



TIPRO Summer Conference

Opening Remarks

Jud Walker

“Mr. Walker, things can’t really get worse, right?” - 16-year-old Scout



“Mr. Walker, things can’t really get worse, right?” - EnerVest Employee



Record low storage

Pandemic

The Media

OFS costs

Federal regs

State regs

Unnecessary SPR releases



Global energy crisis

Starved for capital

Russia & Europe

Labor issues

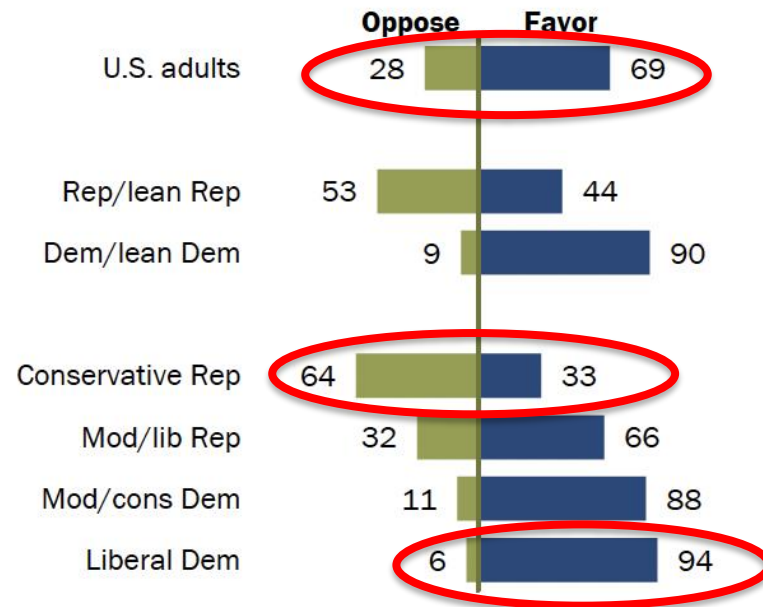
Commodity volatility

- “So, you keep the lights on, help make the stuff that we consume and literally keep us alive but the government wants to put you out of business with no real solution to replace you?” - London Walker (age 16)
 1. Deep division in the U.S. on our industry’s role in the future
 2. Supply / Demand murkiness
 3. Sector underinvestment
 4. Political and social pressure

The U.S. is deeply divided on the role of fossil fuels

Majority favors the U.S. taking steps to become carbon neutral by 2050

% of U.S. adults who say they ___ the U.S. taking steps to become carbon neutral by 2050



Note: Respondents who did not give an answer are not shown. Republicans and Democrats include independents and others who lean to each of the parties.

Source: Survey conducted Jan. 24-30, 2022.

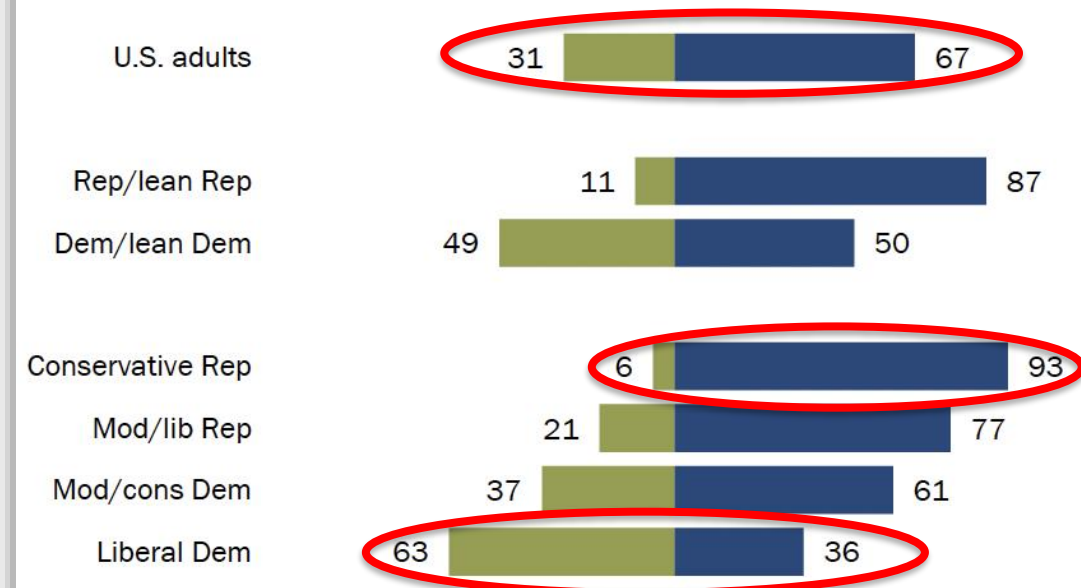
"Americans Largely Favor U.S. Taking Steps To Become Carbon Neutral by 2050"

PEW RESEARCH CENTER

Two-thirds say U.S. should use a mix of fossil fuels and renewable energy sources

% of U.S. adults who say that the U.S. should ...

- Phase out the use of oil, coal and natural gas completely, relying instead on renewable sources
- Use a mix of energy sources including oil, coal and natural gas along with renewable sources



Note: Respondents who did not give an answer are not shown. Republicans and Democrats include independents and others who lean to each of the parties.

Source: Survey conducted Jan. 24-30, 2022.

"Americans Largely Favor U.S. Taking Steps To Become Carbon Neutral by 2050"

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Supply / Demand Reality (U.S.)

More People

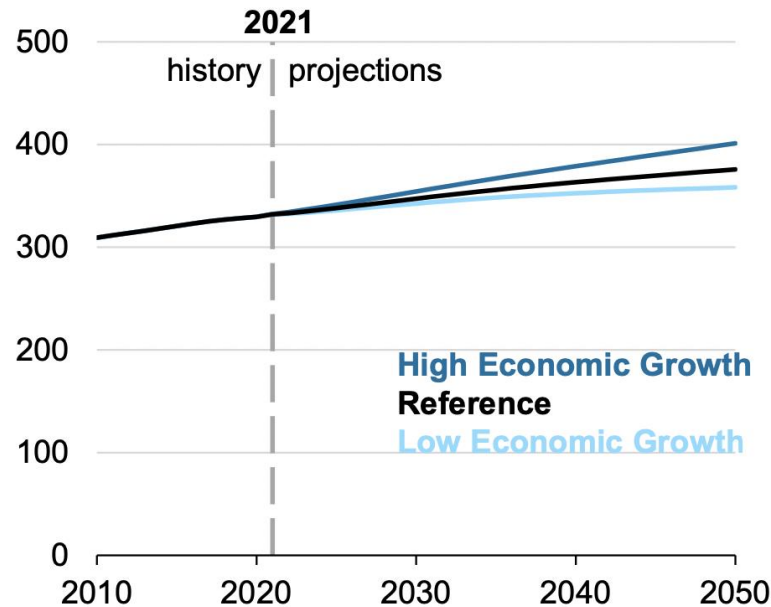
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More Supply

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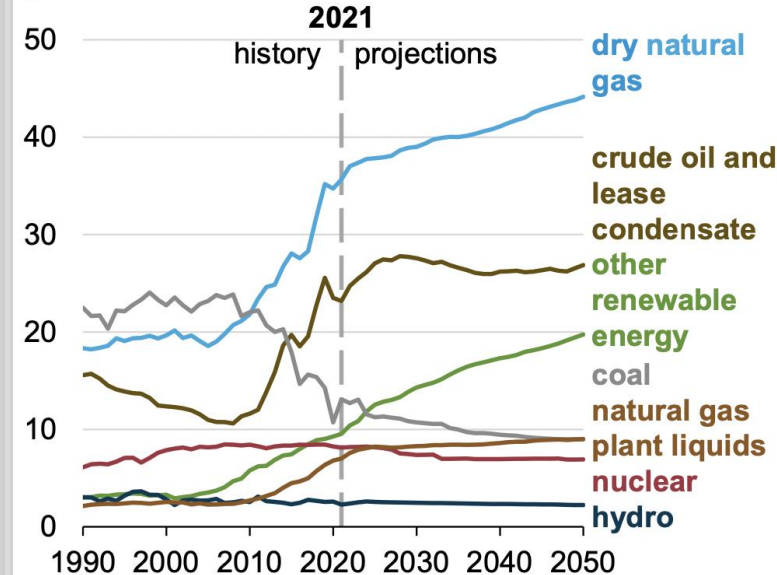
More Demand

U.S. population assumptions
AEO2022 economic growth cases
millions



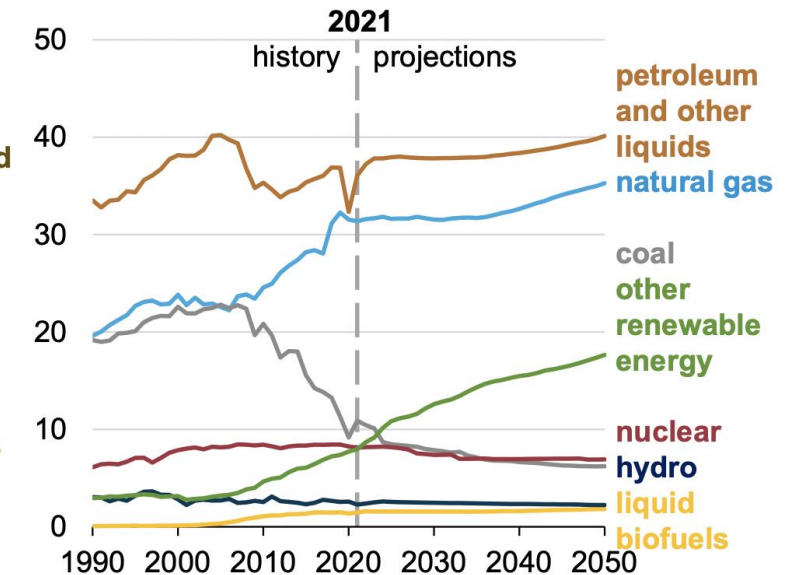
EIA '22

Energy production by source
AEO2022 Reference case
quadrillion British thermal units



Note: Biofuels are shown separately and included in petroleum and other liquids.

Energy consumption by fuel
AEO2022 Reference case
quadrillion British thermal units



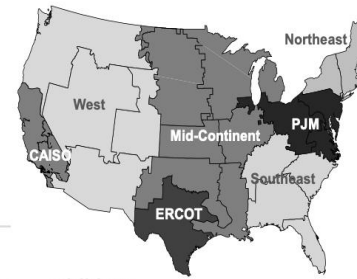
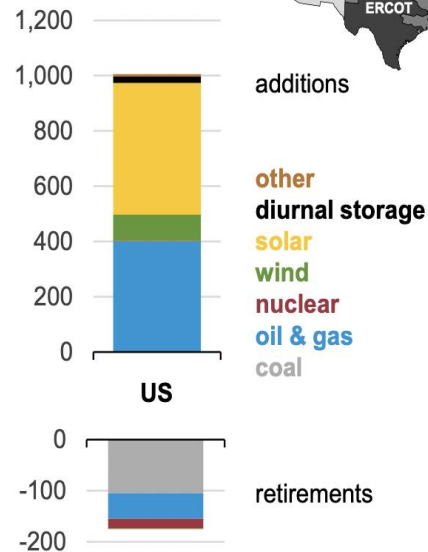
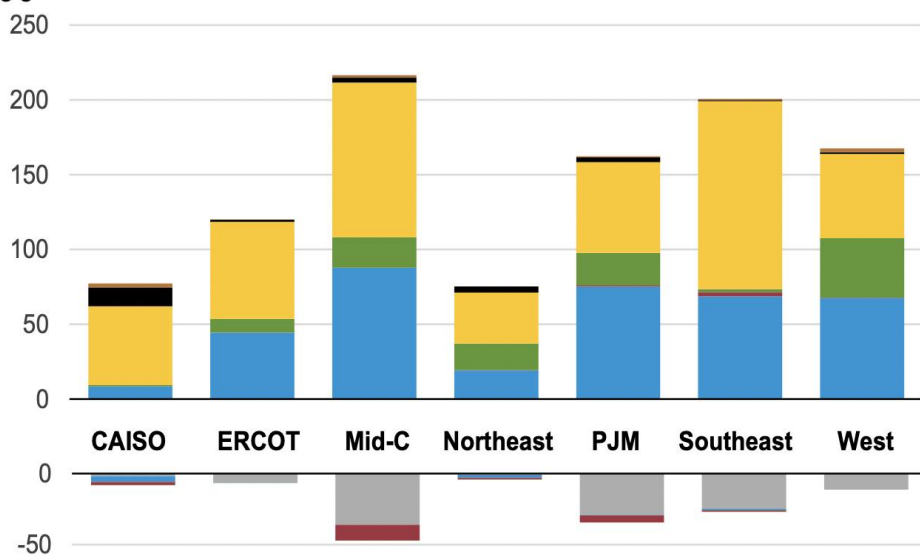
EIA '22

Let's just make more electricity

Many growth projections rely heavily on massive solar additions, ignoring the need for back-up gas generation facilities.

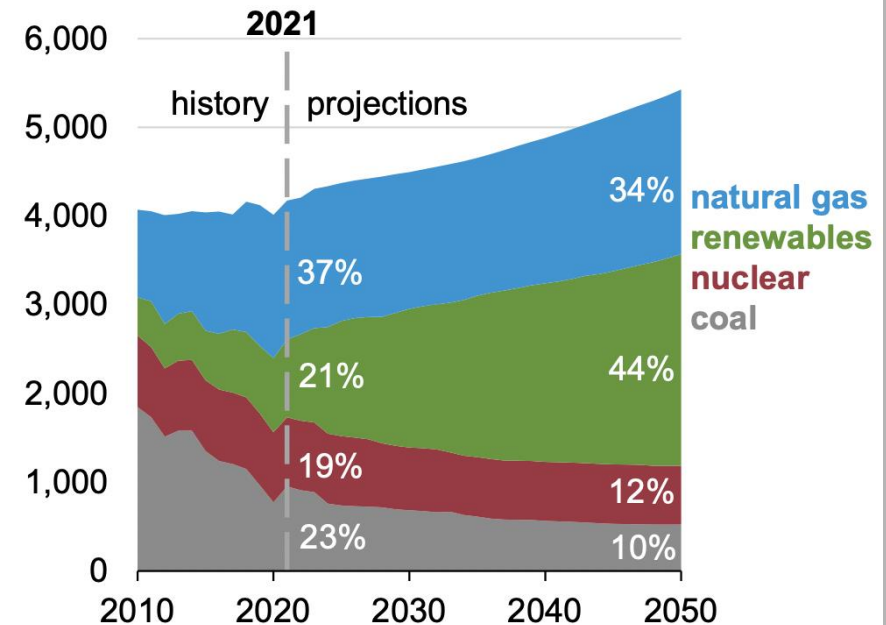
Regional cumulative electricity generating capacity additions and retirements (2021–2050)
AEO2022 Reference case

gigawatts



U.S. electricity generation from selected fuels
AEO2022 Reference case

billion kilowatthours



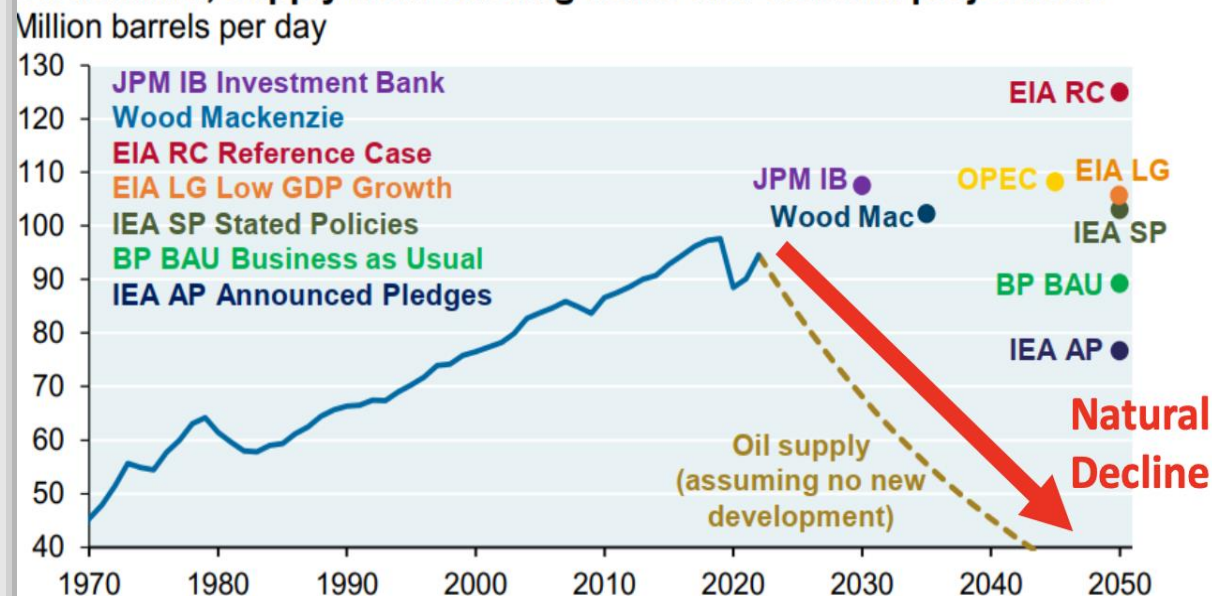
EIA '22

EIA '22

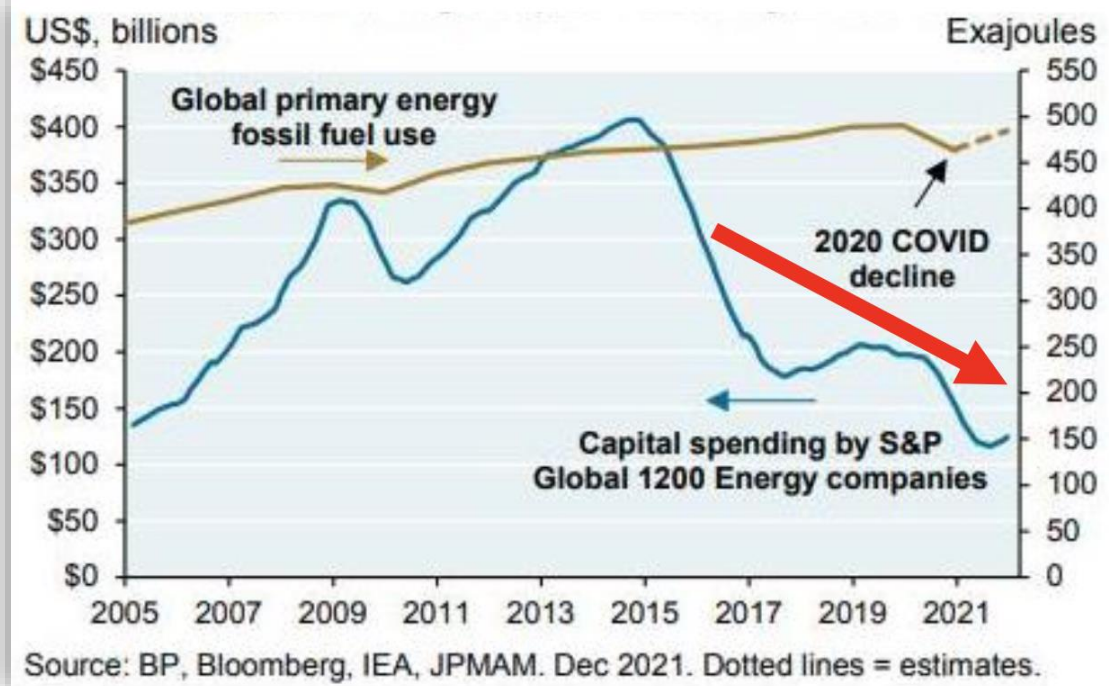
Sector Underinvestment

- Aggregating various projections for future oil demand shows why current level of investment in the traditional energy sector will have both immediate and long-lasting impacts
- “Fossil fuel capex falling despite no change in consumption” - Michael Cembalest, JP Morgan

Oil demand, supply from existing fields and demand projections



JP Morgan '22

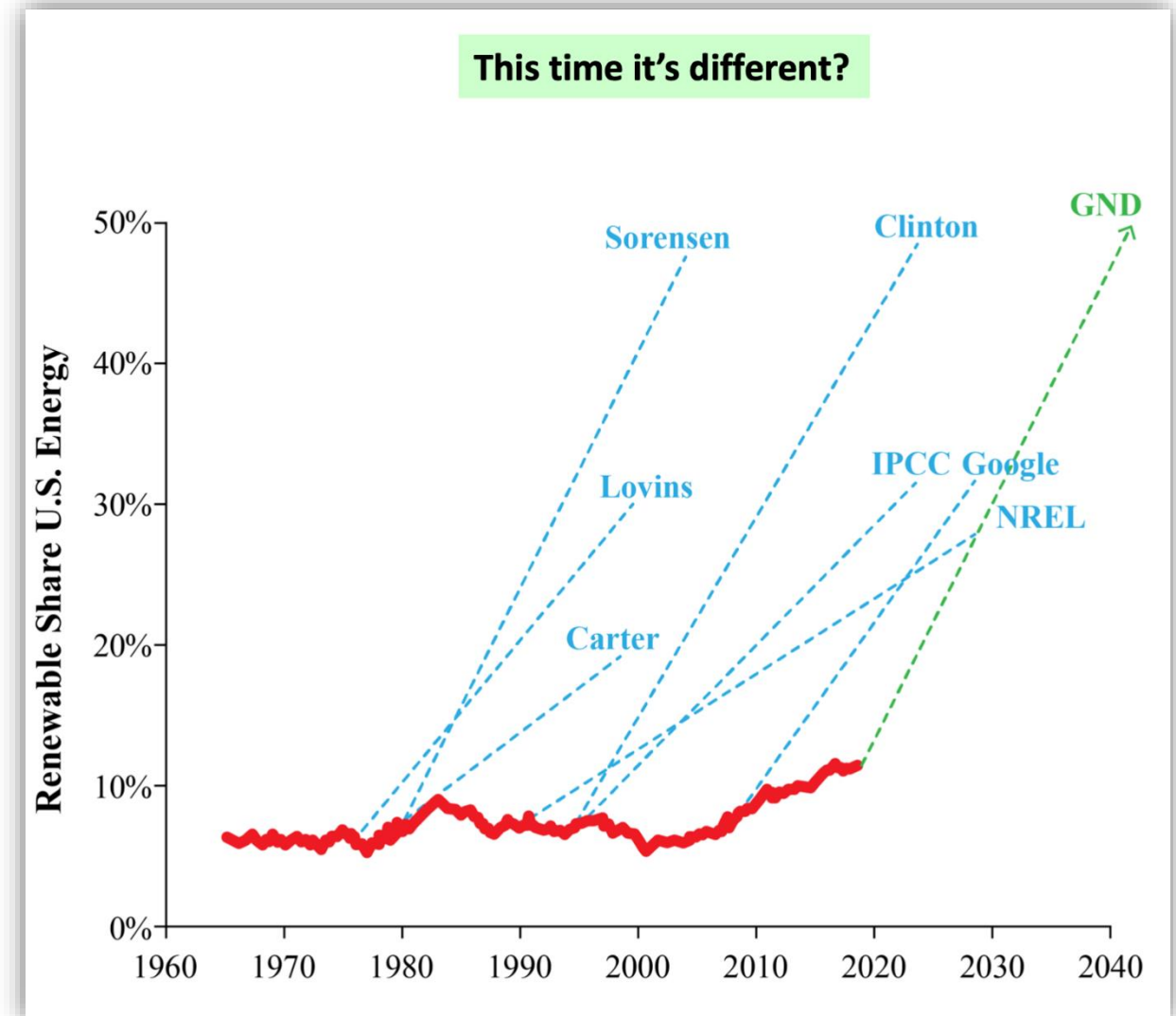


Source: BP, Bloomberg, IEA, JPMAM. Dec 2021. Dotted lines = estimates.

JP Morgan '22

Energy Transition & ESG

- “Energy independence and emission free production can coexist.” - Travis Stice, TIPRO Annual Conference (3/22)
- Substantial energy transition progress and innovation will come from the oil and gas sector.
- Our focus should be what it has always been...produce the oil and gas the market demands as efficiently and safely as possible.
- Roughly five trillion dollars have been spent over the past 20 years to transition away from fossil fuels. This has taken only 6% market share away from fossil fuels.



- **Inflation Reduction Act (Political)**

- First ever federal tax on greenhouse gas (GHG) emissions
- Penalizes an already heavily-taxed industry
- GHG tax, first assessed in '24, is potentially devastating for small to mid-sized operators

- **Attracting and retaining the next generation (Social)**

- 44% of workers in oil and gas looking for a career change in the next five years (Brunel International, '22)
- 69% of workers in oil and gas find “making a career switch to a job in renewable space” somewhat to very interesting (Abacus Data, '22)
- However, U.S. oil and gas employment is set to expand 12.5% this year, adding ~108k jobs (Rystad, '22)
- Texas has added 39,400 oil and gas related jobs (Sept '20 – July '22), which accounts for roughly half of the jobs lost from Sept '19 – Sept '20 (IEEFA, '22)

We will make it!

