

# TIPRO Summer Convention

Jud Walker

President and CEO – EnerVest Ltd.

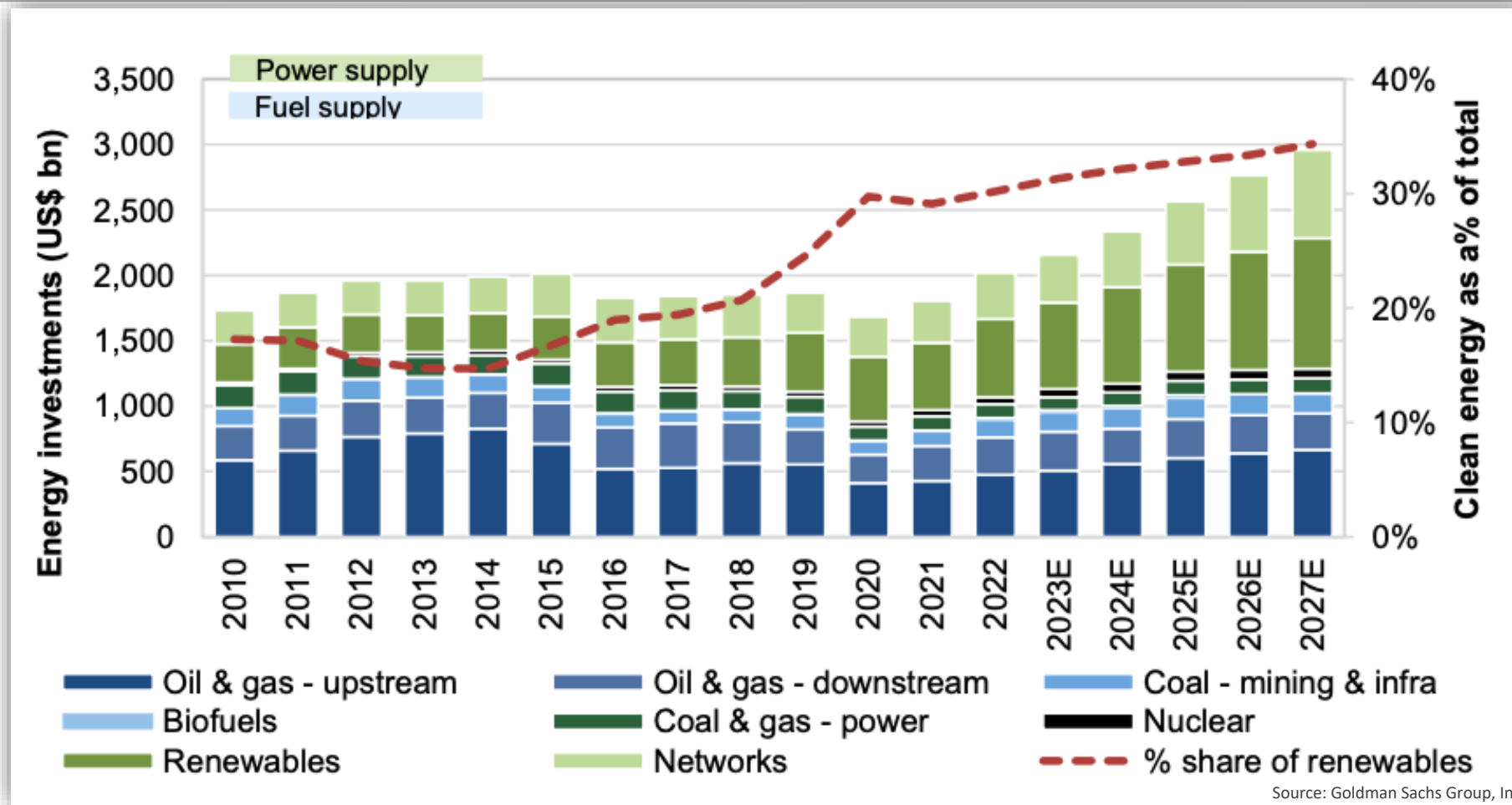
Chairman - TIPRO



1. Investment in our Industry is growing
2. The A&D market is picking up
3. Production growth remains elusive
4. Profitability is under pressure
5. Meeting future demand will be our next transformative challenge

***Texas remains the best state to operate within***

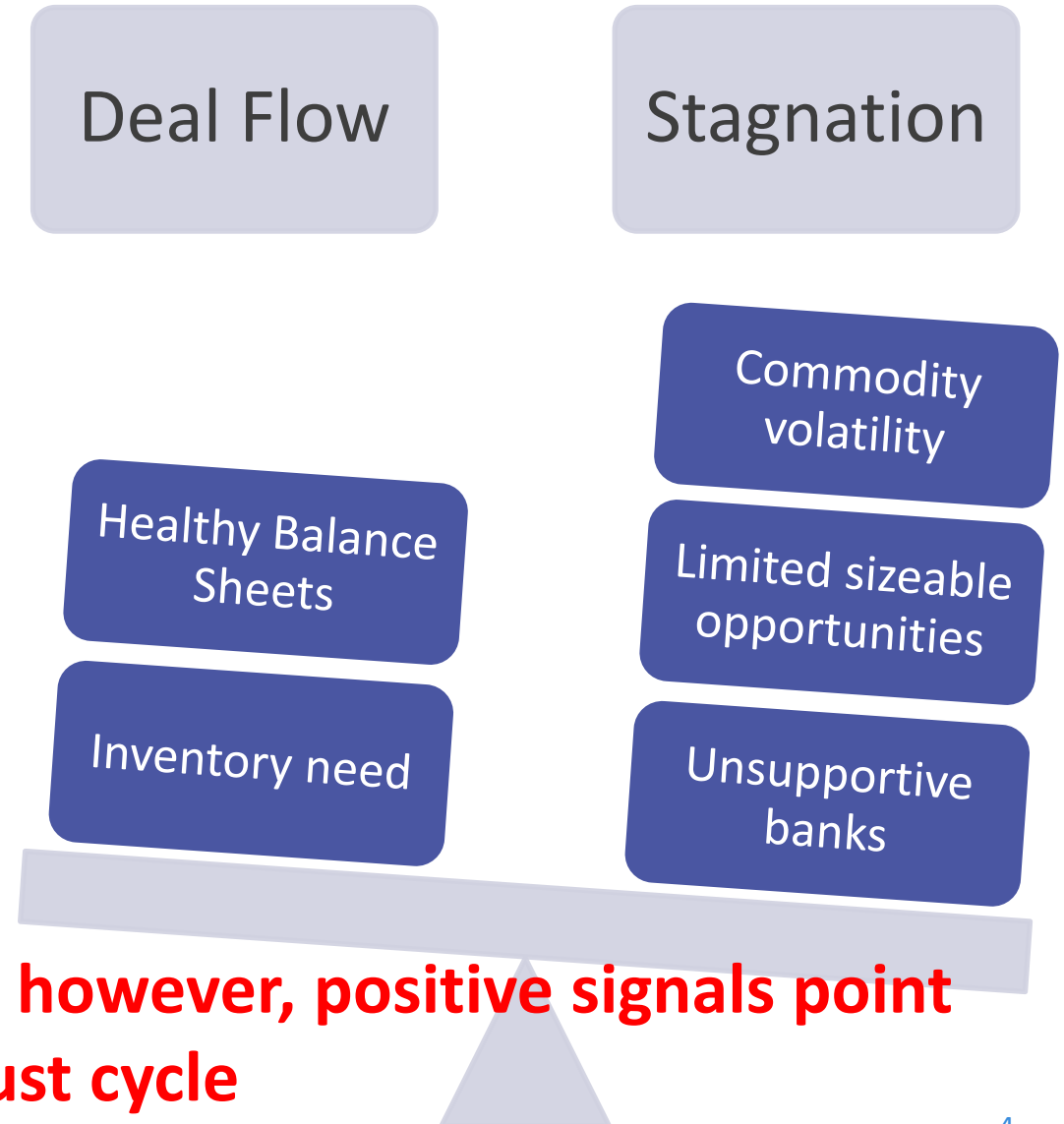
# Investment Growth



**Primary energy CAPEX (Global) expected to grow almost 50% by 2027 after almost a decade of underinvestment**

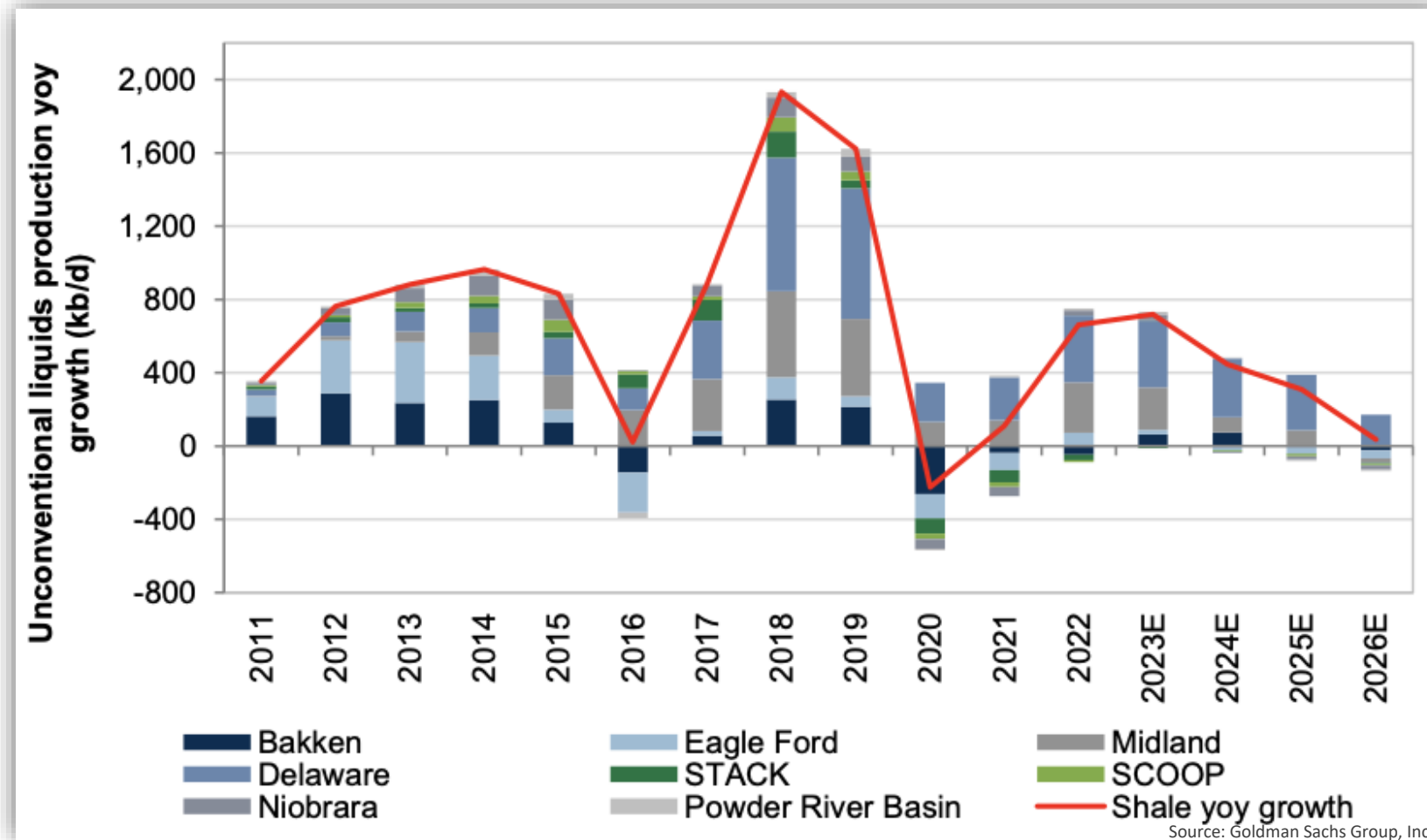
# The A&D Market is Picking Up...Slowly and Cautiously

- ~\$24B transacted from ~20 deals (half in the Permian)
- Average deal size is ~\$1B (nearly double while deal count has halved)
- Asset deals are trading around 3X EBITDA with buyers increasingly willing to pay for inventory outside of proven extents
- General lack of private opportunities could drive further consolidation from large-cap publics



**The A&D market remains challenging, however, positive signals point to a more robust cycle**

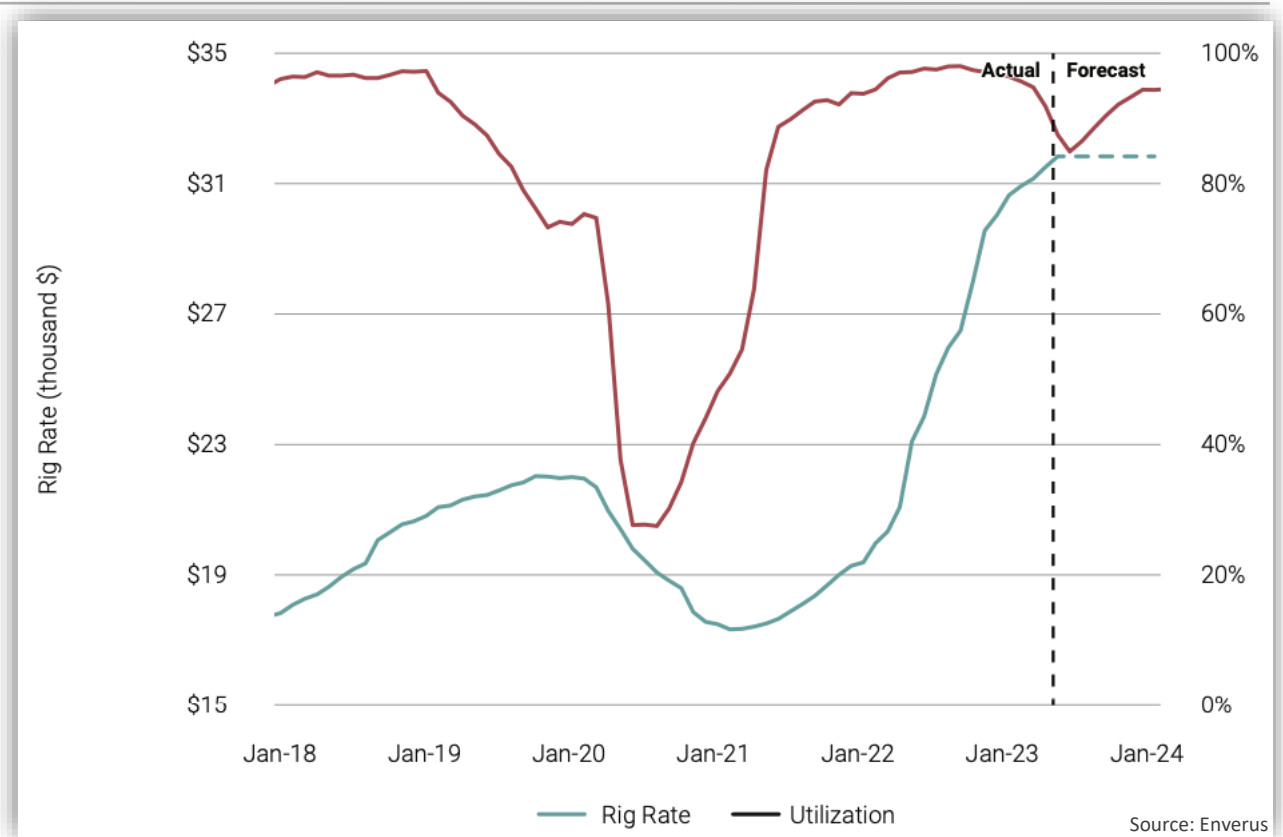
# Production Growth Remains Elusive



**Anemic growth (~1%) due to falling rig count and underperforming CAPEX programs**

# Profitability is Under Pressure

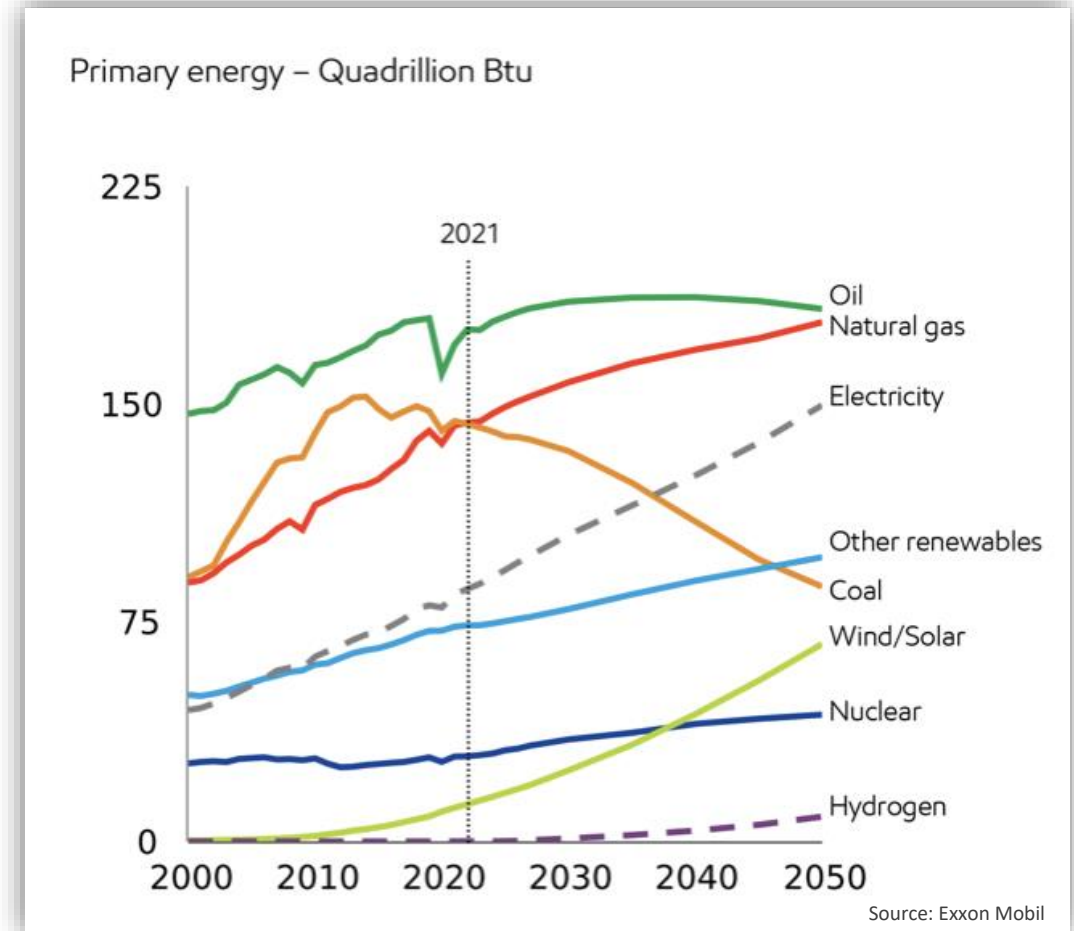
- Rig rates and pressure pumping markets remain tight with 35% and 45% year-to-year inflation
- Pipe, sand and chemicals have slightly decreased and stabilized
- Labor issues and supply chain delays are much improved from last year
- Not much relief is expected for operators this year and much uncertainty related to Federal policies looms



**Sixth year of steepening cost curve. CAPEX & OPEX inflation, higher taxes and delays are the culprits**

# Meeting Demand – The Next Transformative Challenge

- Expecting global supply shortages of oil in 2H23 of 1-3 MMbbl/d assuming OPEC maintains cuts
- China 2Q23 GDP grew by 6.3% (below expectations) but oil demand jumped 2.4 MMbbl/d...greater than average annual daily Canadian consumption!
- We are off the treadmill and need a step change in technology and/or reserve replacement to meet future demand.



**We need the experience of those who have been there, fresh talent to replace us, and pragmatic policies to support what we do**

# A Troubling Trend

- Petroleum engineering programs around the country have shrunk to their smallest size since before the shale revolution.
- Students are concerned about the industry's role in climate change and long-term job security in relation to the transition to other energy sources.
- The average petroleum engineer graduate earns 40% more than a peer with a computer science degree.

