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TARGETING. ANALYSIS. MEDIA. GRAPHICS.

Energy Industry Data and Trends Supplemental Slides: Trends in 2018 CapEx

November 2017

Table of Contents

Oil & Gas Steadies CapEx Hand

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EnerCom Analysis Groupings Based on 2018e CapEx

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	2018e		2017	
	CapEx	Prod.	CapEx	Prod.
More Efficient	↓	↑		
Less Efficient	↑	↓		
Disciplined Growth	↑	↑	‹	›
Value Destructive	↑	↑ (or) —	›	‹
Slowing Growth	↑	↑	‹	‹
Linear Growth	↑	↑	›	›
Defending the Balance Sheet	↓	—	‹	
Continued Decline	↓	↓	›	

LEGEND

2018e

- ↓ CapEx Down
- ↑ Prod. Up
- ↑ CapEx Up
- ↓ Prod. Down
- — No Significant Change

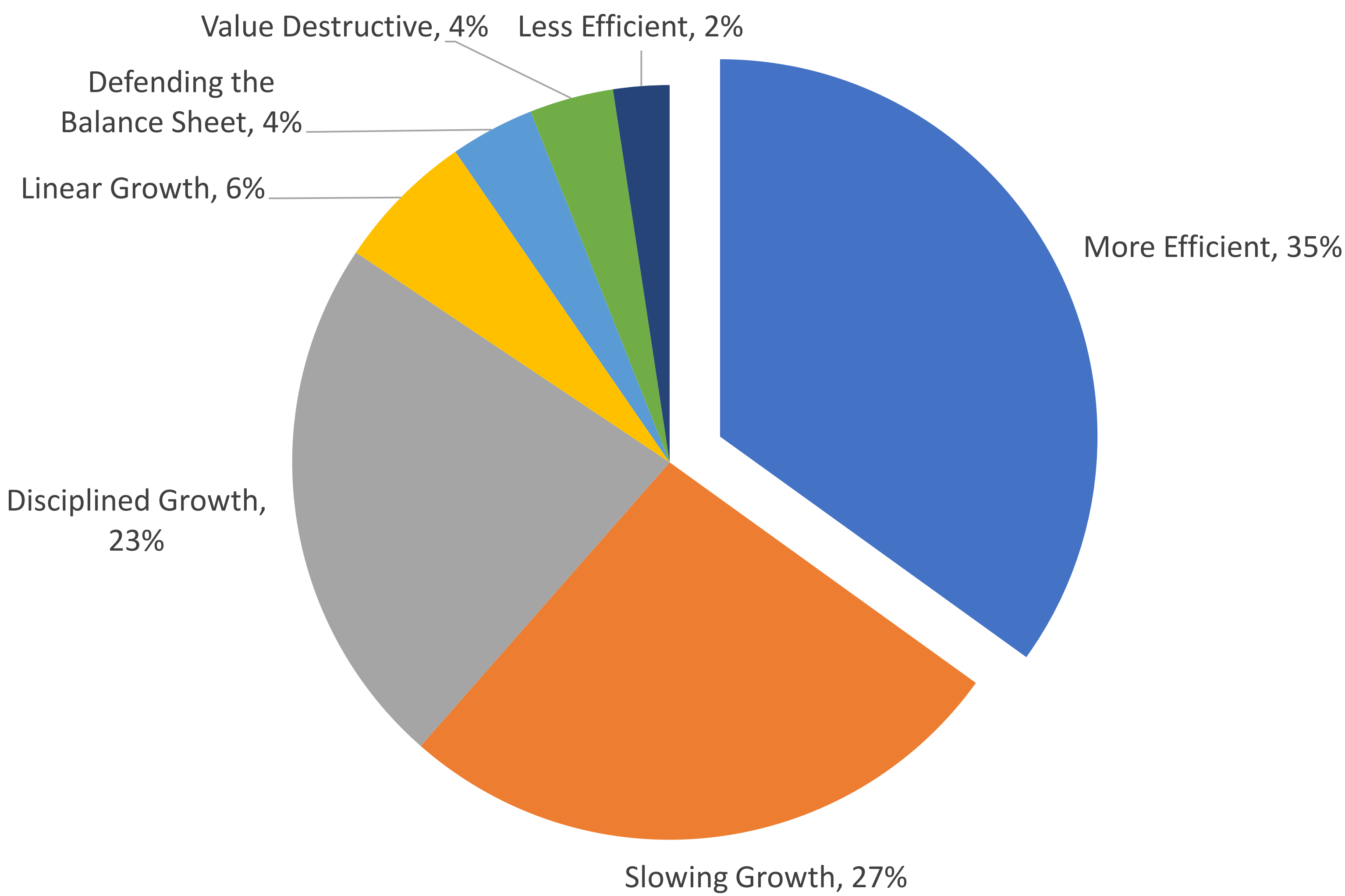
2017

CapEx
- ‹ Smaller YoY Increase
- › Larger YoY Increase

Prod.
- › Larger YoY Increase
- ‹ Smaller YoY Increase

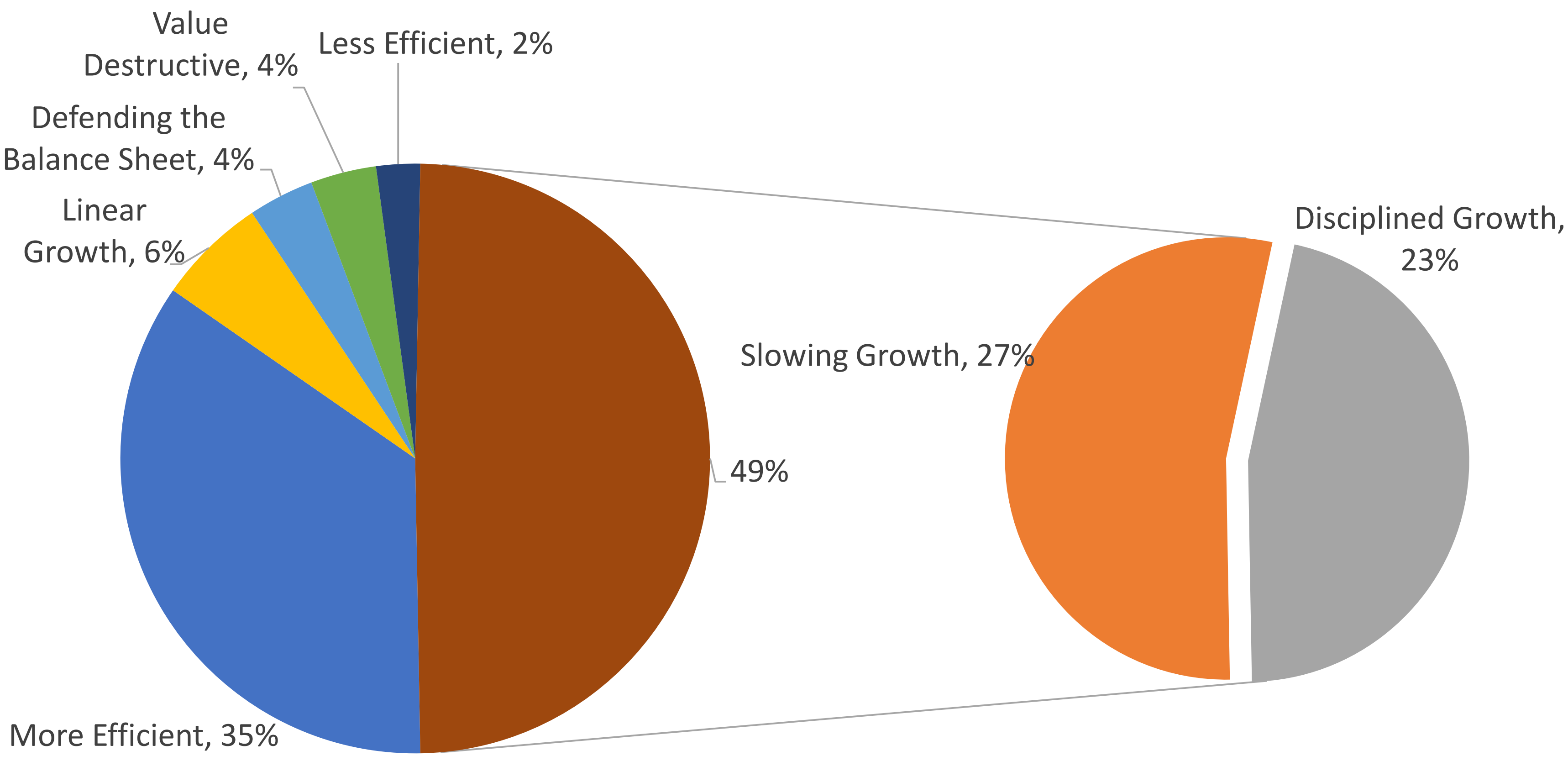
Source: Bloomberg, EnerCom Inc.

E&P Companies Spending More Efficiently



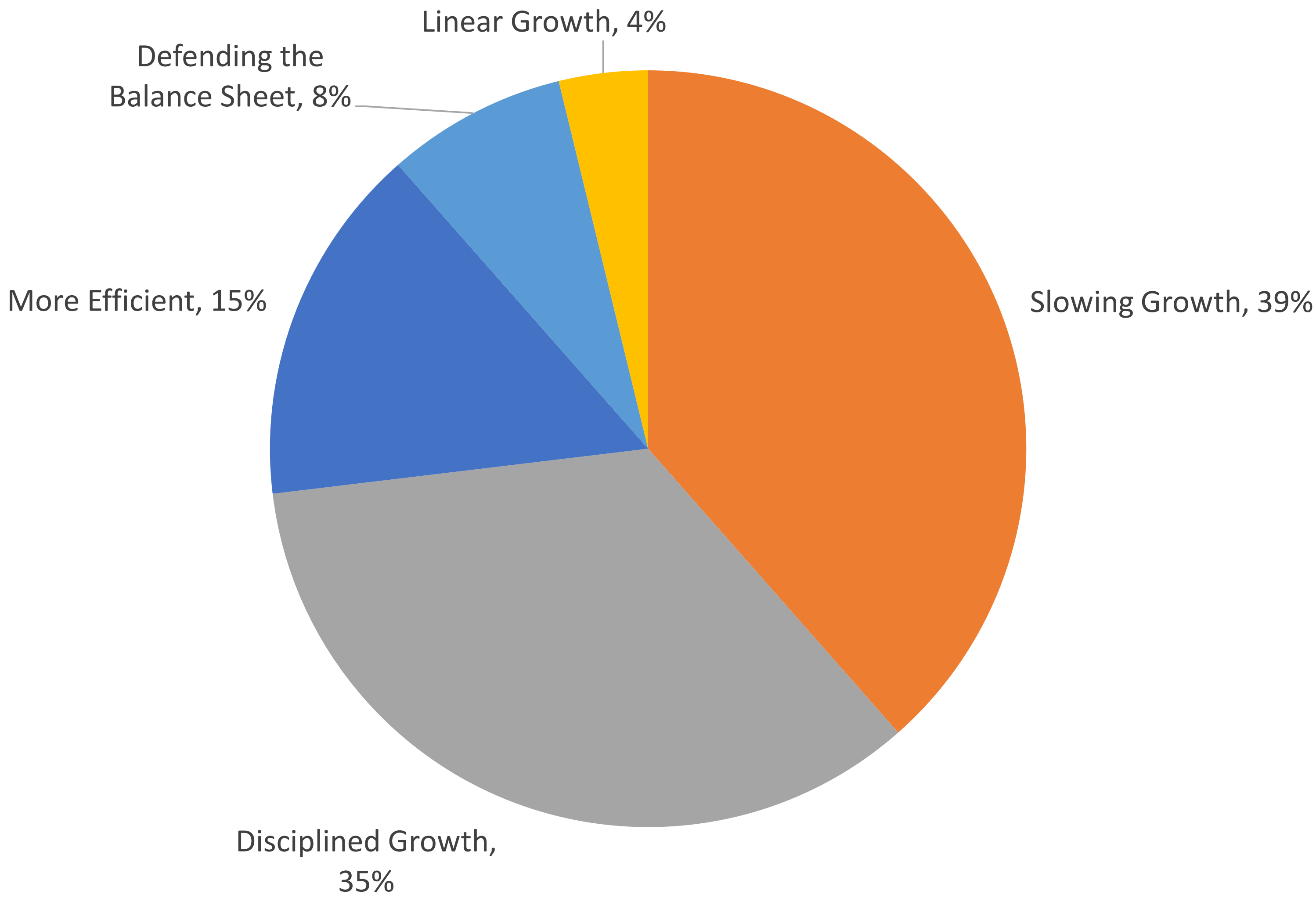
Source: Bloomberg, EnerCom Inc.

E&P Companies Slowing Capital Growth in 2018



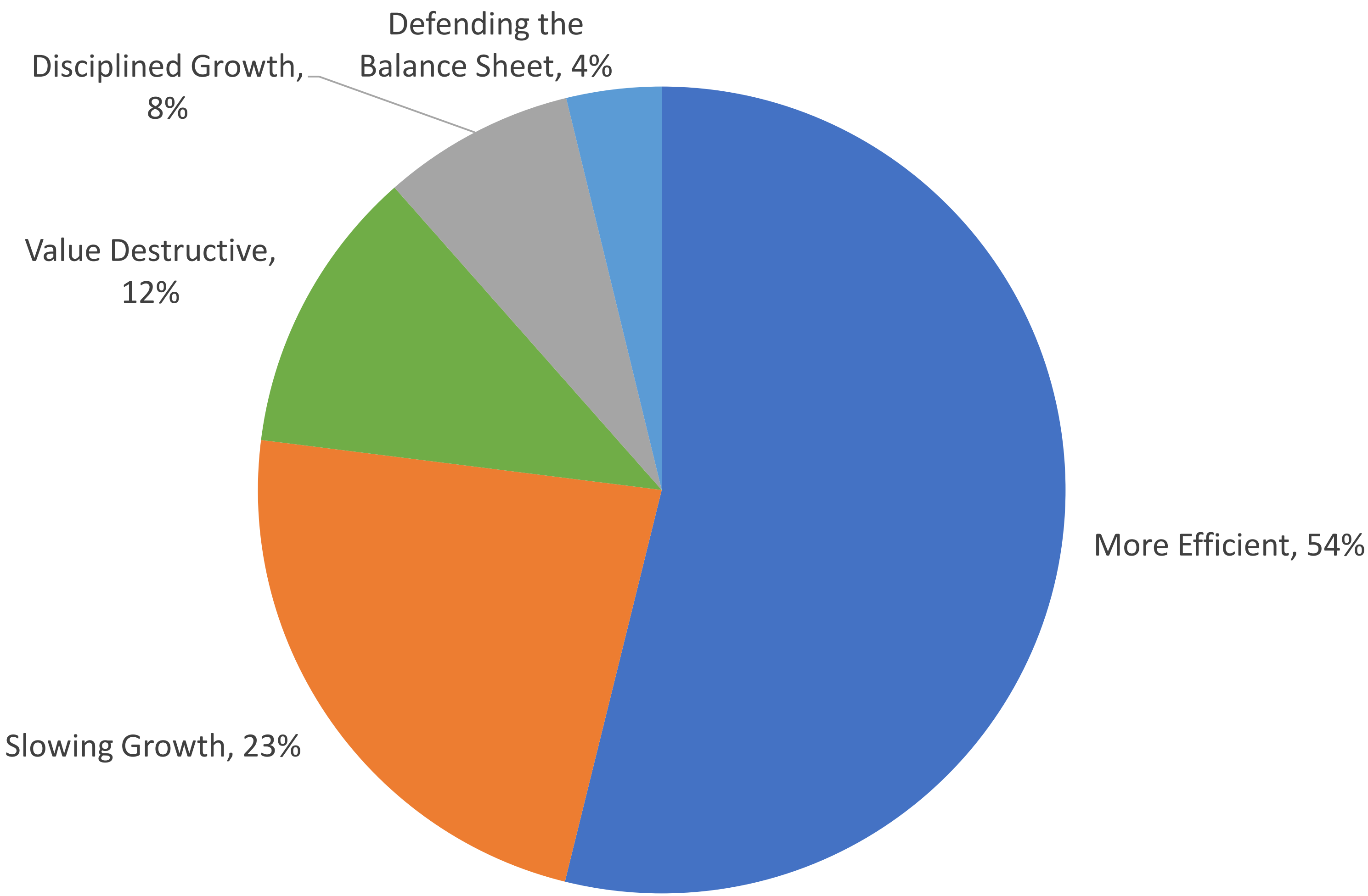
Source: Bloomberg, EnerCom Inc.

2018e CapEx for Permian E&P Companies



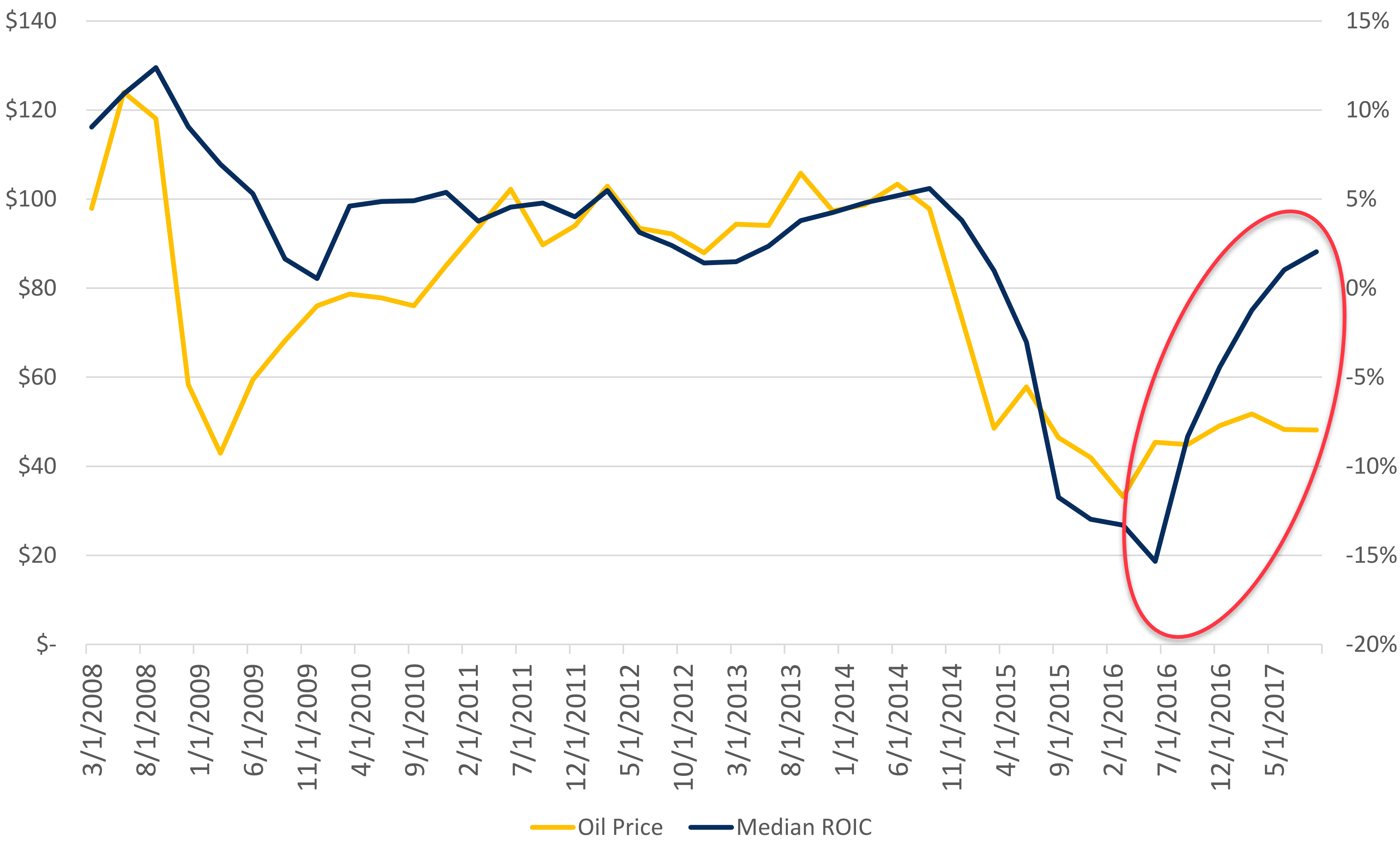
Source: Bloomberg, EnerCom Inc.

2018e CapEx Canadian E&P Companies



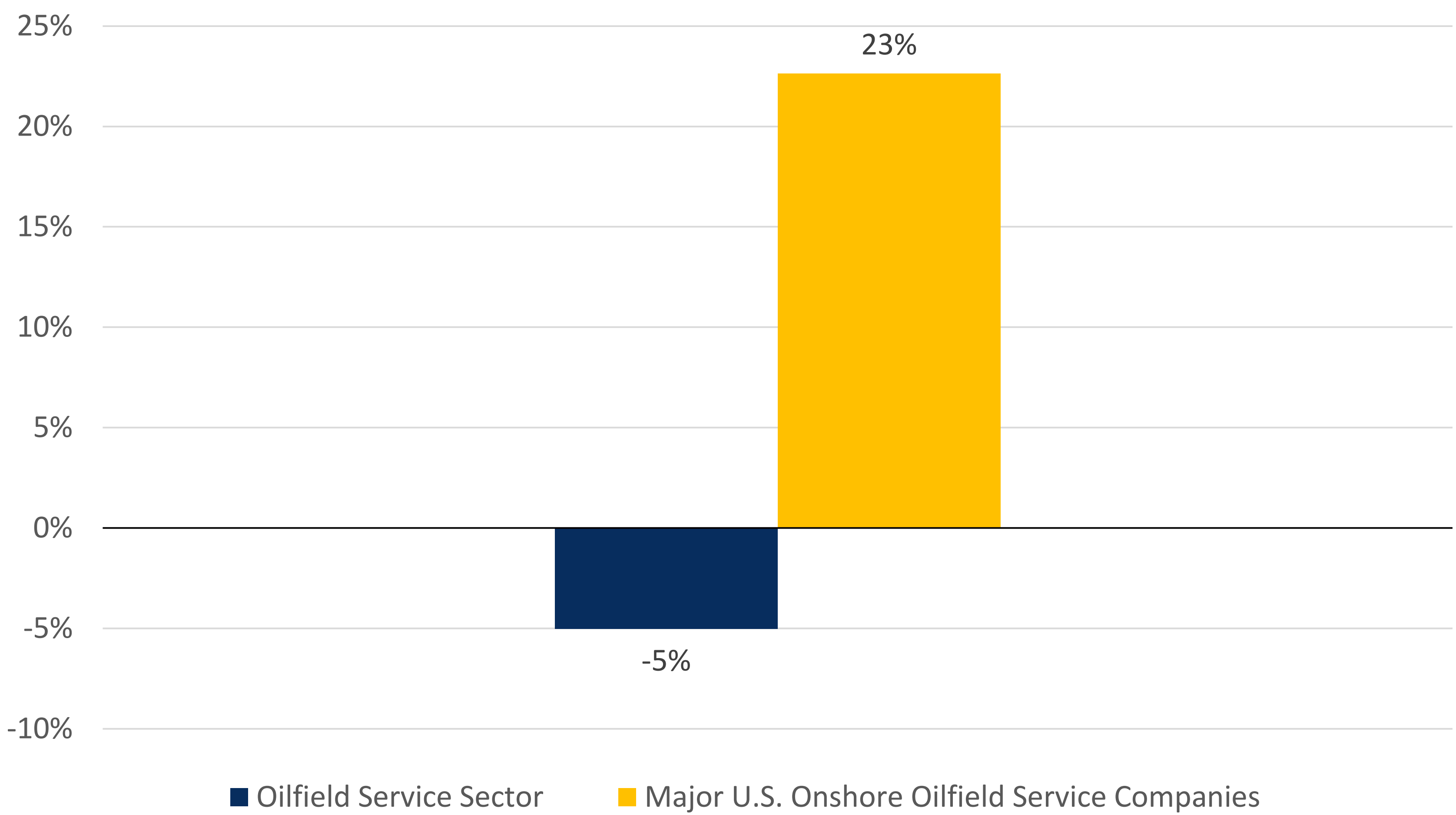
Source: Bloomberg, EnerCom Inc.

WTI and ROIC for North American E&P Companies



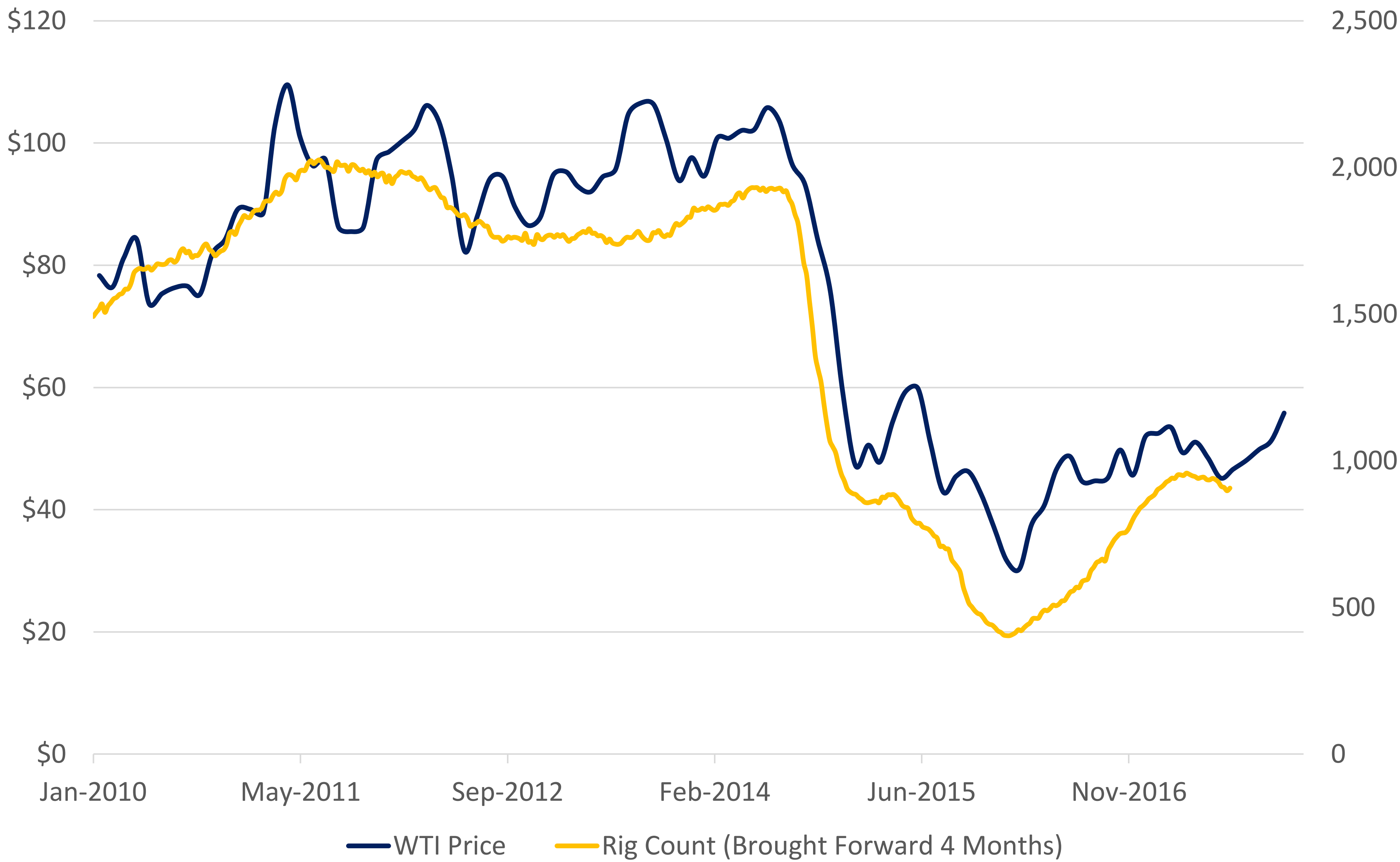
Source: Bloomberg, EnerCom Inc.

Change in 2017 to 2018e Oilfield Service CapEx



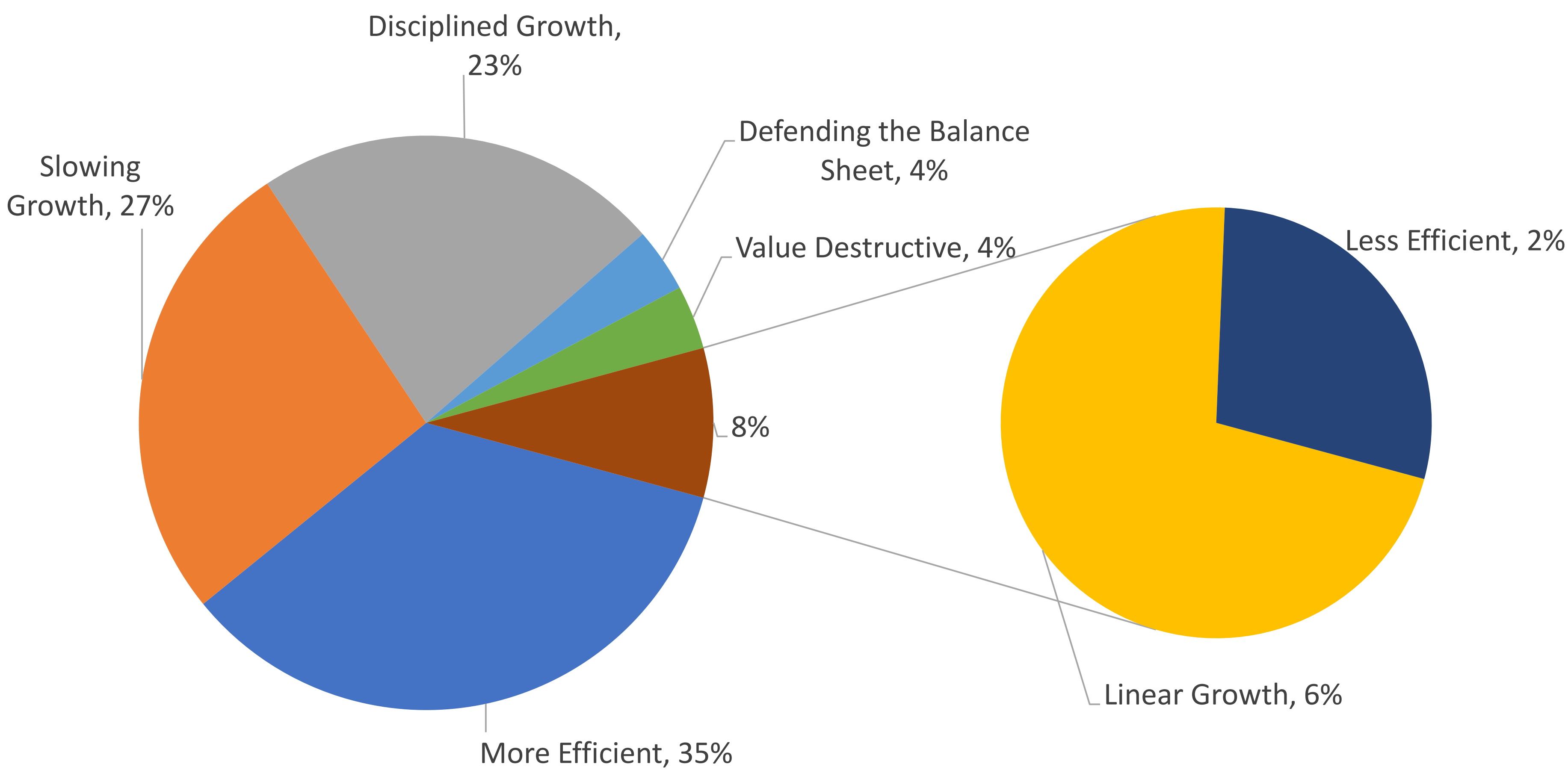
Source: Bloomberg, EnerCom Inc.

Rig Count Closely Tied to Oil Price



Source: EIA, EnerCom Inc.

Not All Companies are Slowing Growth



Source: Bloomberg, EnerCom Inc.

Supplemental Market Slides

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BY THE NUMBERS: ENERCOM 2018 CAPEX ANALYSIS

	All E&P Companies	Permian E&P Companies	Canadian E&P Companies
Defending the Balance Sheet	3.6%	7.7%	3.8%
Disciplined Growth	22.9%	34.6%	7.7%
Less Efficient	2.4%	0.0%	0.0%
Linear Growth	6.0%	3.8%	0.0%
More Efficient	34.9%	15.4%	53.8%
Slowing Growth	26.5%	38.5%	23.1%
Value Destructive	3.6%	0.0%	11.5%

Source: Bloomberg, EnerCom Inc.

FUNDING A CAPITAL INTENSIVE INDUSTRY

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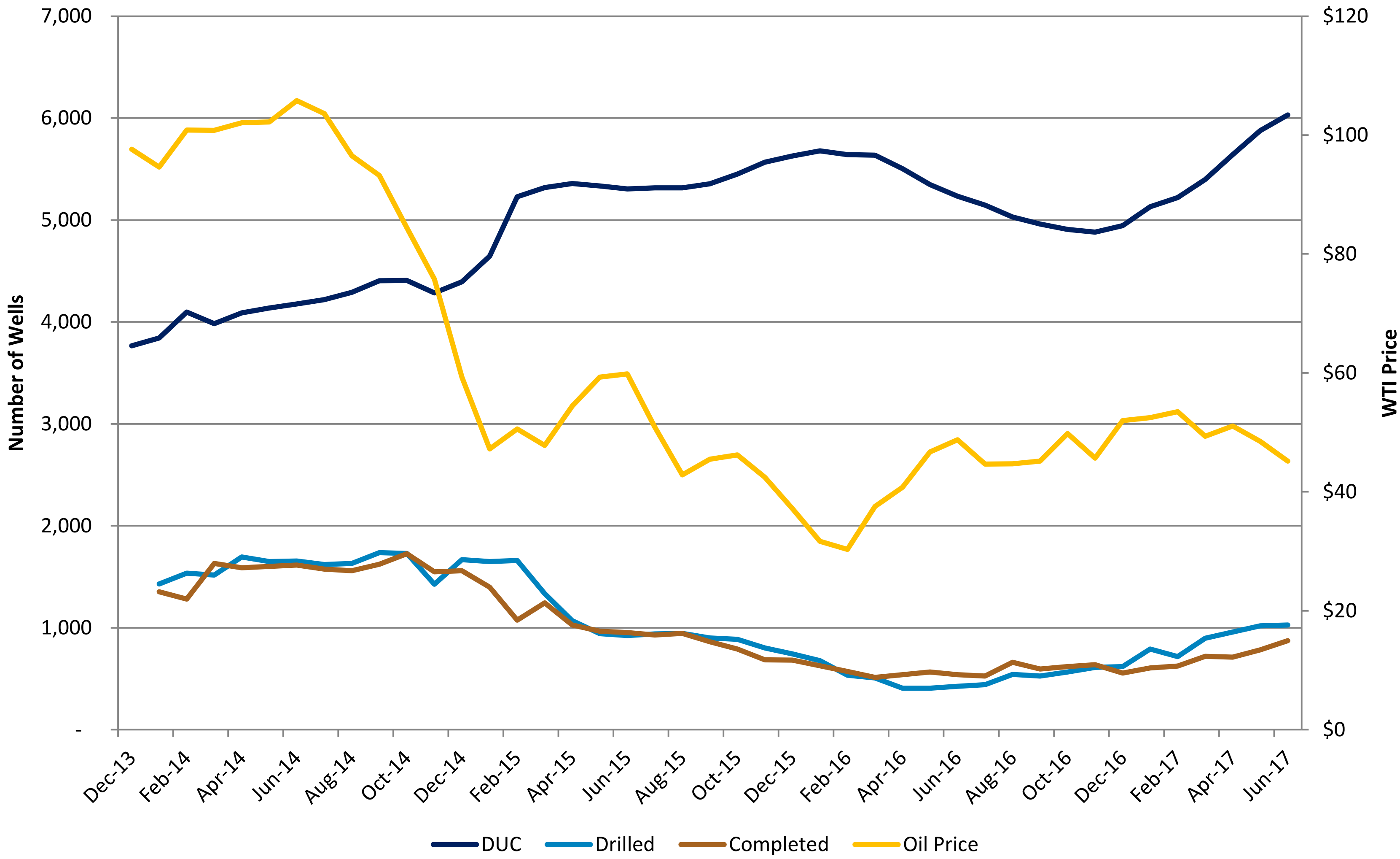
In 2016, Companies Raised More Than $110 Billion in Capital

U.S. and Canadian Offerings	2012	2013	2014	2015	2016	2017 YTD
Initial Public Offerings	$5,710MM	$6,670MM	$8,210MM	$1,390MM	$3,230MM	$1,660MM
Follow-on Offerings	$18,350MM	$20,260MM	$22,380MM	$24,540MM	$42,330MM	$12,850MM
Debt Offerings	$78,634MM	$53,783MM	$73,586MM	$107,155MM	$64,634MM	$67,819MM
Totals	**$102,694MM**	**$80,713MM**	**$104,176 MM**	**$133,085MM**	**$110,194MM**	**$82,329MM**
U.S. & Canada M&A Announcements	$220B/ 865 deals	$123B/ 770 deals	$264B/ 1040 deals	$102.9B/ 492 deals	$135.5B/ 549 deals	$119.2B/ 423 deals
Global M&A Announcements	$319B/ 1,326 deals	$215B/ 1,303 deals	$373B/ 1,694 deals	$305.1B/ 1,021 deals	$286.4B/ 1,078 deals	$182.1B/ 860 deals

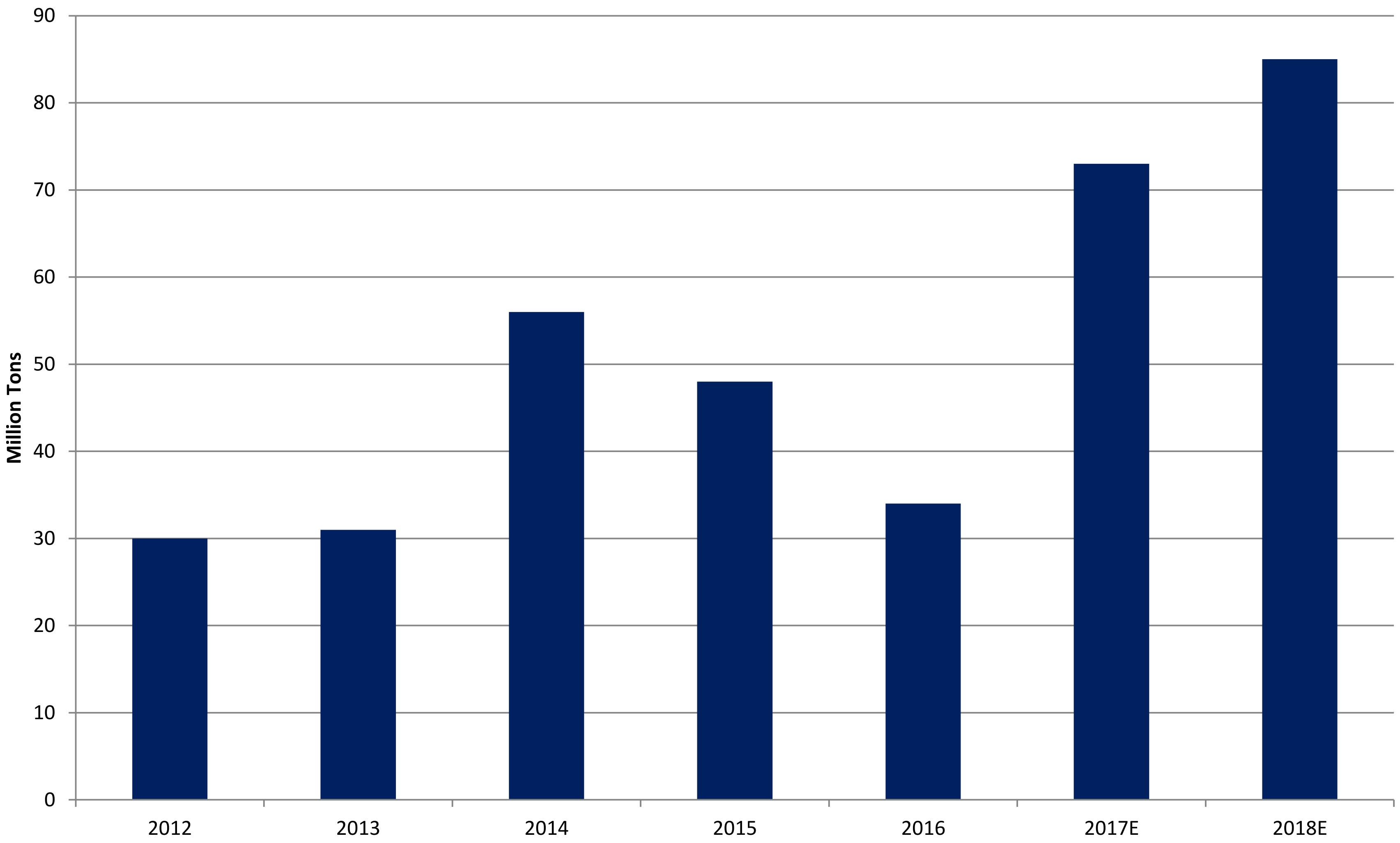
Source: Bloomberg, EnerCom Inc.

Drilled, Completed, and DUC Wells



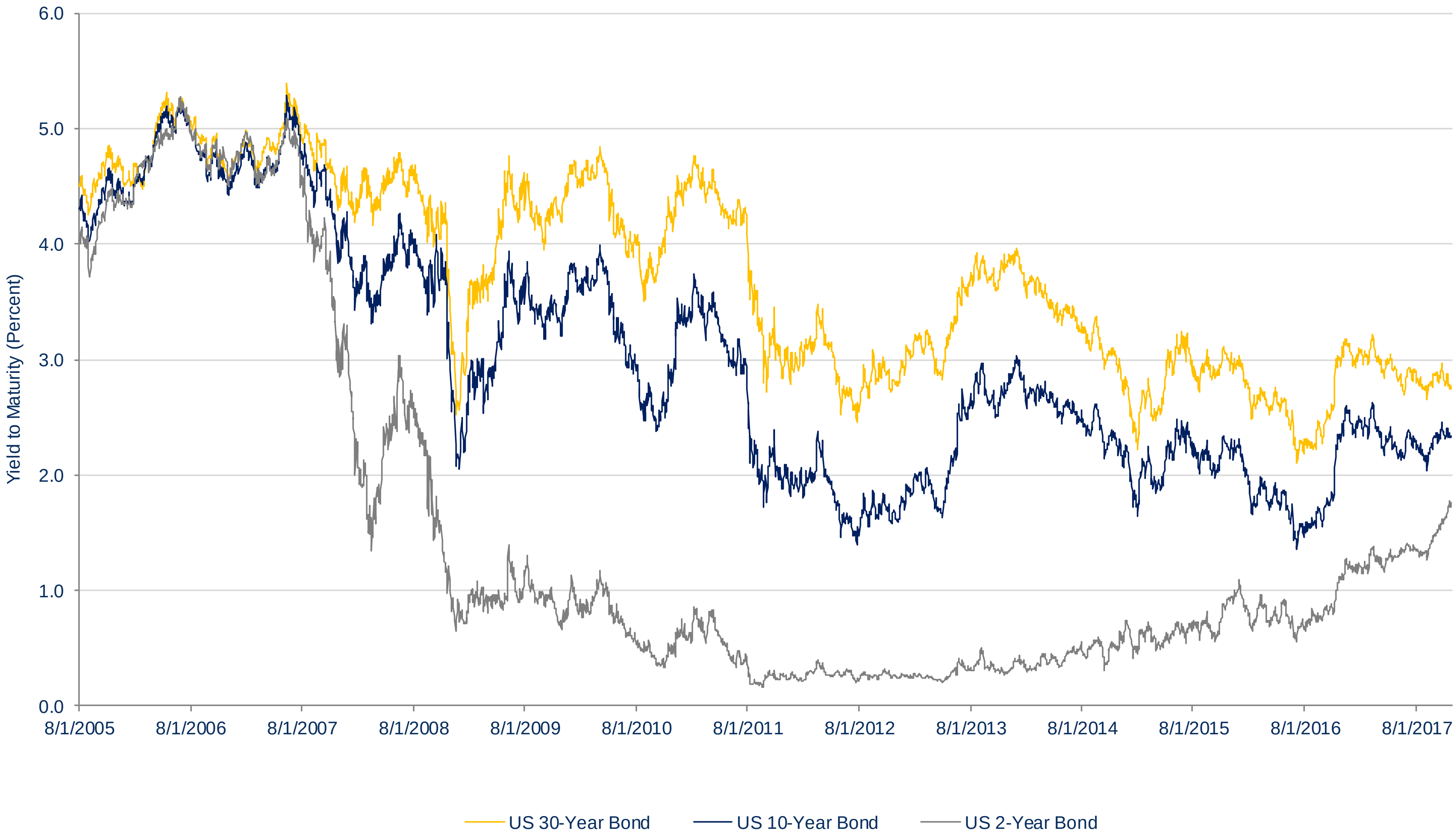
Source: EIA, Baker Hughes Industries, EnerCom Inc.

Total U.S. Sand Demand

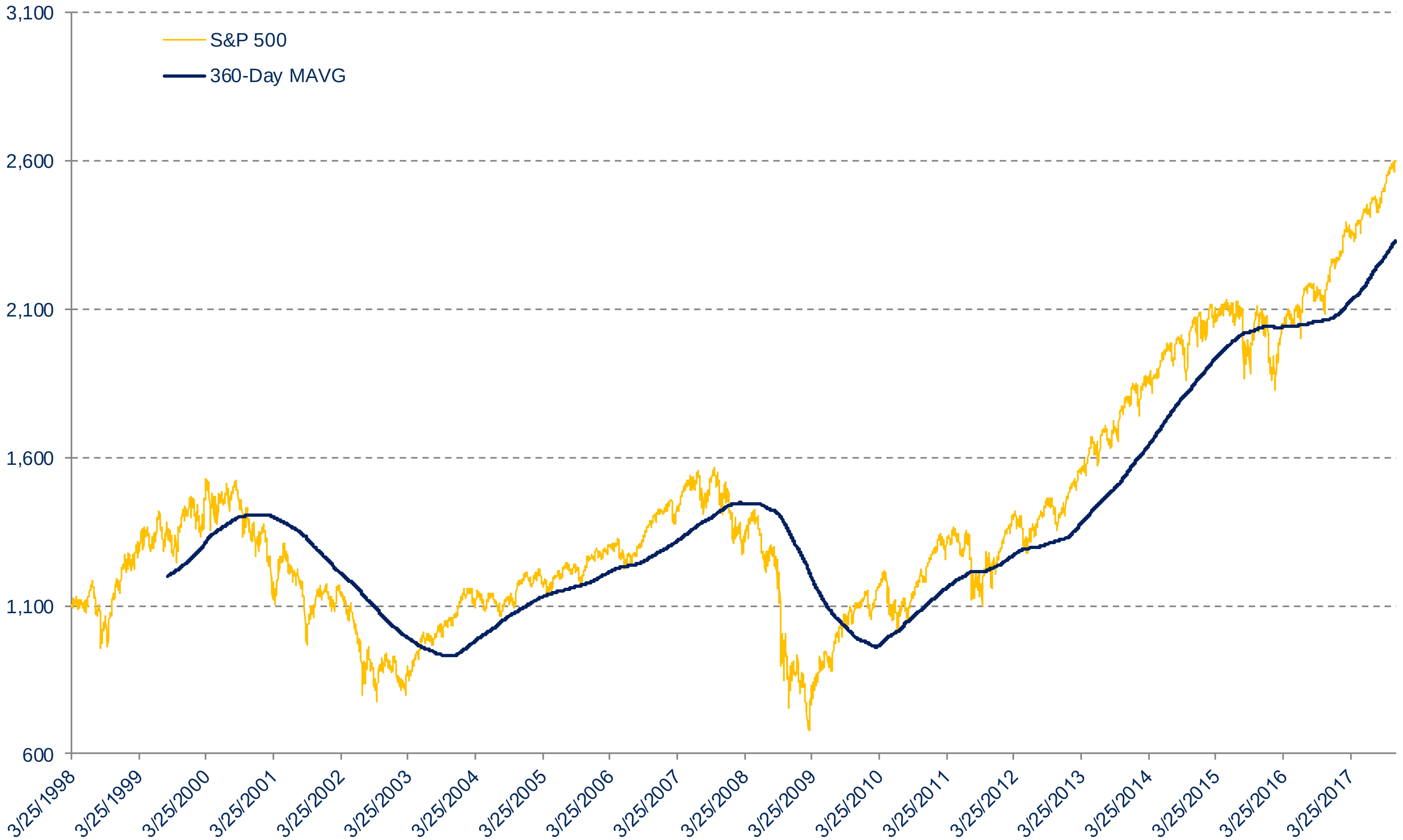


Source: Credit Suisse

U.S. Treasury Yields

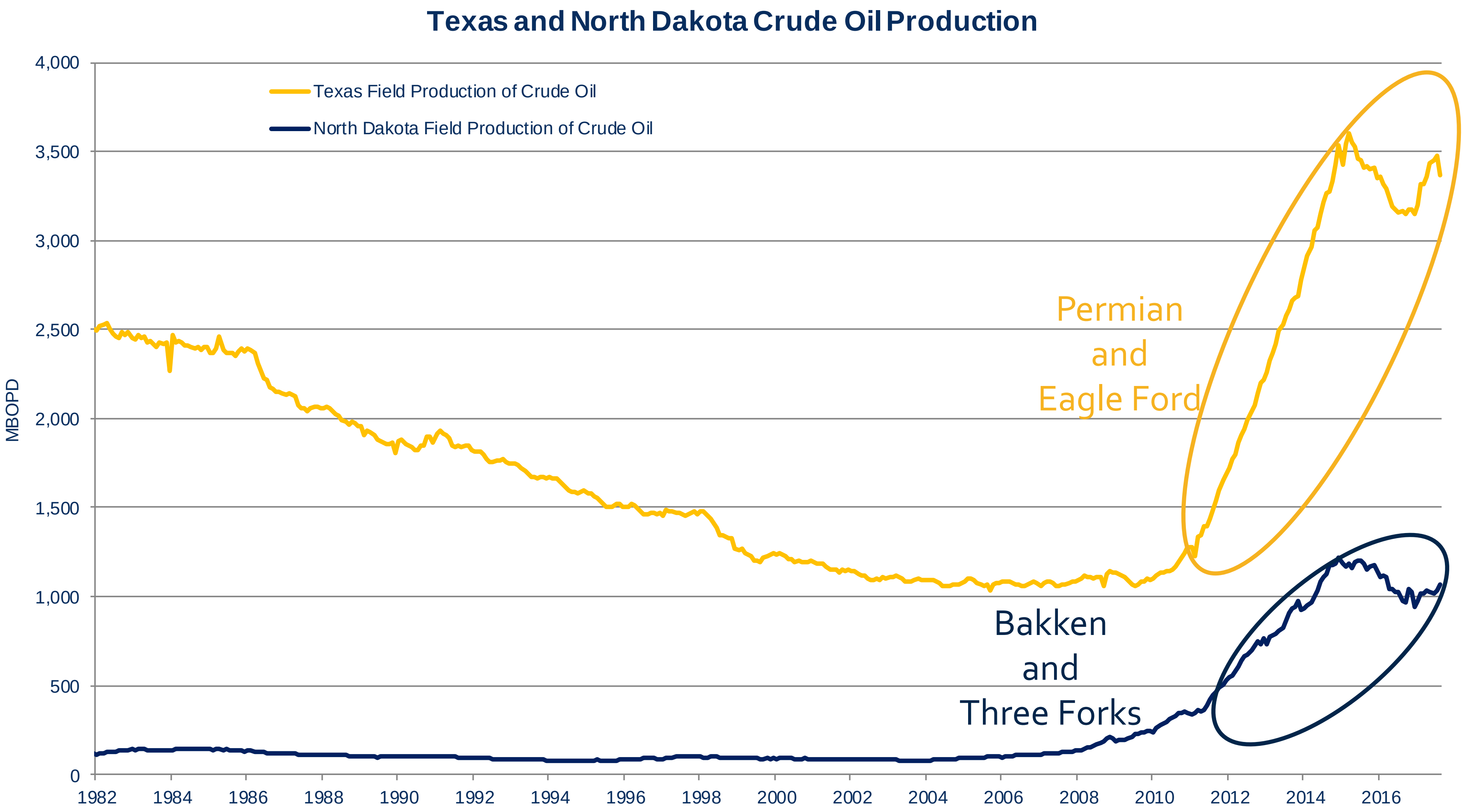


S&P 500 vs. 360-Day MAVG (Long-Term)



Source: Bloomberg.

Key Basins Driving Oil Production Growth



Source: EIA.

U.S. Oil and Petroleum Product Supplied

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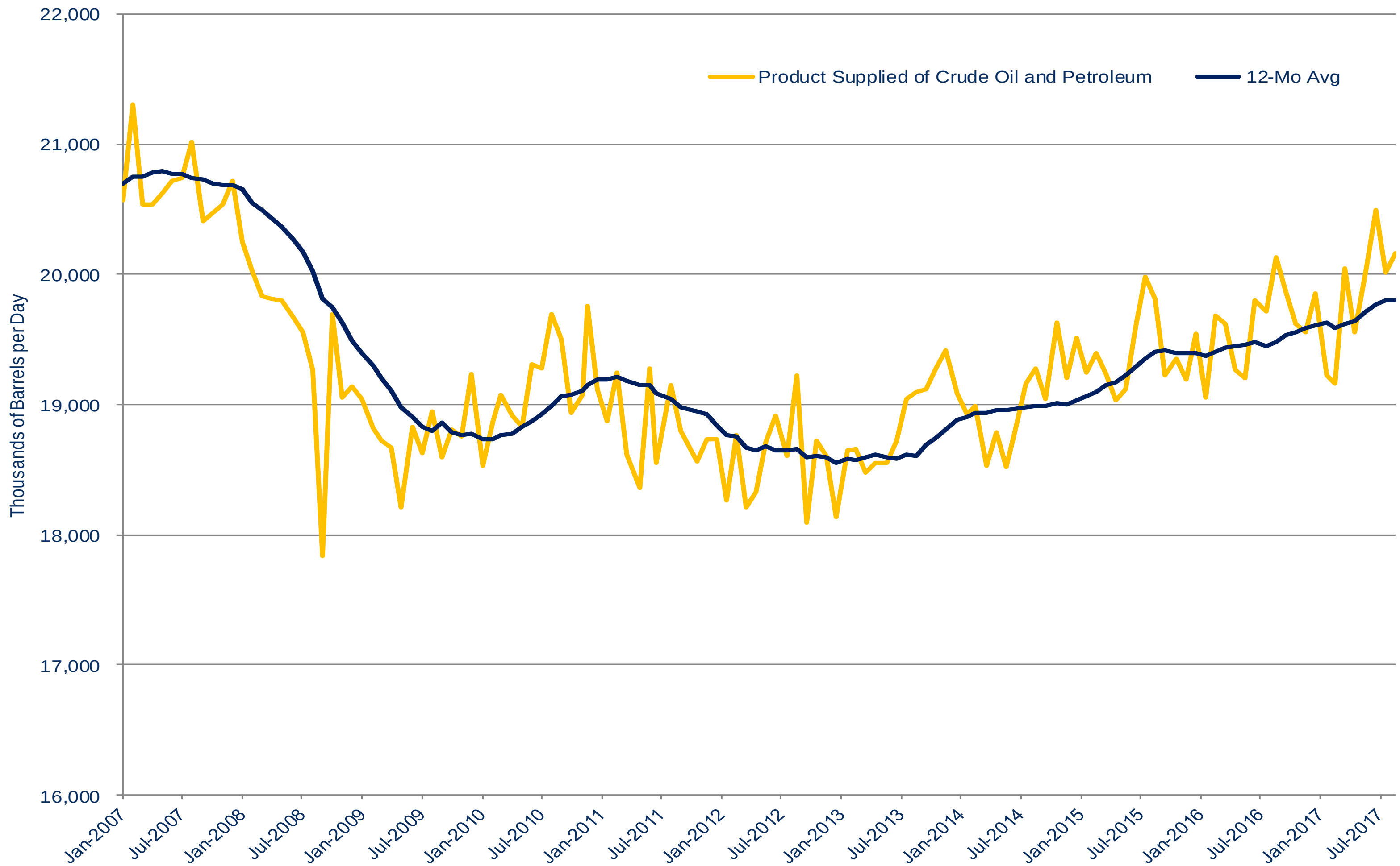
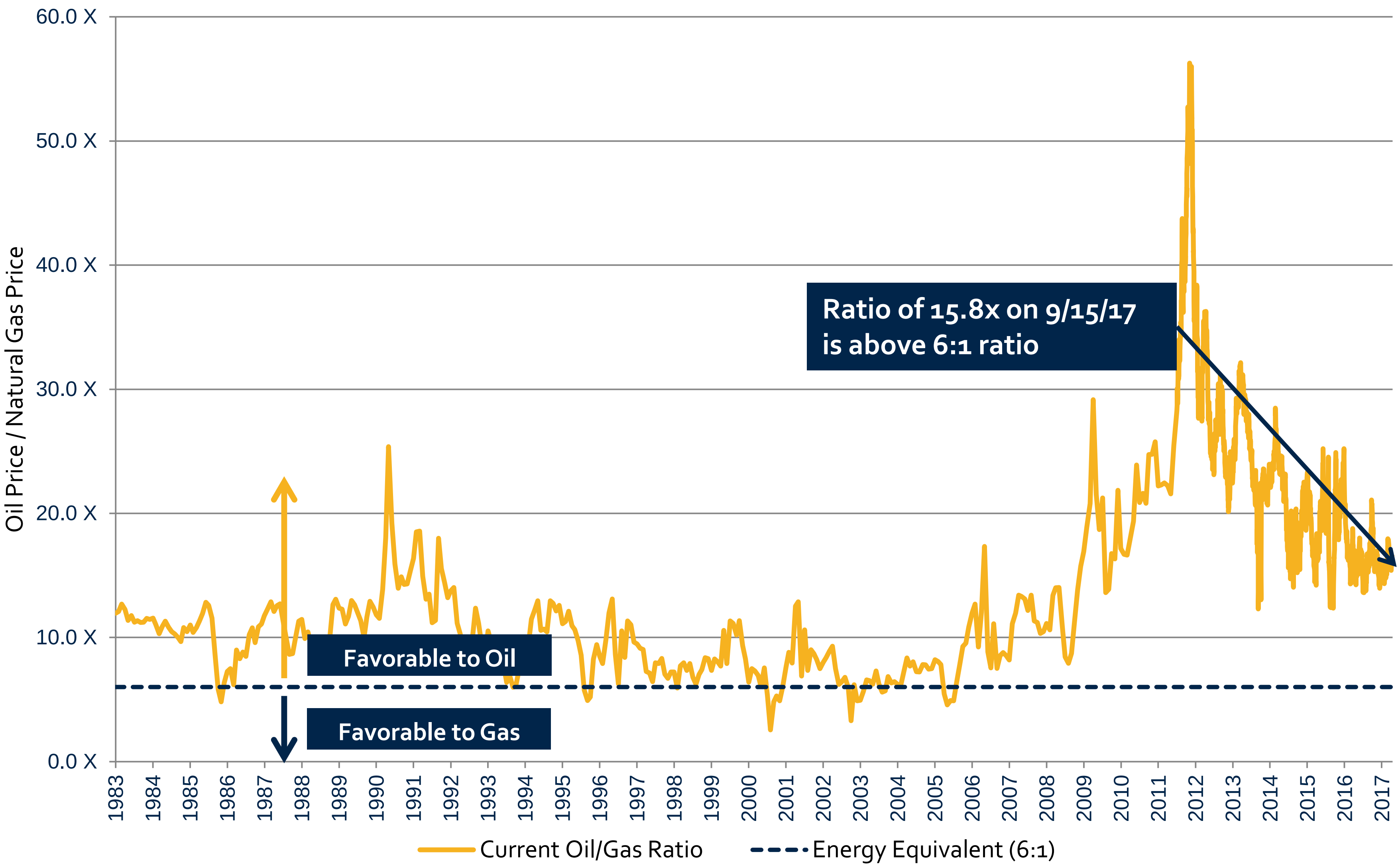
Aug-17 U.S. oil demand was up 0.7% from July-17 and up 0.1% from Aug-16



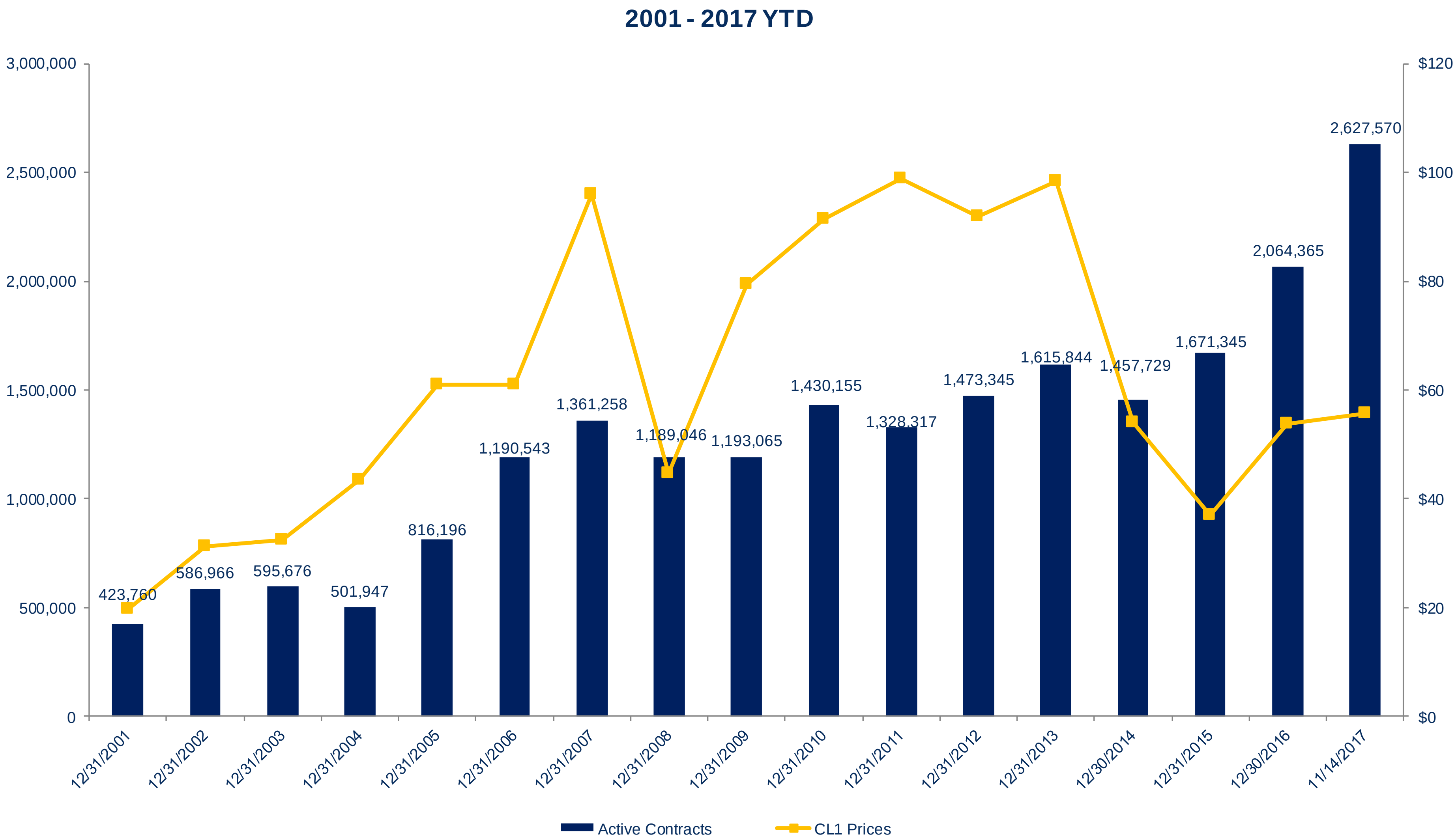
Source: EIA, EnerCom

Energy Equivalent Pricing



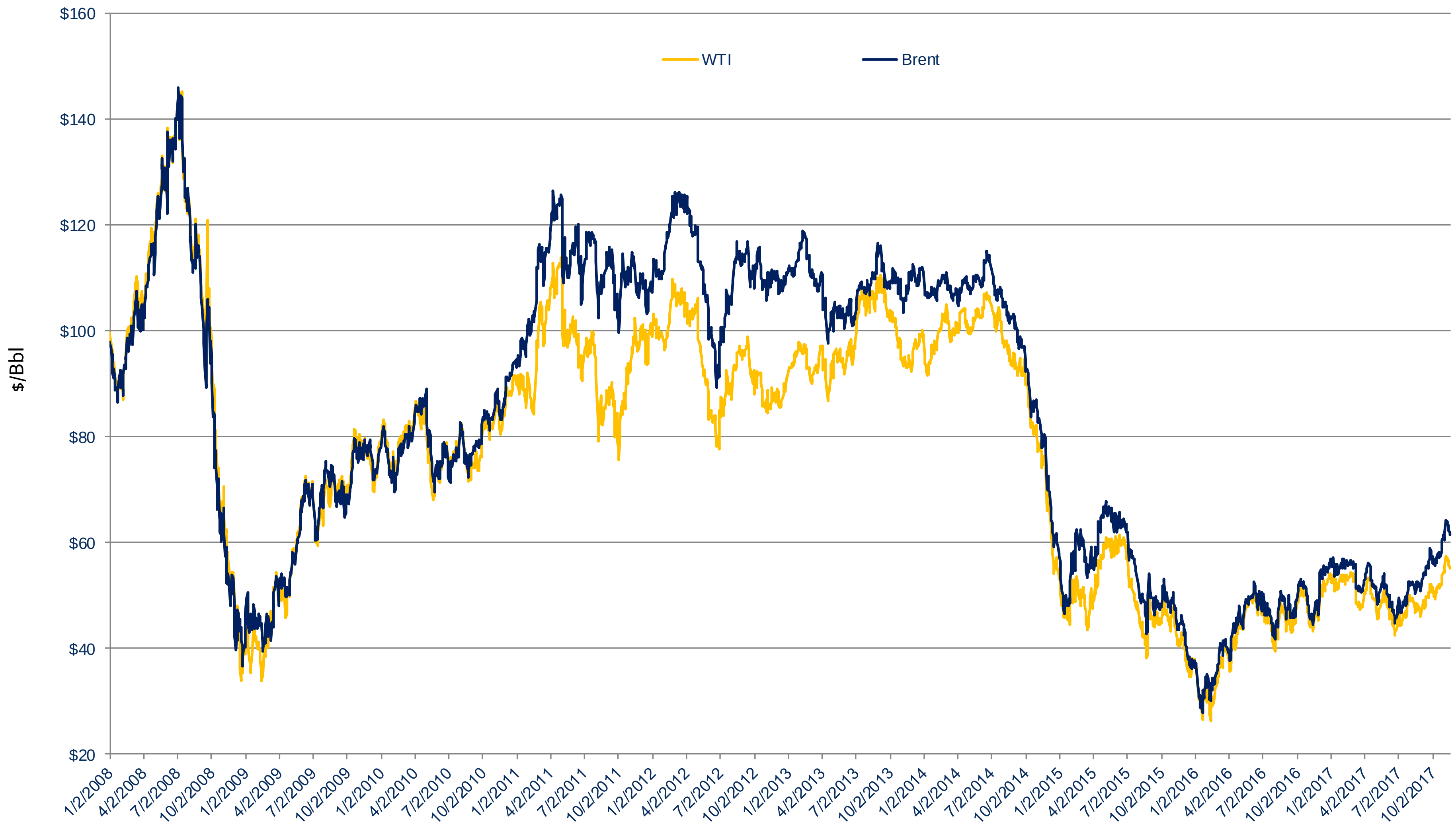
Source: Bloomberg, EIA, EnerCom.

Active NYMEX Crude Oil Contracts



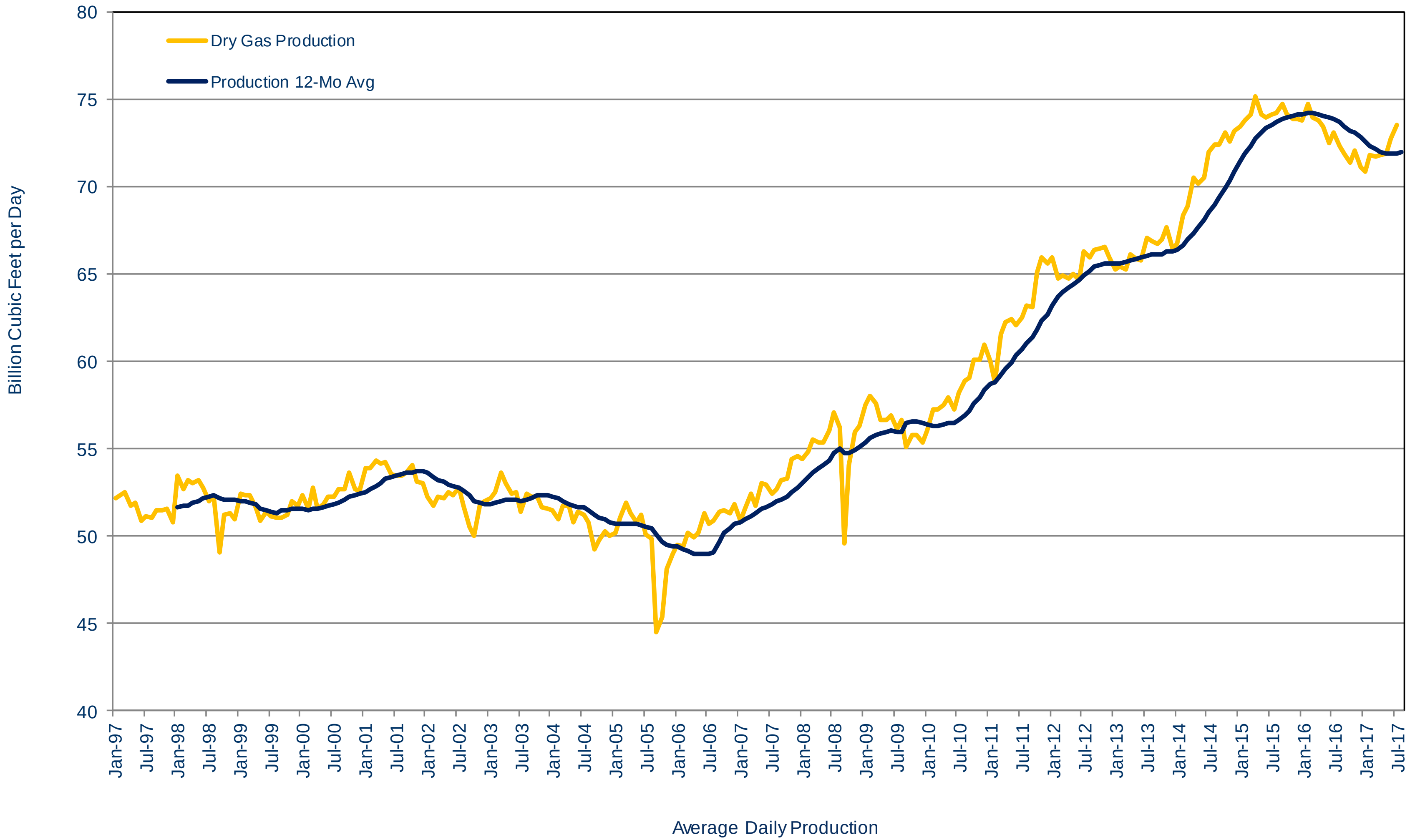
Sources: Bloomberg

Oil Prices – WTI and Brent



Source: Bloomberg.

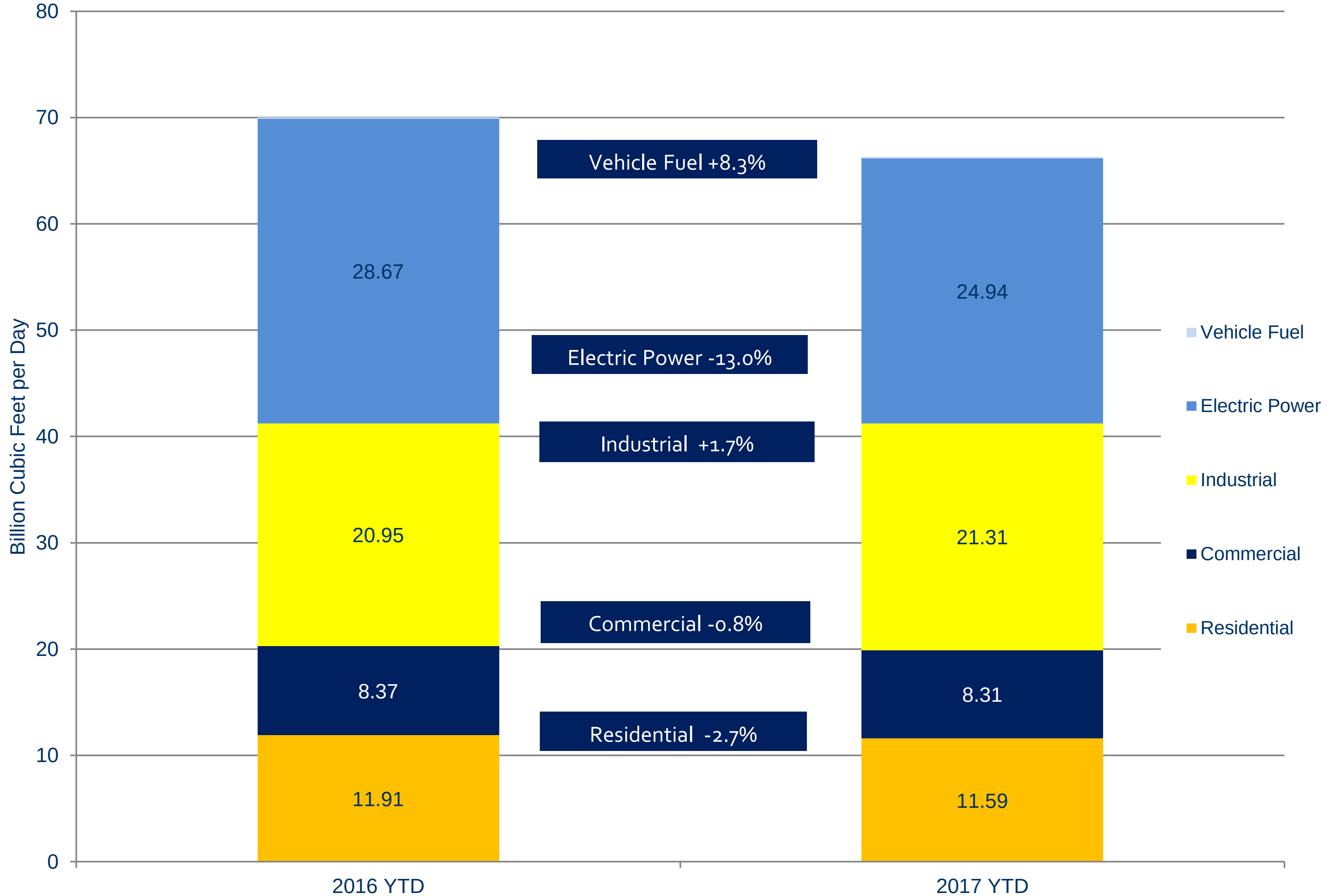
U.S. Natural Gas Production



Source: EIA.

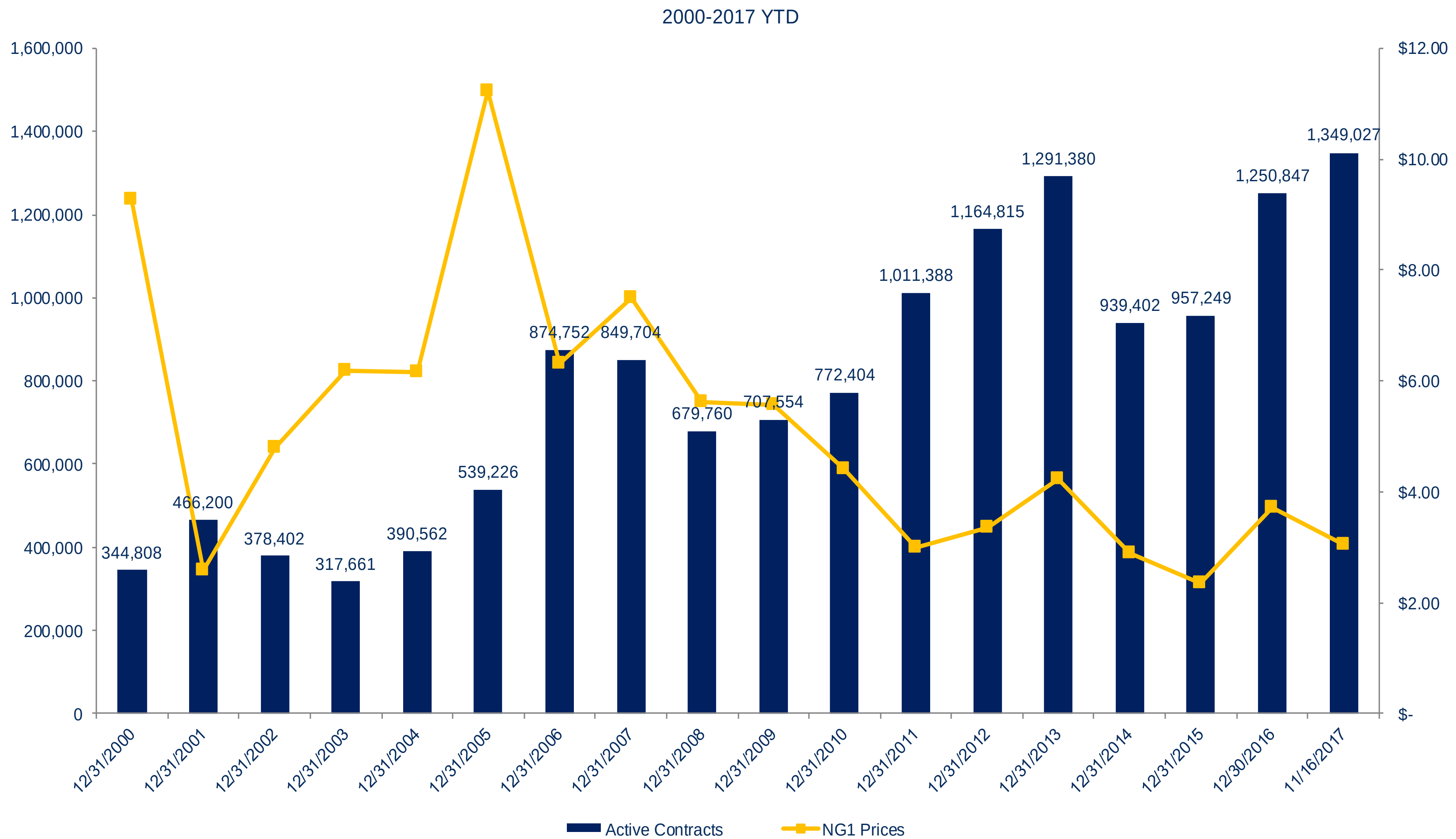
U.S. Natural Gas Consumption

YTD August 2017 Natural Gas Consumption -4.9% over 2016



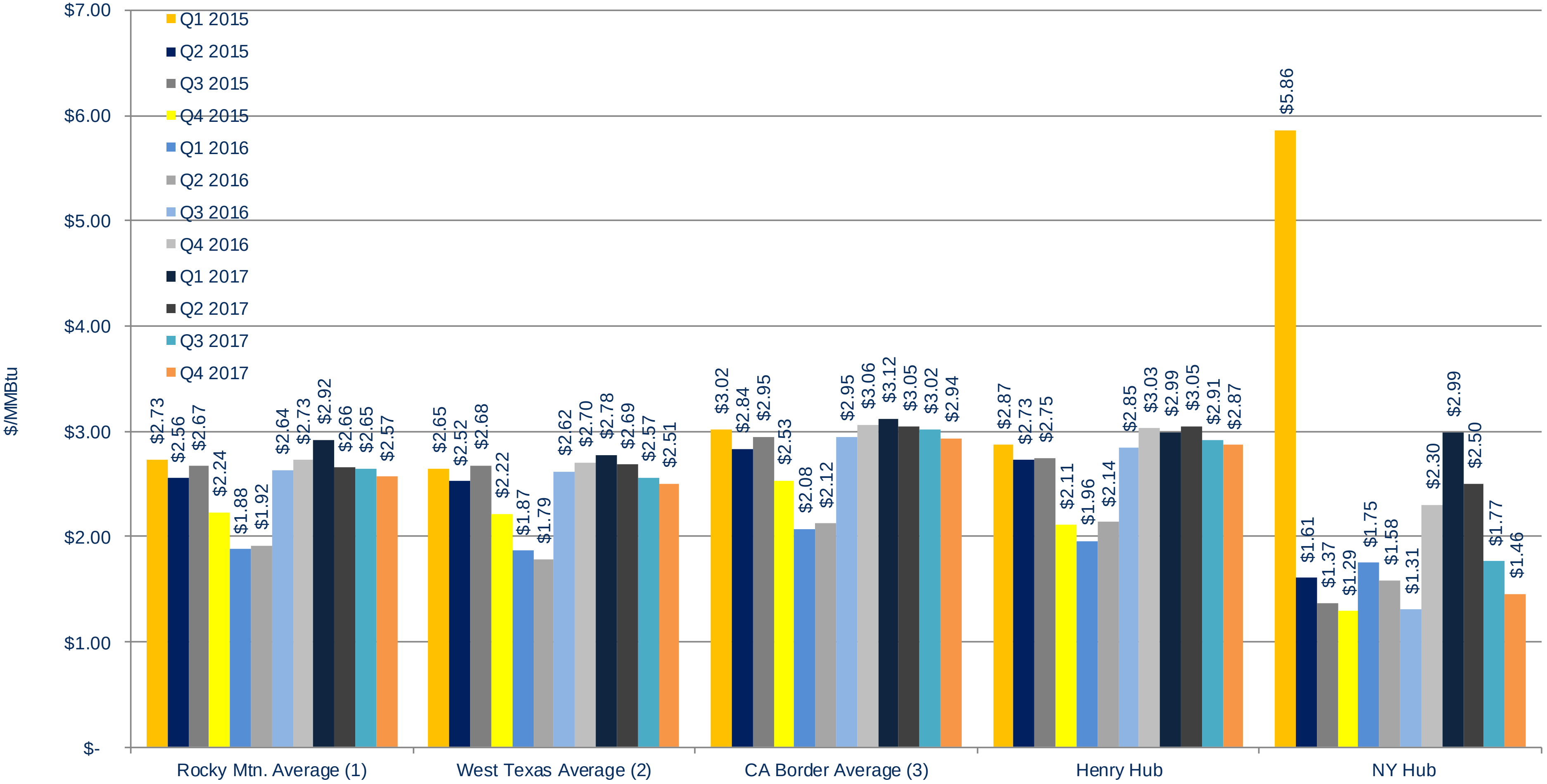
Source: EIA and EnerCom.

Active Natural Gas Contracts



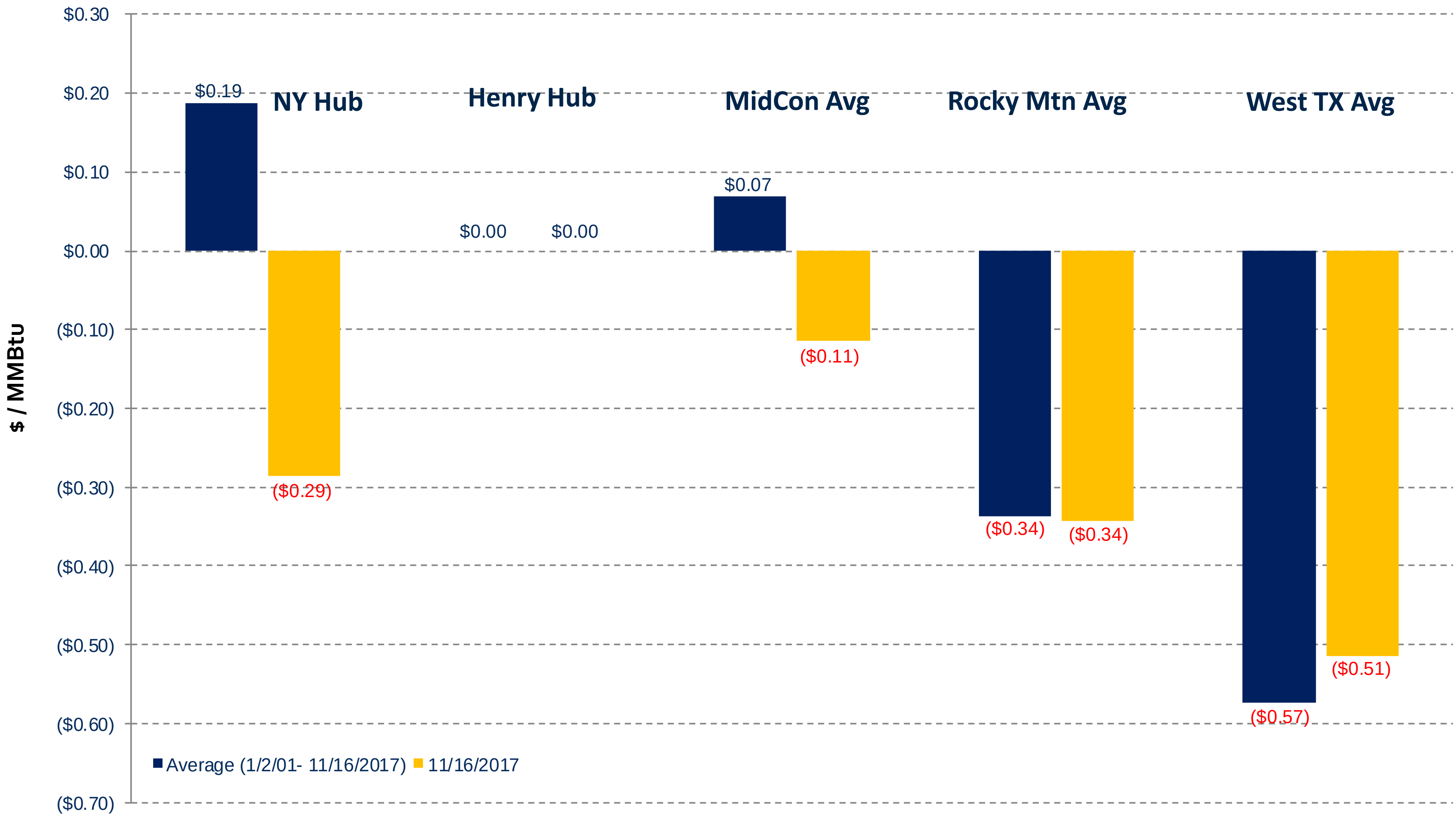
Sources: Bloomberg

U.S. Regional Natural Gas Prices



Notes: (1) Average of 3 Rocky Mountain hubs (2) Average of 2 West Texas hubs (3) Average of 3 hubs delivering gas to California border

Regional Gas Price Differentials



Source: Bloomberg, EnerCom.