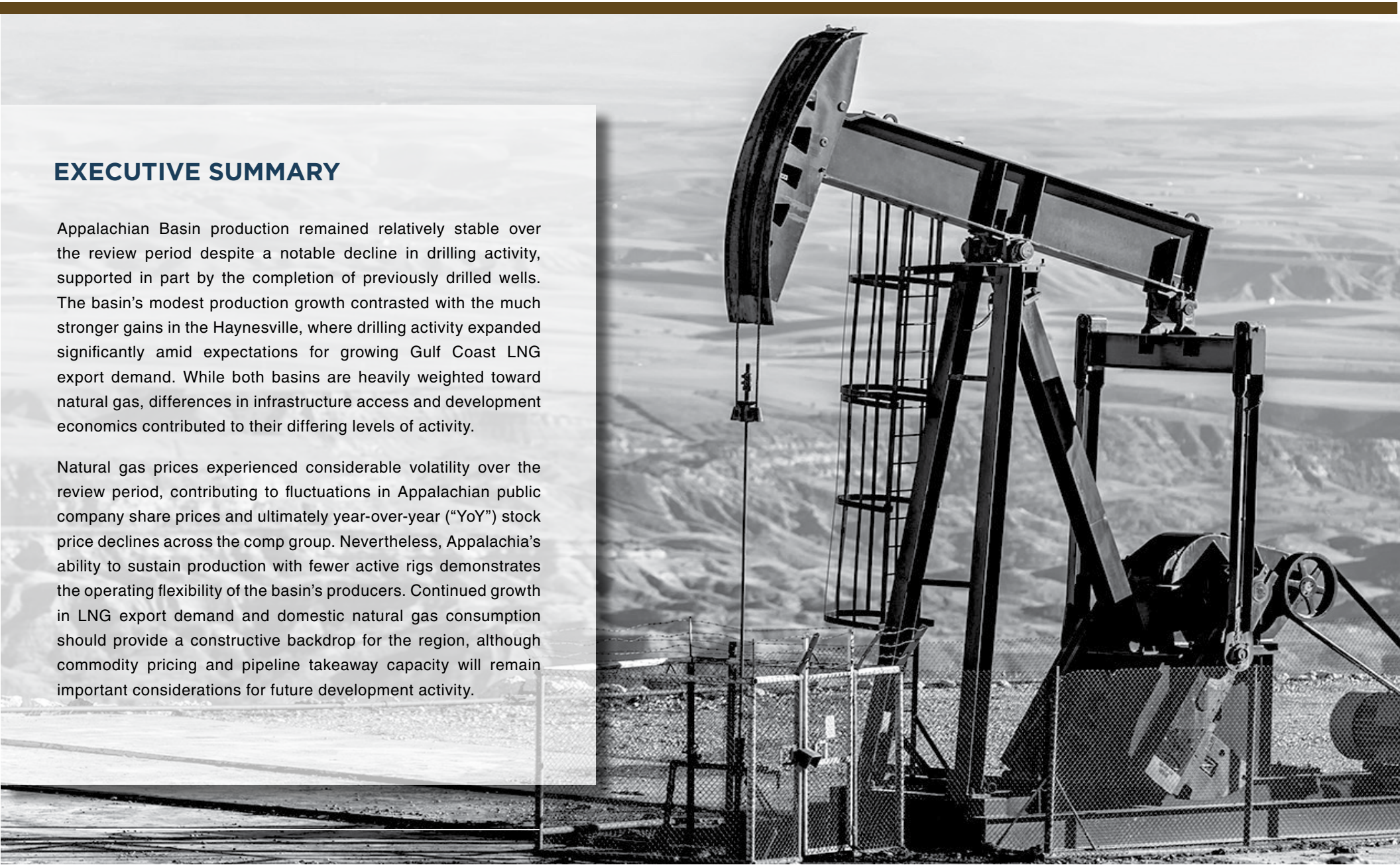
MERCER CAPITAL | VALUATION & ADVISORY SERVICES

Q3 2026

VALUE FOCUS | EXPLORATION & PRODUCTION



EXECUTIVE SUMMARY

Appalachian Basin production remained relatively stable over the review period despite a notable decline in drilling activity, supported in part by the completion of previously drilled wells. The basin's modest production growth contrasted with the much stronger gains in the Haynesville, where drilling activity expanded significantly amid expectations for growing Gulf Coast LNG export demand. While both basins are heavily weighted toward natural gas, differences in infrastructure access and development economics contributed to their differing levels of activity.

Natural gas prices experienced considerable volatility over the review period, contributing to fluctuations in Appalachian public company share prices and ultimately year-over-year ("YoY") stock price declines across the comp group. Nevertheless, Appalachia's ability to sustain production with fewer active rigs demonstrates the operating flexibility of the basin's producers. Continued growth in LNG export demand and domestic natural gas consumption should provide a constructive backdrop for the region, although commodity pricing and pipeline takeaway capacity will remain important considerations for future development activity.

MERCER CAPITAL

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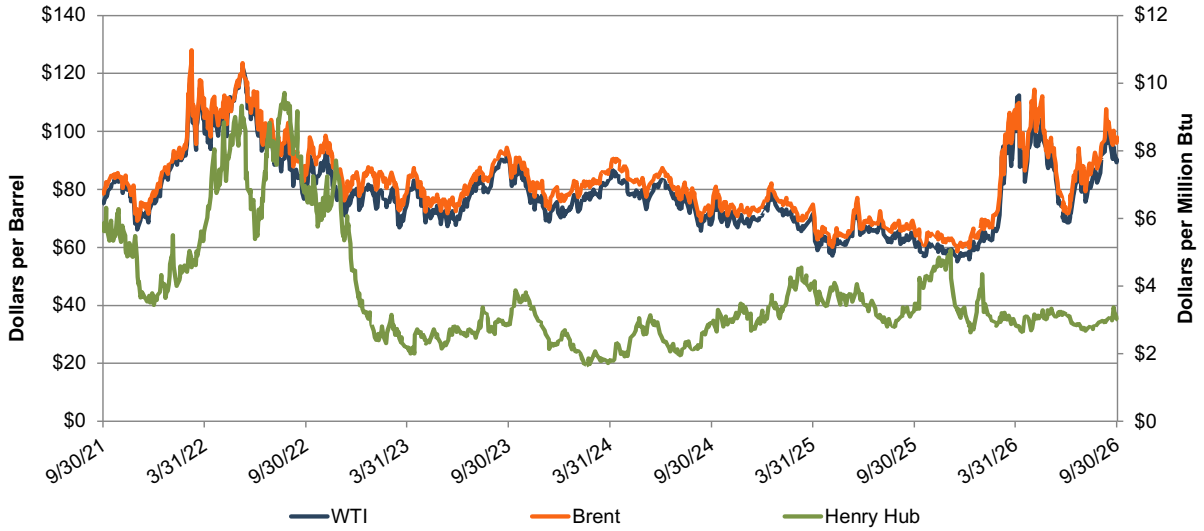
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Oil and Gas Commodity Prices

Oil prices, as benchmarked by West Texas Intermediate (WTI) and Brent Crude (Brent) front-month futures contracts, traded within comparatively narrow ranges through February 2026, declining modestly through December before recovering during January and February. Prices surged in late February following U.S. military strikes against Iran, which raised concerns over disruptions to crude oil shipments through the Strait of Hormuz. Subsequent disruptions to shipping traffic and the curtailment of crude oil production by several Middle Eastern countries contributed to considerably greater price volatility. WTI reached a review period high of $112.41/bbl in early April, while Brent peaked at $114.44/bbl in early May.

Both crude oil benchmarks subsequently declined sharply through May and June as negotiated ceasefires and expectations for the restoration of shipping traffic through the Strait of Hormuz eased concerns over near-term supply disruptions. A June 17 agreement between the United States and Iran aimed at restoring tanker traffic through the Strait contributed to the decline, with WTI and Brent falling to $69.23/bbl and $72.60/bbl, respectively, on June 26. Prices generally trended upward again during the third quarter as renewed military hostilities in the Middle East and continued restrictions on crude oil exports raised supply concerns. Despite considerable volatility during the final three months of the review period, WTI and Brent ended September at $90.42/bbl and $98.03/bbl, respectively.

Crude Oil and Natural Gas Prices



Source: Capital IQ

Oil and Gas Commodity Prices

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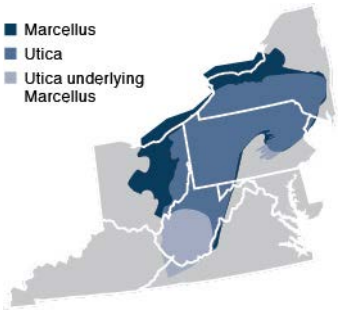
Henry Hub natural gas front-month futures prices began the review period at $3.30/MMBtu and climbed above $4.00/MMBtu in early October 2025. Prices continued to trend upward through November, reaching a review period high of $5.06/MMBtu in early December. The increase was supported by **rising LNG export** demand, colder weather forecasts, and increasing demand for natural gas as the winter heating season began. A sharp reversal followed in December as shifting weather forecasts pointed to milder temperatures and reduced heating demand. Henry Hub prices fell rapidly from their early December high, reaching $2.63/MMBtu in early January.

Natural gas prices rebounded sharply in late January as Winter Storm Fern brought unusually cold temperatures across much of the country, increasing heating demand and disrupting natural gas production. Henry Hub futures reached $4.35/MMBtu in late January before declining again to approximately $2.86/MMBtu by the end of February. Price volatility moderated considerably over the remainder of the review period, with Henry Hub generally trading between $2.60/MMBtu and $3.37/MMBtu from March through September in 2026. Strong natural gas production and relatively high storage inventories helped limit upward price pressure during the spring and summer months, despite increased natural gas demand for electricity generation during warmer weather. Henry Hub ended the review period at $3.03/MMBtu.

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Region Focus: Appalachia

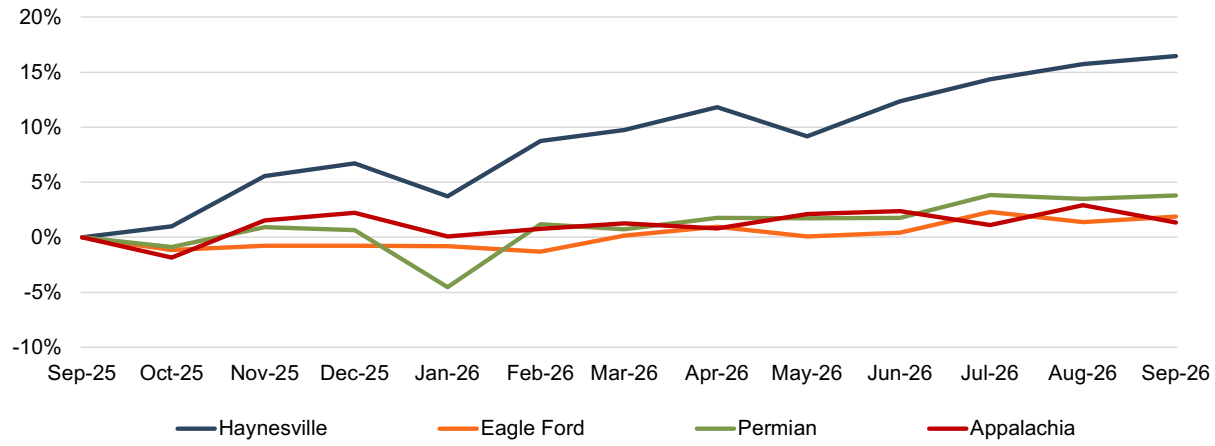
Production and Activity Levels



Appalachian production (on a gas-equivalent basis) increased approximately 1.3% over the latest twelve-month ("LTM") period, rising from 37.8 billion cubic feet equivalent per day ("bcfe/d") in September 2025 to 38.3 bcfe/d in September 2026. Production in Appalachia remained relatively stable throughout the review period, with fairly modest monthly fluctuations. Among the other major basins included in our analysis, the Eagle Ford and Permian also posted comparatively modest production growth of 1.9% and 3.8%, respectively. Eagle Ford production followed a similarly stable trend, while the Permian experienced a notable, but temporary, decline in January 2026, reflecting weather-related **disruptions** to oil and gas operations across West Texas during Winter Storm Fern. Production recovered to 69.6 bcfe/d in February and generally trended upward over the remainder of the review period.

The Haynesville was the clear outlier among the four basins, with production increasing 16.5% YoY, from 15.1 bcfe/d in September 2025 to 17.6 bcfe/d in September 2026. While Haynesville production experienced somewhat greater month-to-month volatility than Appalachia and the Eagle Ford, its overall growth trend was substantially stronger, particularly during the latter half of the review period. The Haynesville's robust production growth reflected increased drilling activity supported by expectations for stronger natural gas demand from expanding Gulf Coast LNG export capacity.

1-Year Change in Production



Source: Energy Information Administration

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Region Focus: Appalachia

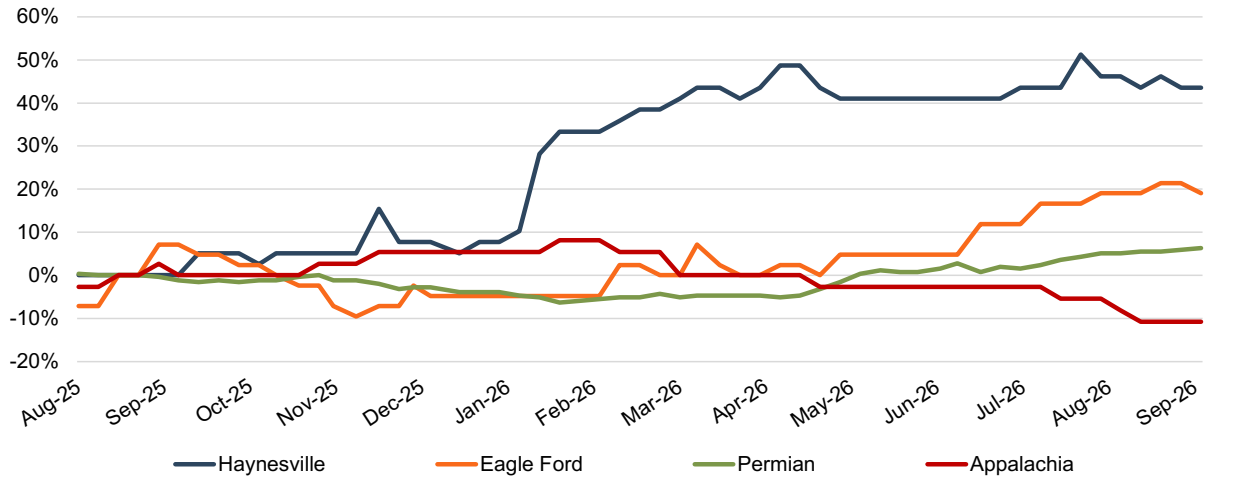
Production and Activity Levels

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Appalachia posted the only YoY decline in rig count among the four basins covered, falling 11% from 37 active rigs in September 2025 to 33 rigs in September 2026. Appalachian rig counts increased modestly during the fourth quarter of 2025, reaching 39 rigs in December, and remained relatively stable at 39 to 40 rigs through mid-March. Rig activity began a general decline in late March, with the rig count gradually falling to its review period low of 33 rigs in early September. The decline is consistent with continued capital discipline among Appalachian operators, who have emphasized **drilling efficiencies** and measured development activity, against a backdrop of pipeline takeaway constraints that continue to limit the pace of production growth in the region.

The other three basins posted YoY rig count increases, led by the Haynesville, where active rigs rose 44%, from 39 in September 2025 to 56 in September 2026. After remaining relatively stable through January, Haynesville activity increased sharply in February, peaked at 58 rigs in early May, and then stabilized in the mid-50s. The increase reflected improving drilling economics and expectations for stronger natural gas demand from expanding Gulf Coast LNG export capacity. Compared with Appalachia, the Haynesville's proximity to Gulf Coast export facilities and **less constrained pipeline** infrastructure provided operators with a stronger near-term incentive to add rigs.

1-Year Change in Rig Count



Note: Based on weekly rig count data.

Source: Baker Hughes

Region Focus: Appalachia

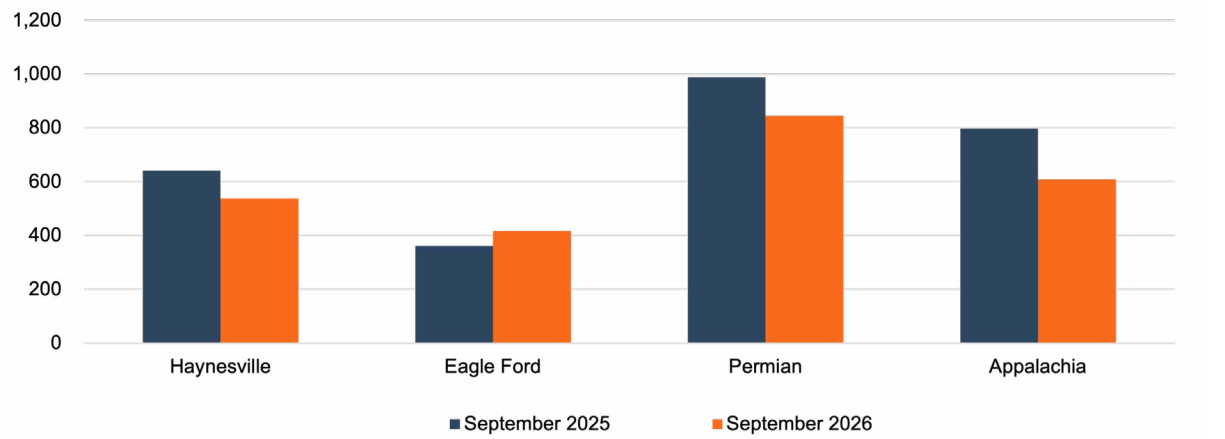
Production and Activity Levels

(cont.)

The Eagle Ford posted the second-largest YoY rig count increase at 19%, rising from 42 to 50 active rigs, while the Permian increased 6%, from 254 to 270 rigs. Both basins experienced declining rig counts during the first several months of the review period before recovering during 2026. The Permian reached a low of 238 rigs in February before trending upward through September, while the Eagle Ford experienced its strongest rig count growth during the latter portion of the review period.

One factor that likely contributed to Appalachia's ability to maintain relatively stable production despite declining rig counts was the drawdown in its inventory of drilled but uncompleted ("DUC") wells. DUCs are wells that have been drilled but have not yet undergone the completion activities necessary to begin production. By completing these previously drilled wells, operators can bring additional production online without deploying additional drilling rigs. Appalachia's DUC inventory declined approximately 24% over the review period, falling from 796 wells in September 2025 to 608 wells in September 2026. The Permian also experienced a notable drawdown in DUC inventory, declining approximately 15% from 989 to 844 wells, which likely helped support production growth despite a relatively modest increase in drilling activity.

Drilled but Uncompleted Wells (DUCs)



Source: Energy Information Administration

Region Focus: Appalachia

Financial Performance

The Appalachian public comp group posted YoY stock price declines over the latest twelve-month period, with Antero Resources (AR) and Range Resources (RRC) declining a modest 0.5% and 1.6%, respectively, while EQT Corporation (EQT) posted a larger decline of 10.8%. Despite these relatively modest full-period changes, the three companies experienced considerable stock price volatility during the review period, generally following similar directional movements. Share prices trended upward through late November and early December 2025, alongside **strengthening** natural gas prices and expectations for increased winter heating demand. A sharp reversal followed through the end of December and into early January, coinciding with warmer weather forecasts that reduced near-term natural gas demand expectations and contributed to declining commodity prices.

The comp group's share prices subsequently recovered, climbing sharply from mid-January through late March 2026. The initial recovery coincided with increased natural gas demand and prices associated with Winter Storm Fern. The group's share prices continued to rise during March alongside the **military hostilities** involving Iran that disrupted global energy markets, including LNG shipments from the Middle East, and increased interest in U.S. natural gas and natural gas liquids ("NGL") supplies. Share prices subsequently declined through late June, a period marked by relatively subdued domestic natural gas prices amid strong production and ample inventories, while easing concerns over international supply disruptions reduced some of the earlier upward pressure on global energy prices.

Share prices generally recovered during July and August this year, particularly for Antero and Range Resources, before declining again during September as expectations for relatively high natural gas inventories heading into the winter heating season weighed on market sentiment. EQT notably underperformed the other two companies beginning in July, potentially reflecting greater sensitivity to subdued domestic natural gas prices. EQT's second quarter earnings fell short of analyst expectations amid lower realized natural gas prices, while Antero and Range benefited from **stronger NGL** price realizations and favorable operating developments. Although all three companies ended the review period below their year-earlier share prices, their movements continued to reflect investor expectations regarding natural gas fundamentals and the growing importance of U.S. energy supplies to international markets.

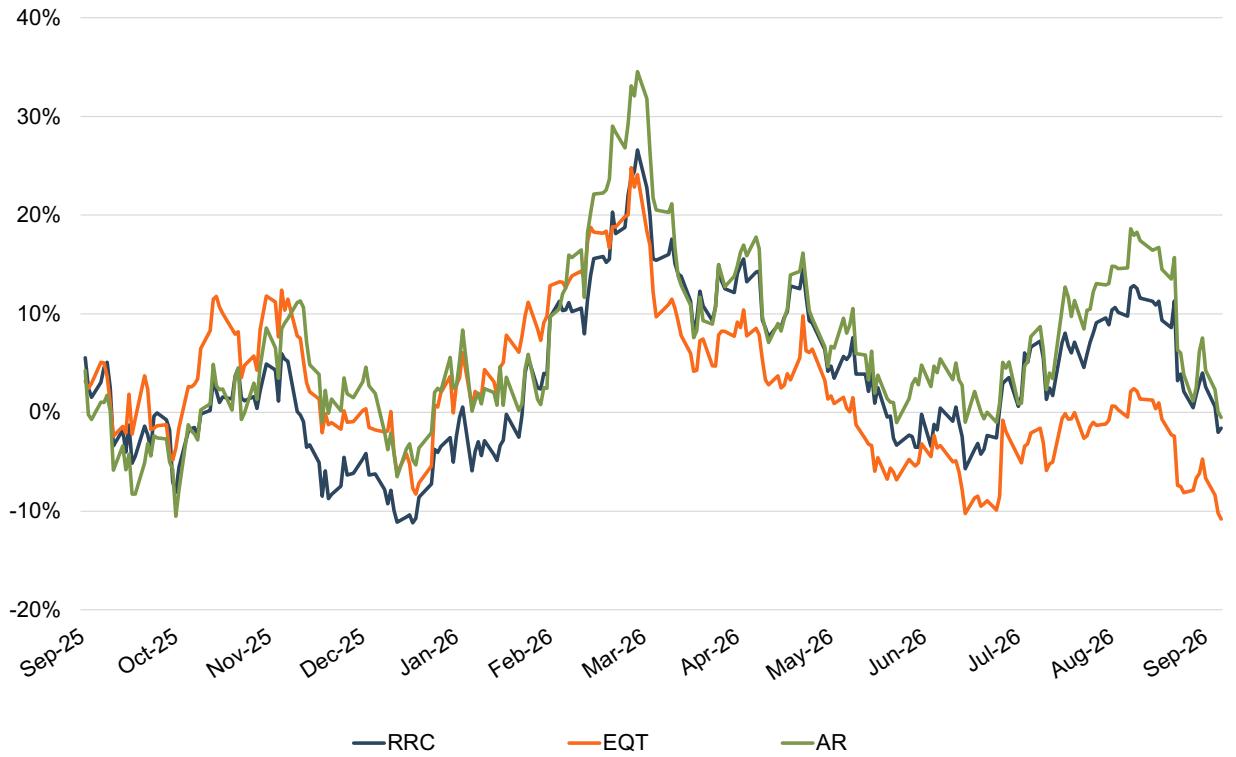
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Region Focus: Appalachia

Financial Performance

(cont.)

1-Year Change in Stock Price



Source: Capital IQ

Market Valuations & Transaction History

Appalachian Basin M&A Update

Overview

Merger and acquisition activity in the Appalachian Basin was selective from October 2025 through September 2026, but the market was more varied than the prior period's emphasis on smaller bolt-ons and structured capital programs. The disclosed transactions ranged from a $3.9 million sale of overriding royalty interests to Antero Resources' $2.8 billion acquisition of a large West Virginia Marcellus position from HG Energy II. The review period also included a $550 million non-operated Marcellus acquisition by an international buyer, a multi-basin mineral acquisition program, and two transactions involving a buyer pursuing natural gas-powered data center development in Pennsylvania.

The mix matters as much as the headline values. The period did not produce a broad consolidation wave across the Marcellus and Utica. Instead, activity concentrated around assets that offered scale, strategic alignment, existing production, or a specialized ownership position. The transactions also illustrate why Appalachian valuation benchmarks require careful interpretation. The observed transactions span different ownership rights and asset profiles, including operated, non-operated working interests, overriding royalty interests, and packages combining mineral, surface, and infrastructure-related assets. Their economics also vary based on existing production, undeveloped inventory, development obligations, operating control, and the specific rights conveyed.

Date	Buyer	Seller or Asset	Transaction Type	Consideration
Dec. 8, 2025	Antero Resources	HG Energy II West Virginia Marcellus assets	Operated Working Interests	$2.8 billion cash, plus assumption of HG's hedge book
Dec. 8, 2025	Infinity Natural Resources and Northern Oil and Gas	Antero Resources Ohio Utica assets	Operated and Non-Op. Working Interests	$800 million upstream; related midstream sold separately for $400 million
May 4, 2026	Undisclosed private buyer	Epsilon Energy overriding royalty interests	Royalty or ORRI	$3.9 million

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Market Valuations & Transaction History

Appalachian Basin M&A Update

(cont.)

Date	Buyer	Seller or Asset	Transaction Type	Consideration
June through August 2026	WhiteHawk Minerals	Multiple sellers, including SJM II	Mineral and royalty	$111.8 million across Appalachia and Haynesville; Appalachian allocation not disclosed
July 29, 2026	Antero Resources	West Virginia Marcellus properties	Working and royalty	$315 million
Aug. 11, 2026	Alpha Compute Management and Alpha Compute Corp.	Northern Pennsylvania mineral, surface, and pore-space rights	Mineral, surface, and pore space	$55.0 million base purchase price
Sept. 16, 2026	POSCO International	Chord Energy non-operated Marcellus assets	Non-operated assets	$550 million gross consideration
Sept. 22, 2026	Alpha Compute Corp.	Operating Pennsylvania oil and gas business assets	Operating assets and real estate	$5.5 million

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Market Valuations & Transaction History

Appalachian Basin M&A Update

(cont.)

Antero Resources and HG Energy II

On December 8, 2025, **Antero Resources announced** an agreement to acquire HG Energy II's West Virginia Marcellus upstream assets for $2.8 billion in cash, plus the assumption of HG's hedge book. The assets were expected to add approximately 850 MMcfe per day of 2026 production, 385,000 net acres, and more than 400 gross drilling locations with an average lateral length of approximately 20,300 feet.

Antero cited a purchase price equal to approximately 3.7x projected 2026 EBITDAX, an expected 2026 free cash flow yield above 18%, and approximately $950 million of PV-10 synergies over ten years. Those disclosures show that Antero's acquisition case depended on more than current production. The large acreage position, long-lateral inventory, hedge book, and expected operating synergies were all components of the announced economics.

Antero Resources Ohio Utica Divestiture

As part of the same strategic repositioning, Antero agreed to sell its Ohio Utica upstream assets to Infinity Natural Resources and Northern Oil and Gas for $800 million in cash. The related midstream assets were sold separately for $400 million. Antero reported expected 2026 production of approximately 150 MMcfe per day for the upstream assets and an implied valuation of approximately 8.0x projected 2026 EBITDAX, with a projected 2026 free cash flow yield of approximately 7%.

In the divested assets by Antero, Northern Oil and Gas acquired a 40% interest in the combined upstream and midstream package for $480 million. The interest was reduced from NOG's originally announced 49% interest for $588 million on the same pro rata terms as part of the pending joint acquisition with Infinity. Of NOG's consideration, 67% was allocated to upstream assets and 33% to midstream assets. NOG's 40% share included approximately 29,000 net acres, expected 2026 production of 53 MMcfe per day, and more than 100 gross undeveloped locations.

WhiteHawk Minerals Acquisition Program

From June through August 2026, WhiteHawk Minerals entered into nine mineral and royalty acquisitions with aggregate consideration of $111.8 million. The acquired interests covered the Marcellus, Utica, and Haynesville, and the transaction disclosure indicated that most of the purchase price related to SJM II's Marcellus and Utica assets. An Appalachian-only allocation was not disclosed. The acquisition program followed WhiteHawk's June 2026 IPO, as discussed in a previous post, **WhiteHawk Minerals Enters the Public Market.**

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Market Valuations & Transaction History

Appalachian Basin M&A Update

(cont.)

Across the combined acquisition program, the interests included more than 1,700 producing wells, 160 wells in process, 85 permitted locations, and 2,500 undeveloped locations. Expected production was approximately 16 MMcfe per day in 2027 and 17 MMcfe per day in 2028. Because the disclosed consideration and operating statistics include Haynesville assets, the $111.8 million aggregate value should not be treated as a stand-alone Appalachian transaction benchmark. The program nevertheless demonstrates continued demand for diversified mineral and royalty exposure to long-lived natural gas development.

POSCO International and Chord Energy

On September 16, 2026, **Chord Energy announced** an agreement to sell its non-operated Marcellus position in northeast Pennsylvania to POSCO International for gross consideration of $550 million. The assets included approximately 32,000 net acres and trailing-12-month production of approximately 121 MMcf per day. Production was entirely residue gas, with no natural gas liquids.

Chord reported a transaction value of approximately 6.0x adjusted EBITDA using a $3.50 per MMBtu Henry Hub price assumption. The acquisition is notable for both the buyer and the ownership structure. POSCO added direct exposure to U.S. natural gas through a non-operated interest, obtaining existing production and development potential without assuming operatorship. The transaction also shows that large Appalachian gas positions continue to attract international strategic capital.

Outlook

The transactions announced through September 2026 point to a market that can support large Appalachian deals when assets offer meaningful scale and a clear strategic fit. At the same time, most of the identified activity occurred outside a traditional whole-company consolidation. Non-operated interests, minerals and royalties, and integrated asset packages gave buyers several ways to obtain natural gas exposure while tailoring capital requirements and operating risk.

Future activity is likely to remain selective. Portfolio repositioning by established producers could create additional opportunities, while international buyers may continue to seek direct U.S. gas exposure. Growing interest in gas-fired power for data centers may also expand the buyer universe for assets that combine resource ownership with surface access and infrastructure. Valuations will remain sensitive to commodity price assumptions, takeaway access, drilling inventory, development timing, operatorship, and the precise legal and economic rights conveyed.

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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 9/30/2026		
Company Name	Ticker	9/30/2026 Enterprise Value	YoY % Change in Stock Price	EBITDAX Margin	R/P Ratio (Years)	Daily Oil Equiv. Production (mboe/d)	EV/ EBITDAX	Price per Flowing Barrel*
Global Integrated								
Exxon Mobil Corp	XOM	$707,725	44.3%	22.6%	10.5	4,609	7.4x	$153,565
Shell PLC	SHEL	314,240	33.2%	22.7%	6.9	2,915	4.2	107,808
Chevron Corp	CVX	434,799	31.5%	32.7%	7.1	4,071	5.8	106,814
BP PLC	BP.	166,202	27.5%	21.5%	7.3	2,185	3.6	76,082
Equinor ASA	EQNR	107,760	70.9%	42.6%	6.2	2,212	2.3	48,724
Group Median			**33.2%**	**22.7%**	**7.1**	**2,915**	**4.2x**	**$106,814**
Global E&P								
ConocoPhillips	COP	$165,945	32.3%	48.5%	9.0	2,326	5.3	$71,341
Occidental Petroleum Corporation	OXY	74,698	17.1%	60.4%	8.8	1,459	4.8	51,198
Murphy Oil Corporation	MUR	7,232	30.3%	66.7%	10.9	179	3.5	40,482
Group Median			**30.3%**	**60.4%**	**9.0**	**1,459**	**4.8x**	**$51,198**

Source: Capital IQ

- *Price per Flowing Barrel is EV/ daily production ($/boe/d). Market data per Capital IQ. Daily Production based on Q3 2026 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.*

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Appendix A

Selected Public Company Information

						as of 9/30/2026		
Company Name	Ticker	9/30/2026 Enterprise Value	YoY % Change in Stock Price	EBITDAX Margin	R/P Ratio (Years)	Daily Oil Equiv. Production (mboe/d)	EV/ EBITDAX	Price per Flowing Barrel*
Permian Basin								
Diamondback Energy, Inc.	FANG	$69,708	28.4%	70.1%	10.8	1,036	5.5x	$67,271
Permian Resources Corporation	PR	20,708	65.0%	75.0%	7.6	464	4.0	44,615
Devon Energy Corporation	DVN	63,884	31.3%	55.3%	7.9	1,675	4.2	38,129
APA Corporation	APA	18,914	71.1%	69.7%	7.0	434	3.2	43,581
Group Median			**48.2%**	**69.9%**	**7.7**	**750**	**4.1x**	**$44,098**
Eagle Ford								
EOG Resources, Inc.	EOG	$75,602	22.9%	58.6%	10.7	1,416	4.5x	$53,378
Magnolia Oil & Gas Corporation	MGY	5,684	-1.6%	77.0%	5.5	160	3.2	35,458
Crescent Energy Company	CRGY	9,173	44.5%	61.5%	9.9	325	3.1	28,195
Group Median			**22.9%**	**61.5%**	**9.9**	**325**	**3.2x**	**$35,458**

Source: Capital IQ

- *Price per Flowing Barrel is EV/ daily production ($/boe/d). Market data per Capital IQ. Daily Production based on Q3 2026 consensus estimates per Capital IQ as available*
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						as of 9/30/2026		
Company Name	Ticker	9/30/2026 Enterprise Value	YoY % Change in Stock Price	EBITDAX Margin	R/P Ratio (Years)	Daily Gas Equiv. Production (mmcfe/d)	EV/ EBITDAX	Price per Daily MCFE*
Haynesville								
Expand Energy Corporation	EXE	$22,532	-20.8%	63.9%	9.5	7,525	3.9x	$2,994
Comstock Resources, Inc.	CRK	7,327	-37.9%	63.1%	15.7	1,439	6.2	5,093
Group Median			**-29.4%**	**63.5%**	**12.6**	**4,482**	**5.0x**	**$4,043**
Appalachia								
Range Resources Corporation	RRC	$9,671	-1.6%	47.2%	21.3	2,524	5.7x	$3,831
EQT Corporation	EQT	39,522	-10.8%	63.8%	11.8	6,378	7.1	6,197
Antero Resources Corporation	AR	14,881	-0.5%	43.7%	14.8	4,306	5.1	3,456
Group Median			**-1.6%**	**47.2%**	**14.8**	**4,306**	**5.7x**	**$3,831**
OVERALL MEDIAN			**29.4%**	**59.5%**	**9.2**	**N/A**	**4.4x**	**N/A**

Source: Capital IQ

- *Price per Daily MCFE is EV/ daily production ($/mcfe/d). Market data per Capital IQ. Daily Production based on Q3 2026 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 $500 million.*
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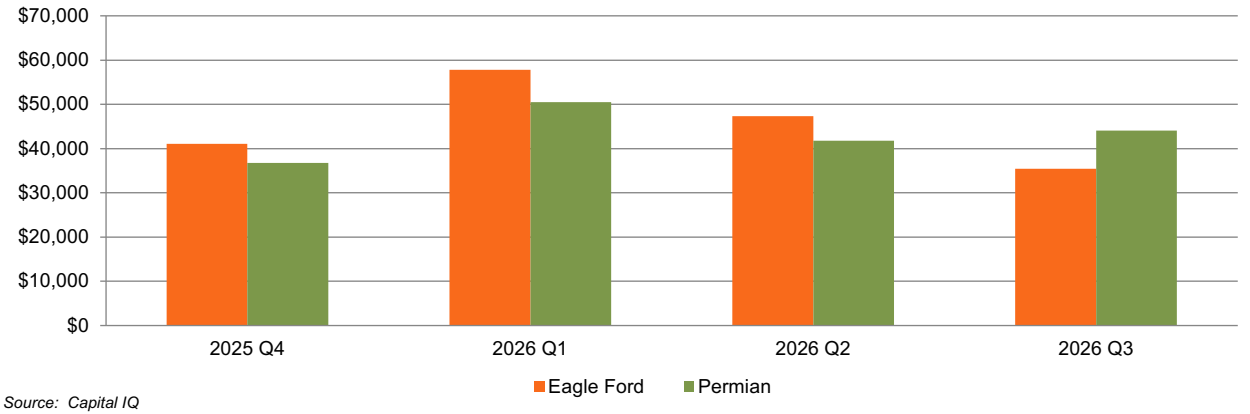
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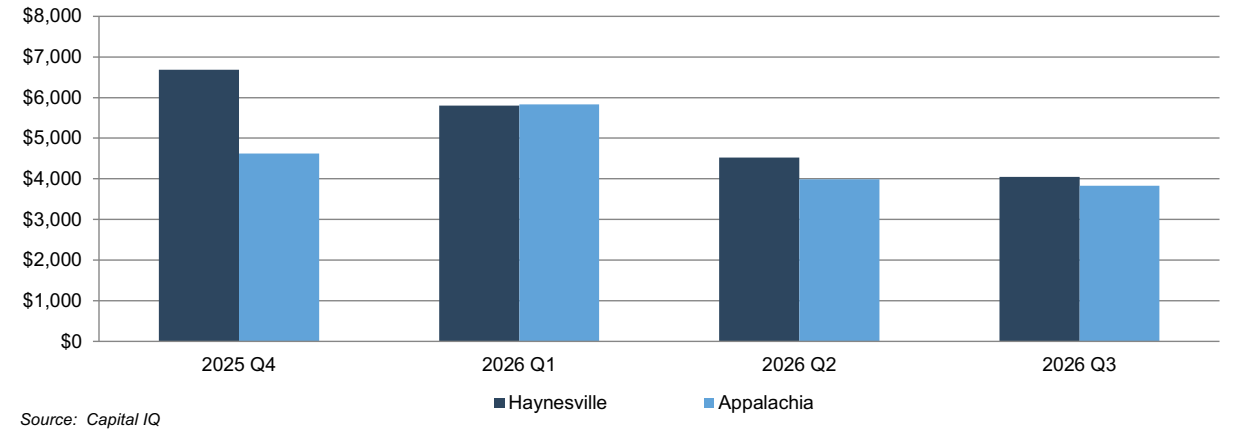
The following graphs depict the median of EV/production multiples from Q4 2025 through Q3 2026. The production multiples are segregated in the graphs by primarily oil-producing regions ($/boe/d) and primarily gas-producing regions ($/mcfe/d).

Price per Flowing Barrel



Source: Capital IQ

Price per Daily MMCFE



Source: Capital IQ

- *Price per Flowing Barrel is EV/ daily production ($/boe/d). Price per Daily MCFE is EV/ daily production ($/mcfe/d). EBITDAX and daily production based on consensus estimates per Capital IQ*
- *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.*

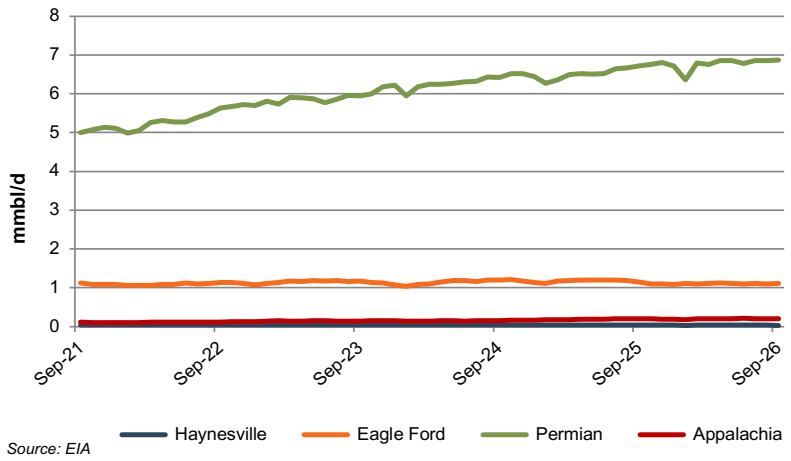
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Appendix B

Production

Daily Production of Crude Oil

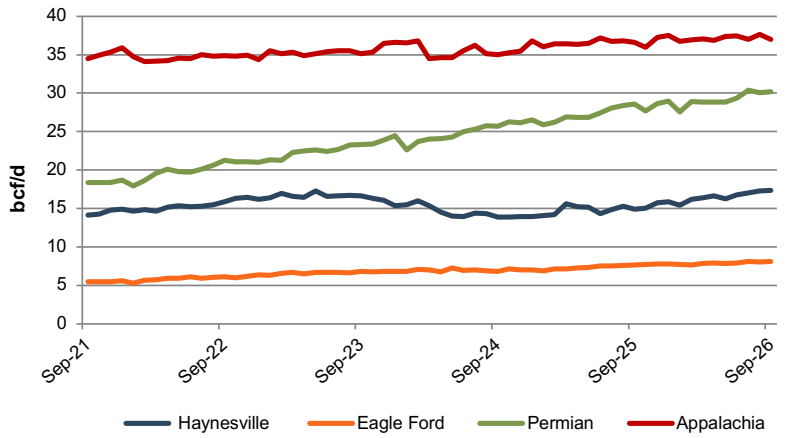
Oil production in the Permian increased 2.3% in the last twelve months through the end of the third quarter 2026. In the Eagle Ford, oil production fell 3.4% over the same period.



Source: EIA

Daily Production of Natural Gas

The Haynesville led the analyzed regions in natural gas production growth in the twelve months through Q3 2026, increasing 16.7%. Natural gas production in the Permian and Eagle Ford was 5.7% and 5.8% above levels one-year ago, respectively. Natural gas production in the Appalachian Basin rose slightly at 1.2% year-over-year.



Source: EIA

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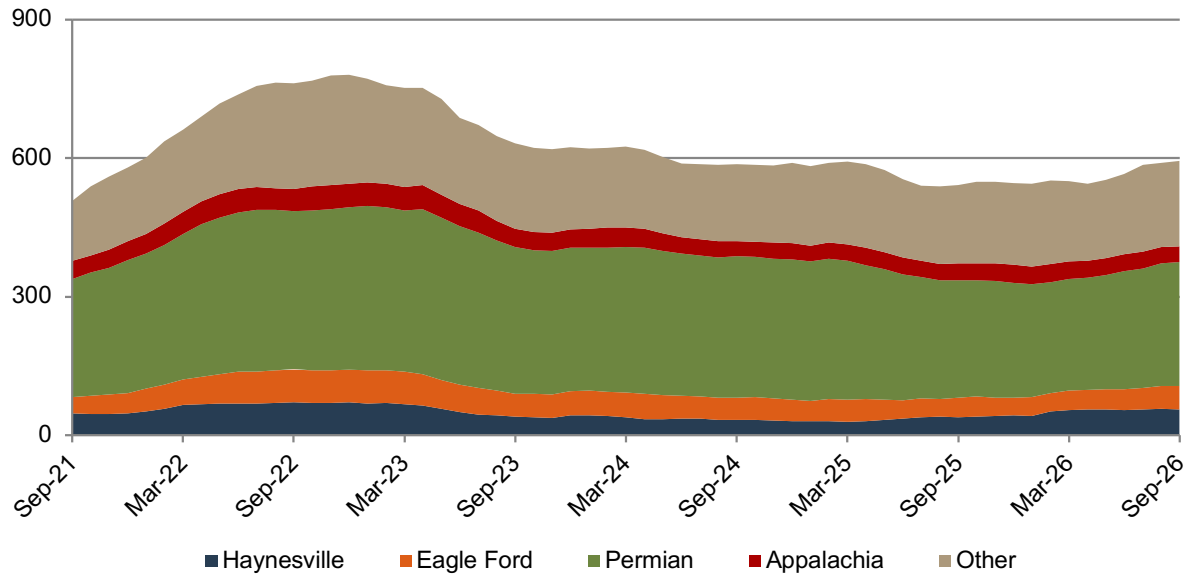
Appendix C

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. during September 2026 averaged 593, an increase of 9.5% from 542 in September 2025. Of the regions covered, only Appalachia saw a decline in rig count compared to a year ago, with the average number of rigs in September nearly 11% lower. Meanwhile, the average rig count in the Haynesville surged from 39 in September 2025 to 56 in September 2026, a 44% increase over the twelve-month period. The number of rigs in the Eagle Ford also showed significant improvement rising by about 20% over the last year with an average of 51 active rigs in September. The Permian ended the third quarter with an average of 269 active rigs during the month, 5.9% above the average for the month a year ago.

Rig Count by Region



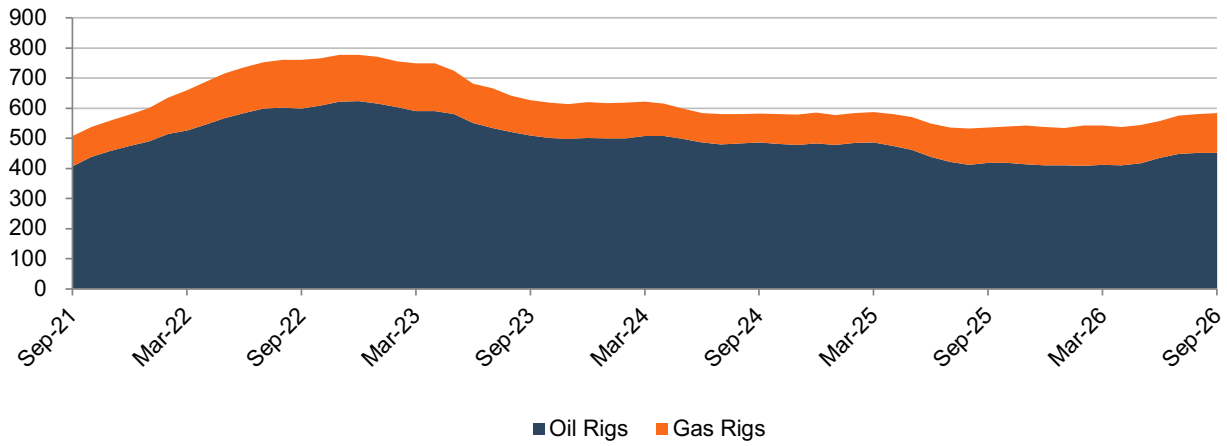
Source: Baker Hughes

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Appendix C

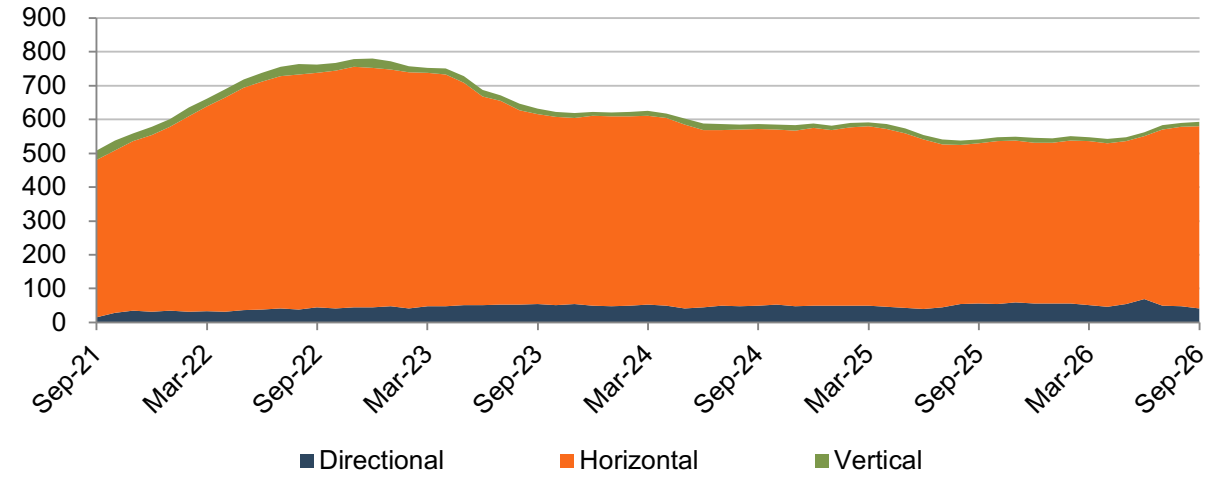
Rig Count

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



Source: Baker Hughes

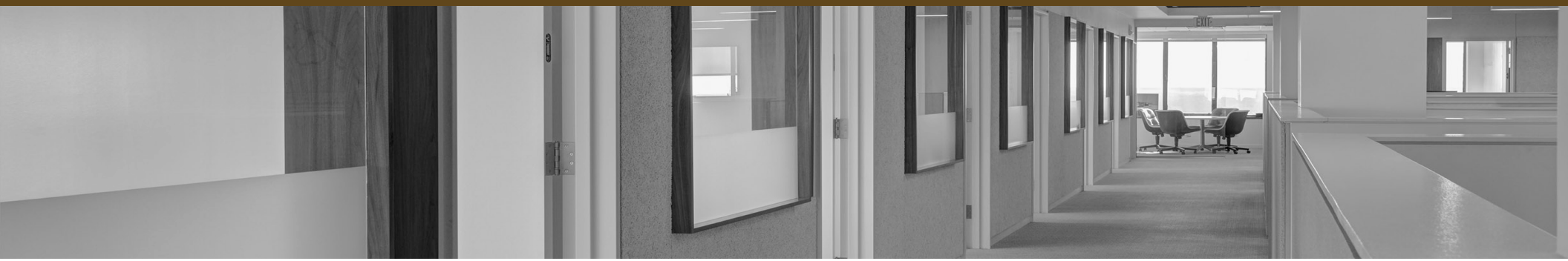
U.S. Rig Count by Trajectory



Source: Baker Hughes

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