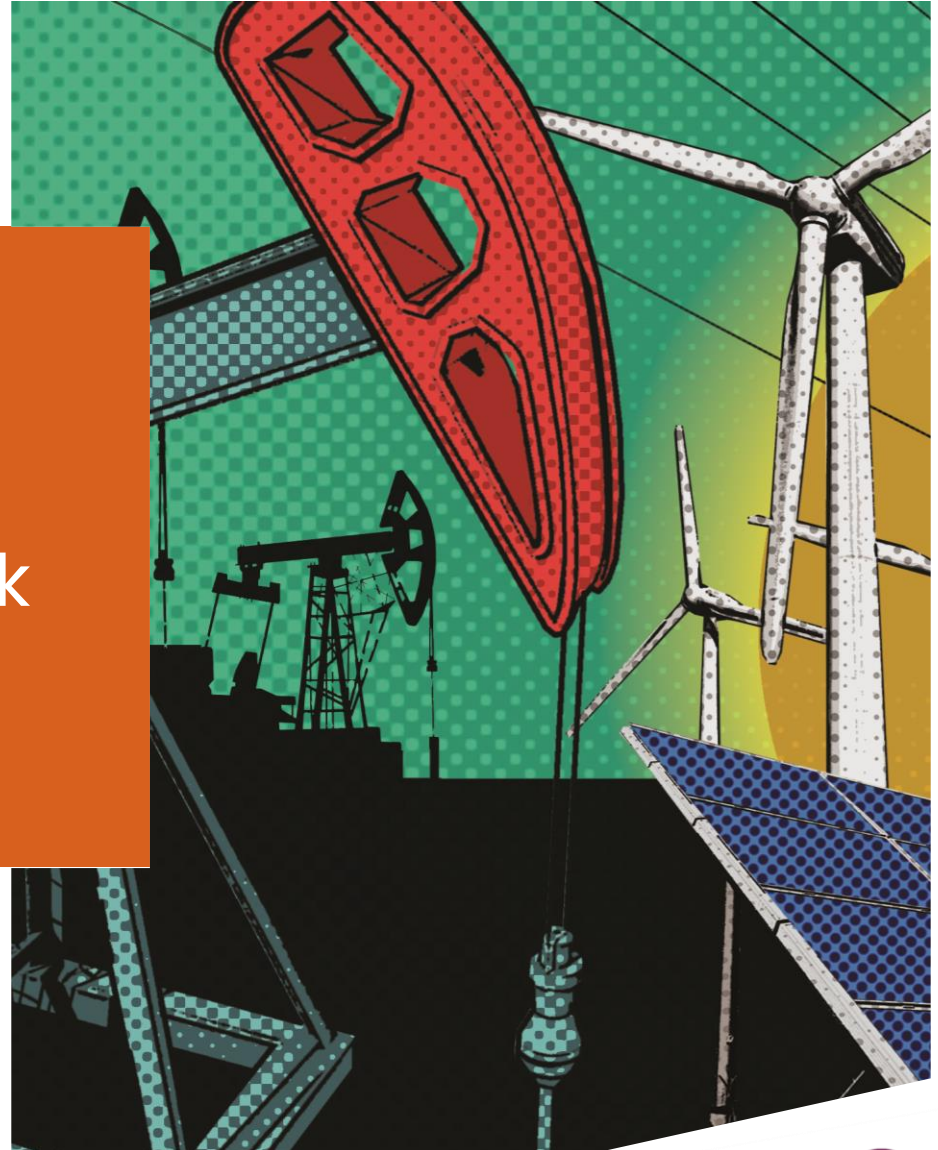


HAYNES BOONE

Haynes Boone  
Energy Bank Price Deck  
Survey: Fall 2023

November 2023



# Haynes Boone Energy Bank Price Deck Survey

## Overview

Every spring and fall, banks reset the lending limits to oil and gas producers (“the borrowing base”). We survey energy bankers twice a year and ask them to provide us with their current oil and gas price decks, which are used to determine oil and gas producers’ borrowing bases. We received the fall version of these oil and gas price decks from 25 banks in October 2023. We have analyzed the data and prepared the following report, which is the ninth in our series that began in 2019.

Our survey is one of the leading sources of information for producers and energy lenders to read the pulse of senior debt markets and the availability of secured credit for oil and gas producers.

The borrowing base is determined by several factors. Each energy lender has its own proprietary algorithm to determine its borrowing base. Future expectations of commodity prices (the price deck) over the life of the loan are not the sole determiner. However, they are a principal variable in a bank’s calculations. Therefore, predictions regarding future borrowing base redeterminations are heavily influenced by future commodity price expectations.

# Haynes Boone Energy Bank Price Deck Survey

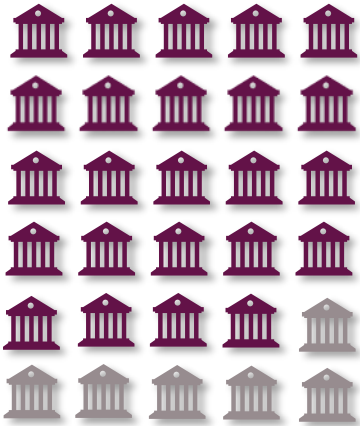
## Key Takeaways – Fall 2023

1. Our Fall 2023 Energy Bank Price Deck Survey includes data from 25 energy banks compared to data from 24 energy banks in our Spring 2023 Survey. Most of the participants are regional banks that target smaller loans to independent oil and gas producers while a few European banks have exited the U.S. reserve-based loan (RBL) space.
2. The Fall 2023 price decks for oil are higher relative to the price decks in Spring 2023, with the delta a little over \$4 in the short term and decreasing in the later years. There is a smaller difference in the price decks for natural gas, with gas prices in the Fall 2023 survey slightly lower than in the Spring 2023 survey. The gas price decline continues the downward trend from last Fall's mean Base Case projected price of \$4.34.
3. The slight decline in natural gas prices relative to the Spring 2023 price deck survey reflect the sustained slide in natural gas prices throughout 2023 as mild temperatures throughout the U.S. resulted in reduced demand for natural gas that was not offset by rising demand for liquefied natural gas to Asia and Europe.
4. The increase in oil prices in the Fall 2023 oil price decks is consistent with the sharp rise in oil prices in mid-2023. Higher short-term oil prices can be linked to cuts made by OPEC, but there continues to be concerns over potential waning demand.

# Haynes Boone Energy Bank Price Deck Survey

## By the Numbers: Spring 2023 and Fall 2023 Data

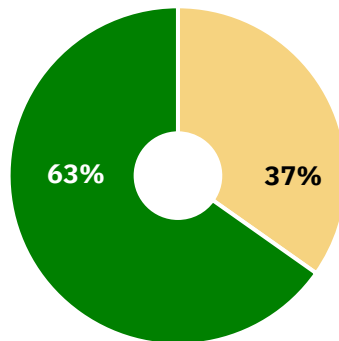
### Spring 2023



- ✓ 30 banks invited to participate
- ✓ 24 banks responded
- ✓ 80% participation rate

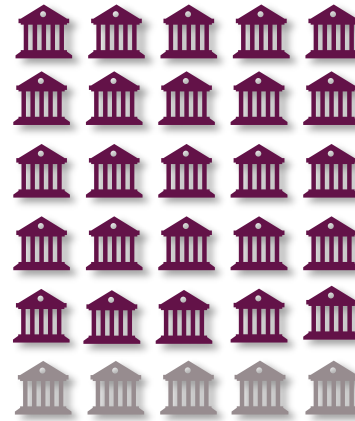
#### Sensitivity Analysis

63% of the 24 banks provided sensitivity cases for their Spring 2023 price decks.



- Provided data
- Did not provide data

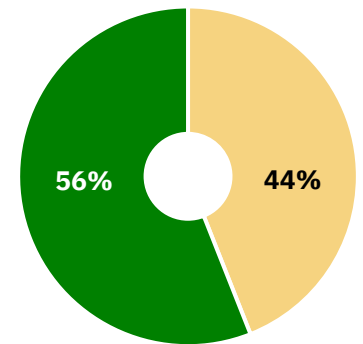
### Fall 2023



- ✓ 30 banks invited to participate
- ✓ 25 banks responded
- ✓ 83% participation rate

#### Sensitivity Analysis

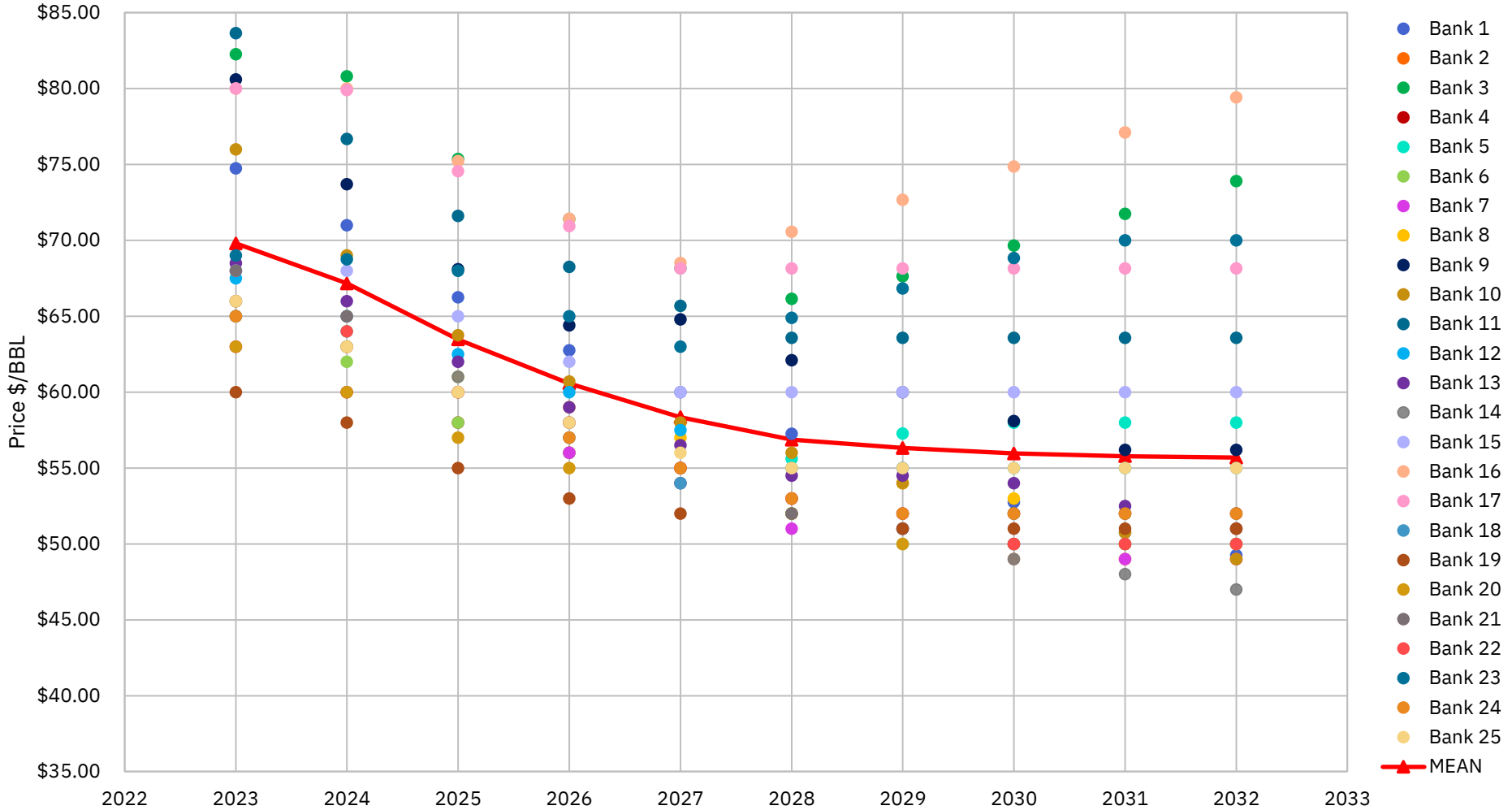
56% of the 25 banks provided sensitivity cases for their Fall 2023 price decks.



- Provided data
- Did not provide data

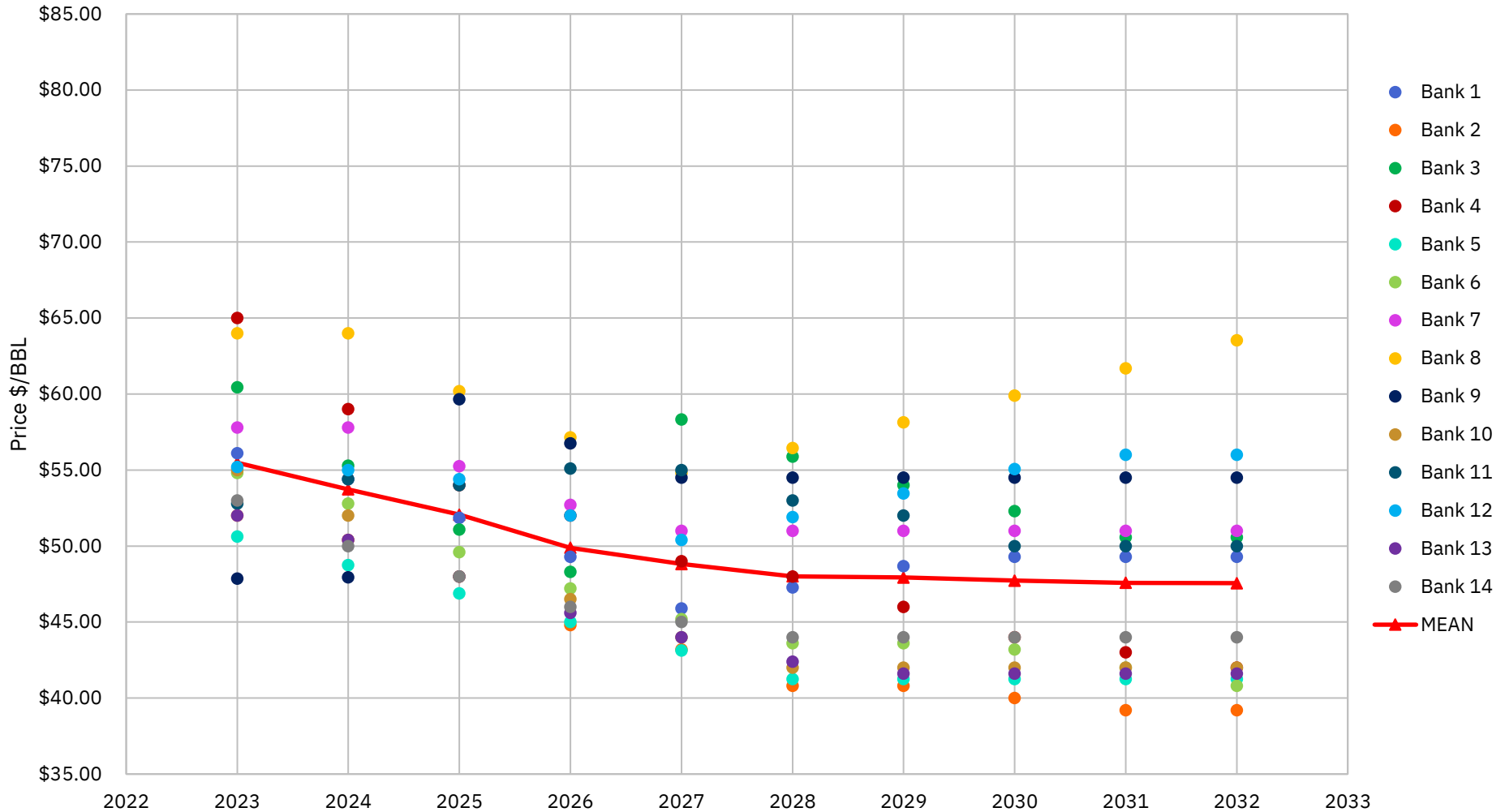
# Haynes Boone Energy Bank Price Deck Survey

## Oil Base Case – Fall 2023



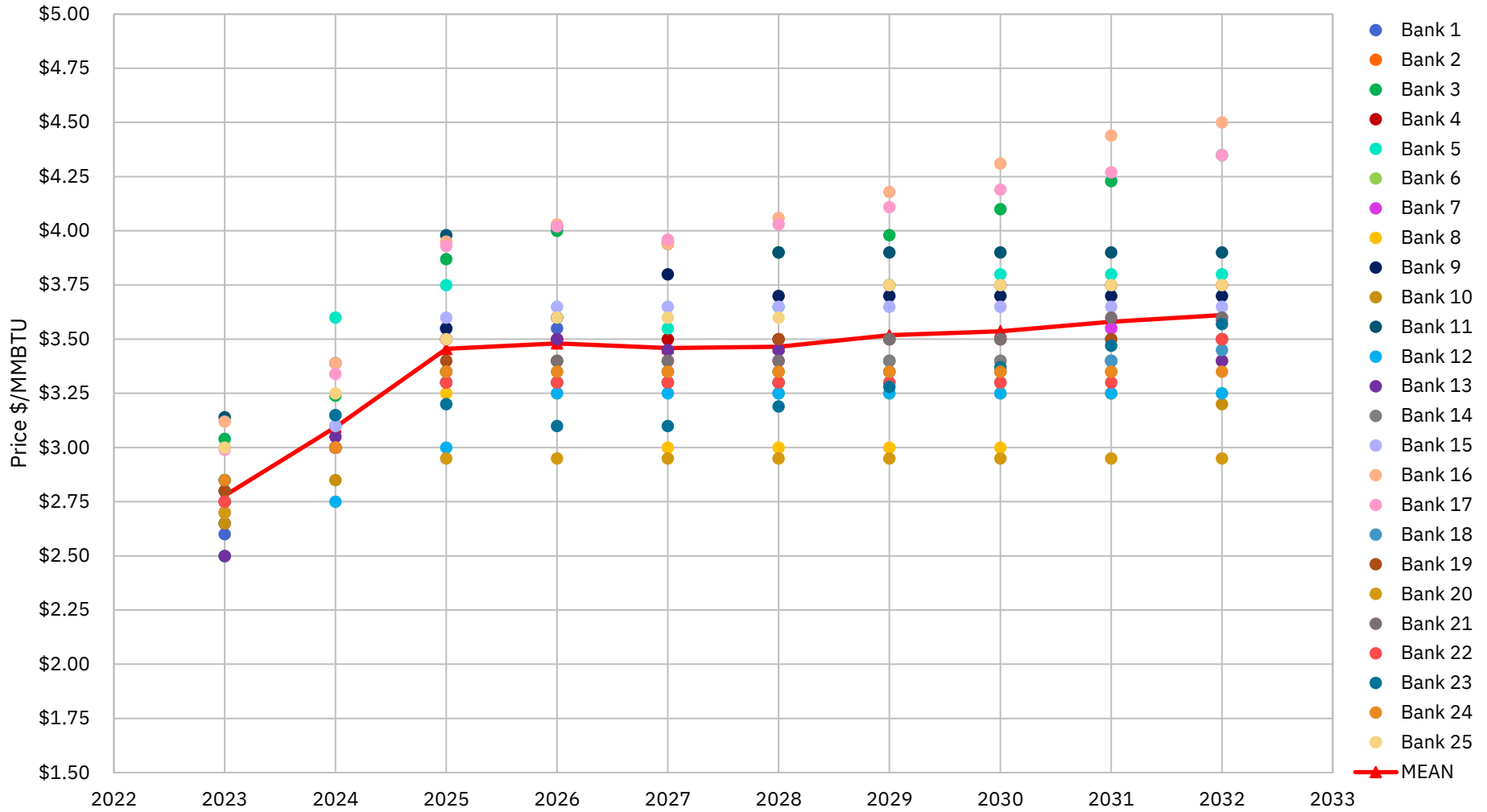
# Haynes Boone Energy Bank Price Deck Survey

## Oil Sensitivity Case – Fall 2023



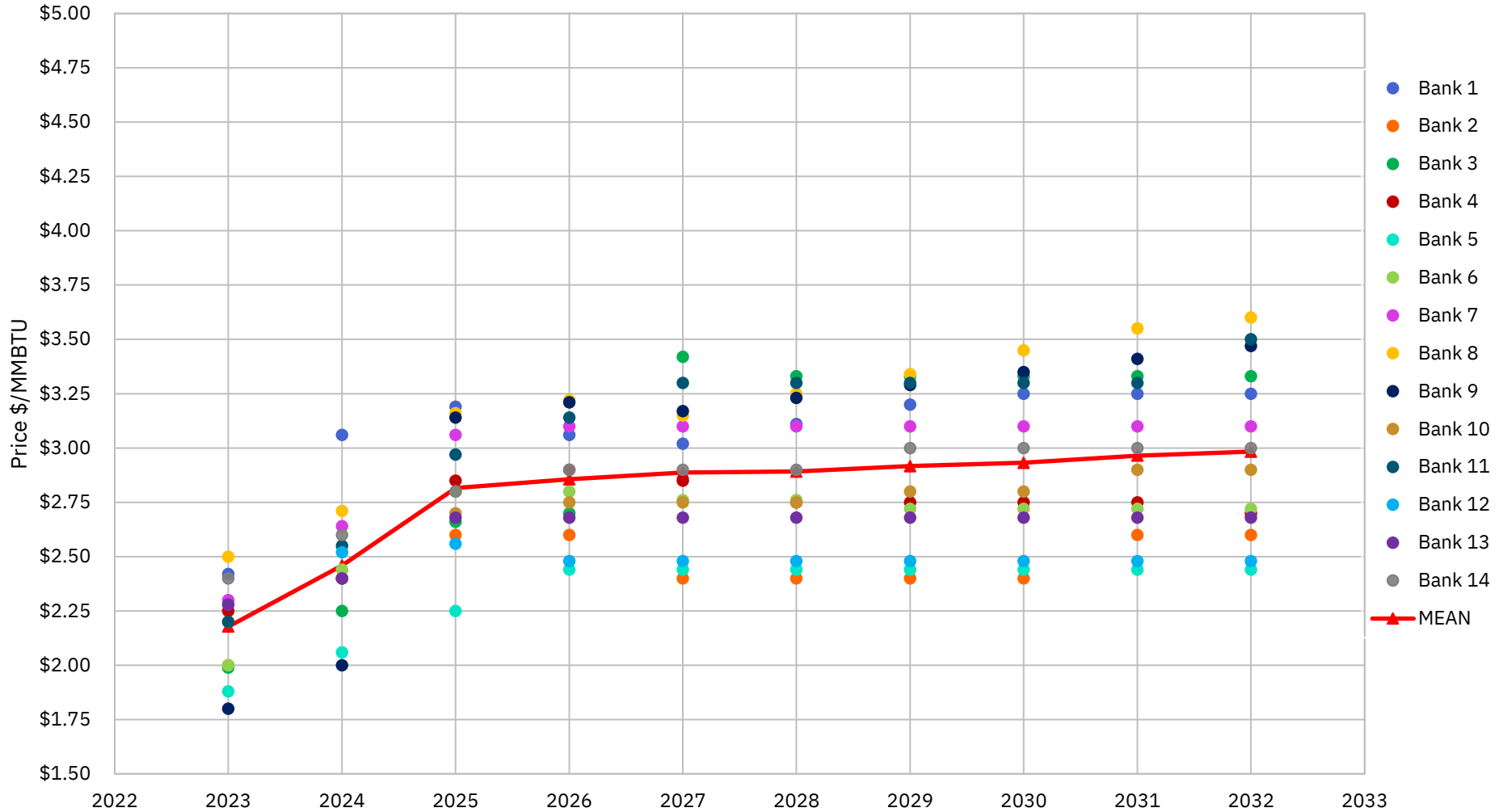
# Haynes Boone Energy Bank Price Deck Survey

## Gas Base Case – Fall 2023



# Haynes Boone Energy Bank Price Deck Survey

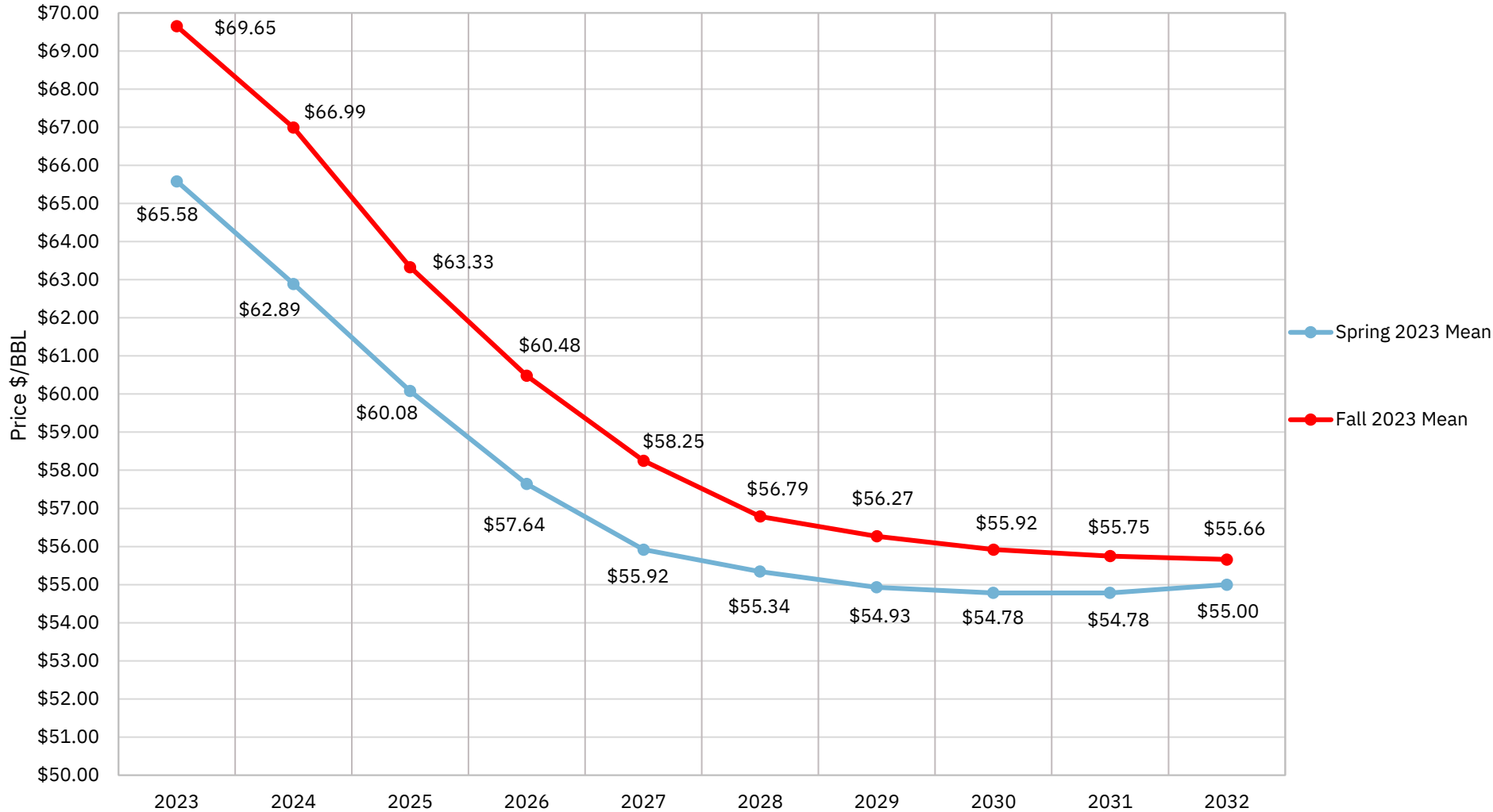
## Gas Sensitivity Case – Fall 2023





# Haynes Boone Energy Bank Price Deck Survey

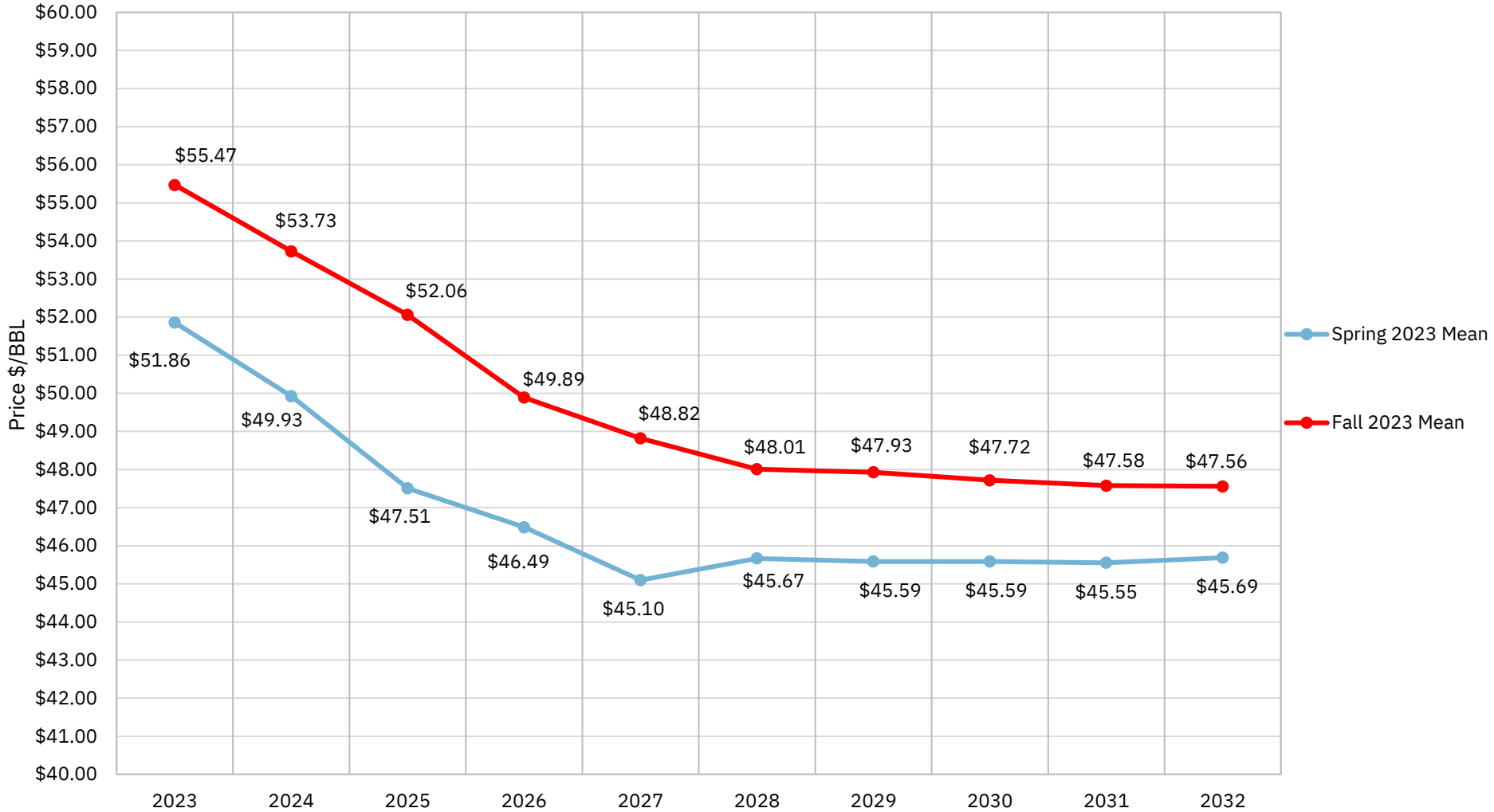
## Oil Base Case – Spring 2023 vs. Fall 2023



*This chart displays the cumulative mean for the spring 2023 and fall 2023 price decks.*

# Haynes Boone Energy Bank Price Deck Survey

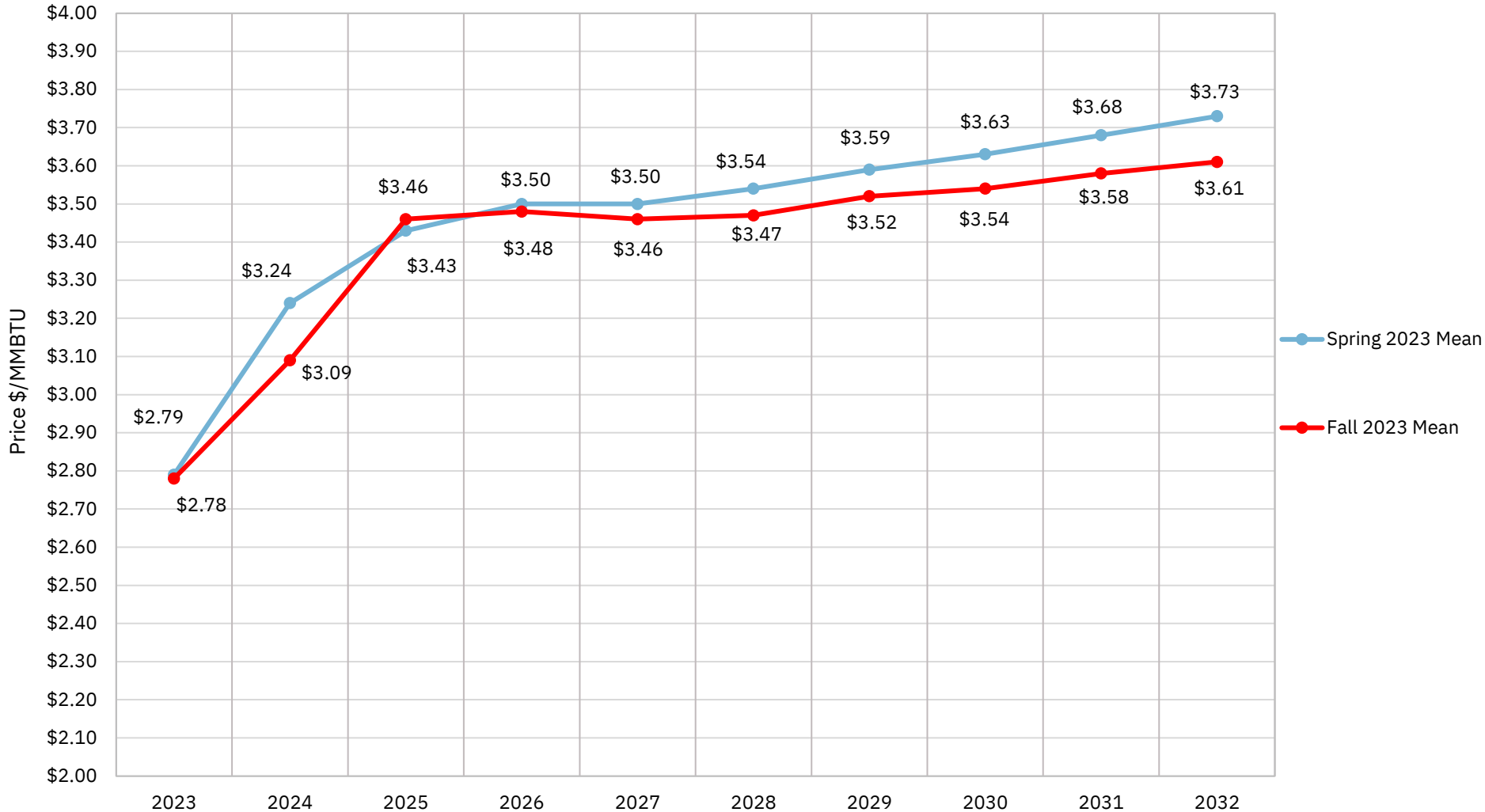
## Oil Sensitivity Case – Spring 2023 vs. Fall 2023



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# Haynes Boone Energy Bank Price Deck Survey

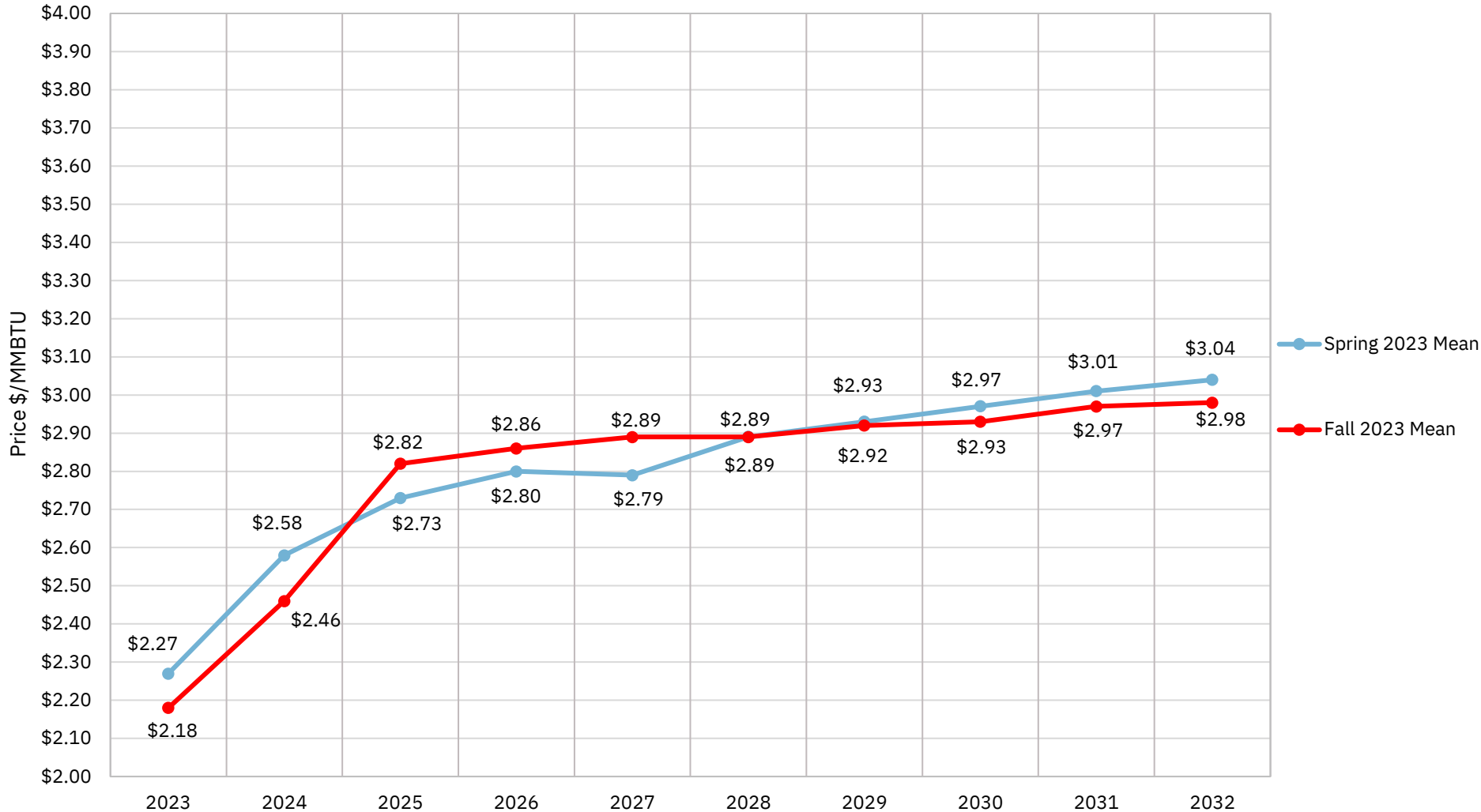
## Gas Base Case – Spring 2023 vs. Fall 2023



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# Haynes Boone Energy Bank Price Deck Survey

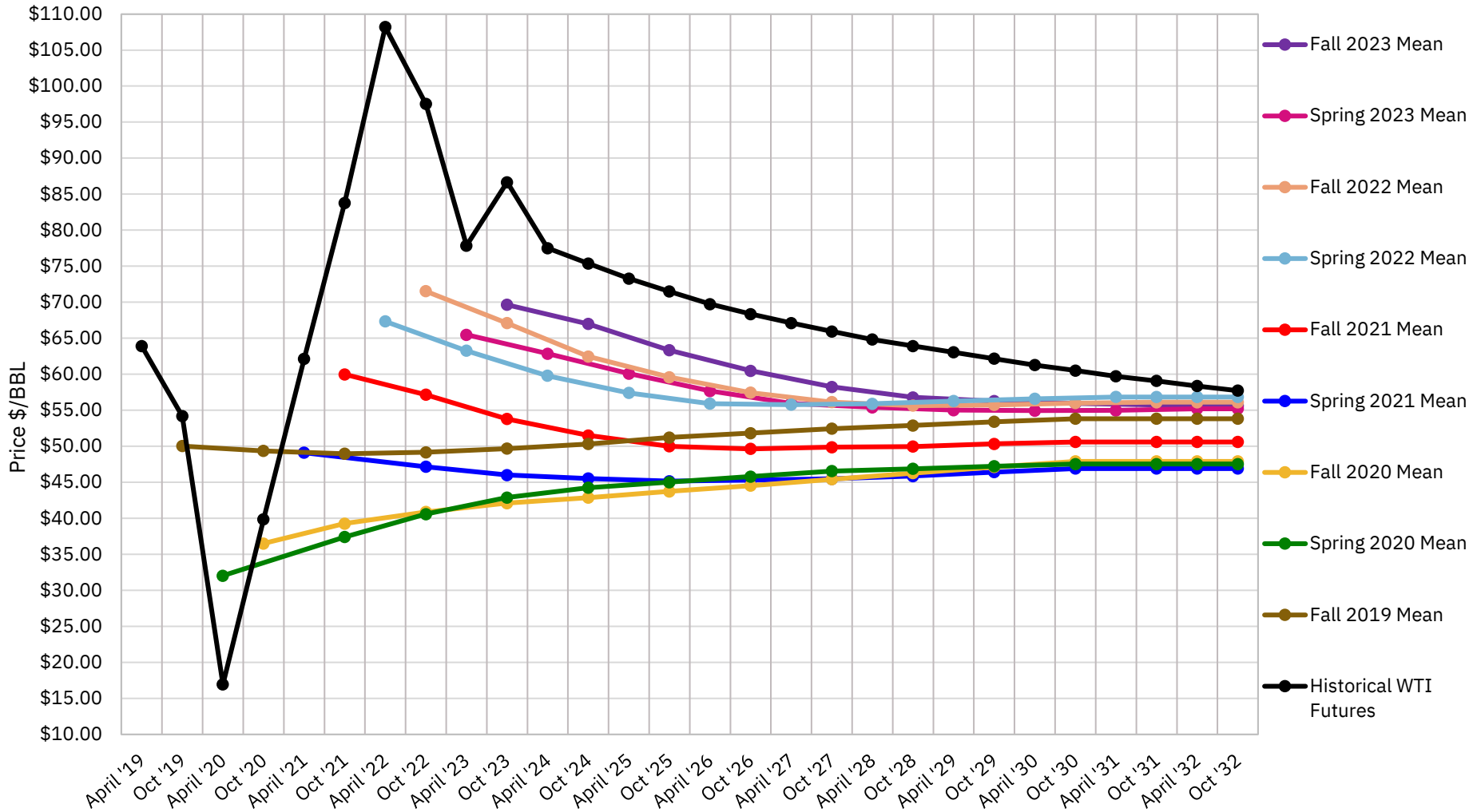
## Gas Sensitivity Case – Spring 2023 vs. Fall 2023



*This chart displays the cumulative mean for the spring 2023 and fall 2023 price decks.*

# Haynes Boone Energy Bank Price Deck Survey

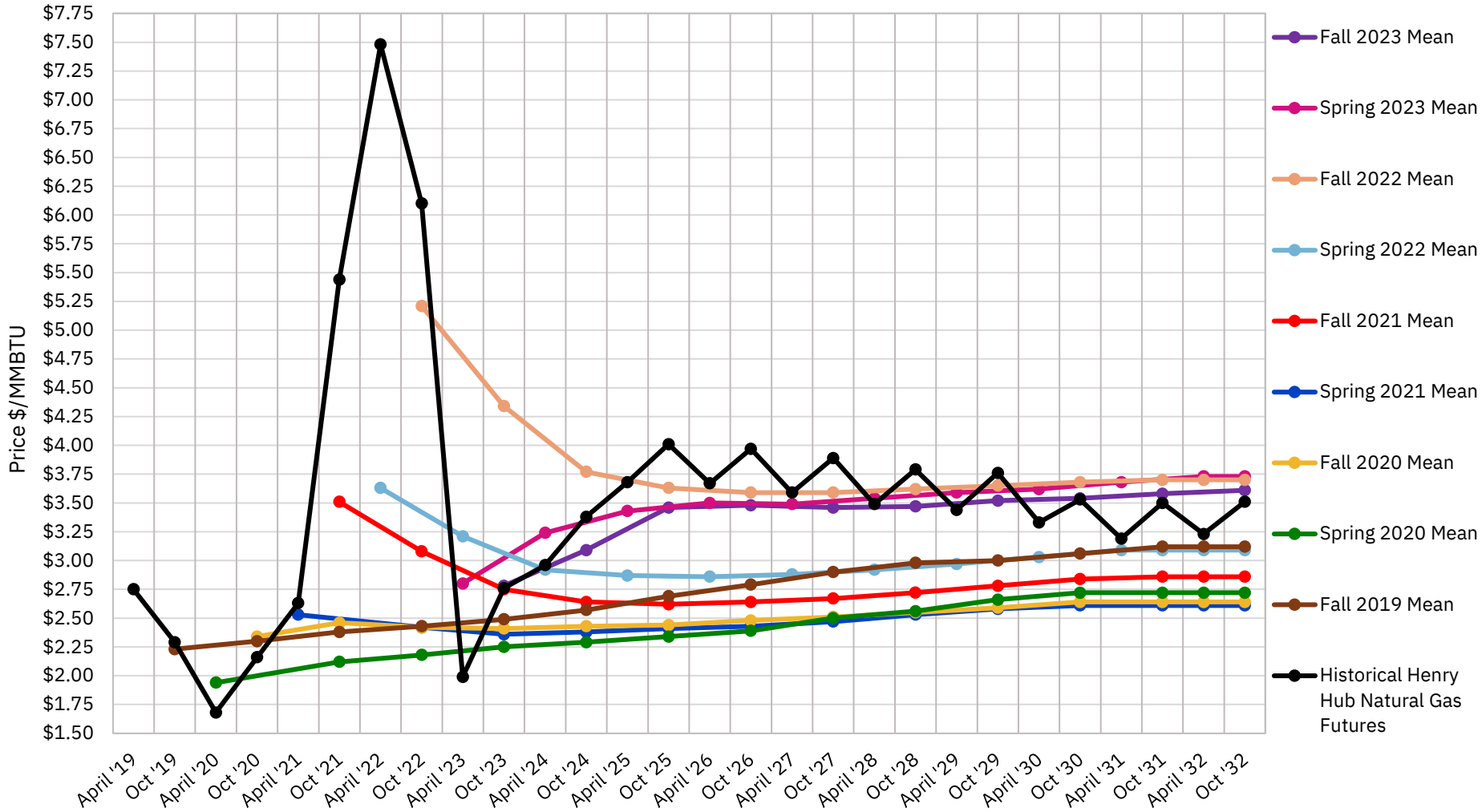
## Average Oil Base Case: Spring 2023 vs. Fall 2023



*This chart displays the cumulative mean for price decks from fall 2019 through fall 2023 (the nine periods in which we have conducted our survey).*

# Haynes Boone Energy Bank Price Deck Survey

## Average Gas Base Case: Spring 2023 vs. Fall 2023



*This chart displays the cumulative mean for price decks from fall 2019 through fall 2023 (the nine periods in which we have conducted our survey).*

# Haynes Boone Energy Bank Price Deck Survey

## Participating Banks – Fall 2023

We would like to acknowledge and thank the following banks that participated in our Fall 2023 Survey:

- 🏛️ Barclays
- 🏛️ BOK Financial
- 🏛️ Capital One
- 🏛️ Cathay Bank
- 🏛️ CIBC
- 🏛️ Citizens Bank
- 🏛️ Comerica Bank
- 🏛️ East West Bank
- 🏛️ First Horizon Bank
- 🏛️ First International Bank & Trust
- 🏛️ Frost Bank
- 🏛️ Gulf Capital Bank
- 🏛️ Modern Bank
- 🏛️ Pegasus Bank
- 🏛️ Sumitomo Mitsui Banking Corporation
- 🏛️ Texas Capital Bank
- 🏛️ U.S. Bank
- 🏛️ WaFd Bank
- 🏛️ Wells Fargo Bank
- 🏛️ West Texas National Bank

# Haynes Boone Energy Reports

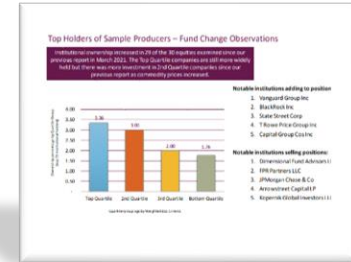
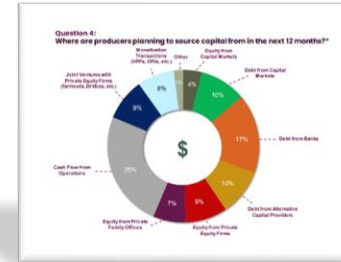
Haynes Boone’s oil and gas lawyers have been helping clients make the right connections and navigate the ever-changing legal maze to successfully close deals. Take advantage of our reports, surveys and publications that help keep you one step ahead:

## Current Reports:

- **Borrowing Base Redeterminations Survey:** a forward-looking survey that reveals what lenders, borrowers and others in the industry expect regarding the borrowing base redeterminations in light of oil price uncertainty.
- **Energy Bank Price Deck Survey:** our survey that compiles oil and gas price decks from leading energy banks and serves as an indication of price expectations used to determine producers’ borrowing bases under reserve-based loans.

## Historic Reports (2015 - 2023):

- **Midstream Report:** includes details on midstream companies that have filed for bankruptcy since 2015.
- **Oil Patch Bankruptcy Monitor:** includes details on oil and gas producers that have filed for bankruptcy since 2015.
- **Oilfield Services Bankruptcy Tracker:** includes details on oilfield services companies that have filed for bankruptcy since 2015.
- **Haynes Boone and EnerCom Oil & Gas ESG Tracker:** our report that monitors how oil and gas companies are responding to the growing demand that they advance and develop ESG policies and communicate them to investors, lenders, regulators and other stakeholders.

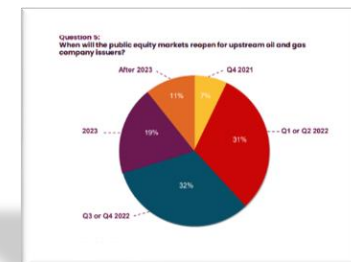
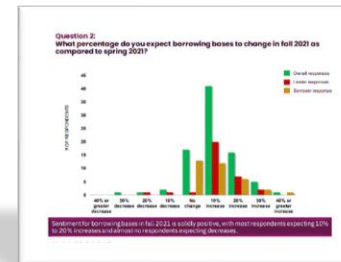


Question 4: Where are producers planning to source capital from in the next 12 months?\*

Significant capital is being invested in funds with an ESG focus. Values increase as a result of stock prices rising.

The top 10 institutional holders of the 30 sample producers that we analyzed have an aggregate of \$14.9 billion invested in the equity of the group, and they include:

Institution	Percentage	Value (\$ billions)
VANGUARD GROUP INC	28	29.3
BLACKROCK INC	28	28.5
STATE STREET CORP	25	25.5
CAPITAL GROUP COMPANY	4	21.8
FIDELITY	28	21.2
FIDELITY INVESTMENTS	4	21.2
DIMENSIONAL FUND ADVISORS	29	21.8
GEORGE CAPITAL MANAGEMENT LLC	27	21.8
INVESTICORP	8	21.0
NORTHERN TRUST CORP	26	5.9





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