performance of Exploration and Production companies across different mineral reserves in order to understand how the current pricing environment affects operators in each region. We created an index of seven groups to better understand performance trends across reserves and the industry. The current pricing multiples of each company in the index are summarized below.

					as of 9/30/2024		
Company Name	Ticker	9/30/2024 Enterprise Value	YoY % Change in Stock Price	EBITDAX Margin	EV/ EBITDAX	Daily Production (mboe/d)	Price per Flowing Barrel*
Global Integrated							
Exxon Mobil Corp	XOM	$545,375	-0.3%	22.6%	7.0x	4,511	$120,904
Shell PLC	SHEL	242,410	2.2%	16.5%	4.9	2,689	90,157
Chevron Corp	CVX	289,551	-12.7%	24.0%	6.2	3,284	88,180
BP PLC	BP	128,777	-19.0%	18.7%	3.4	2,340	55,039
Equinor ASA	EQNR	70,317	-23.1%	39.3%	1.7	1,879	37,428
Group Median			**-12.7%**	**22.6%**	**4.9x**	**2,689**	**$88,180**
Global E&P							
Marathon Oil Corporation	MRO	$20,107	-0.4%	67.4%	4.5x	404	$49,734
Hess Corporation	HES	49,402	-11.2%	56.8%	7.2	469	105,250
ConocoPhillips	COP	134,591	-12.1%	43.6%	5.3	1,898	70,911
Occidental Petroleum Corporation	OXY	74,584	-20.6%	49.4%	5.6	1,391	53,617
Murphy Oil Corporation	MUR	6,190	-25.6%	57.5%	3.2	187	33,073
Group Median			**-12.1%**	**56.8%**	**5.3x**	**469**	**$53,617**

Source: Capital IQ

- *Price per Flowing Barrel is EV/ daily production ($/boe/d). Market data per Capital IQ. Daily Production based on Q3 2024 consensus estimates per Capital IQ as available*
- *Companies included in the Guideline Group are not meant to be an exhaustive list. The selected companies' market caps exceed $1 billion and/or revenues exceed $500 million.*
- *We review 10-K's and annual reports from guideline companies to ensure companies continue to operate in the regions and groups we have identified.*

Appendix A

Selected Public Company Information

					as of 9/30/2024		
Company Name	Ticker	9/30/2024 Enterprise Value	YoY % Change in Stock Price	EBITDAX Margin	EV/ EBITDAX	Daily Production (mboe/d)	Price per Flowing Barrel*
Haynesville							
Southwestern Energy Company	SWN	$12,000	10.2%	68.0%	3.1x	709	$16,925
Chesapeake Energy Corporation	CHK	11,799	-4.6%	48.1%	6.0	436	27,038
Comstock Resources, Inc.	CRK	6,135	0.9%	51.9%	8.6	242	25,347
Group Median			**0.9%**	**51.9%**	**6.0x**	**436**	**$25,347**
Appalachia							
Range Resources Corporation	RRC	$8,903	-5.1%	49.3%	7.7x	361	$24,655
EQT Corporation	EQT	26,694	-9.7%	62.0%	9.7	969	27,551
Coterra Energy Inc	CTRA	19,051	-11.5%	63.0%	5.4	641	29,729
Antero Resources Corporation	AR	10,712	12.9%	24.2%	10.2	564	18,985
Group Median			**-7.4%**	**55.7%**	**8.7x**	**603**	**$26,103**
Permian Basin							
Diamondback Energy, Inc.	FANG	$57,145	11.3%	76.5%	8.4x	550	$103,939
Permian Resources Corporation	PR	14,706	-2.5%	71.6%	4.7	334	44,066
Vital Energy, Inc.	VTLE	2,583	-51.5%	62.5%	2.2	126	20,535
Devon Energy Corporation	DVN	29,981	-18.0%	50.7%	4.0	693	43,275
APA Corporation	APA	16,703	-40.5%	61.8%	3.0	458	36,495
Group Median			**-18.0%**	**62.5%**	**4.0x**	**458**	**$43,275**

Source: Capital IQ

- *Price per Flowing Barrel is EV/ daily production ($/boe/d). Market data per Capital IQ. Daily Production based on Q3 2024 consensus estimates per Capital IQ as available*
- *Companies included in the Guideline Group are not meant to be an exhaustive list. The selected companies' market caps exceed $1 billion and/or revenues exceed $500 million.*
- *We review 10-K's and annual reports from guideline companies to ensure companies continue to operate in the regions and groups we have identified.*

Appendix A

Selected Public Company Information

Company Name	Ticker	9/30/2024 Enterprise Value	YoY % Change in Stock Price	EBITDAX Margin	EV/ EBITDAX (as of 9/30/2024)	Daily Production (mboe/d) (as of 9/30/2024)	Price per Flowing Barrel* (as of 9/30/2024)
Eagle Ford							
EOG Resources, Inc.	EOG	$68,251	-3.0%	56.6%	5.0x	1,066	$64,021
Magnolia Oil & Gas Corporation	MGY	4,814	6.6%	72.3%	5.1	91	52,832
Crescent Energy Company	CRGY	4,888	-13.4%	44.3%	4.2	224	21,797
Group Median			**-3.0%**	**56.6%**	**5.0x**	**224**	**$52,832**
OVERALL MEDIAN			**-9.7%**	**51.9%**	**5.1x**	**564**	**$43,275**

Source: Capital IQ

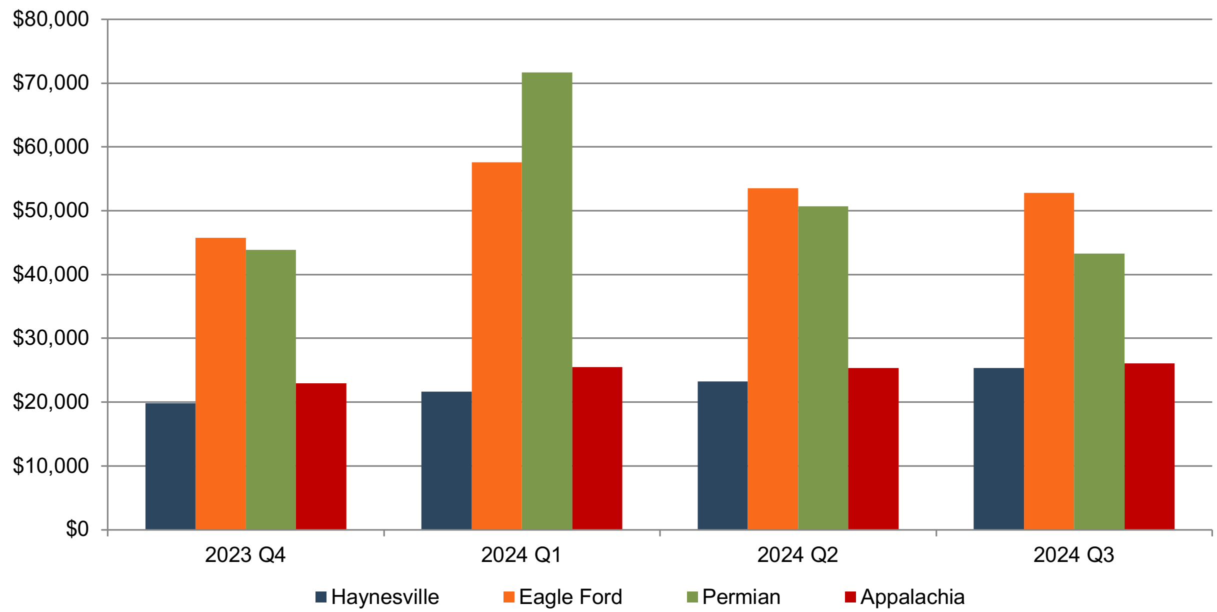
- *Price per Flowing Barrel is EV/ daily production ($/boe/d). Market data per Capital IQ. Daily Production based on Q3 2024 consensus estimates per Capital IQ as available*
- *Companies included in the Guideline Group are not meant to be an exhaustive list. The selected companies' market caps exceed $1 billion and/or revenues exceed $500 million.*
- *We review 10-K's and annual reports from guideline companies to ensure companies continue to operate in the regions and groups we have identified.*

Appendix A

Selected Public Company Information

The following graph depicts the median of EV/production multiples, also known as price per flowing barrel, from Q4 2023 through Q3 2024.

Price per Flowing Barrel



Source: Capital IQ

Price per Flowing Barrel is EV/ daily production ($/boe/d)

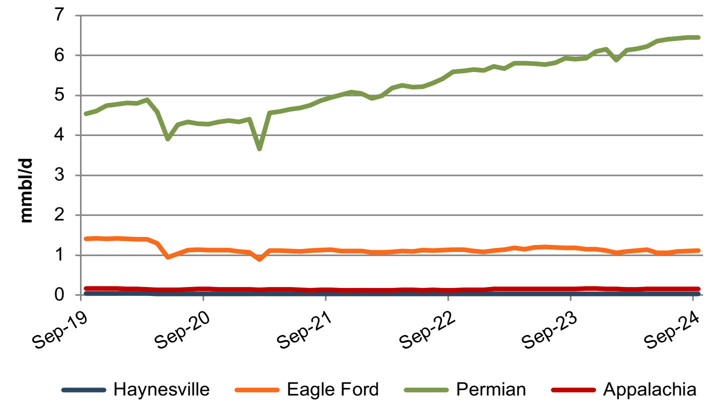
This is simply a graphic depiction of median figures of our selected public companies for each region. This should be interpreted solely in the context of relative valuation between the various basins over time. Capital IQ aggregates this raw data, and Mercer Capital does not represent or warrant these figures as indicative of valuation multiples attributable to E&P companies or other interests.

Appendix B

Production

Daily Production of Crude Oil

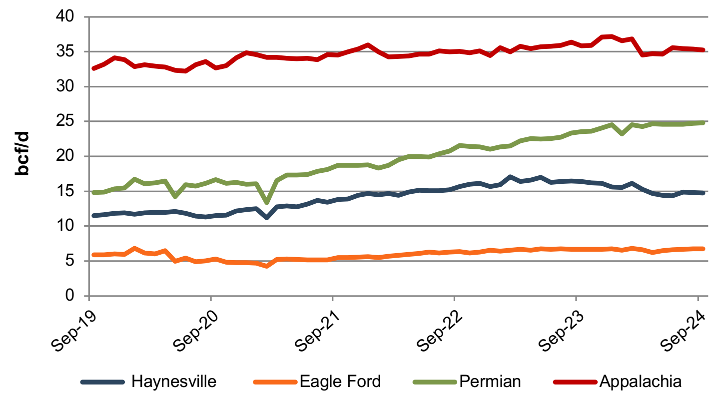
Oil production in the Permian increased by 9.3% over the last year to end Q3 2024. Over the same span, the gas focused Appalachia and Haynesville regions had oil production growth of 5.4% and 2.4%, respectively. Eagle Ford oil production declined by 5.6% over the last year.



Source: EIA

Daily Production of Natural Gas

The Permian also led the analyzed regions in natural gas production growth at 5.4% over the last year to end Q3 2024. Eagle Ford gas production remained moderately flat, increasing by 0.7% over this same period, while Appalachia and the Haynesville posted declines of 1.5% and 10.1%, respectively.



Source: EIA

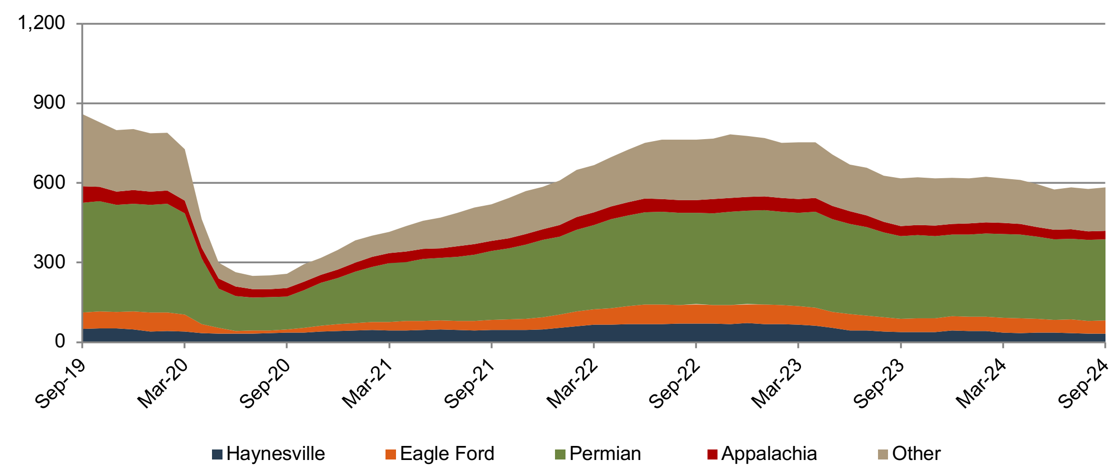
Appendix C

Rig Count

Baker Hughes collects and publishes information regarding active drilling rigs in the U.S. and internationally. The number of active rigs is a key indicator of demand for oilfield services & equipment. Factors influencing rig counts include energy prices, investment climate, technological changes, regulatory activity, weather, and seasonality.

The number of total active rigs in the U.S. at the end of September 2024 was 583, which represents a 5.7% decrease from 618 in September 2023. Rig counts declined across all four of the regions covered. The Permian and Eagle Ford were the most resilient of the regions covered with annual declines of 1.9% and 2.0%, respectively, to end the third quarter of 2024. Appalachia and the Hayneville experienced more pronounced declines in rig counts, finishing Q3 2024 with annual declines of 13.2% and 15.4%, respectively.

Rig Count by Region

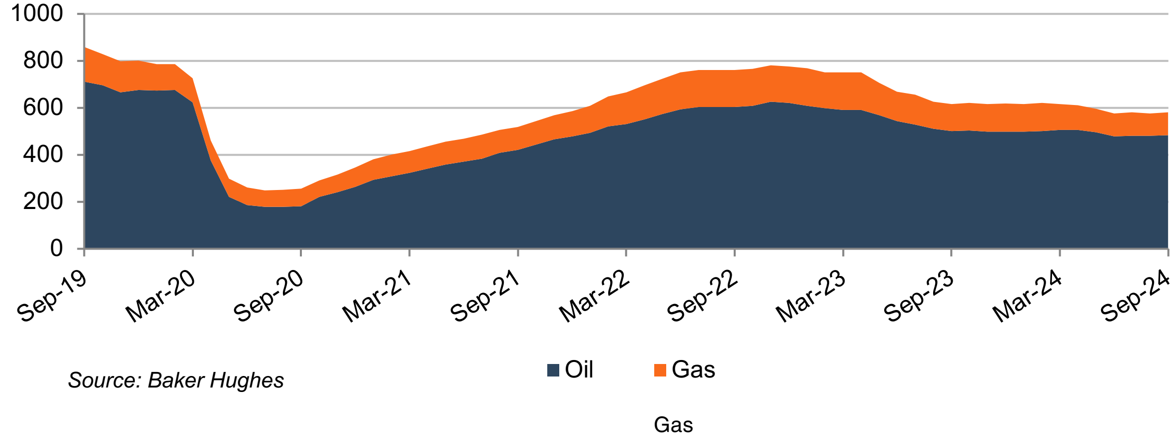


Source: Baker Hughes

Appendix C

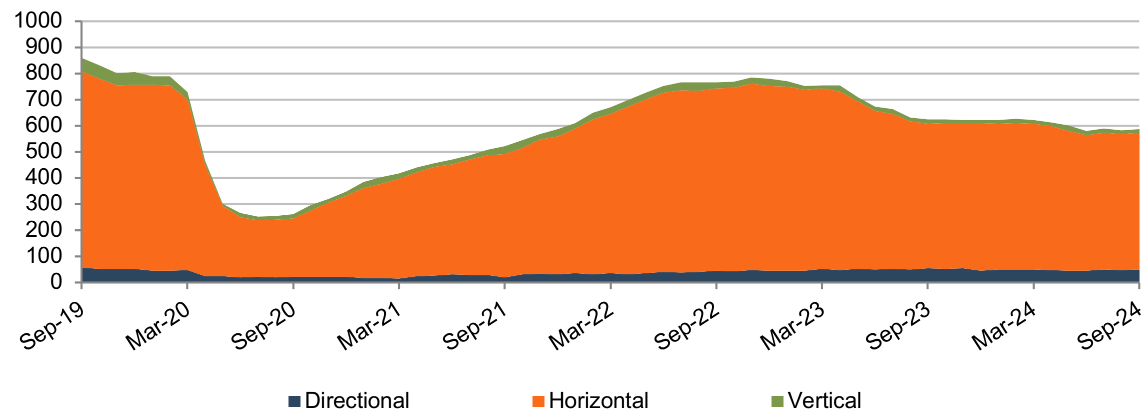
Rig Count

U.S. Rig Count by Oil vs. Natural Gas



Source: Baker Hughes

U.S. Rig Count by Trajectory



Source: Baker Hughes

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