



SPE DJ Basin

On The Shale 3.0 Fast Track

January 2024





Agenda

- **Introductions**
- **2024 North American Oil and Gas Outlook**
- **The DJ – On the Shale 3.0 Fast Track**
- **Q&A**

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Top Themes for 2024 N.A. O&G Markets

1. OPEC Steers Oil to \$90

Confidence in OPEC output discipline and slowing U.S. supply growth underpin our call, market has doubts.

2. LNG Delay and Warm Winter Pressure Gas Prices

Natural gas to remain in supply purgatory.

3. Onshore Well Costs to Fall 4% per Lateral Foot

Driven by efficiency gains and falling OCTG costs rather than lower rig or crew rates.

4. Onshore Cost Competition Will Heat Up

Midland-headquartered FANG and PR lead on Permian costs.

5. Inventory Will Drive E&P and Investor Decisions

Limited low-cost U.S. inventory to drive interest in Canadian oil.

6. Permian Oil Productivity to Stabilize

Wells-in-progress indicate declining density.

7. Quality and Execution Will Drive E&P Equities

Avoiding negative capital efficiency revisions will be paramount.

8. Permian M&A Will Slow

Lack of attractive in-basin targets will quiet down M&A.

9. Midland Barnett Will Make Headlines

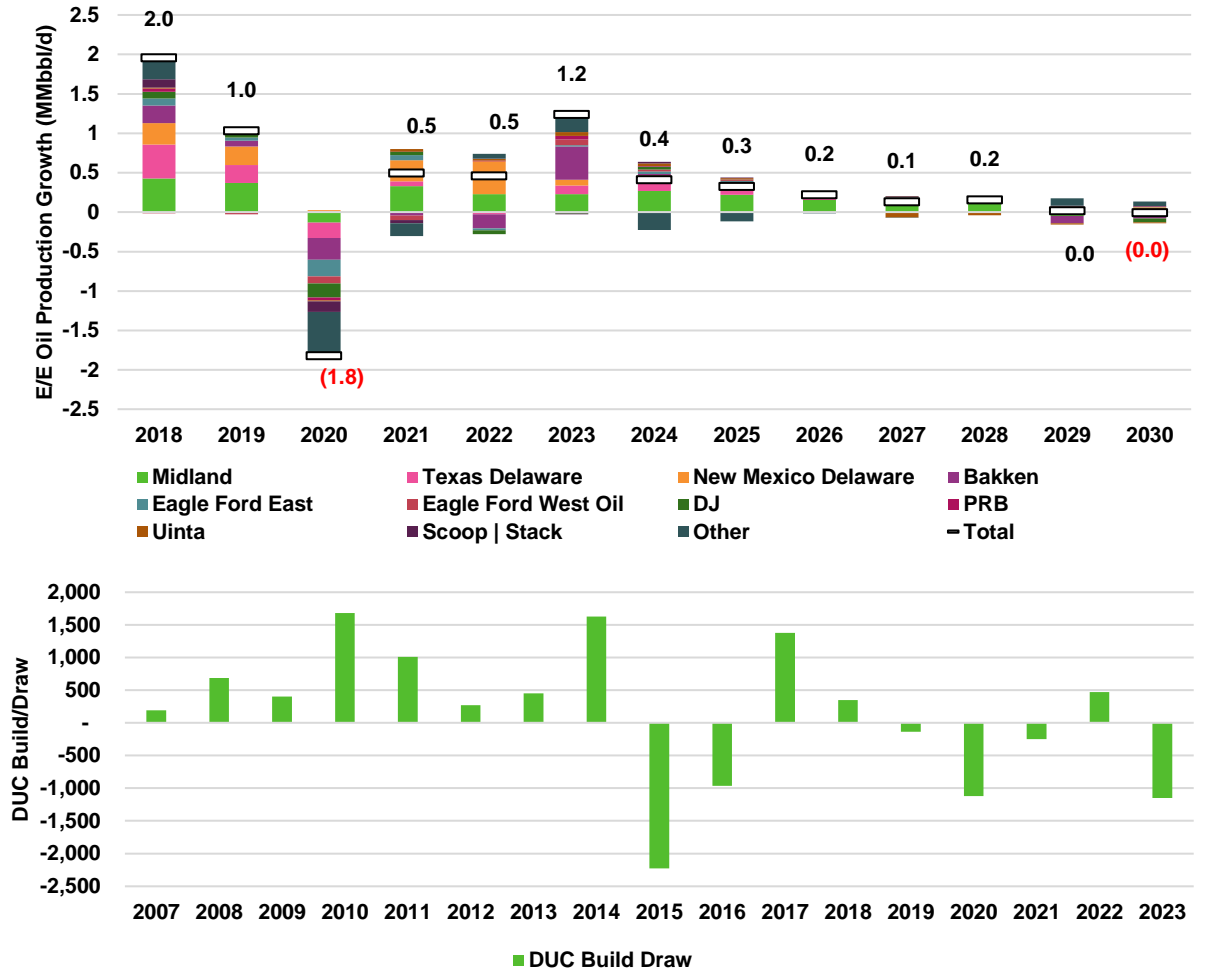
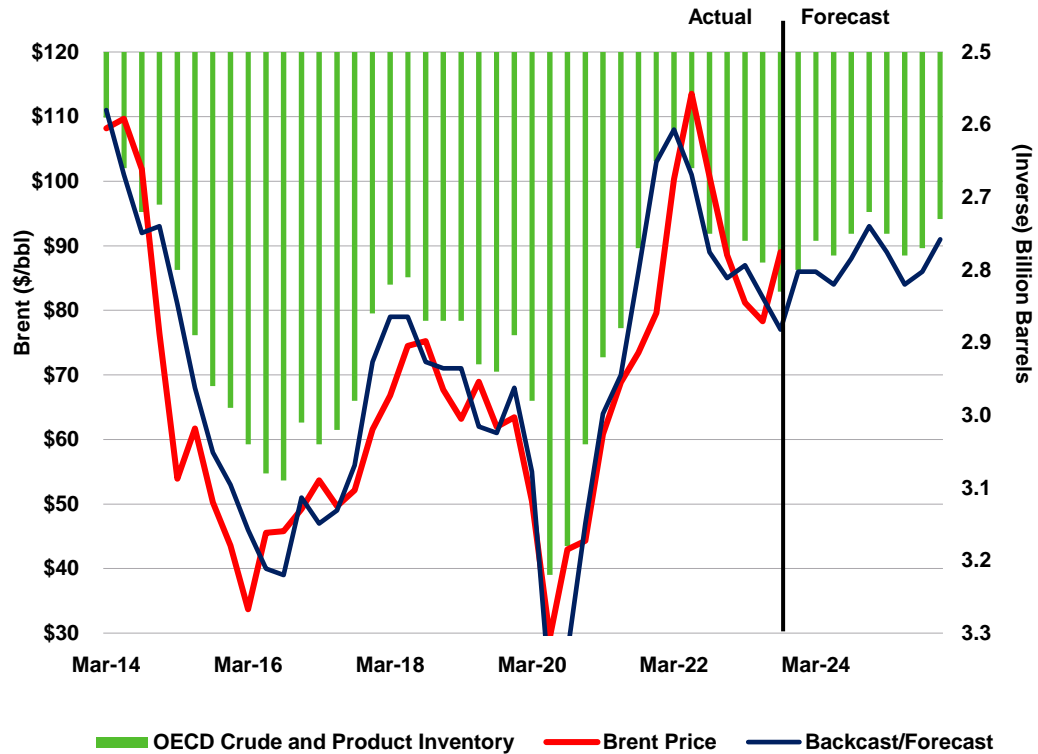
Competitive oil productivity and vertical isolation will drive more development in 2024.

10. Longer Laterals, More Development Creativity

Inventory constraints and a competitive land market will drive creative development strategies.

OPEC Will Steer Oil to \$90

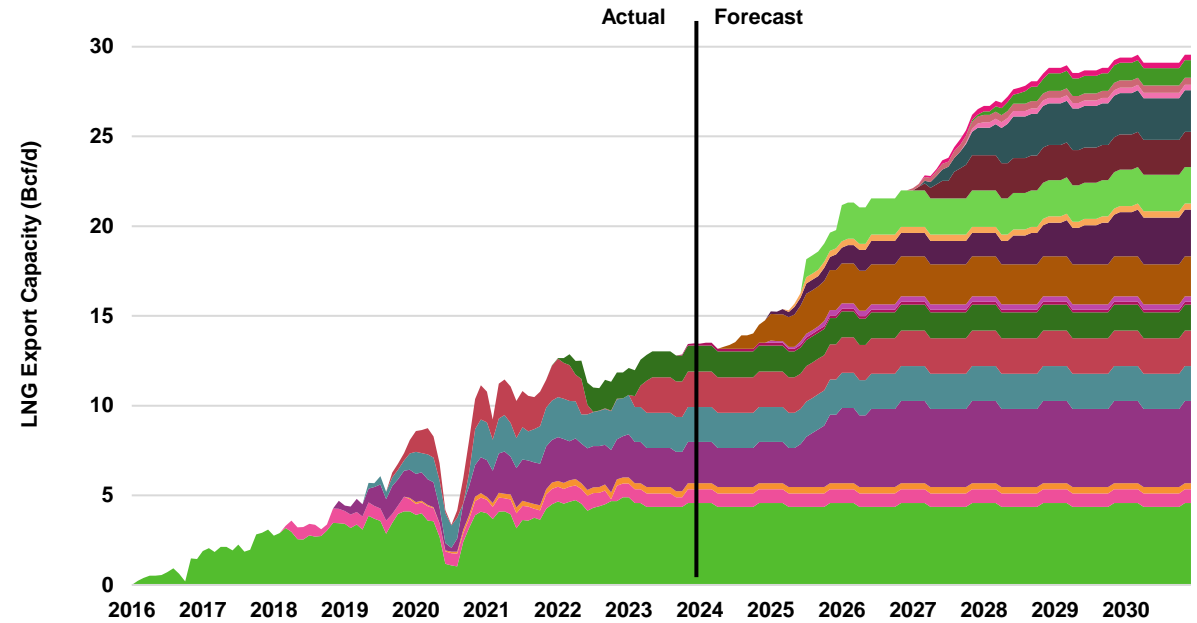
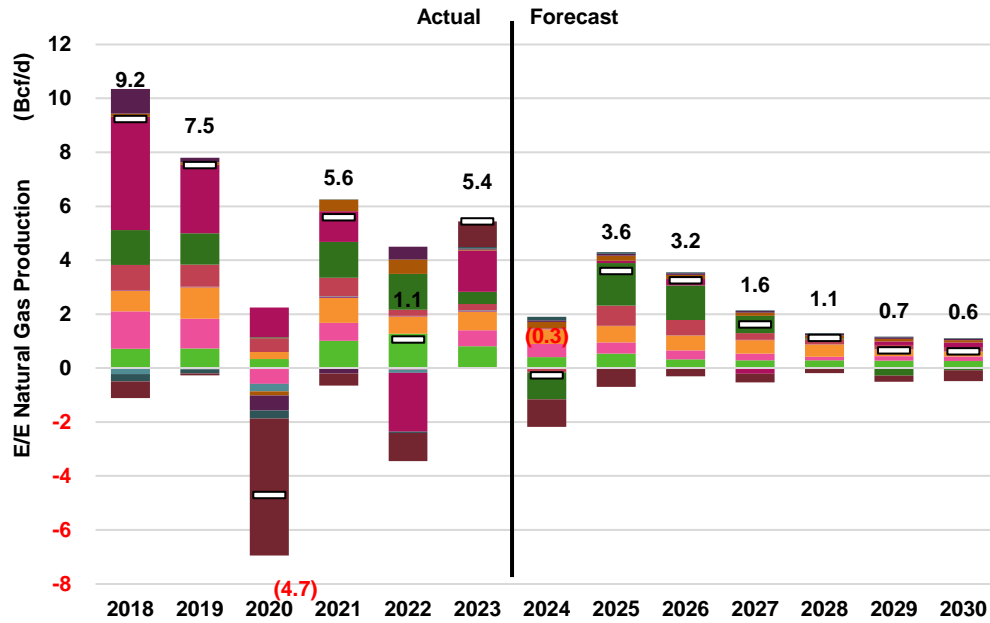
Belief in OPEC, Slowing U.S. Supply Growth Underpin Our Call, Market Has Doubts



Source | Enverus Intelligence® Research

LNG Delay, Warm Winter Pressure Gas Prices

Natural Gas Remains in Supply Purgatory



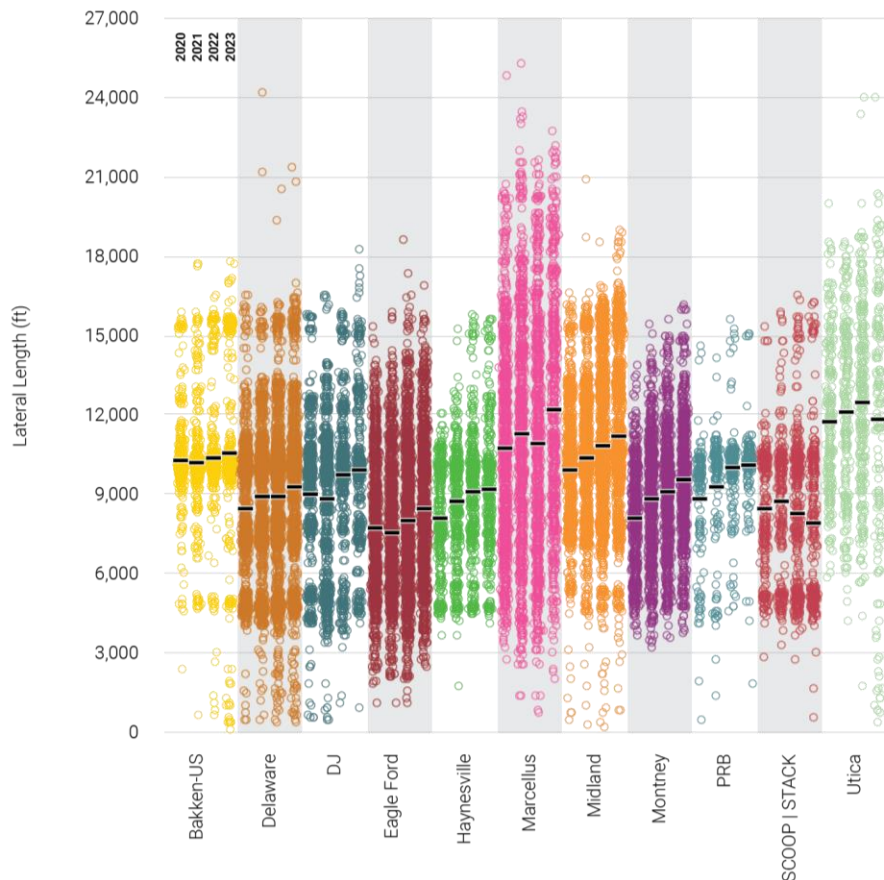
- New Mexico Delaware
- Other Permian Hz
- Louisiana Haynesville
- Scoop | Stack
- Total
- Texas Delaware
- Permian Vertical
- Appalachia
- Barnett
- Midland
- Texas Haynesville
- Eagle Ford Dry Gas
- Other

- Sabine Pass
- Cameron
- Fast LNG 2
- LNG Canada
- Delfin LNG
- Cove Point
- Freeport
- Golden Pass
- Port Arthur
- Saguaro
- Elba Island
- Calcasieu Pass
- Plaquemines
- Rio Grande
- Cedar LNG
- Corpus Christi
- Fast LNG
- Energia Costa Azul
- Woodfibre LNG

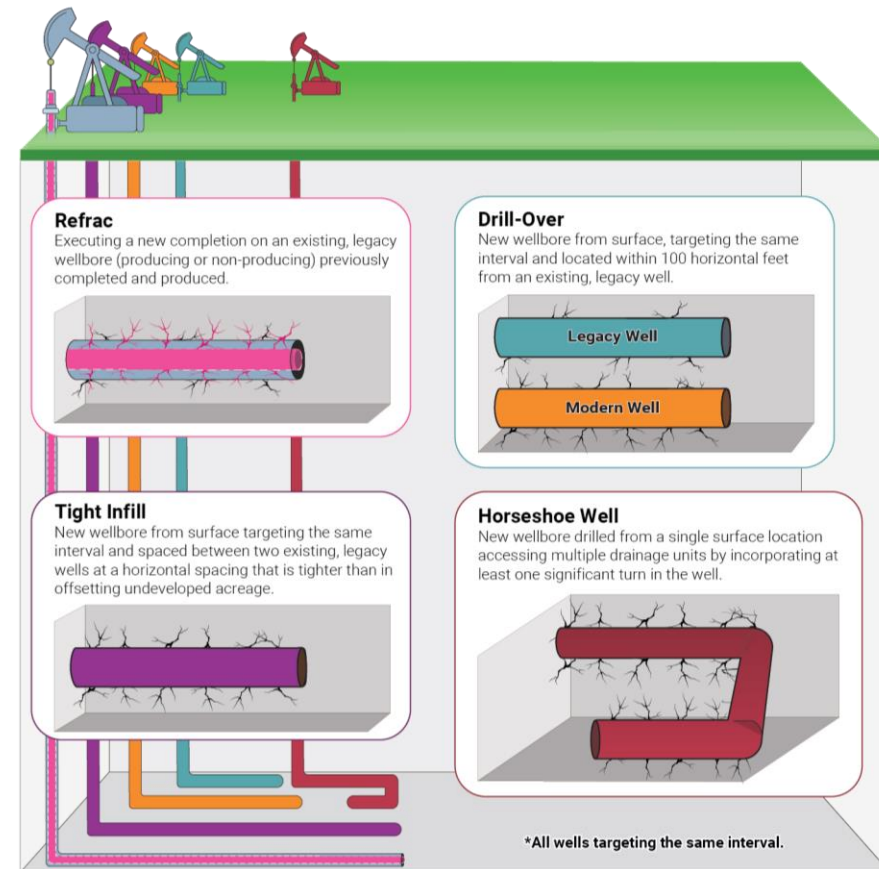
Source | Enverus Intelligence® Research

Longer Laterals, More Development Creativity

Inventory Constraints and Competitive Land Market Will Drive Creative Development



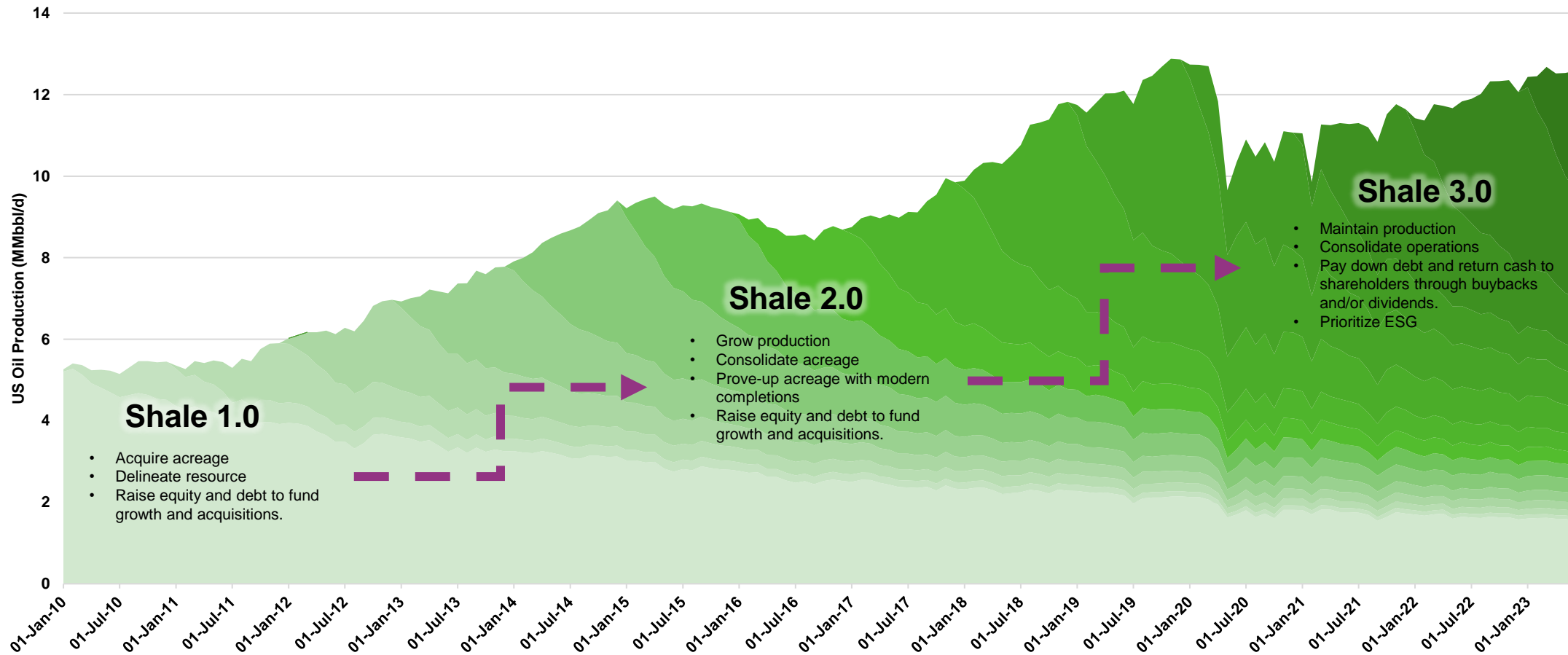
Source | Enverus Intelligence® Research, Enverus Core



Source | Enverus Intelligence® Research

Shale Business Evolution

Post-Covid The DJ Basin was Catapulted Into Shale 3.0



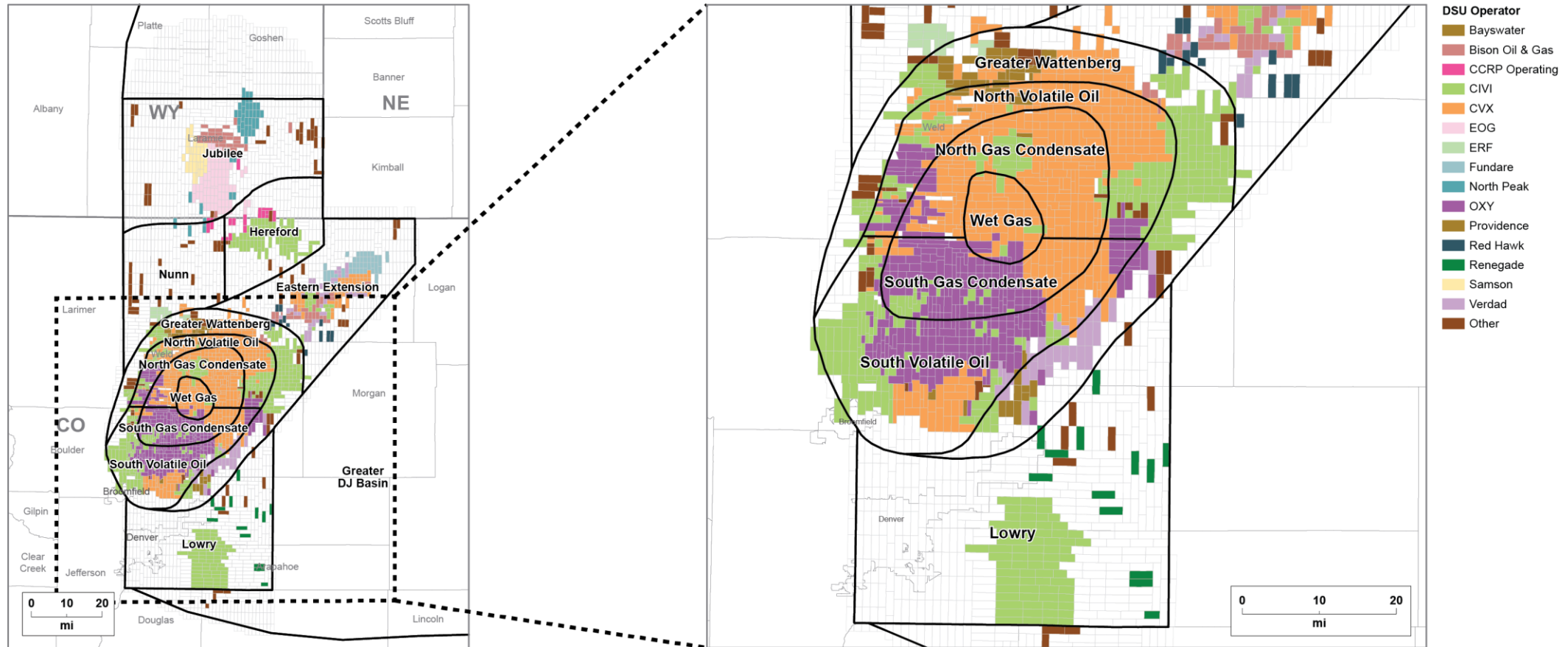
Source | Enverus Intelligence® Research

DSU Operatorship

CVX, CIVI and OXY Operate Majority of Wattenberg

DSU Operatorship

Wattenberg Operatorship

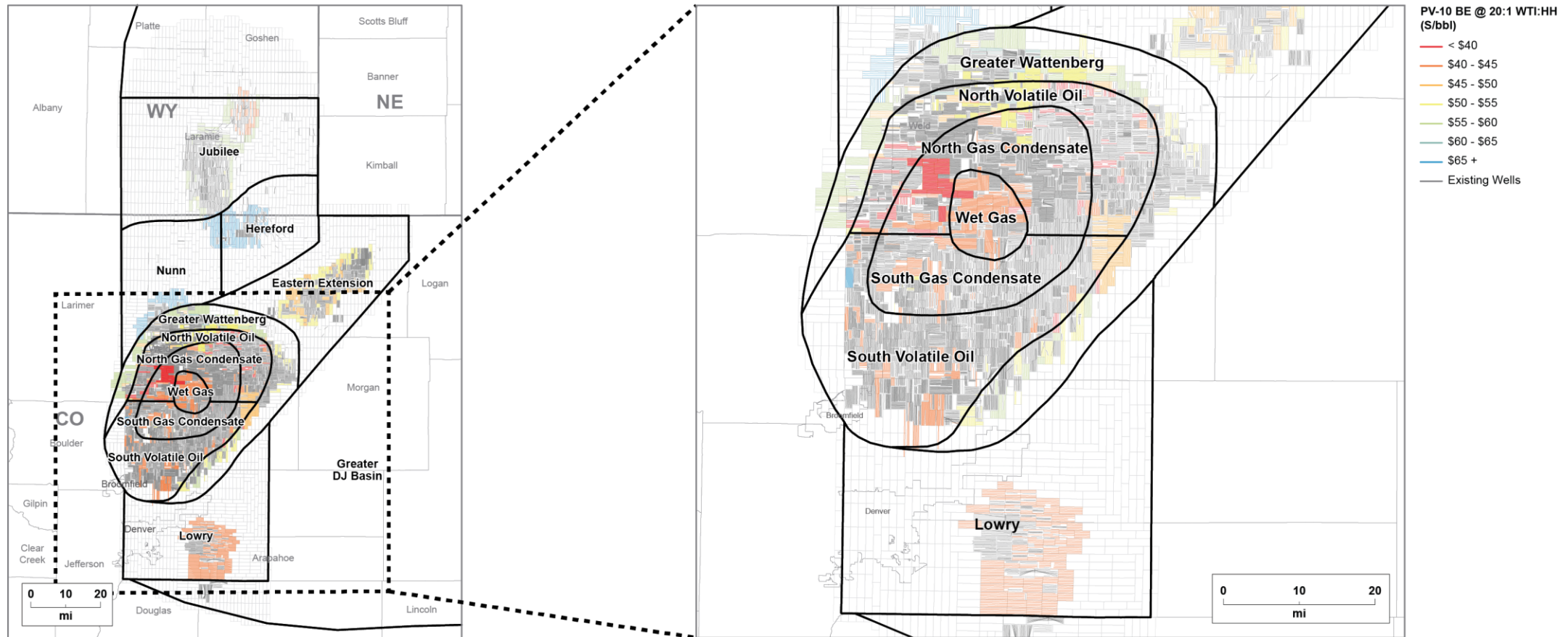


Note | Operatorship based on existing, permitted wellbores and CAP-delineated areas.

Source | Enverus Intelligence® Research, Enverus Placed Well Analytics

Inventory Placements by Breakeven

Limited Sub-\$50/bbl Breakeven Options Outside Wattenberg

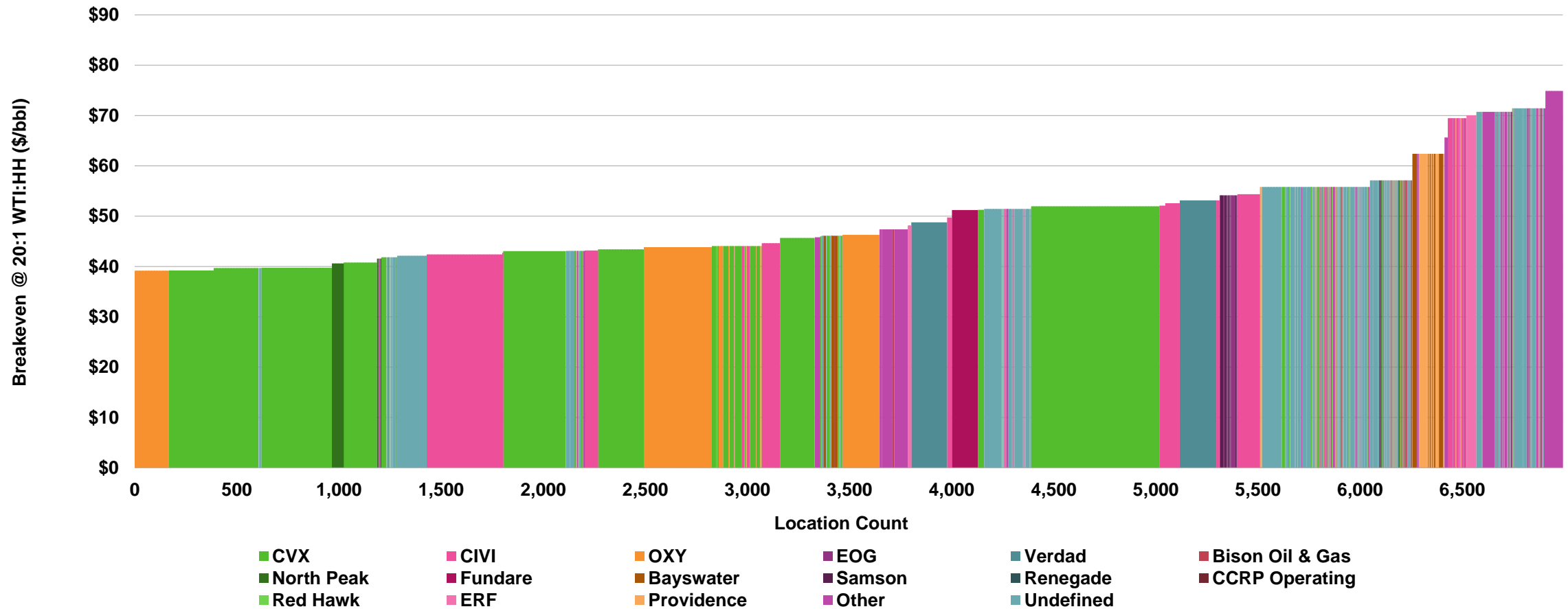


Note | Placed wells represents those placed based on geologic, economic and regulatory viability.

Source | Enverus Intelligence® Research, Enverus Placed Well Analytics

DJ Basin Undeveloped Cost Curve

Sub-\$50/bbl Breakeven Makes Up Over Half of Remaining Inventory

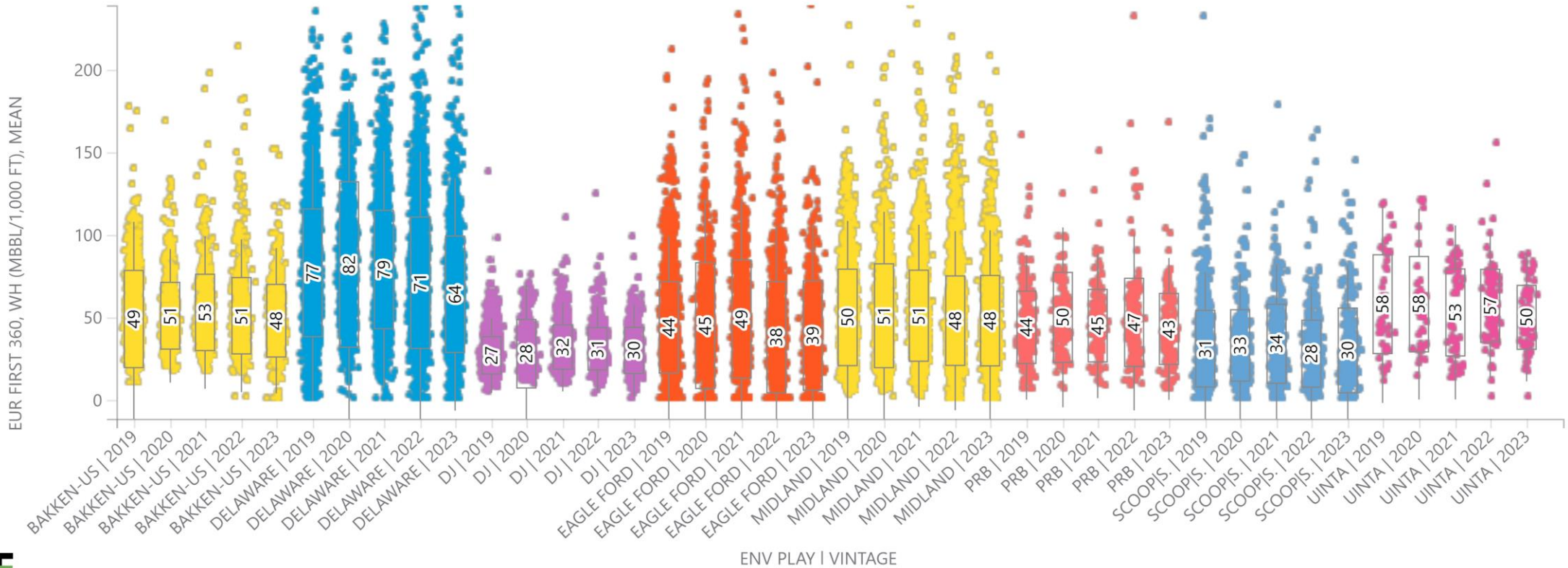


Note | Location count includes drilled, DUC, completed and permitted wells.

Source | Enverus Intelligence® Research, Enverus Placed Well Analytics

DJ Performance Remains Resilient

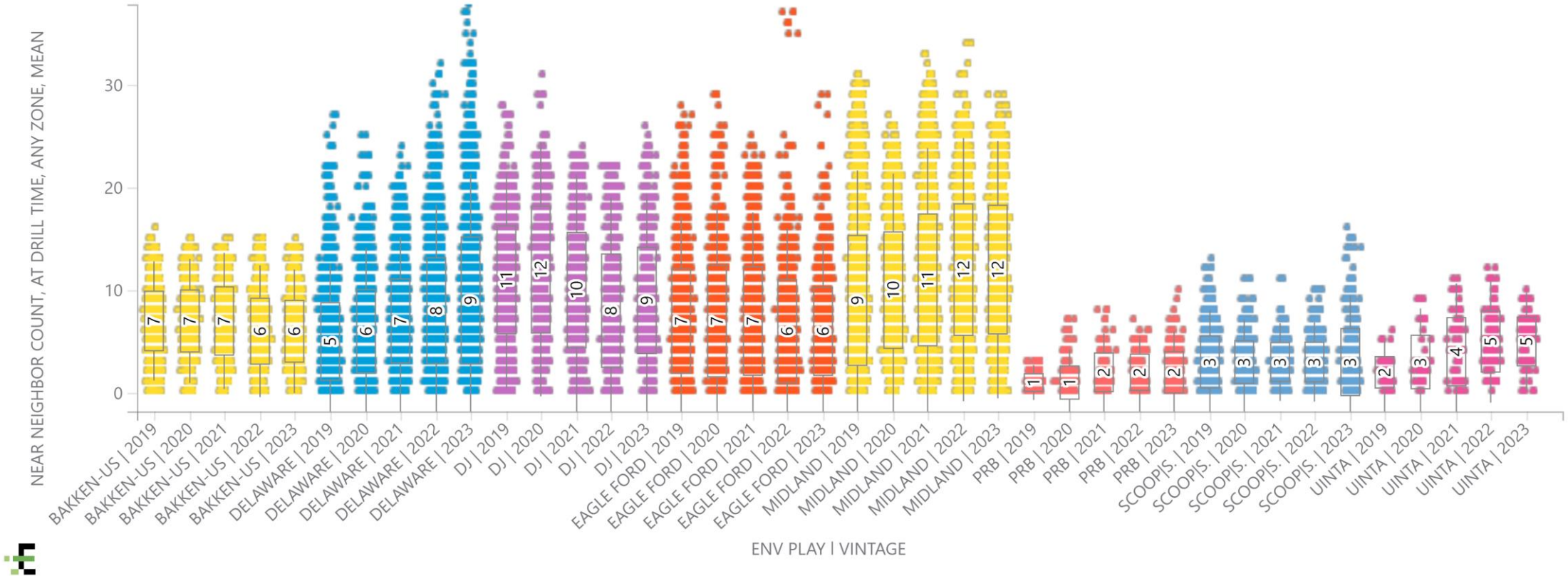
Well Productivity Consistency Is a Differentiator Compared to Other Plays



Source | Enverus Core

DJ Upspacing Shows Prioritization of IRRs

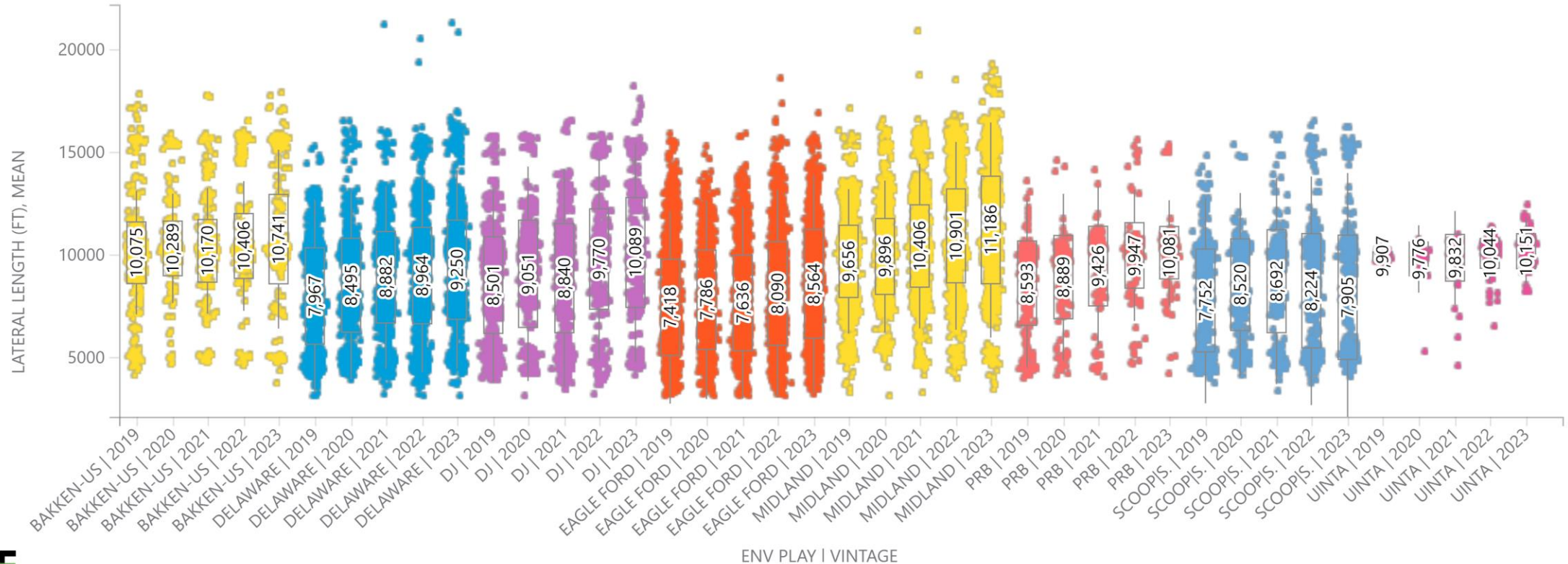
Operators Are Willing to Sacrifice Inventory Counts to Maintain Capital Efficiency



Source | Enverus Core

DJ Lateral Lengths Continue to Increase in 2023

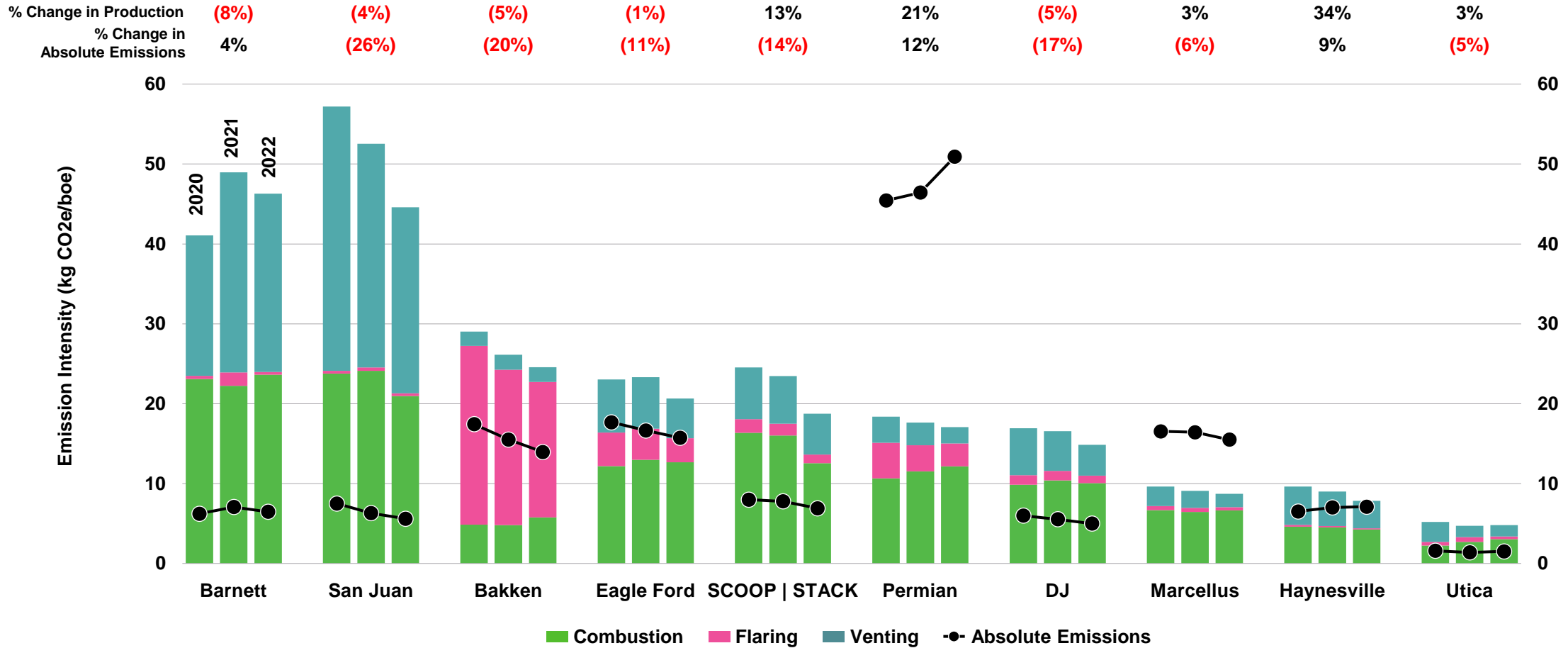
Reaching Longer Yielding, Economic and Inventory Advantages



Source | Enverus Core

Most Major Plays Reduce Emission Intensities

Barnett Increase Linked to Pneumatic Recounts in 2021

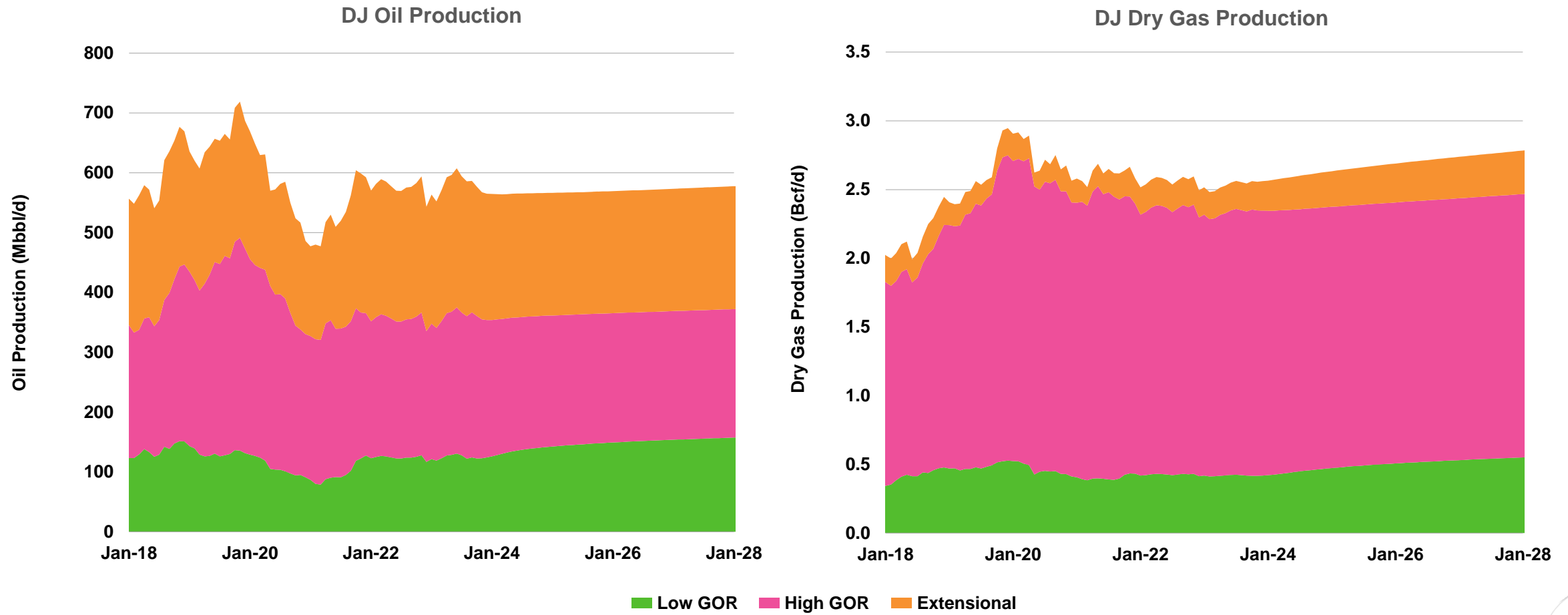


Note | Includes both upstream and gathering and boosting.

Source | Enverus Intelligence® Research, Enverus ESG Analytics

DJ Production Forecast

High GOR Region to Drive Gas Growth Before Inventory Exhausts in 2029



Note | Low GOR region includes North Volatile Oil, Greater Wattenberg and Lowry sub-plays. High GOR region includes Wet Gas, South Condensate, North Condensate and South Volatile Oil sub-plays. The Extensional region includes the remaining production.

Source | Enverus Intelligence® Research, Enverus Foundations

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Q&A

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