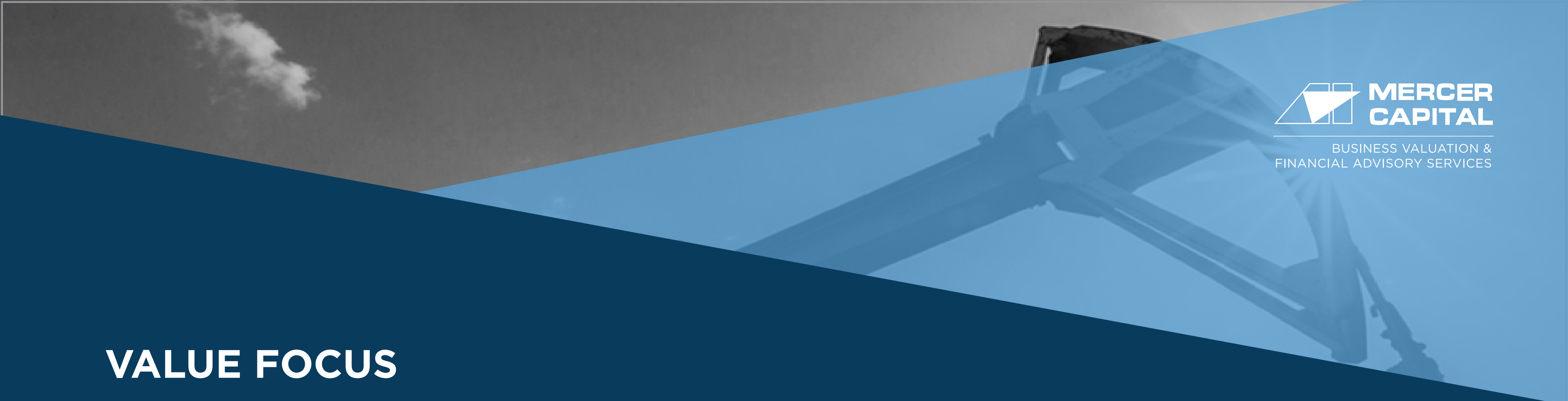

MERCER CAPITAL

BUSINESS VALUATION & FINANCIAL ADVISORY SERVICES

VALUE FOCUS

Exploration & Production

Fourth Quarter 2024

EXECUTIVE SUMMARY

As a supplement to our usual regional coverage, this quarter we take a closer look at the Bakken, DJ Basin, and Woodford Shale. On an oil equivalent basis, the DJ Basin ended the review period 2% below production levels from a year earlier, while the Bakken ended at nearly 5% lower. Only the Woodford Shale ended the review period at a level above its November 2023 production, though at a negligible 0.1% higher.

While not nearly in the same league as the powerhouse Permian Basin, the Bakken Shale, DJ, and Woodford Shale play an important role in U.S. energy production. While these basins mostly experience the same impacts that U.S. energy policy and geopolitical matters have on the primary U.S. basins, they each have unique characteristics that differentiate them from the larger basins and each other. The Bakken has high-quality crude, a production profile shifting from oil to gas, and seasonal weather production interruptions. The DJ focuses on tighter formations that require newer techniques and technologies to keep production costs in check and most efficiently use of limited water resources. The Woodford and SCOOP/STACK have the dynamics of multiple formation layers and related multiple production zones that contribute to greater well depths and higher production costs. These shared and unique characteristics combine to add to the general complexity and dynamics of the U.S. exploration and production industry.

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- Transaction advisory for acquisitions and divestitures
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- Oil Field Services
- Midstream Operations
- Alternative Energy
- Downstream
- Retail

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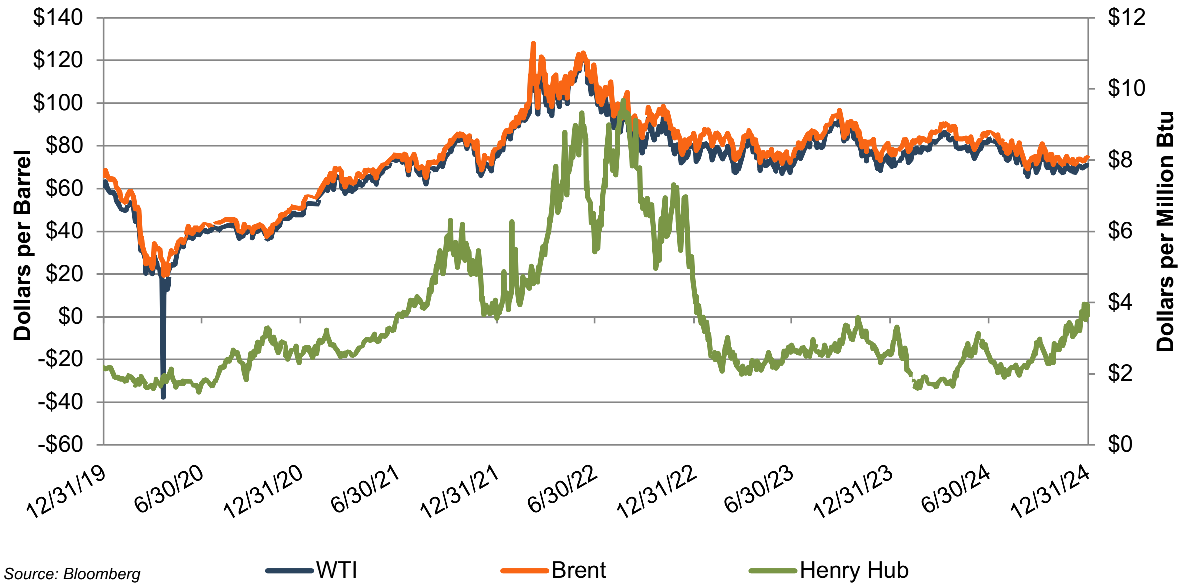
Oil and Gas Commodity Prices

Oil prices, as benchmarked by West Texas Intermediate (WTI) and Brent Crude (Brent) front-month future contracts, generally rose through early April to then 2024 highs of $83.85 (WTI) and $88.21 (Brent) from year-end 2023 prices of $71.65 and $77.04, respectively. The steady rise was largely the result of **rising tensions** in the Middle East that eased concerns about too much U.S. production and continuing OPEC+ production cuts. Although OPEC+ continued its production decreases into mid-2024, the next five months saw a fairly steady decline, with WTI reaching $65.75 (down 24% from early April) and Brent reaching $69.19 (down 23%) on non-OPEC production growth and economic weakness **slowing oil consumption growth.** Other than a short spike during the first week of October (again tied to Middle East tensions — this time Iran's launching an estimated 200 missiles into Israel), both futures held fairly steady through year-end, with WTI holding within a range of $66 to $71 and Brent at $72 to $76.

Crude Oil and Natural Gas Prices



Source: Bloomberg

Oil and Gas Commodity Prices
(cont.)

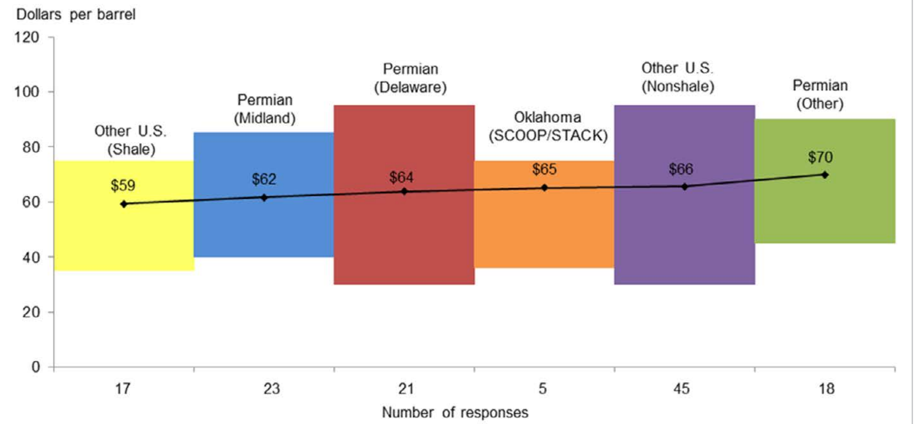
Henry Hub natural gas front month futures prices showed the commodity's usual seasonal volatility during 2024. After an initial uptick during the first half of January to $2.67 ($/mmbtu) resulting from a cold snap and **related heating needs**, the futures price dipped to its 2024 low of $1.65 in mid-February, largely the result of the Biden Administration's "temporary pause" in LNG export project approvals. The price generally climbed over the next three months (though with typical natural gas pricing dips and runs along the way), reaching $3.05 in mid-May and $3.09 in mid-June, heavily influenced by 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 with a six-week slide, bringing the price to a seasonal low of $1.94 in early August. Through the remainder of the year, the futures price generally rose to $3.10 at year-end. The 4th quarter run included a notable jump from $2.17 on September 9 to $2.63 just three days later (due to unusually high temperatures driving electricity and, therefore, natural gas demand) and an 11-day drop from $3.36 on November 29 to $2.68 on December 10 as **temperatures dipped** to more typical early December levels spurring heating related demand.

Macro Update

The November election brought optimism to many oil producers who felt hamstrung by the Biden Administration's policies. Even Biden's **ban on offshore drilling** is expected to be challenged or changed when Trump is sworn in. However, administrations can only do so much when it comes to global supply and demand dynamics. In fact, they can usually do little in the big picture; and the big picture is that there is probably going to be more supply coming online in 2025 than demand to meet it. Therefore, U.S. upstream producers are not planning on blowing their budget on aggressive drilling plans, no matter what Trump says, especially considering the lukewarm pricing environment that the market foresees. In addition, the U.S.' shale dominance may be headed towards inevitable decline. There's a lot to consider, so let us jump in.

Supply: Tainted Optimism

The incoming Trump Administration has promised to pull back regulatory restraints and unleash the industry to "drill baby drill". Most industry players have responded favorably to this and anticipate faster permitting processes for federal lands. In addition, the ***Dallas Fed Energy Survey*** has indicated activity and outlook upticks from upstream producers after the election. The industry is encouraged. Yet, as college football announcer Lee Corso says – "Not so fast my friend!" Most of the active U.S. oil activity is not on federal lands, but on private or state lands. In addition, oil is a global commodity, not a regional one and it appears that the supply in 2025 is heading towards more of a glut status as opposed to a tight one. The EIA's December ***2024 Short Term Energy Outlook*** estimates that production outside of OPEC+ will be up about 1.6 million barrels per day in 2025 with concurrent demand only up about 1.2 million barrels per day. The U.S., Canada, and South America will be leading that charge.



NOTES: Lines show the mean, and bars show the range of responses. Executives from 87 exploration and production firms answered this question during the survey collection period, March 13–21, 2024.
SOURCE: Federal Reserve Bank of Dallas.

In the meantime, OPEC+ has held fast on a plan of production restraint whereby there are about six (6) million barrels per day of production capacity that is being held back. Saudi Arabia possesses about half of that. Most U.S. firms surveyed recently are not planning on increasing their investments for 2025, even after now

Macro Update
(cont.)

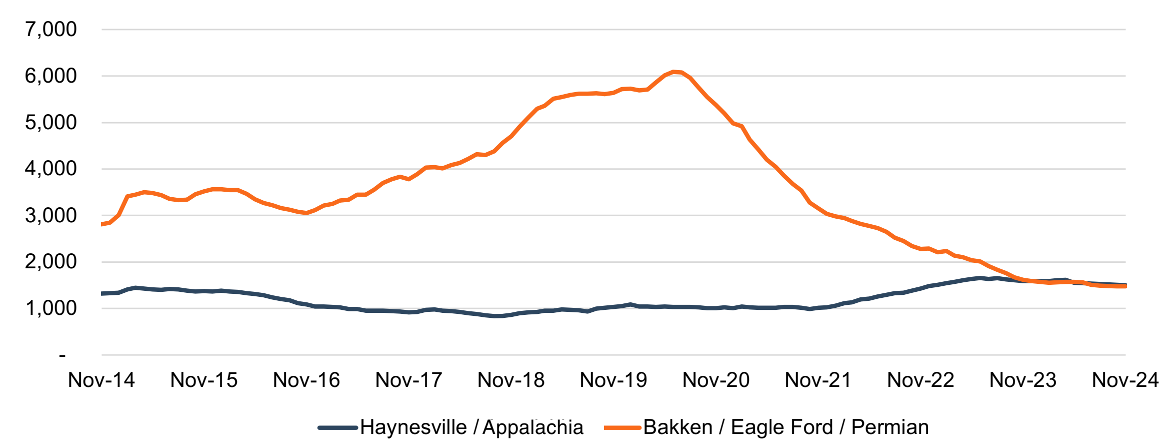
knowing who will be in the White House for the next four years. In fact, industry consultant Wood Mackenzie recently released a **report** on 2025 guidance for upstream companies' capital budgets. They estimate 2025 corporate capital budgets to be down by 1.8% compared to 2024. These are not indicators of an industry that is "chomping at the drill bit" right now. One reason is that breakeven prices to drill new wells ranged from $59 – $70 per barrel as an industry average in 2024 according to the *Dallas Fed Survey* suggesting a mediocre economic prospect.

With West Texas Intermediate crude priced at about $76 around the time of this post, it is profitable to drill, but not overly profitable. In addition, many U.S. drillers hedge their sale prices to satisfy banks' and investors' limited risk appetites which further limits profit upside. Therefore, aggressive drilling strategies will not be heavily incentivized in boardrooms this year for most U.S. producers.

U.S. Shale Oil Peaking?

Hydraulic fracturing in shale formations revolutionized the oil industry a little over a decade ago. During that time technology and innovations have continued to improve. Production of oil for **every rig that drills new** wells has continued to increase. There have been efficiencies and innovations that have contributed to this trend. However, it won't last forever, and there are signs that it may be close or already peaking. The same EIA report that shows more productivity per rig, also shows nearly every basin having steeper legacy oil production change from last year. It's harder to fill a bathtub if the drain is getting bigger.

Number of Drilled but Uncompleted Wells



Source: Energy Information Administration

Macro Update
(cont.)

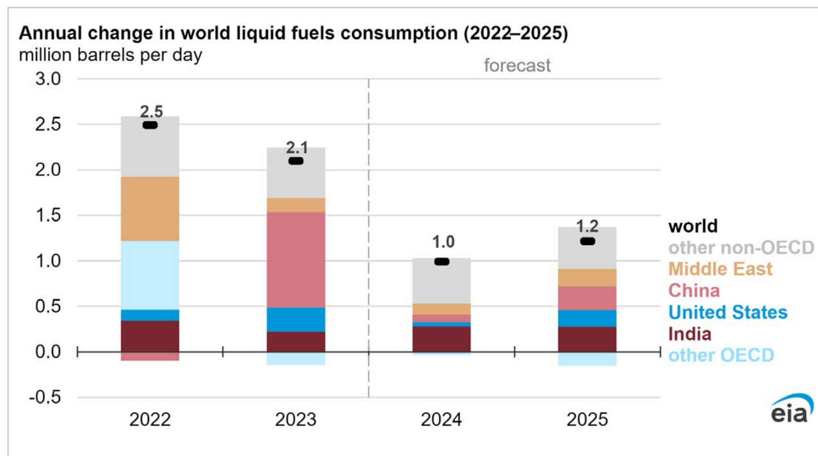
In addition, there is a **shrinking inventory** of drilled but uncompleted ("DUC") wells in the U.S. These kinds of wells are available to be fracked but haven't yet started producing. **Bryce Erickson,** Managing Director at Mercer Capital, discussed this dynamic in his *Forbes* column years ago, and the clock appears to be running out on this inventory. There are fewer DUC wells now in the predominantly oil-producing basins (Permian, Eagle Ford, Bakken) than since the EIA started publishing the statistics.

This is not a new theory. It has been known that there are only so many "Tier 1" shale well locations left in the U.S. There are other "Tier 2" wells out there, but they are far less productive than Tier 1 wells, with similar costs to drill and complete, thereby making them less economically attractive. A 2023 report by Goehring & Rozencwajg, an investment firm, in 2023 **predicted** that shale would peak in the Permian Basin by the end of 2024. They called it Hubbert's Peak after an eponymously named geologist. If they are right, then oil production growth will not be coming from the U.S. soon. A wry commenter in the September 2024 *Dallas Fed Survey* put it this way:

"We stand by the hypothesis that the world is swiftly running out of $60 barrels on the way to $100+ barrels within the next five years. OPEC is being punished short term for ceding market share. To us, it appears to be a savvy "oil storage" policy. U.S. shale will decline in a similar fashion to how Hemingway went bankrupt: "Gradually, then all of a sudden." Why do you think very sophisticated firms, worth tens of billions of dollars, are selling out to the super majors for equity despite a market-leading Permian footprint?"

Demand: China's Thirst Subsides

Demand around the world is growing for oil. EIA estimates consumption to be up by 1.2 million barrels per day. However, the pace for growth has slowed, particularly in China. Demand growth was hacked nearly in half in 2024 compared to 2023. China is importing 300,000 barrels a day less than at the end of 2023. Deflationary pressures and banking issues continue to reduce demand. It has also given way to India as the leading global source of oil demand.



Macro Update

(cont.)

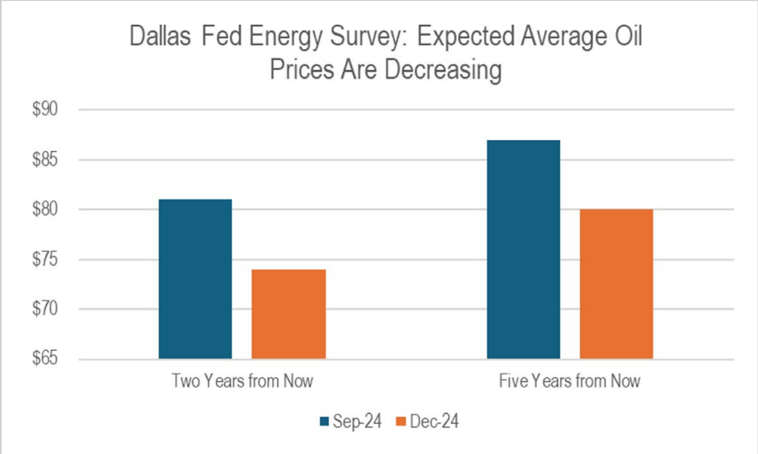
This change comes as more resources have been orienting themselves towards meeting China's demand in recent years. For example, Canada Trans Mountain Pipeline was expanded in expectations of going to China. However, some of it will now be going to the West Coast of the U.S. It's also notable that although India is growing in demand, they have been buying a lot of cheap oil from Russia to help it finance the war with Ukraine helping to cap prices around the world.

Price Expectations: Muted for 2025 and Perhaps Beyond

All these factors, and certainly more than covered here, have led to a softer oil price market for 2025. At the time of this original **post**, EIA, *Dallas Fed Survey*, and NYMEX futures all estimate prices to be in the low 70's for this year. Estimates can vary of course, and oil prices are so sensitive to geopolitical events that these estimates could be out the window in short order. However, the supply surplus and tempered global demand have put the market in a relatively weak pricing position.

Oil Price Expectations: 2025		
EIA - Short Term Energy Outlook	$	74
Dallas Fed Energy Survey	$	71
NYMEX Dec. 2025 Futures	$	70

That sentiment is continuing into longer term estimates as well. The December 2028 contract was below $64. The *Dallas Fed Survey* respondents were more optimistic about overall prices but displayed a similar declining trend in their estimates. More respondents estimated lower prices on average than higher prices. Two-year price estimates fell from $81 as of September 2024, to $74 as of December 2024. Same for longer term estimates as well.



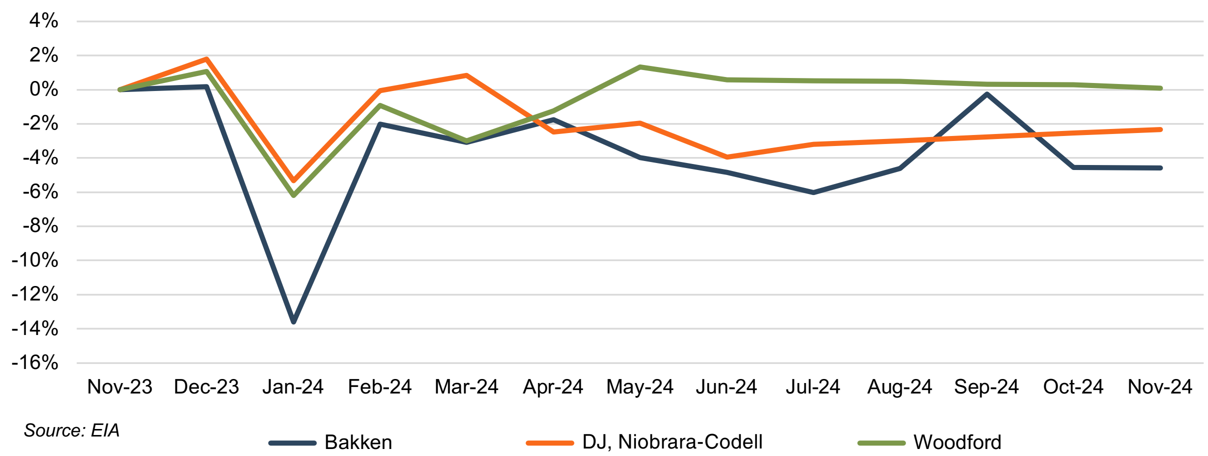
It may be that survey participants believe that OPEC+ will continue to be conservative on the production side. If OPEC+ continues to hold back on its production capacity, then prices could continue to be steady or even rise. While market share growth is tempting for the Saudis, unloading cheap oil is not in their interest. Nonetheless, the tables may be turning, and the U.S. may not be the world's swing producer for much longer, thereby giving OPEC+ more leverage with every declining U.S. shale well.

Bakken, DJ Basin, and Woodford Shale

Production and Activity Levels

Two of the three shale plays ended 2024 with production levels (on a barrels of oil equivalent, or "boe" basis) below those of the previous year. The DJ Basin ended the review period 2% below levels from a year earlier, while the Bakken ended at nearly 5% lower. Only the Woodford Shale ended the review period at a level above its November 2023 production, though at a negligible 0.1% higher.

1-Year Change in Oil Equivalent Production



Source: EIA

The DJ Basin's production decline wasn't unexpected in that, while at a **high level**, the DJ would seem to have adequate pipeline off-take capacity, two of the four primary pipelines were nearing capacity in early 2024. As such, it was known that basin producers had been pulling back on drilling activity (as evidenced by the declining basin rig count) and that production had been expected to reach a near-term peak during 1Q-2024.

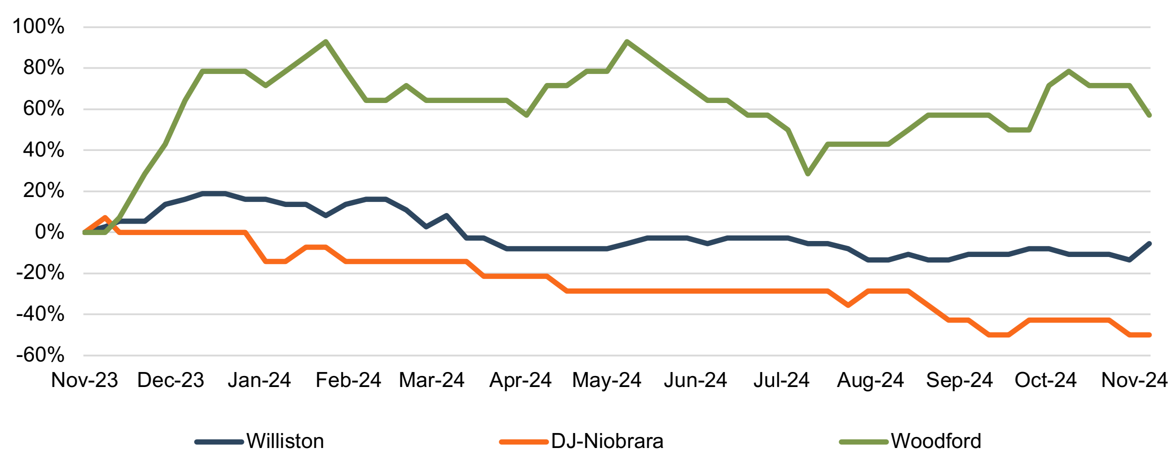
Bakken production was burdened by a similar headwind, albeit in the form of declining gas pipeline capacity availability. Although oil is still the Bakken's primary economic driver, basin operators nevertheless must find markets for the associated natural gas and NGLs. **Analyst basin forecasts** indicate that the task is becoming more and more complicated as the basin's production is progressively becoming "**gassier**" (as noted by Mercer Capital's Andy Frew in his ***Energy Valuation Insights blog*** from January 3, 2025), thereby contributing to the tightening bottleneck at the off-take pipelines.

Production and Activity Levels (cont.)

The Woodford shale formation, which includes primary areas of the SCOOP and STACK, eked out the only year-over-year (YoY) increase in production — with an increase by the narrowest of margins. All three areas posted the usual winter weather-related declines early in the year. However, Woodford's production recovery exceeded its prior review period high (posted in December 2023), which allowed its YoY production change to remain positive despite the steady decline from May to November.

Rig counts in the subject basins showed a mixed bag of results over the latest twelve-month period (LTM period), with the Woodford posting a 57% increase, while the DJ Basin count fell by 50%. The Bakken remained near "neutral" with a modest 5% decline. The DJ and Bakken rig counts showed generally steady declines devoid of any significant short-term "bumps" or "dips." The Woodford, with its natural gas-heavier production mix, showed notably greater movement with a 93% increase over the first three months of the review period from 14 to 27 rigs, marking a significant recovery from its rig count decline over the prior twelve-month period. However, a second and third quarter drop-off to 18 rigs pushed the review period growth down to just 29% as of mid-July. The gradual rig increase over the remainder of the year pushed the total to 22 for the YoY increase of 57%.

1-Year Change in Rig Count



Source: Baker Hughes

Market Valuations & Transaction History

Uinta Basin, Bakken, DJ Basin, and SCOOP/STACK

UINTA BASIN

Located in Utah, the Uinta Basin's waxy crude oil (consistency is similar to shoe polish) stands out due to its low sulfur, metals, and nitrogen content, making it a more environmentally friendly option compared to other crude oils. Uinta crude features a medium-to-light API gravity (a measure of how heavy or light a petroleum liquid is compared to water), ranging from 32 degrees to 36 degrees for the "black wax" variant and 38 degrees to 44 degrees for the "yellow wax" type. For comparison purposes, water has an API gravity of 10 degrees. An API gravity above 10 degrees is considered "light", whereas an API gravity less than 10 degrees is considered "heavy." Light oil produces a higher yield of gasoline or diesel when it is refined.

Transportation remains a challenge, as pipelines are not an option due to the crude's tendency to solidify at ambient temperatures. The crude must be kept heated (black wax at 105°F and yellow wax at 120°F) before being transported in insulated tanker trucks to one of five Salt Lake City refineries or to various rail terminals. Approximately 90 Mb/d are processed locally in the Salt Lake City area, while 70 Mb/d are shipped to Gulf Coast refineries via truck and rail. Rail is particularly advantageous due to its infrastructure, enabling easier transport in solid form and reheating at the destination.

Six oil transloading terminals have been constructed in Utah to facilitate rail transport: Musket Corporation (Helper, 2010), Newfield Exploration (Ogden, 2013), Savage Services (Salt Lake City and Wellington, 2013), Crescent Point Energy (Salt Lake City, 2013), and Price River Terminal (Wellington, 2013). These facilities have a combined capacity exceeding 50 Mb/d.

In June 2024, **SM Energy signaled** confidence in the Uinta Basin's economic potential by acquiring $2 billion in assets from XCL Resources. Two months later in August 2024, **KODA Resources**, a subsidiary of Quantum Capital, acquired the Uinta assets of Caerus Oil and Gas, LLC as part of a larger $1.8 billion transaction.

Market Valuations & Transaction History

Uinta Basin, Bakken, DJ Basin, and SCOOP/STACK

(cont.)

BAKKEN SHALE

The Bakken Shale is one of the largest onshore oil fields in the United States, covering almost 9,000 square miles across North Dakota and Montana. Crude oil produced from the Bakken is among the highest quality in the world. Though no longer in its boom period, the Bakken remains a critical part of U.S. crude production. Output has stabilized near 1.2 Mb/d, bolstered by the addition of 1,459 new wells since December 2022. While production has become "gassier," creating natural gas and NGL takeaway constraints, innovations such as longer laterals, efforts to reduce flaring, and CO2-enhanced oil recovery (EOR) could revitalize the region.

Bakken crude reaches markets through pipelines such as Enbridge's North Dakota Pipeline (NDPL) and Bakken North Pipeline, Dakota Access Pipeline (DAPL), Pony Express and Saddlehorn, and rail transport.

In April 2024, Mercer Capital **discussed** the merger of Chord Energy and Enerplus, which created an $11.0 billion powerhouse entity focused on the Williston Basin within the Bakken Shale. A few months prior in January 2024, Silver Hill Energy Partners, LLC acquired the oil and gas assets of Liberty Resources II, LLC in the Williston Basin. Financial details on the transaction were not disclosed.

DJ BASIN

The Denver-Julesburg (DJ) Basin spans approximately 20,000 square miles across Colorado, Wyoming, Nebraska, and Kansas. Local production, currently at ~520 Mb/d, peaked at 565 Mb/d in 2019. Pipelines like Saddlehorn and Pony Express transport DJ crude, with capacity utilization nearing 86%. Despite these constraints, infrastructure remains robust, with an overall utilization rate of 79%.

The DJ Basin has been a major contributor to the U.S. energy industry for decades. Data from the *U.S. Energy Information Administration* ("EIA") reveals the DJ Basin was among the top five oil producers in 2023. Specifically, the Niobrara region within the basin recorded a daily average output of 670,000 barrels of oil (mbbls/d). The Niobrara shale, predominantly an oil-rich formation, is situated in northeastern Colorado with extensions into Wyoming, Nebraska, and Kansas.

Market Valuations & Transaction History

Uinta Basin, Bakken, DJ Basin, and SCOOP/STACK

(cont.)

As of May 6, 2024, IOG Resources II, LLC **announced** its acquisition of Civitas' assets for $215 million located in Weld County, which consists of approximately 1,480 developed and undeveloped wellbores. In January 2024, Prairie Operating Co. **purchased** the oil-weighted assets of Nickel Road Operating, LLC for $84.5 million. The assets included 5,592 net leasehold acres, 89 approved well permits, and 26 operated horizontal wells.

SCOOP/STACK

The SCOOP (South Central Oklahoma Oil Province) and STACK (Sooner Trend Anadarko Canadian Kingfisher) are oil reserves that run across most of western Oklahoma and into the Texas panhandle in the Anadarko basin. These two acronyms represent Oklahoma's most productive oil and natural gas plays today and are the catalyst for a majority of the state's oil and natural gas related revenues. The unique formations that make up the SCOOP and the STACK have multiple zones that allow for production from multiple layers of rock formations thousands of feet below the surface.

With a size of only 3,300 square miles, the SCOOP/STACK lacks room for a large number of operators compared to other plays. As such, there is an increased likelihood that new wells will reduce production capacity for existing wells (while also causing the new wells to have lower production rates than initially forecasted). Additionally, the SCOOP/STACK has considerable depth, which can lead to higher extraction risks and costs that damage profitability.

Earlier in 2024, Mercer Capital **highlighted** some of the operational risks of the SCOOP/STACK. For instance, with reserves in the SCOOP/STACK under relatively low amounts of pressure, operators focusing on oil production often find that their reservoirs contain higher amounts of natural gas instead. Because Oklahoma typically has higher gas transportation costs, operators elect to shut down some wells early on in their lives in unfavorable natural gas price environments. Additionally, in 2015, legislators in Oklahoma introduced new wastewater disposal rules after they stated that water injected into the rock pores was causing earthquakes. As a result of these new regulations, the areas where operators can drill are even more limited, and operators are legally required to incur additional costs to monitor their water injection rates.

Deal activity in the SCOOP/STACK has been sparse in 2024. However, on November 6, 2024, Orion Diversified Holding Co., Inc. **announced** its acquisition of a royalty interest in the SCOOP Stack of Garvin County, Oklahoma. The property consists of a 0.59% royalty interest in 170 acres with active drilling leases already permitted in the area. Financial details on the transaction were not disclosed.

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 six 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 12/31/2024		
Company Name	Ticker	12/31/2024 Enterprise Value	YoY % Change in Stock Price	EBITDAX Margin	Daily Oil Equiv. Production (mboe/d)	EV/ EBITDAX	Price per Flowing Barrel*
Global Integrated							
Exxon Mobil Corp	XOM	$496,212	7.6%	22.8%	4,634	6.3x	$107,087
Shell PLC	SHEL	225,950	-5.4%	15.6%	2,777	4.9	81,373
Chevron Corp	CVX	282,257	-2.9%	23.3%	3,333	6.3	84,675
BP PLC	BP	123,505	-17.1%	17.3%	2,341	3.7	52,746
Equinor ASA	EQNR	62,726	-26.5%	38.1%	2,015	1.6	31,132
Group Median			**-5.4%**	**22.8%**	**2,777**	**4.9x**	**$81,373**
Global E&P							
Hess Corporation	HES	$49,274	-7.7%	57.2%	481	6.9x	$102,534
ConocoPhillips	COP	139,795	-14.6%	43.5%	2,123	5.6	65,861
Occidental Petroleum Corporation	OXY	80,801	-17.3%	52.0%	1,451	5.7	55,677
Murphy Oil Corporation	MUR	6,451	-29.1%	54.7%	186	3.7	34,601
Group Median			**-15.9%**	**53.3%**	**966**	**5.7x**	**$60,769**

Source: Capital IQ

- *Price per Flowing Barrel is EV/ daily production ($/boe/d). Market data per Capital IQ. Daily Production based on Q4 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 12/31/2024			
Company Name	**Ticker**	**12/31/2024 Enterprise Value**	**YoY % Change in Stock Price**	**EBITDAX Margin**	**Daily Oil Equiv. Production (mboe/d)**	**EV/ EBITDAX**	**Price per Flowing Barrel***
Permian Basin							
Diamondback Energy, Inc.	FANG	$61,890	5.6%	74.8%	848	9.0x	$72,946
Permian Resources Corporation	PR	15,516	5.7%	79.1%	359	4.1	43,254
Vital Energy, Inc.	VTLE	3,662	-32.0%	79.7%	143	2.5	25,635
Devon Energy Corporation	DVN	30,325	-27.7%	52.6%	820	4.0	36,989
APA Corporation	APA	15,994	-35.6%	57.3%	480	3.1	33,301
Group Median			**-27.7%**	**74.8%**	**480**	**4.0x**	**$36,989**
Eagle Ford							
EOG Resources, Inc.	EOG	$66,640	1.3%	55.8%	1,099	5.0x	$60,651
Magnolia Oil & Gas Corporation	MGY	4,638	9.8%	71.6%	93	4.9	49,812
Crescent Energy Company	CRGY	7,131	10.6%	54.9%	255	4.8	27,986
Group Median			**9.8%**	**55.8%**	**255**	**4.9x**	**$49,812**

Source: Capital IQ

- *Price per Flowing Barrel is EV/ daily production ($/boe/d). Market data per Capital IQ. Daily Production based on Q4 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.*
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Appendix A

Selected Public Company Information

Company Name	Ticker	12/31/2024 Enterprise Value	YoY % Change in Stock Price	EBITDAX Margin	Daily Gas Equiv. Production (mmcfe/d)	EV/ EBITDAX	Price per Daily MMCFE*
				as of 12/31/2024			
Haynesville							
Expand Energy Corporation	EXE	$24,009	29.4%	50.4%	6,359	14.5x	$3,776
Comstock Resources, Inc.	CRK	8,409	105.9%	51.0%	1,357	12.7	6,197
Group Median			**67.6%**	**50.7%**	**3,858**	**13.6x**	**$4,986**
Appalachia							
Range Resources Corporation	RRC	$10,232	18.2%	49.1%	2,197	8.9x	$4,657
EQT Corporation	EQT	41,371	19.3%	56.3%	6,374	15.9	6,491
Coterra Energy Inc	CTRA	20,340	0.1%	63.2%	3,917	5.9	5,193
Antero Resources Corporation	AR	15,384	54.5%	22.9%	3,362	15.7	4,576
Group Median			**18.7%**	**52.7%**	**3,640**	**12.3x**	**$4,925**
OVERALL MEDIAN			**0.1%**	**52.6%**	**N/A**	**5.6x**	**N/A**

Source: Capital IQ

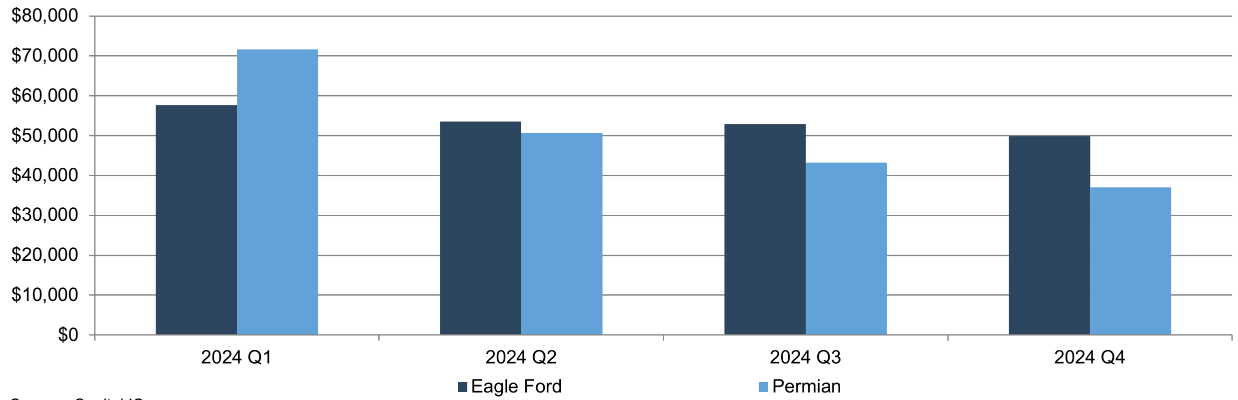
- *Price per Daily MMCFE is EV/ daily production ($/mmcfe/d). Market data per Capital IQ. Daily Production based on Q4 2024 consensus estimates per Capital IQ as available*
- *Companies included in the Guideline Group are not meant to be an exhaustive list. The selected companies' market caps exceed $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

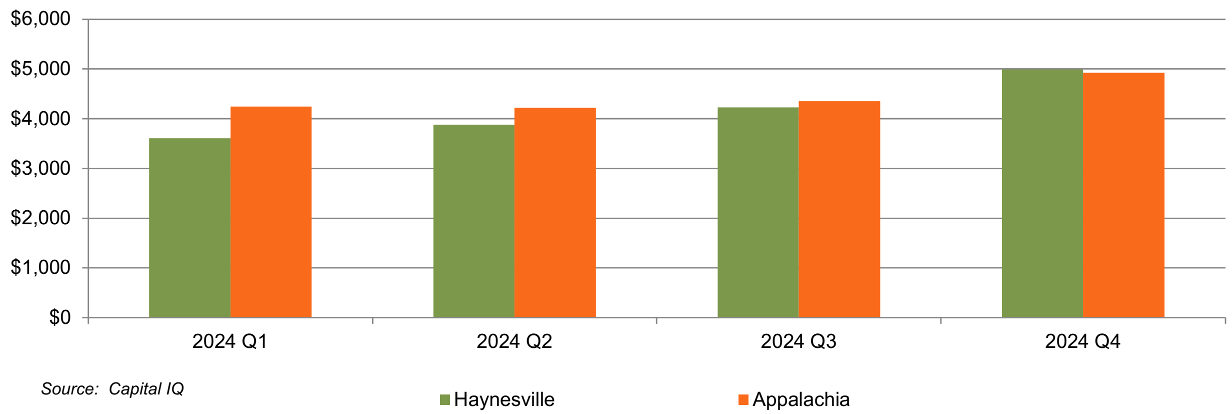
The following graphs depict the median of EV/production multiples from Q1 2024 through Q4 2024. The production multiples are segregated in the graphs by primarily oil-producing regions ($/boe/d) and primarily gas-producing regions ($/mmcfe/d).

Price per Flowing Barrel



Source: Capital IQ

Price Per Daily MMCFE



Source: Capital IQ

Price per Flowing Barrel is EV/ daily production ($/boe/d), Price per Daily MMCFE is EV/ daily production ($/mmcfe/d)

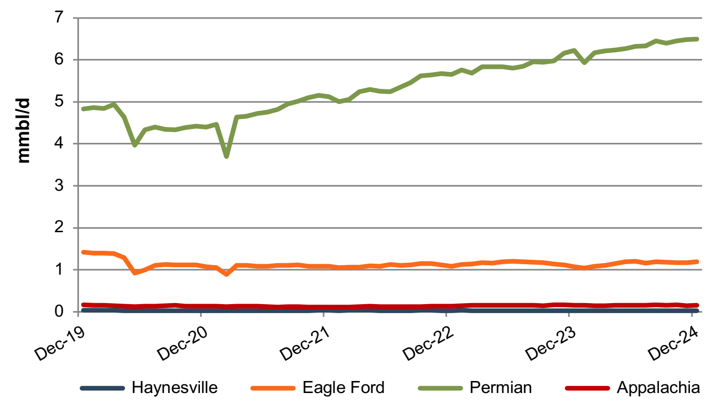
This is simply a graphic depiction of the median figures of our selected public companies for each region. This should be interpreted solely in the context of relative valuation between the various basins over time. Capital IQ aggregates this raw data, and Mercer Capital does not represent or warrant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

Appendix B

Production

Daily Production of Crude Oil

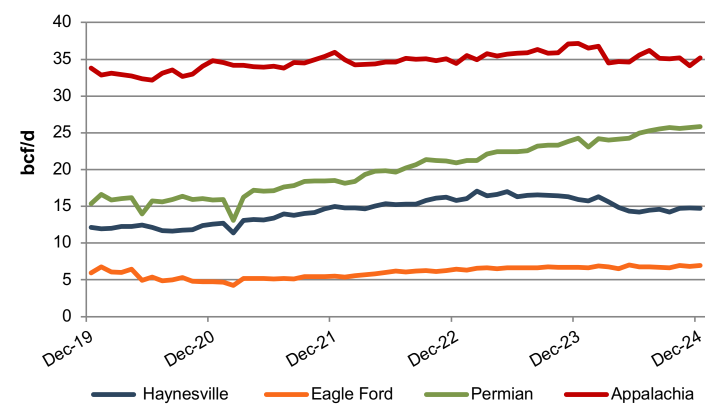
Oil production in the Eagle Ford increased by 10.2% in the twelve months ending 2024. Oil production increased by 4.2% for the Permian over the same twelve-month span. Oil production in the gas-focused Appalachia and Haynesville declined by 0.9% and 6.4%, respectively, from a year ago.



Source: EIA

Daily Production of Natural Gas

The Permian led the analyzed regions in natural gas production growth at 6.6% over the last year to end Q4 2024. The Eagle Ford followed, with natural gas production increasing by 3.1% over the same period. Appalachian and Haynesville basins declined in natural gas production levels, falling by 5.2% and 7.7%, respectively, from a year ago.



Source: EIA

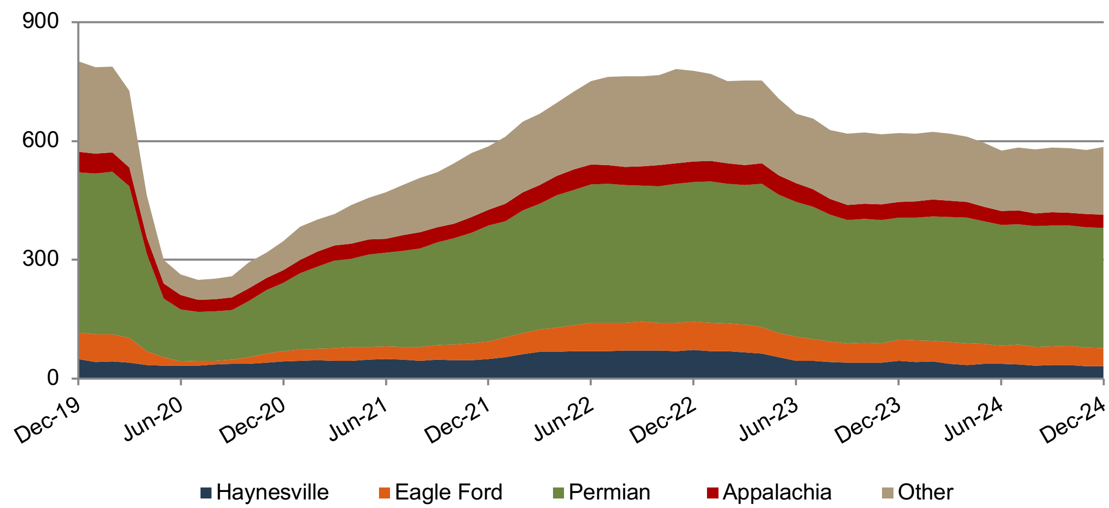
Appendix C

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 December 2024 was 585, which represents a 5.6% decrease from 620 in December 2023. Rig counts declined across all four of the regions covered. The Permian was the most resilient of the regions, with only five less than the 309 rigs a year ago, representing a 1.6% decrease. The Eagle Ford and Appalachian basins both posted declines on the order of around 15%, while the Hayneville experienced the most pronounced 1-year drop in rig counts, ending Q4 2024 with a year-over-year decline of nearly 30%.

Rig Count by Region

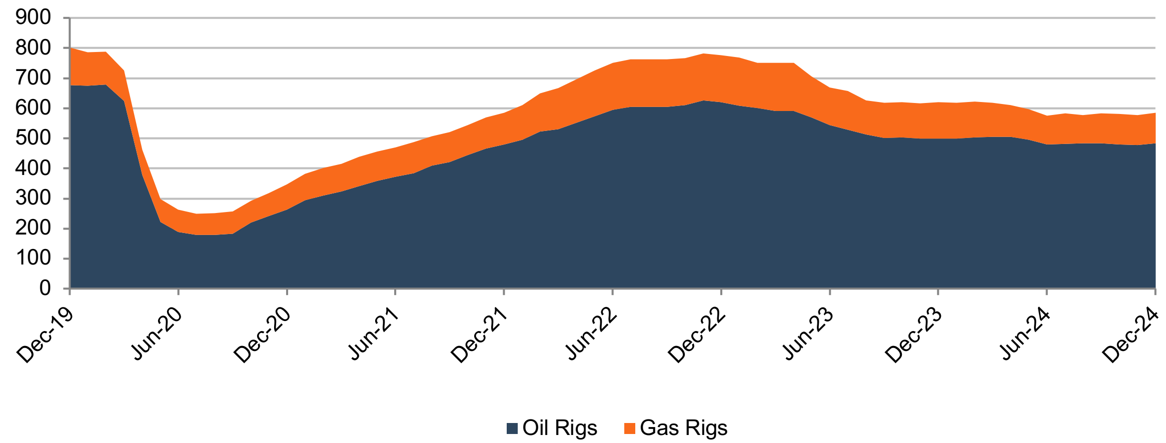


Source: Baker Hughes

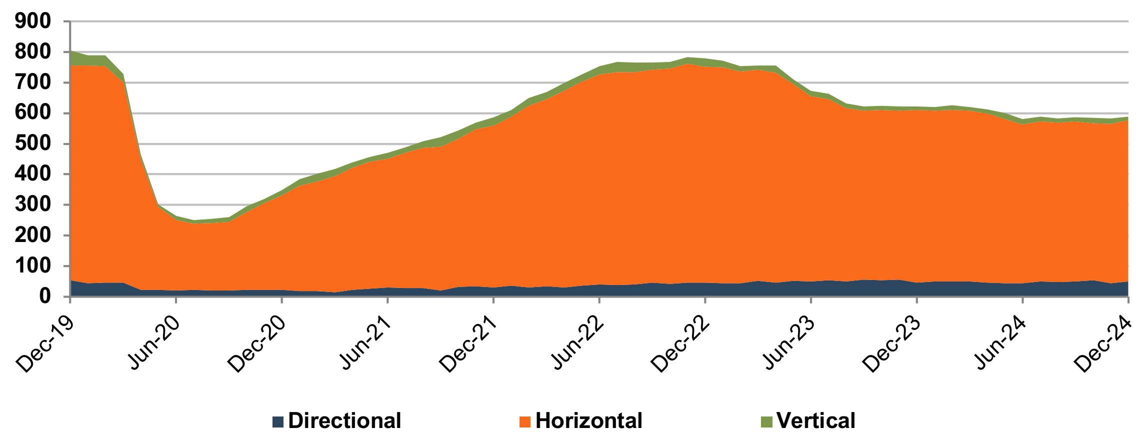
Appendix C

Rig Count

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



U.S. Rig Count by Trajectory



Source: Baker Hughes

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