



# Energy Market Update

September 29, 2025 | Confidential



# Robert Moore

Managing Director, Transaction Opinions and Valuation Advisory

**Robert Moore** is a Managing Director in the Transaction Opinions and Valuation Advisory groups. He has extensive experience in providing valuation advisory and transaction-related services to professional advisors, corporate boards and other fiduciaries and business owners.

Mr. Moore has over 20 years of financial advisory services experience and focuses on providing fairness opinion, solvency opinion and business valuation services. He has served as financial advisor or issued transaction opinions on a wide range transactions, including mergers & acquisitions, financing transactions, going-privates and recapitalizations. Additionally, he serves on Stout's Transaction Opinion Committee and Business Valuation Steering Committee.

Prior to joining Stout, Mr. Moore was a Senior Managing Director at Howard Frazier Barker Elliott, Inc. where he served in a similar capacity.

## Professional Memberships

American Society of Appraisers, Association for Corporate Growth

## Practice Areas

Trust & Estate | Shareholder & Succession Planning | Transaction Opinions

## Industry Focus

Energy & Power | Real Estate, Lodging and Leisure | Consumer | Industrials  
| Healthcare



## Education

M.B.A., Finance, University of Texas at Austin

B.B.A., Finance,  
Southern Methodist University at Dallas

## Designations

FINRA Series 7 and 63

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Houston

# Contents

- 4 About Stout
- 9 Oil & Gas Market Overview
- 19 Upstream Complex
- 29 Oilfield Equipment & Services



# About Stout

# Stout at a Glance

## Firm Facts

30+

Years of delivering client success



Serving clients in 120+ countries across offices in North America, Asia, and Europe



Consistently recognized as a top U.S. fairness opinion provider since 2012<sup>1</sup>



Committed to building and sustaining a corporate culture that values diversity, equity, and inclusion

## Our Clients

99

Advisor to 95 of the top Am Law 100 Law Firms<sup>2</sup>

70%

Proportion of Fortune 500 with which we have worked<sup>3</sup>

67%

Percentage of the top 100 private equity firms with which we have worked<sup>4</sup>

+90

Net Promoter Score<sup>5</sup> – a measure of our clients' willingness to recommend Stout's services

<sup>1</sup> Based on the total number of deals reported by more than 20 companies since 2012 in LSEG's *Global M&A Financial Advisory Review* (formerly known as Refinitiv's *Global Mergers & Acquisitions*): 2 (2023), 1 (2022), 2 (2021), 1 (2020), 2 (2019), 2 (2018), 2 (2017), 3 (2016), 2 (2015), 1 (2014), 3 (2013), 1 (2012).

<sup>2</sup> Proprietary analysis based on The American Lawyer's 2022 Top 100 Am Law firms

<sup>3</sup> Proprietary analysis based on Fortune's 2022 list of the 500 largest U.S. corporations by total revenue

<sup>4</sup> Proprietary analysis representing companies owned by the top 100 private equity firms based on aggregate capital raised in the preceding 10 years according to 2022 data provided by PitchBook

<sup>5</sup> On a scale of -100 to +100 since 2016

## ABOUT STOUT

# Who We Are

Stout is a global advisory firm. Our clients and their advisors rely on our premier expertise, deep industry knowledge, and unparalleled responsiveness on complex matters.

### Investment Banking & Restructuring

- M&A Advisory
- Capital Markets
- Corporate Recovery Services
- Special Situations & Distressed M&A
- Strategic Alternative Assessments

### Transaction Advisory

- Due Diligence
- Transaction Opinions
- Integration & Separation
- IT M&A Services
- Interim Management
- Business Transformation
- Tax Advisory Services
- Transaction Accounting & Internal Controls

### Valuation Advisory

- Corporate Tax Valuation
- ESOP Valuation & Opinions
- Financial Reporting Valuation
- Valuation Disputes
- Trust & Estate Valuation

### Accounting & Reporting Advisory

- Accounting Advisory
- Accounting & Finance Operations
- Financial Statement Preparation & SEC Filings
- Public Company Readiness
- Risk Advisory

### Disputes, Claims & Investigations

- Contract Compliance
- Expert Testimony & Consulting
- Claims
- Investigations
- Regulatory Compliance & Financial Crimes

### Specialty & Industry Services

- Automotive Component Defect & Recall Consulting
- Construction Services
- Digital & Data Analytics
- Employee Retention Credit Services
- Fund Advisory
- Transformative Change Consulting



# Valuation Advisory



As one of the largest independent valuation practices in the country, we provide specialized experience across a broad spectrum of industries. Clients come to us for purposes such as financial reporting, corporate tax planning and compliance, trust and estate tax reporting, shareholder and succession planning, and litigation matters.

## A Proven Track Record

For more than 25 years, we have developed and supported opinions that withstand scrutiny – whether that be from the SEC, IRS, Department of Labor, a trier of fact, an auditor review, or a counter party. For example, our professionals have testified in almost 30 U.S. Tax Court trials, including multiple valuation-related landmark cases – more than any other firm.

## Industry Experience and Global Reach

Our work spans six continents and more than 80 countries, including some of the largest and most complex valuation engagements around the world. In addition, our clients are represented across all industry sectors.

## Market-Leading Professionals

Our financial professionals hold market-leading designations and advanced degrees; have developed ground-breaking studies, databases, and valuation models that are used throughout the industry; and are sought-after authors, speakers, and professors.

## Specialized Experience Across a Broad Spectrum of Industries

- Complex Securities & Financial Instruments
- Corporate Tax Planning and Compliance Services
- ESOP & ERISA Advisory
- Financial Reporting
- Healthcare Fair Market Value
- Intellectual Property/Intangible Assets
- Machinery & Equipment
- Oil & Gas
- Portfolio Valuation
- Real Estate
- Shareholder & Succession Planning
- Trust & Estate
- Valuation Disputes

# Transaction Opinions



We provide fairness, solvency and valuation opinions across a wide range of industries, deal sizes, and deal types and have been consistently recognized as a top fairness opinion provider.

## Fairness Opinions

We bring broad industry and deal expertise in providing opinions to Boards of Directors, Special Committees, Private Equity GPs, and other fiduciaries. The deep experiences of our deal teams and rigorous processes provide our clients top-notch support in fulfilling their fiduciary duties.

### Our typical fairness opinion engagements include:

- Mergers, acquisitions, and divestitures
- Going-private and conflict transactions
- Recapitalizations
- Related-party transfers
- Secondary and continuation fund transactions

## Valuation Opinions

As one of the largest Valuation Advisory groups in the United States, we bring our expertise to bear on valuations in the context of transactions. Our experiences include:

- Liability management transactions
- Private company valuations for M&A
- Shareholder buyouts
- Reasonably equivalent value tests
- Capital surplus tests

## Solvency Opinions

Our solvency opinions regularly provide independent support to Boards of Directors of Private Equity portfolio and Publicly Traded companies in their considerations of leveraged transactions. We bring analytical expertise and process rigor to every solvency-related engagement.

### Our typical solvency opinion engagements include:

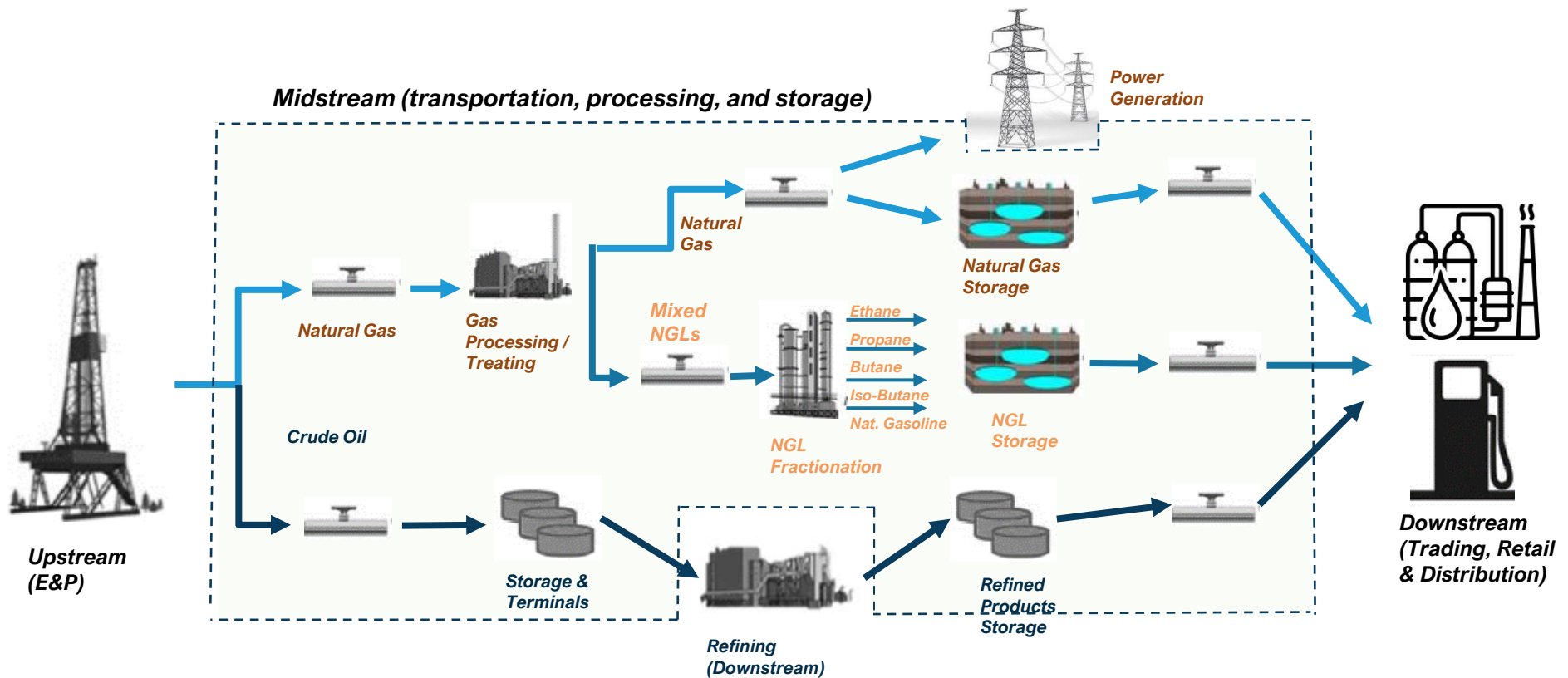
- Corporate spin-offs and carve-outs
- Dividend recapitalizations
- Financing transactions
- Special dividends and buy-backs





# Energy Market Overview

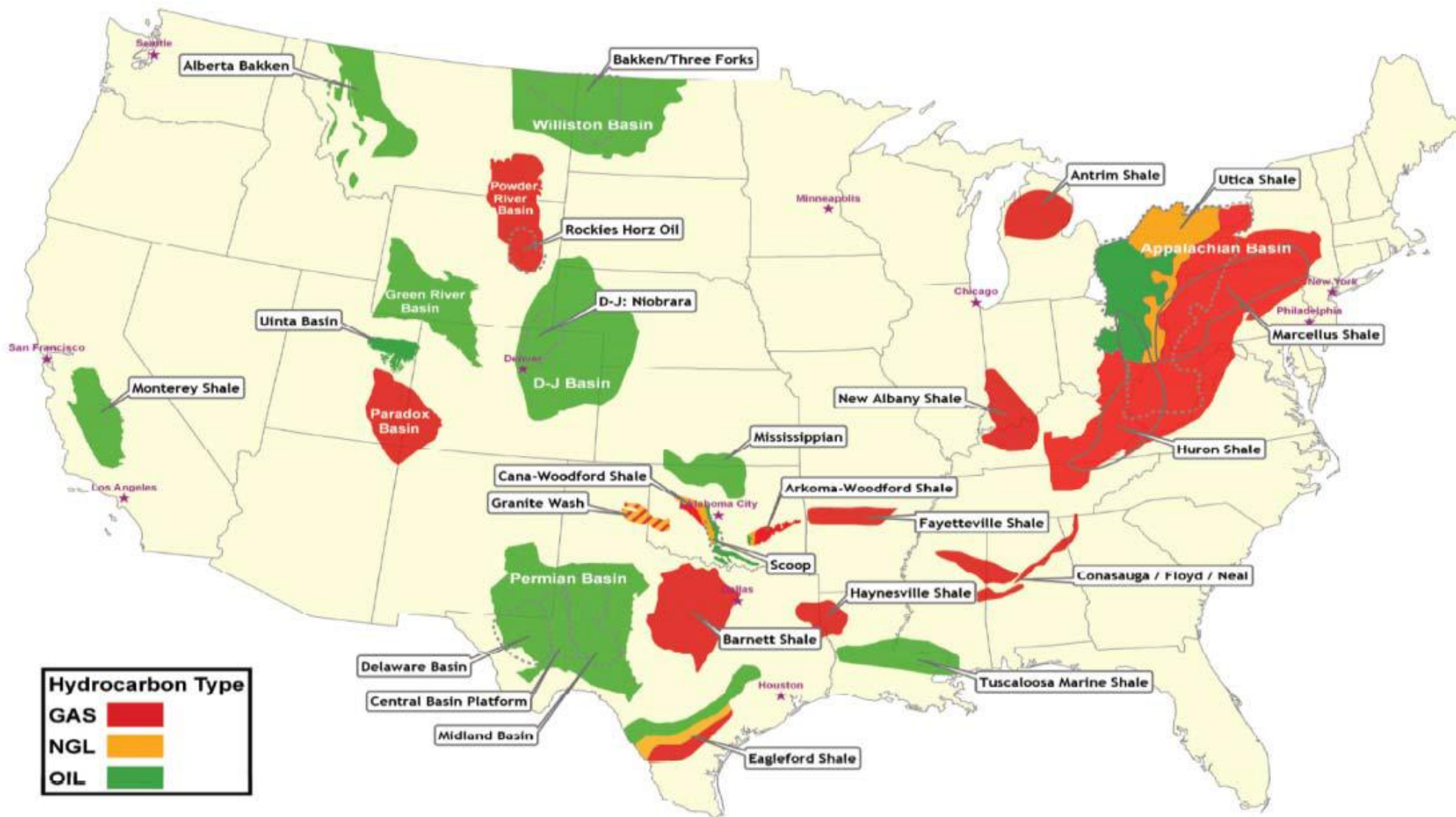
# Oil and Gas Supply Chain



## + Oilfield Services & Equipment

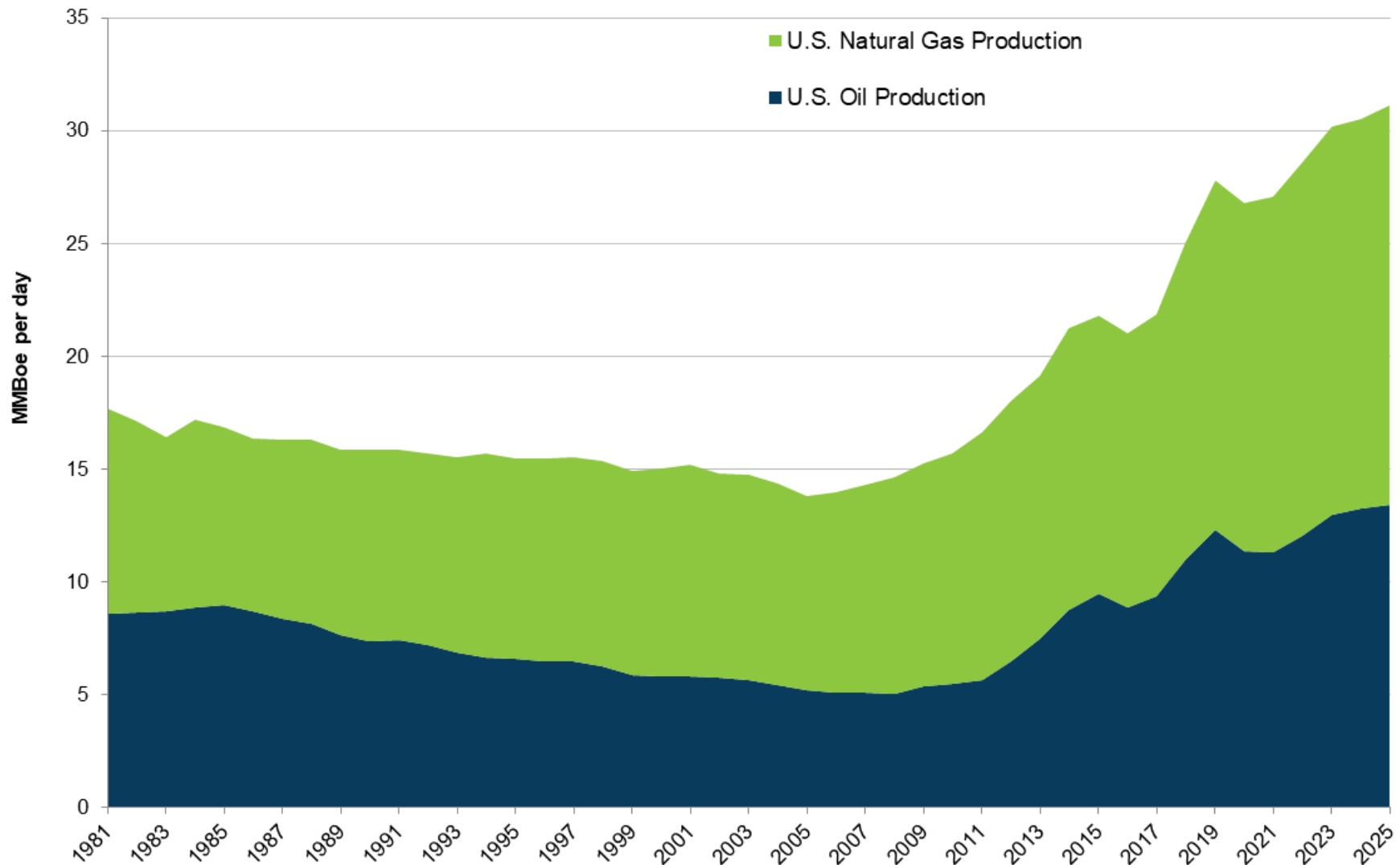
- Contract Drilling
- Pressure Pumping
- Completion services
- Seismic/geophysical
- Sand, fluids & consumables
- Compression
- OCTG
- Rig Equipment
- Offshore Equipment

# Unconventional Producing Areas



Source: Tudor, Pickering & Holt

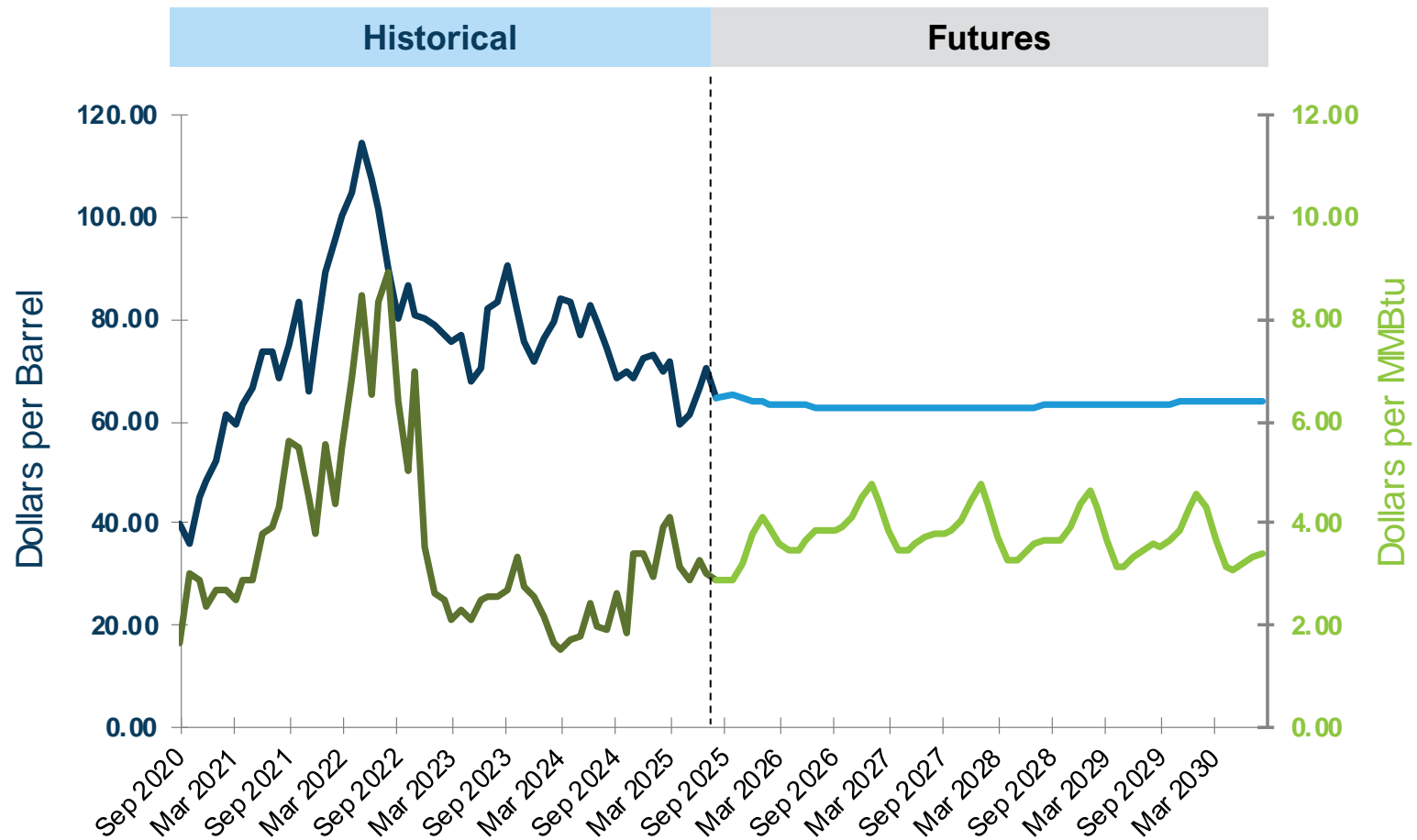
# U.S. Oil and Natural Gas Production



Notes: 2025 data through June; Natural gas presented on a boe basis based on 6:1 ratio

Source: Energy Information Agency

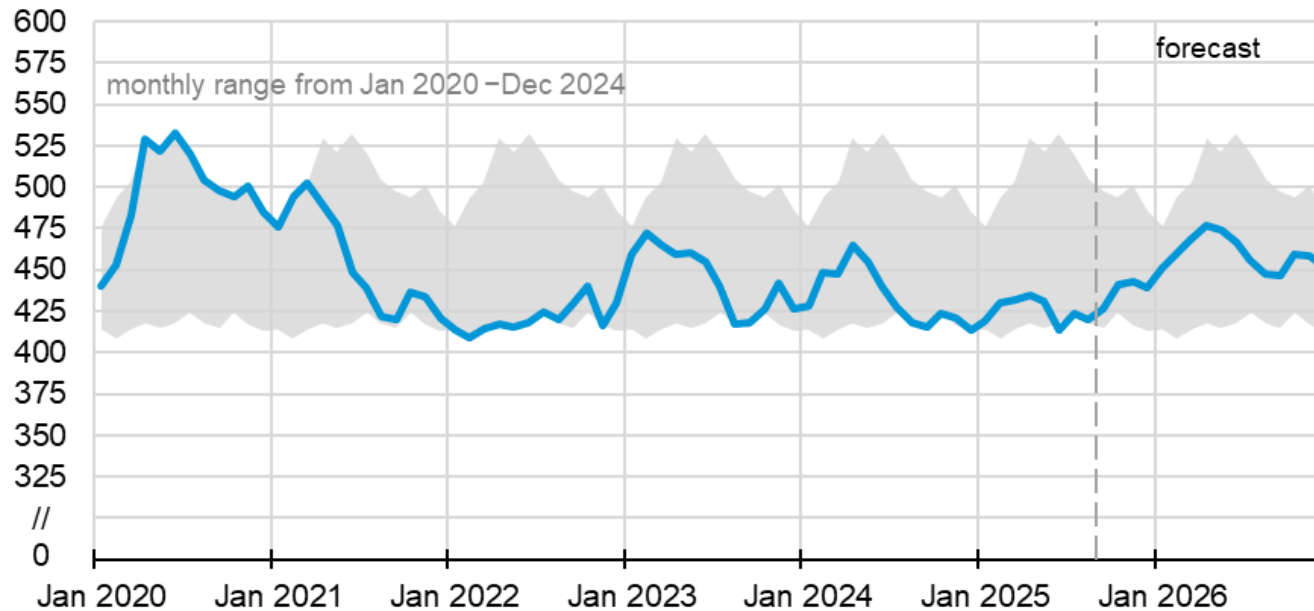
# Oil and Natural Gas Prices



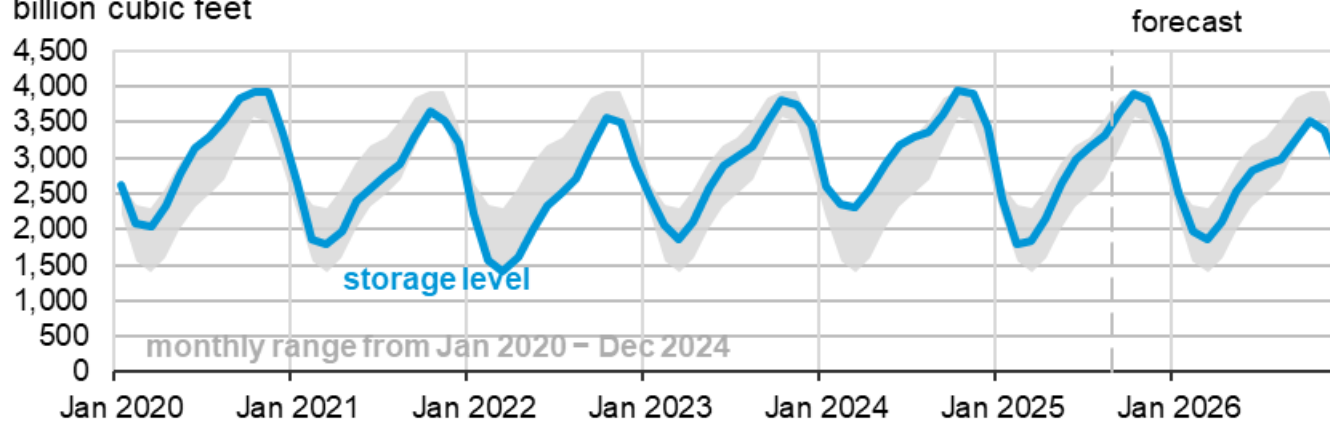
Source: Capital IQ.

# OECD Liquids and U.S. Natural Gas Inventories

**U.S. commercial crude oil inventories**  
million barrels

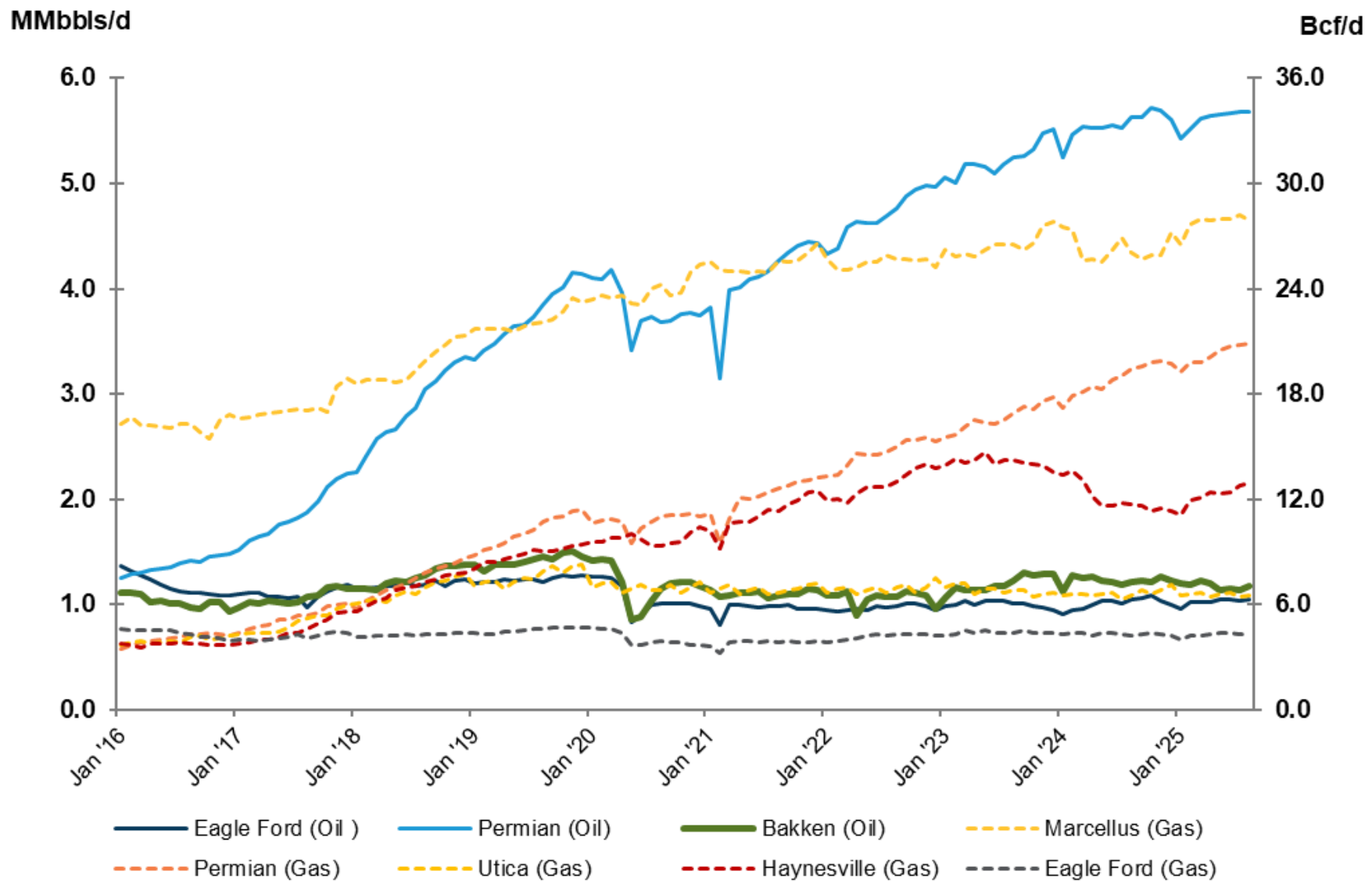


**U.S. working natural gas in storage**  
billion cubic feet





# U.S. Oil and Natural Gas Production by Area

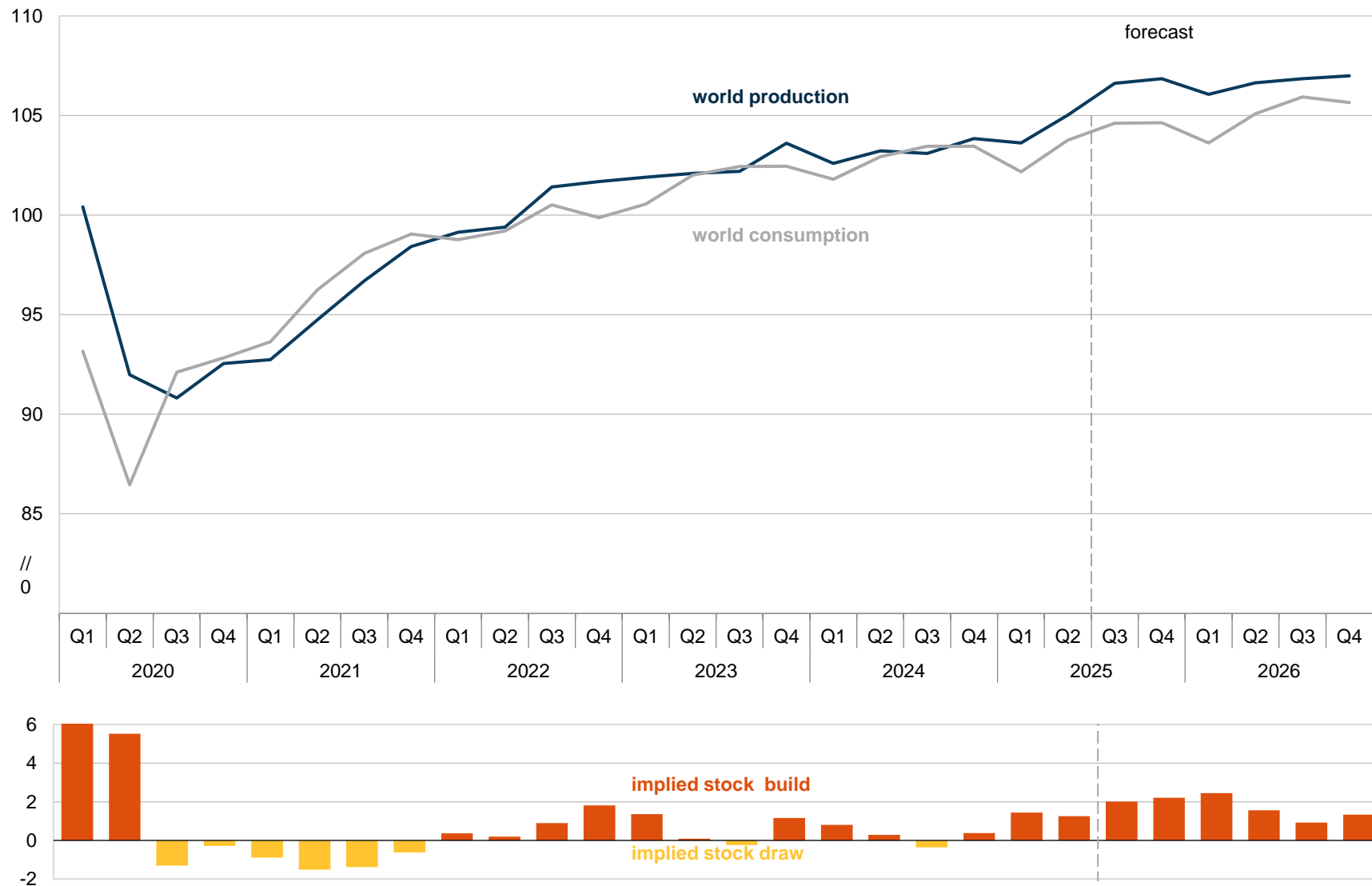


Notes: 2025 data through August; Natural gas presented on a boe basis based on 6:1 ratio

Source: Energy Information Agency

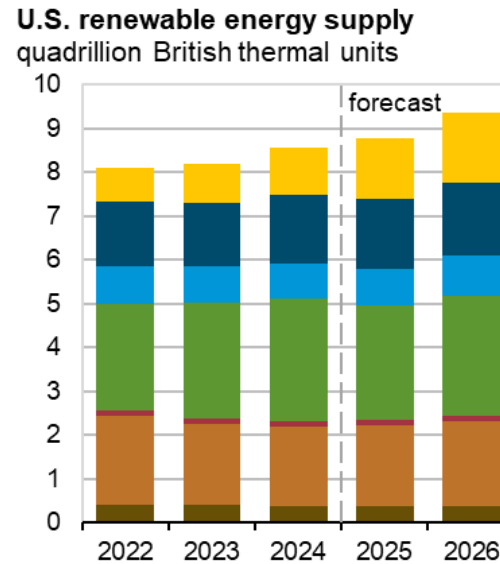
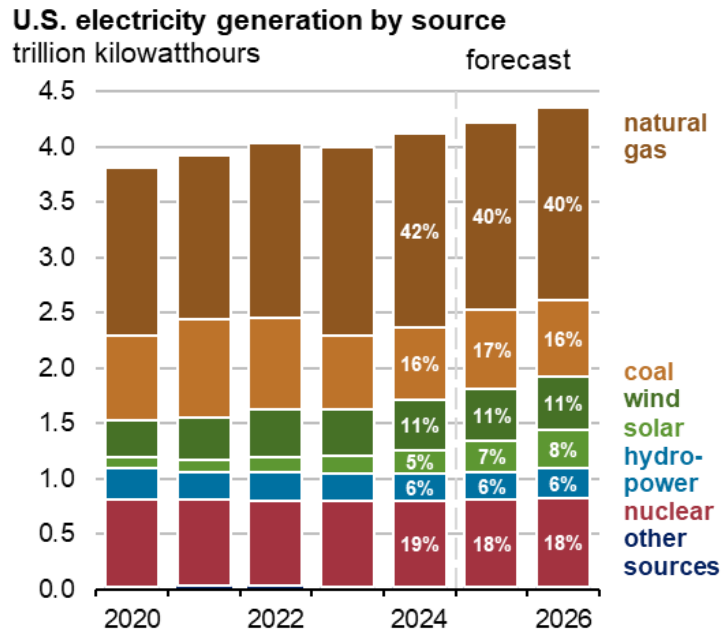
# Global Oil Consumption and Demand

World liquid fuels production and consumption balance  
million barrels per day



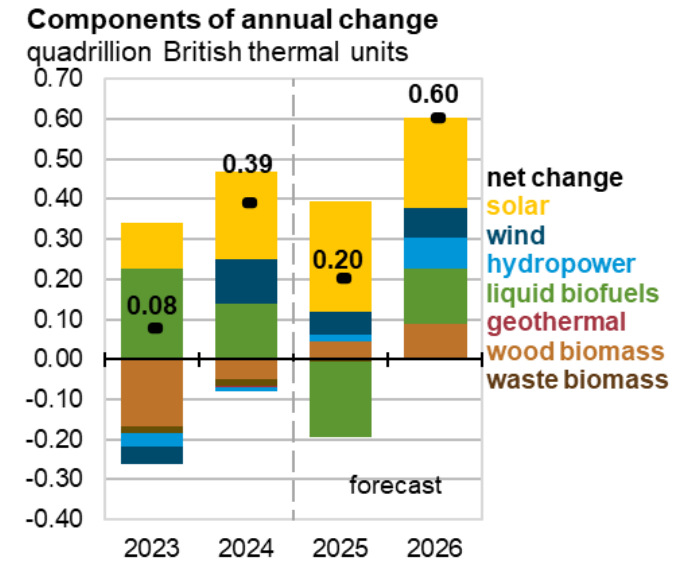
Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, September 2025

# U.S. Electricity Generation



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, September 2025

Note: Hydropower excludes pumped storage generation. Liquids include ethanol, biodiesel, renewable diesel, other biofuels, and biofuel losses and coproducts. Waste biomass includes municipal waste from biogenic sources, landfill gas, and non-wood waste.

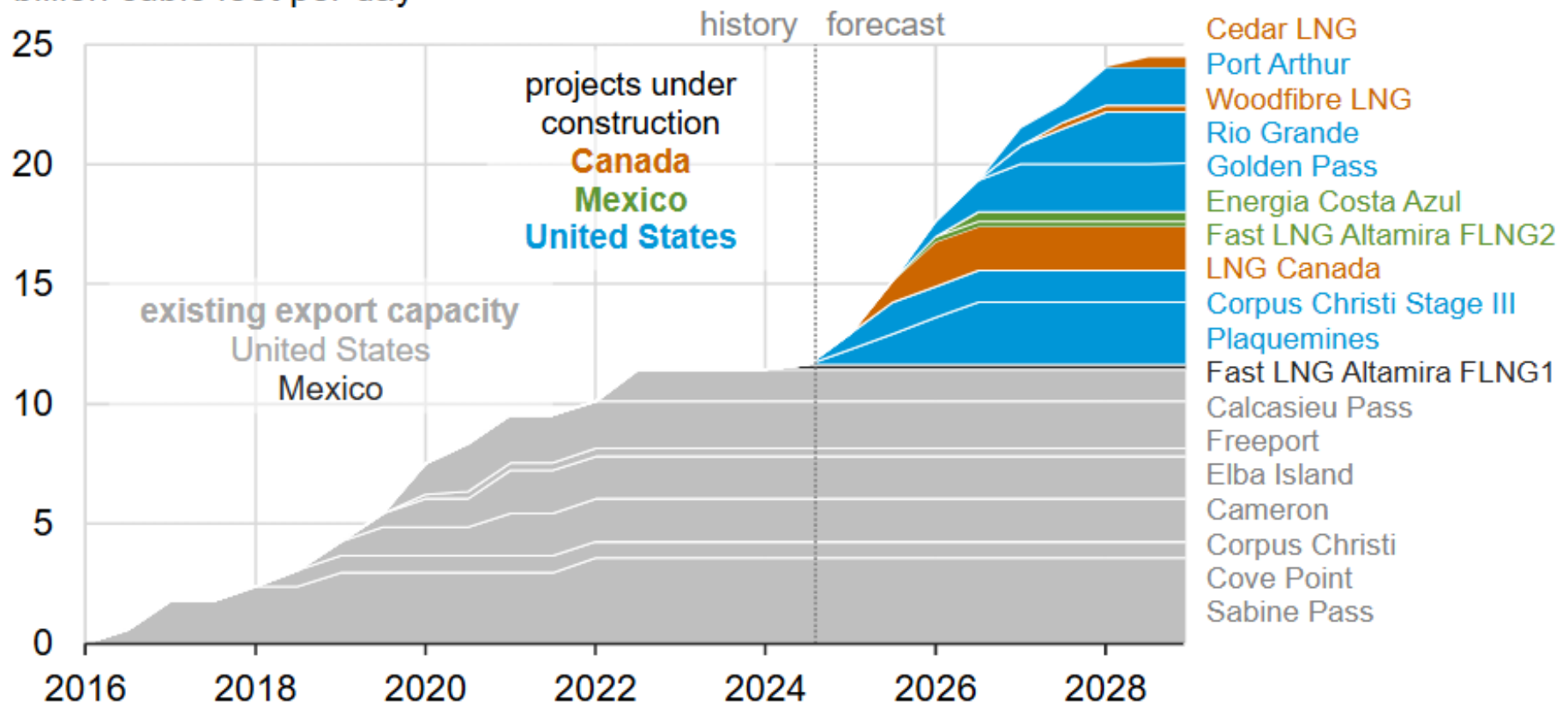


- Growth in generation from renewable sources, particularly solar.
- Coal has stabilized in light of power demand growth.
- Natural gas generation plants still being constructed, expected to grow generation for the near term.
- Nuclear generation plants nearly nonstarters.
  - Nuclear closures have been delayed.
  - Newer nuclear technologies drawing investment, but still distant.

# U.S. LNG Export Capacity

## North America liquefied natural gas export capacity by project (2016–2028)

billion cubic feet per day



**Data source:** U.S. Energy Information Administration, [Liquefaction Capacity File](#), and trade press

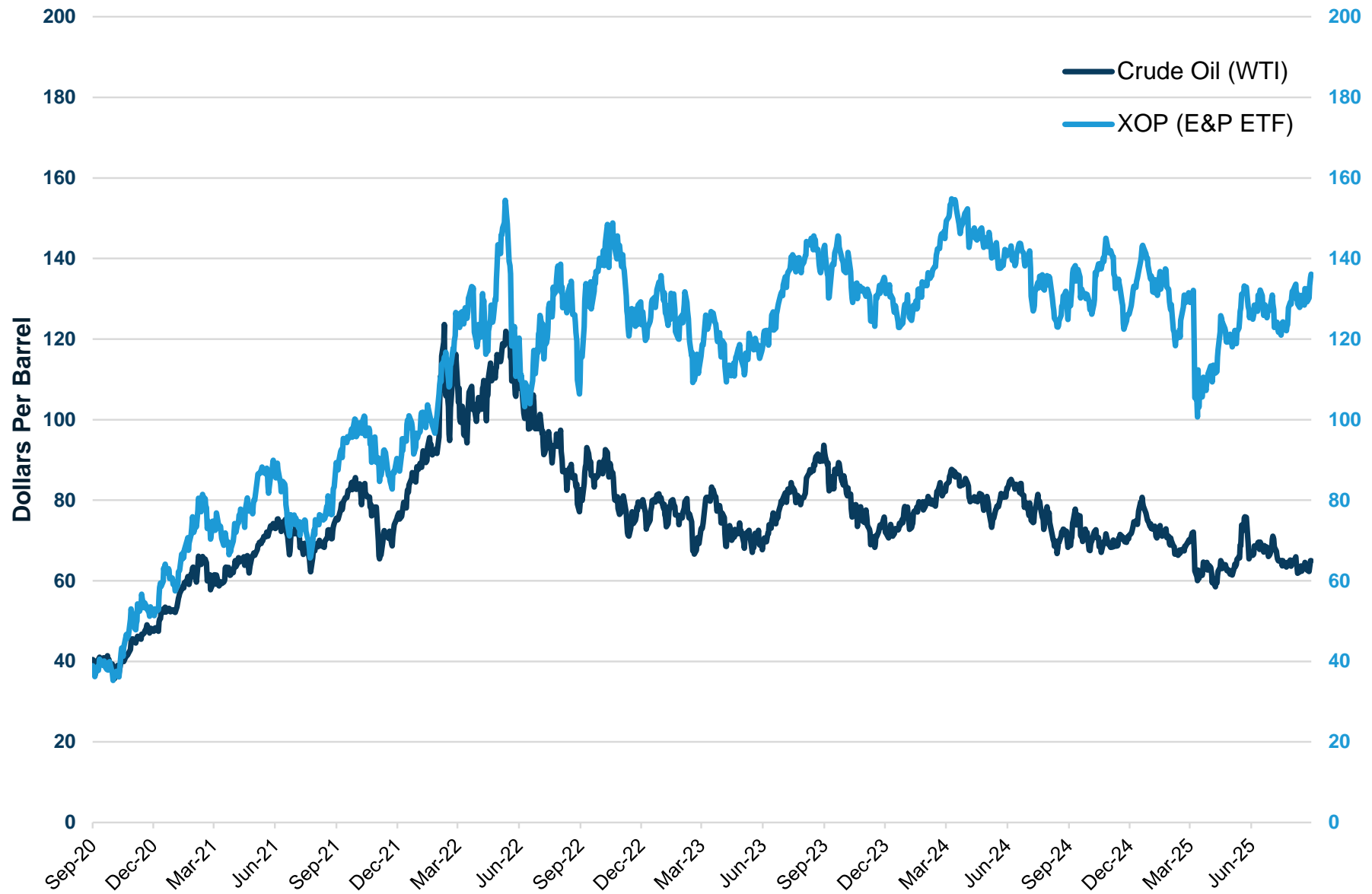
**Note:** Export capacity shown is project's baseload capacity. Online dates of LNG export projects under construction are estimates based on trade press. LNG=liquefied natural gas; FLNG=floating liquefied natural gas

- LNG Exports account for 13-14 Bcf of gas per day in 2025, approximately 13% of production.
- Approximately 3 years for construction, after receipt of permits

# Upstream Complex

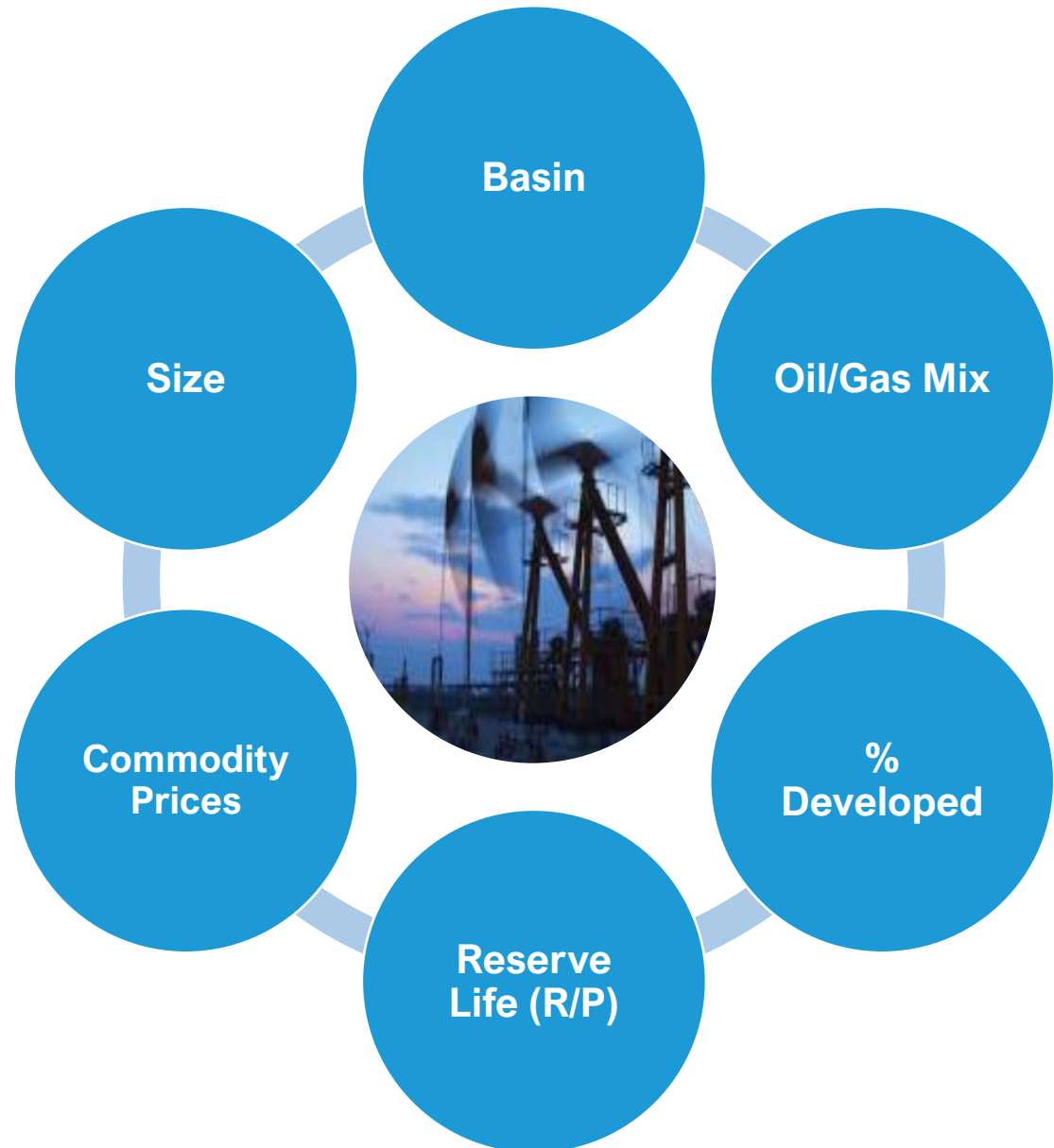


# Upstream Index & Crude Comparison





# Value Drivers



# Valuation Methods

Method	Key Inputs	Considerations
Net Asset Value	Reserve Report Discount Rates G&A Expenses	Commodity Pricing Reserve Classifications
Market Approach	Guideline Companies MA&D Transactions	Basin Commodity Mix/Margins Production Trend
Discounted Cash Flow	Corporate Projections WACC Terminal Value	Reserve Characteristics Income Taxes
Additional Assets / Liabilities	Undeveloped Properties Surface and Water Rights Midstream Infrastructure Contractual Obligations	Reserve Report Impact Operated vs Non-Op



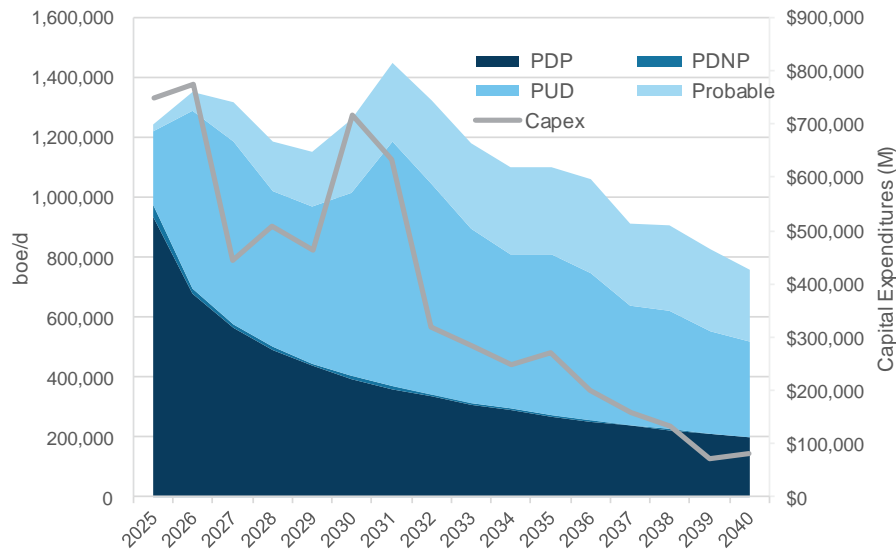
# Key Input: Reserve Report

SUMMARY PROJECTION OF RESERVES AND REVENUE AS OF DECEMBER 31, 2018											CERTAIN PROPERTIES LOCATED IN KANSAS, LOUISIANA, AND TEXAS			
BIG STRIKE OIL CORPORATION INTEREST														
TOTAL PROVED RESERVES														
PERIOD ENDING M-D-Y	GROSS RESERVES		NET RESERVES				AVERAGE PRICES			GROSS REVENUE				
	OIL MBBL	GAS MMCF	OIL MBBL	NGL MBBL	GAS MMCF	EQUIV MBOE	OIL \$/BBL	NGL \$/BBL	GAS \$/MCF	OIL M\$	NGL M\$	GAS M\$	TOTAL M\$	
12-31-2019	1,038.3	1,796.0	608.6	0.0	1,027.0	779.8	42.69	0.00	1.651	25,980.3	0.0	1,696.0	27,676.3	
12-31-2020	1,504.8	2,274.8	883.3	0.0	1,310.3	1,101.7	44.75	0.00	1.381	39,523.8	0.0	1,809.2	41,333.0	
12-31-2021	1,727.6	2,520.5	1,103.0	0.0	1,556.4	1,362.4	46.13	0.00	1.319	50,881.2	0.0	2,053.5	52,934.6	
12-31-2022	1,722.6	2,582.7	1,087.5	0.0	1,586.4	1,353.5	47.15	0.00	1.455	51,274.0	0.0	2,322.6	53,596.6	
12-31-2023	1,541.1	2,348.7	854.2	0.0	1,314.1	1,073.2	47.98	0.00	1.520	40,983.6	0.0	1,997.1	42,980.7	
12-31-2024	1,755.1	2,563.4	1,066.3	0.0	1,525.7	1,320.6	48.69	0.00	1.685	51,914.3	0.0	2,571.1	54,485.4	
12-31-2025	1,846.5	2,714.7	1,075.3	0.0	1,576.7	1,338.1	48.96	0.00	1.964	52,645.9	0.0	3,096.4	55,742.3	
12-31-2026	1,390.4	2,181.5	812.6	0.0	1,264.3	1,023.3	48.93	0.00	2.027	39,761.1	0.0	2,563.1	42,324.2	
12-31-2027	1,792.6	2,608.2	868.6	0.0	1,307.5	1,086.5	48.89	0.00	2.095	42,467.9	0.0	2,739.5	45,207.4	
12-31-2028	1,542.1	2,343.8	710.4	0.0	1,123.6	897.7	48.77	0.00	2.196	34,647.1	0.0	2,467.2	37,114.3	
12-31-2029	1,444.8	2,235.5	619.4	0.0	1,000.2	786.1	48.74	0.00	2.288	30,188.3	0.0	2,287.9	32,476.2	
12-31-2030	1,156.1	1,859.6	545.0	0.0	888.9	693.2	48.72	0.00	2.372	26,552.1	0.0	2,108.2	28,660.2	
12-31-2031	1,002.7	1,635.0	490.3	0.0	803.3	624.2	48.70	0.00	2.464	23,876.7	0.0	1,979.0	25,855.7	
12-31-2032	896.0	1,476.9	446.8	0.0	736.1	569.5	48.69	0.00	2.453	21,754.1	0.0	1,805.4	23,559.5	
12-31-2033	808.2	1,339.6	409.1	0.0	675.7	521.8	48.69	0.00	2.450	19,920.0	0.0	1,655.5	21,575.5	
SUBTOTAL	21,168.8	32,481.0	11,580.4	0.0	17,706.2	14,531.4	47.70	0.00	1.872	552,370.3	0.0	33,151.6	585,521.9	
REMAINING	8,132.2	13,274.8	4,142.7	0.0	6,588.1	5,240.7	48.68	0.00	2.523	201,655.8	0.0	16,621.3	218,277.1	
TOTAL	29,301.0	45,755.8	15,723.1	0.0	24,294.3	19,772.1	47.96	0.00	2.049	754,026.0	0.0	49,772.9	803,798.9	
CUM PROD	13,872.0	17,328.4												
ULTIMATE	43,173.0	63,084.1												

PERIOD ENDING M-D-Y	NUMBER OF ACTIVE COMPLETIONS		NET DEDUCTIONS/EXPENDITURES					FUTURE NET REVENUE			PRESENT WORTH PROFILE	
			TAXES		CAPITAL	ABDNMT	OPERATING	UNDISCOUNTED		DISC AT 10.000%		
	GROSS		PRODUCTION	AD VALOREM	COST	COST	EXPENSE	PERIOD	CUM	CUM	DISC RATE	CUM PW
			M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	%
12-31-2019	85	60.6	2,413.8	0.0	9,641.5	323.1	11,451.7	3,846.2	3,846.2	3,922.1	8.000	124,462.8
12-31-2020	90	64.4	3,815.1	0.0	19,585.1	270.0	13,286.4	4,366.4	8,212.6	7,215.6	12.000	90,134.5
12-31-2021	97	70.8	3,397.5	0.0	48,610.7	73.1	14,894.8	-14,041.3	-5,828.7	-4,324.4	15.000	72,685.9
12-31-2022	98	71.3	3,426.5	0.0	3,400.0	0.0	15,291.8	31,478.3	25,649.6	18,240.6	20.000	52,834.1
12-31-2023	101	72.0	3,051.7	0.0	5,015.0	0.0	13,566.4	21,347.6	46,997.2	32,069.0	25.000	39,937.5
12-31-2024	107	77.3	4,422.0	0.0	35,672.0	0.0	14,830.1	-438.7	46,558.5	31,521.5	30.000	31,141.3
12-31-2025	109	78.3	4,649.2	0.0	10,200.0	51.1	15,273.1	25,568.9	72,127.4	45,151.1	40.000	20,364.9
12-31-2026	108	77.5	3,439.6	0.0	4,593.8	74.7	13,347.2	20,869.0	92,996.4	55,490.3	60.000	10,761.2
12-31-2027	113	79.0	3,787.7	0.0	9,431.3	60.8	13,662.2	18,265.4	111,261.8	63,512.7	80.000	6,944.8
12-31-2028	112	76.1	3,049.4	0.0	1,020.0	213.5	12,467.3	20,364.1	131,625.9	71,771.4	100.000	5,167.7
12-31-2029	112	76.1	2,638.2	0.0	0.0	0.0	11,728.1	18,109.9	149,735.8	78,440.9		
12-31-2030	112	76.1	2,302.3	0.0	0.0	0.0	10,867.8	15,490.1	165,225.9	83,625.2		
12-31-2031	108	73.5	2,059.1	0.0	0.0	264.5	10,164.4	13,367.7	178,593.6	87,690.7		
12-31-2032	105	71.1	1,868.4	0.0	0.0	242.9	9,595.9	11,852.3	190,446.0	90,968.4		
12-31-2033	102	69.5	1,703.0	0.0	0.0	160.9	9,051.3	10,660.3	201,106.3	93,648.0		
SUBTOTAL			46,023.3	0.0	147,179.2	1,734.6	189,478.4	201,106.3	201,106.3	93,648.0		
REMAINING			16,424.6	0.0	0.0	6,945.7	110,688.3	84,218.4	285,324.7	105,310.9		
TOTAL OF 50.0 YRS			62,447.9	0.0	147,179.2	8,680.3	300,166.7	285,324.7	285,324.7	105,310.9		

# NAV & DCF Components

Daily Production Profile



## Discounted Cash Flow Analysis

- Corporate Projections, typically built up from Reserve Report.
  - Potentially utilizing risk-adjusted cash flows.
  - Layered in non-reserve report items like G&A, non-O/G expenses and capex, other revenues.
  - Consider cash taxes.
- Discount rate based on a WACC analysis.

## Net Asset Value

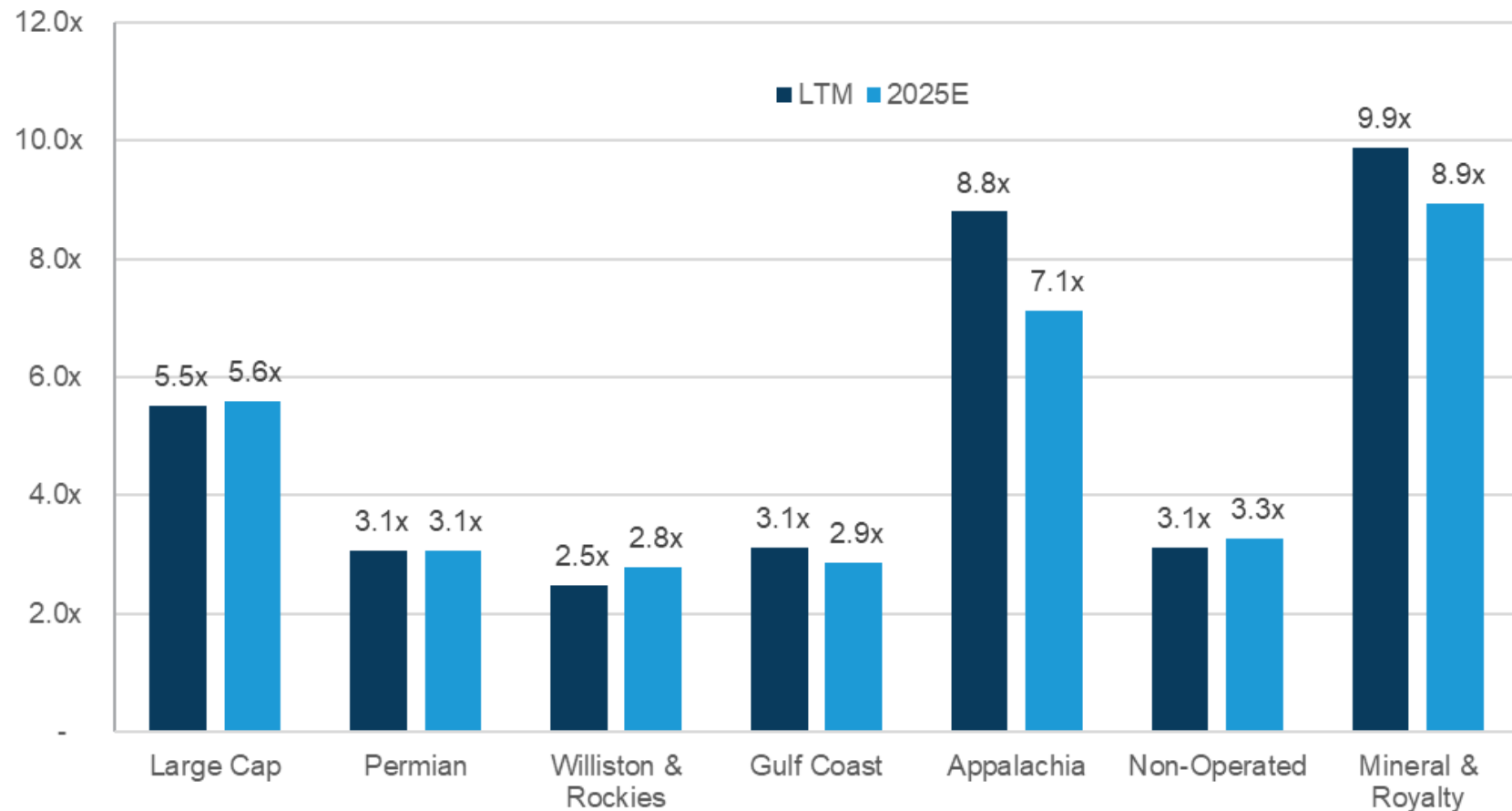
### Reserve Value - Risk Adjusted Discount Rates

*In Thousands of U.S. Dollars*

Category	Discount Rate		Reserve Value [a]	
	Low	High	Low	High
<b>Reserves</b>				
PDP	12.0%	10.0%	\$3,067,550	\$3,336,447
PDNP	17.5%	15.0%	119,908	132,490
PUD	25.0%	20.0%	874,993	1,161,129
PROB	35.0%	27.5%	83,162	158,790
<b>Total Reserve Value</b>			<b>\$4,145,613</b>	<b>\$4,788,856</b>

- Corroborate with MA&D transaction multiples
- Consideration of G&A expenses
- Plug & Abandonment
- Hedges and other assets

# Segmented Public Company EBITDAX Multiples



Significant amount of consolidation, with shift to multi-basin and commodity mix diversification a driver.

Seeing very little differentiation among multiples across basins, although Marcellus is a clear outlier and significant range of multiples in Permian based on market perceptions of growth opportunities.

# Oil & Gas Working Interests

## Working Interests – 20:1 \$/BOE/D

### August 2023 – August 2024

Region	\$/BOE/D	CF Multiple (Avg. 6 mos. prior to sale)	CF Multiple (Last month prior to sale)
Ark-La-Tex	\$34,650	19	20
Gulf Coast	\$35,670	21	22
Michigan Basin	\$34,270	26	25
Mid-Continent	\$33,530	30	26
Permian	\$43,320	34	25
Rockies	\$35,880	28	25
South Texas	\$32,210	20	22

Transaction multiples continue to be soft.

- Multiples generally in the 1.7x to 3.0x range.
- Premium observed for Permian transactions, although growth in recent CF appears to be primary driver.



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# Oil & Gas Royalty Interests

## Royalty Interests – 20:1 \$/BOE/D

### August 2023 – August 2024

Region	\$/BOE/D	CF Multiple (Avg. 6 mos. prior to sale)	CF Multiple (Last month prior to sale)
Ark-La-Tex	\$65,160	45	48
Gulf Coast	\$48,750	48	49
Michigan Basin	\$65,340	45	52
Mid-Continent	\$73,860	42	49
Permian	\$66,830	49	41
Rockies	\$64,950	32	38
South Texas	\$48,140	47	44

Transaction multiples continue to be soft.

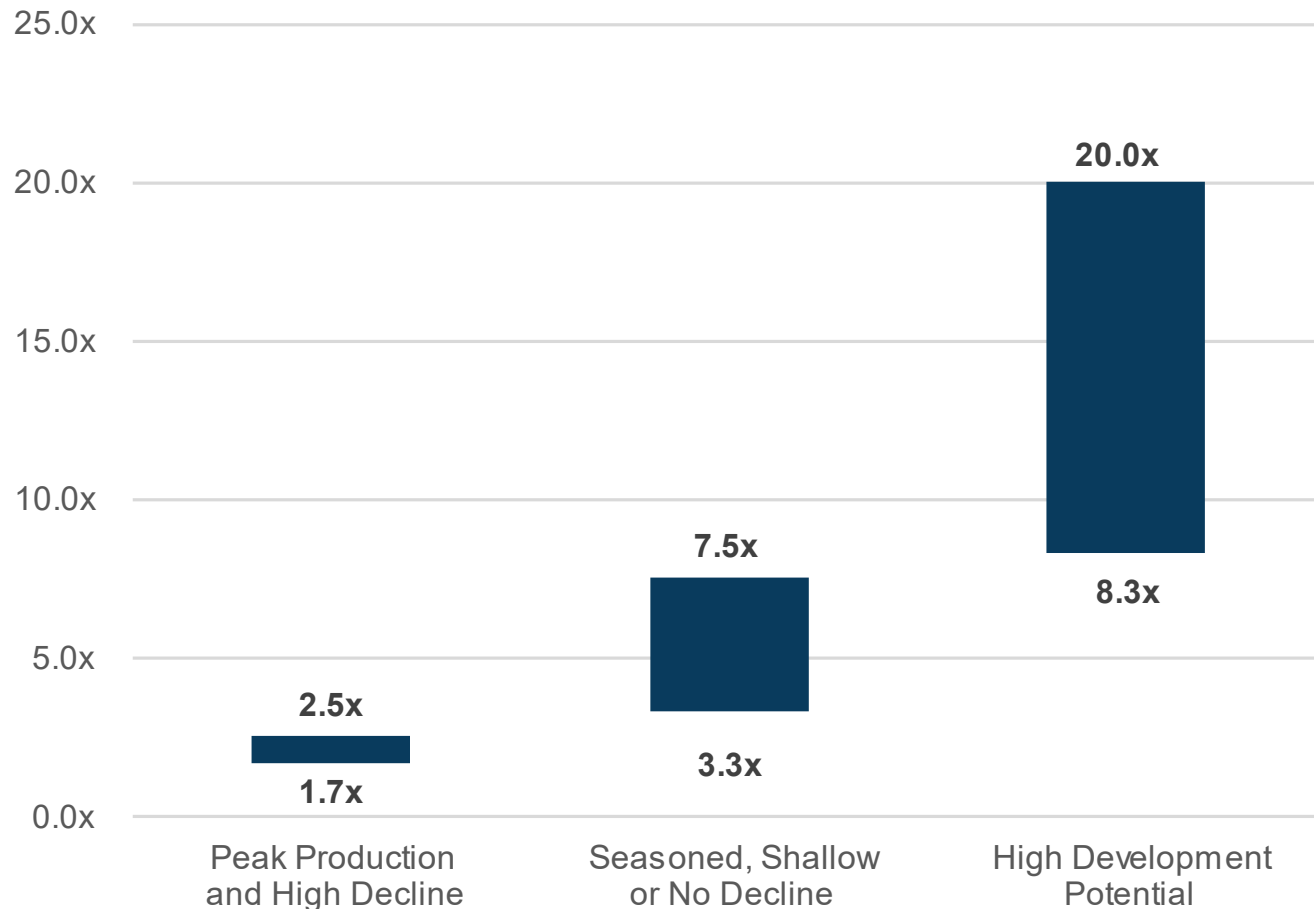
- Multiples generally in the 3.5x to 4.0x range.
- Slight basin premiums in Permian and Gulf Coast.

Typical market conditions indicate stronger bidder interest for royalties given their relatively straightforward rights and limited obligations.



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# Permian Oil & Gas Royalty Interest Segmentation



Study of ~70 transactions involving Permian Royalty and ORRI from January 2022 – September 2024.

- Emphasizes the importance of knowing where the production is trending and what production level is included in the cash flows.
- For significant valuations to a Gift or Estate or any valuations for a transaction, we require our clients to obtain a reserve report.



# **Oilfield Equipment & Services**

# Industry Drivers

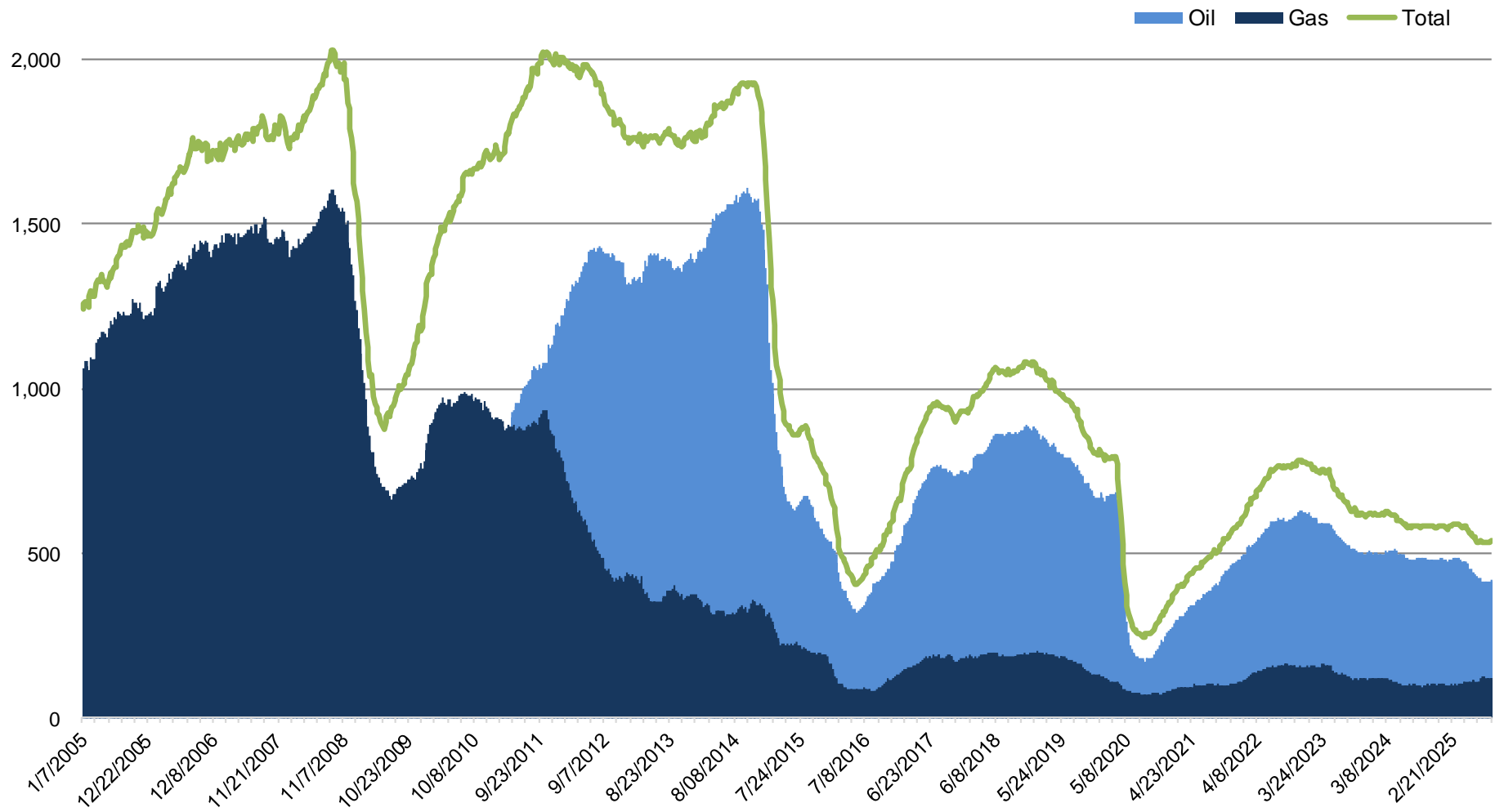
OFS Industry is driven by activities of the E&P companies and highly cyclical

- U.S. industry revenue peaked at over \$185 billion in 2014 and contracted significantly during oil price and industry activity declines in 2016 and 2020.
- U.S. industry revenue has stabilized around \$100 billion in and is project to decline slightly n 2025.

## Primary Service and Equipment Areas

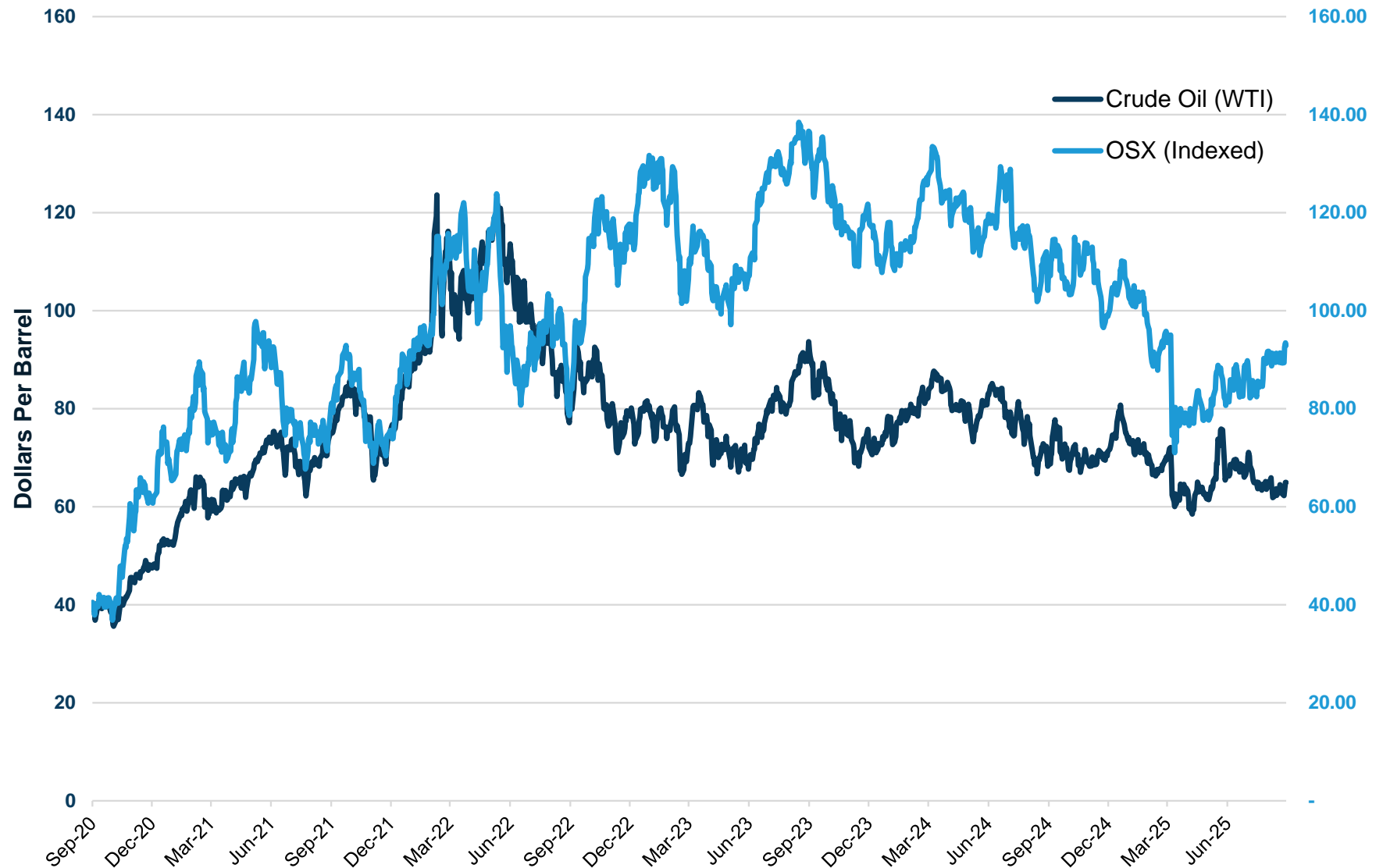
- Provide a range of services in connection with drilling and production of wells:
  - Contract Drilling
  - Completion Services & Equipment: Hydraulic fracturing and well and surface equipment
  - Supplies: Tubular goods, completion fluids and proppants
  - Production Oriented: Well servicing & intervention, production and compression equipment, water handling and disposal, and plugging and abandonment
- Offshore Equipment & Construction

# Rig Count



Source: Baker Hughes

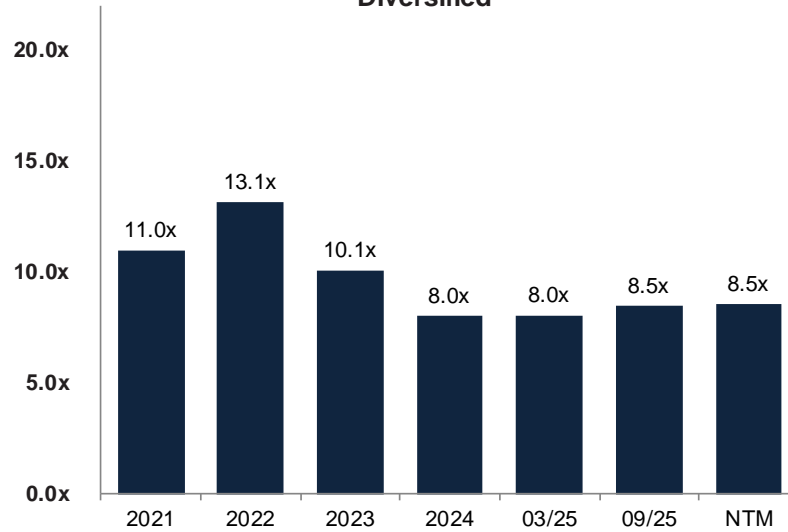
# Oil Service Index (OSX) Trend



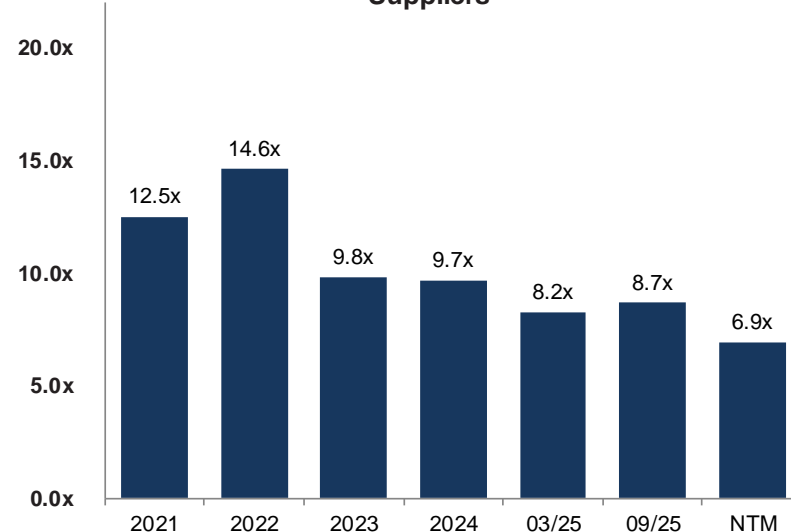


# Guideline Company Segments and Multiples

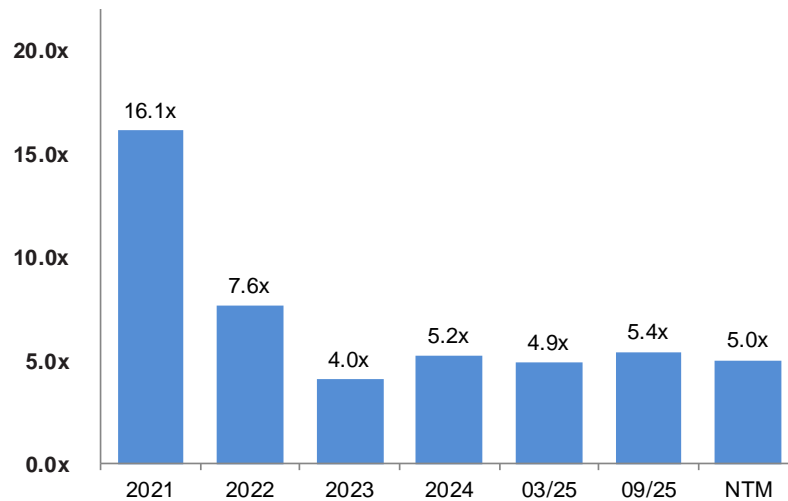
**Oilfield Services & Equipment - Diversified**



**Oilfield Equipment Manufacturers and Suppliers**



**Oilfield Services**



**Contract Drilling**

