THE TIPRO TARGET

Texas Independent Producers and Royalty Owners Association

TIPRO Releases Annual "State of Energy Report"
Texas Oil and Natural Gas Industry Breaks New Records in 2023

The Texas Independent Producers & Royalty Owners Association (TIPRO) today released the ninth edition of its "State of Energy Report," offering a detailed analysis of national and state trends in oil and natural gas employment, wages and other key economic factors for the energy industry in 2023. TIPRO's "State of Energy Report" series was developed to quantify and track the economic impact of the domestic oil and natural gas sector with an emphasis on the state of Texas.

"Despite facing a number of unique challenges, including geopolitical conflicts and an adversarial federal policy environment, the U.S. oil and gas industry continued to offer significant economic support in 2023, while providing reliable and affordable energy to meet growing domestic and global demand," said Jud Walker, chairman of TIPRO and president and CEO of EnerVest, Ltd. "TIPRO's comprehensive annual analysis illustrates the immense contributions provided by the Texas oil and natural gas industry from an economic and national security perspective," added Walker.

According to TIPRO, the industry supported a total of 2 million direct jobs in the U.S. last year, with total direct and indirect jobs tied to the industry exceeding 24 million. The U.S. oil and natural gas sector paid a national annual wage averaging $79,417 and had a combined payroll of $162 billion. Direct Gross Regional Product (GRP) also surpassed $1 trillion in 2023. Additionally, total U.S. goods and services purchased in 2023 by the oil and natural gas industry exceeded $882 billion from over 900 business sectors, notes TIPRO.

In Texas, the oil and gas industry once again led the nation in industry employment last year, accounting for 23 percent of all oil and gas jobs in the nation, as outlined in the association's new report. The industry supported a total of 471,631 direct jobs in Texas in 2023, with total direct and indirect employment of 2.9 million. Direct GRP for Texas oil and gas equaled an estimated $364 billion in 2023. Total U.S. goods and services purchased by the Texas oil and natural gas industry reached $288 billion last year, 83 percent of which came from Texas businesses, benefiting virtually every business sector in the state.

The Lone Star State again was the nation's top oil producer, supplying a record 1.99 billion barrels of oil to energy markets in 2023. TIPRO reports that Texas also broke a new record in natural gas output with over 12.2 trillion cubic feet (Tcf) of gas produced. Texas production is helping to change the world by providing access to this foundational, low-carbon fuel source. Last year saw a record-breaking number of exports, with large volumes expected to continue as additional terminals come online and demand for the fuel remains high amid geopolitical tensions.

U.S. crude production, including condensate, averaged 12.9 million barrels per day (b/d), breaking the previous U.S. and global production record of 12.2 million (b/d). Monthly production established a new record, hitting an all-time high in December with more than 13.3 million b/d. U.S. natural gas production averaged a record 104 billion cubic feet per day (Bcf/d) last year, a 4% increase from the 2022 annual average.

"The Texas oil and natural gas industry remains a cornerstone of the Texas and U.S. economy, and a critical source of energy security for our country and allies abroad," said Ed Longanecker, president of TIPRO. "We applaud the immense contributions provided by the Texas oil and natural gas industry and the policymakers that understand its importance," added Longanecker.

What does Oil & Gas mean for Texas?
- Texas led the nation in oil and gas jobs with 471,631 people employed in this industry. 23 percent of all oil and gas jobs nationwide were located in Texas last year.
- When incorporating direct, indirect, and induced multipliers for oil and gas employment, the industry supported a total of 2.9 million jobs in Texas last year.
- Four percent of the Texas workforce were between the ages of 22-24 years old, 21 percent were 25-34, 27 percent were 35-44, 22 percent were 45-54, 16 percent were 55-64 and 5 percent were 65 or older.
- Texas was the leading state by employment in 15 out of the 19 sectors used to define the oil and natural gas industry in 2023.
- Oil and gas jobs in Texas paid an annual average wage of $124,453, 74 percent more than all average private sector jobs in the state. The highest average industry wages were in Alaska last year ($143,421). Iowa had the lowest average oil and gas wages in the country ($33,292).

Chairman's message

The Texas State Board of Education delivered a notice to BlackRock this week informing the New York City based firm they were terminating $8.5 billion in investments over BlackRock's boycott of energy companies. The Texas Permanent School Fund (PSF), which is a roughly $53 billion fund created in the 19th century to support the state's public schools, has broad energy sector exposure including its oil and gas royalties managed by the Texas General Land Office. This recent action is the latest in a multi-year saga that was initiated with BlackRock's increasing focus on making investments through an Environmental, Social, and Governance (ESG) lens that excluded firms that extract, produce, or distribute hydrocarbons. This led Texas State Comptroller Glenn Hegar in 2022 to include BlackRock on a list of companies that violated the Fair Access Law which ensures Texas will not contract or invest with companies that boycott energy companies. For its part, BlackRock has tried to backtrack from CEO Larry Fink's previous ESG comments and mend fences with Texas legislators and energy leaders. As recently as February, Fink participated in a conference in Houston where he commented that BlackRock would help raise $10 billion in investments to add largely natural gas-sourced generation to the Texas electric grid. Clearly, those claims and others over the last year have been too little and too late, and Texas's decision follows suit with several other states that have initiated similar divestment strategies.

Jud Walker

ESG has always been more about money and control, and until we acknowledge what it was constructed for it will hold power over our ability to raise money and run profitable companies. Anyone who has done a little due diligence and actually talked to someone who works in our business knows that we care deeply about the environment, the people we serve, and how we run our businesses responsibly. I believe the real story is told by the data. We have increased natural gas electrical power generation from 18% in 2005 to 39% while reducing CO_2 emissions by approximately 60% over the same period, at the same time the rest of the world has increased their emission profiles. We have participated in and helped craft the most stringent regulations and environmental laws that have led to the cleanest and most efficiently produced hydrocarbons on the planet. It's about time we get some recognition for it in the form of capital allocation and financial partners that understand and support that narrative. We have an incredible opportunity ahead with a resource base in Texas that can give the country a tremendous advantage in terms of economic security, food security, and national security. I will stop short of commenting if BlackRock violated its fiduciary duty in favor of stakeholder capitalism, but I believe the state of Texas has responded accordingly.

Meanwhile, the Biden Administration has finalized a slew of highly anticipated regulations to "drive" wider adoption of electric vehicles (EV). As you may recall, TIPRO along with other allied trades filed an amicus brief in the U.S. Court of Appeals for the District of Columbia in late 2022. We filed the brief to support challenges brought against U.S. EPA's auto emission regulations that are openly designed to force the automobile market to phase out internal combustion engines in favor of EVs. The parties argued the appeal to the court in 2023, and we are awaiting the court's ruling. In the meantime, EPA and the Administration are having to face the cold, hard facts of the market: the consuming public isn't buying EVs at a pace sufficient to meet the timing of the goals set forth in EPA's emission regulations. As a result, EPA has announced a revision to its original emission regulations that relaxes the standards in the near-term at the request of auto makers who can't sell enough EVs to make the aggressive standards work. However, the revised standard would make the standards even more aggressive in later years so that the percentage of EVs on the road would eventually meet the original targets set for the long-term. It's tempting to note that this is another example of a failed attempt by a government to try to control and manage economic markets. We have grudgingly come to live with heavy regulation of the markets by the federal government, but this form of overt market manipulation used to be attempted only by autocrats. We are watching to see what impact, if any, this may have on the pending appeal. We will let you know if there are any new developments resulting from this regulation revision in the D.C. Circuit.

Jud Walker

TIPRO OFFICES TO MOVE AFTER 18 YEARS

Beginning on March 25 TIPRO will be occupyng new space to better serve our needs. You will still find us at 919 Congress Avenue in Austin but we will now be located on the 8th Floor in Suite 810. With Austin changing its skyline and pricing TIPRO had an opportunity to switch offices so we hope you will visit soon!   Please update your records to:

WE'RE MOVING

TIPRO
919 Congress Avenue Suite 810
Austin, TX 78701

Navigating the volatile energy market: Enverus' top 50 public operators of 2023

by Gibson Scott, head of Enverus Intelligence Research

While Enverus' reputation for reliable data, analytics, and intelligence is well known, over the past several years we've leaned into our role as a catalyst for the creation of intelligent connections across the energy ecosystem and leveraging our technology to power the global quality of life. After more than three decades innovating and developing business solutions, we increasingly find ourselves creating common ground and identifying alliance opportunities for companies operating, servicing, and investing in the energy industry.

We recently released our Enverus Instant Analyst™ technology, a first-of-its kind generative AI technology focused on the energy that can instantly pull trusted insights and operational efficiencies from more than 20 years of industry research. But while generative AI might be a current hot topic, Enverus began using artificial intelligence technology in the 1990s, when we deployed neural networks to accurately predict loads on electric power grids in the U.S. and Canada. Since then, we have built dozens more AI-powered products to become the clear market leader we are today. Our introduction of Instant Analyst™ takes us to new heights of leveraging AI to help our customers in all parts of the global energy mix.

And we believe it will shape nearly everything we do going forward.

Ranking the Top 50 public companies of 2023

We're regularly asked about our rankings, whether it's our annual top 100 private companies list or top drillers and frackers ranking. Industry professionals and investors alike turn to us for our evaluation of who's on top, who's on the bottom and who's on the move. Ranking public companies based on gross-operated production provides insights beyond operator press releases, investor relations presentations, earnings and other markers these companies use to tout their position in oil and gas and as a top operator. Furthermore, production data across the U.S. states isn't always uniform or timely. Even public filings can be limited. But not for Enverus.

Enverus offers its partners the ability to confidently navigate the volatile energy market, from maximizing subsurface recoveries to reducing atmospheric emissions, and we've made great strides to connect the dots that reveal hidden value and better decisions throughout the entire asset or investment lifecycle. Our goal is to enrich each stage with data, technology and cross-functional industry expertise to help your teams discover opportunities that deliver on company objectives – whether you are in growth mode, driving efficiency or both. When it comes to our focus on operators, we aim to help in three distinct areas:

1) Improve capital efficiency. Know which investments will have the biggest impact on results, where costs can be cut, or performance improved.
2) De-risk investment decisions. Bookend the upside and downside scenarios so you can plot a decision with confidence.
3) Find answers faster. Ask the hard questions and get answers back in seconds. What will you do with the time you get back?

With that in mind, earlier this year, Enverus, the most trusted energy-dedicated SaaS company, released its list of the most prolific 50 public oil and gas operators in the U.S., based on 2023 gross-operated production volumes.

The list, compiled utilizing Enverus FOUNDATIONS® data, factors in last year's mergers – like ExxonMobil's acquisition of Denbury, which helped propel it to number one in the ranking – and features breakdowns by oil, liquids and gas production, and total company well counts and recent rig count changes. The list was featured in Upstream Pulse from Enverus, a bi-monthly report that covers exploration and production, deals and capital markets for the North American and global oil and gas sector.

ExxonMobil, Chesapeake Energy and EOG Resources top the list as public E&P companies each producing more than 1 MMboe/d. Some big surprises included Gulfport Energy Corporation moving up four spots while Diversified Energy Company dropped seven spots. And of course, all the merger and acquisition activity we've seen take place has affected where names land.

Upstream Pulse 5

Top Public Lower 48 Producers of 1H23

1H23 Rank	Operator	Production (boe/d)	Oil (bbl/d)	Natural Gas (Mcf/d)	Oil %	Well Count	Primary Enverus Region	2022 Rank	Direction	Active Rigs
1	ExxonMobil	1,167,969	500,093	4,007,100	43%	17,103	Permian	2	1	19
2	Chesapeake Energy	1,130,230	18,205	6,672,115	2%	3,072	Eastern U.S.	1	(1)	10
3	EOG Resources	1,103,901	626,454	2,864,588	57%	9,285	Permian	4	1	27

To create this list, Enverus focused our production and ranking for both 1H23 and 2022 to include all gross-operated production from assets and companies acquired through Nov. 2, 2023, as accounted for in Enverus' platform. As a result, all changes in rankings are based on organic production changes on the post-transacted assets. Oil production includes condensate. Primary Enverus Region refers to the region with the highest contribution to production and ranking in this table, not necessarily for the company. Rig numbers are as of Nov. 19, 2023. Figures are subject to change because of lags in reporting.

Navigating the volatile energy market *continued from page 3*

To view Enverus top public companies of 2023, visit go.enverus.com/ranked-top-50-public-ep-operators-of-2023

Connecting hidden opportunities
Enverus customers know investing in technology to guide their decisions is the intelligent thing to do. It insulates their business from the impact of market forces by increasing operating and spending efficiency across the entire asset or investment lifecycle.

Following its debut in the Enverus Intelligence Vault™, the Enverus Instant Analyst™ technology will be deployed across the industry leading Enverus SaaS products already provided to hundreds of thousands of energy industry users. Generative AI technologies from Amazon Web Services, including Amazon Bedrock, help Enverus analyze vast data streams to provide real-time decision making.

Instant Analyst™ technology will help customers across the energy industry quickly find exactly the energy industry insights and operational efficiencies that they seek. Deployment in the Intelligence Vault is only the first step. Soon to come will be Automation features are coming soon, making rapid analysis in applications like Enverus PRISM® more powerful than ever before, and not just with Enverus data. Together with Enverus Fusion® technology, Instant Analyst™ technology will enable customers to get insights from their own data at previously impossible speeds. Utilizing trusted Enverus SaaS applications instead of other generative AI tools will also mean that customer inquiries do not publicly expose crucial proprietary information.

> "We use Enverus quite a bit and I would highly recommend it for all reservoir engineers or even production and operations engineers. The way PRISM allows you to layer in your own shape files and pull in your own data while also looking at public data is really the most useful piece."
>
> -Andi Menard
> Senior Reservoir Engineer
> Earthstone Energy, Inc.

Enverus has been fusing technology and energy together since its beginning, using innovate solutions to create intelligent connections and help our customers thrive in a rapidly evolving industry. To do this, we don't just keep up with changes, we have led the way.

Gibson Scott joined Enverus (Ross Smith) in June 2004 after working for two years in Talisman Energy's land A&D group and is now the head of Enverus Intelligence Research. Scott oversees rapidly growing teams of analysts, engineers, data scientists and programmers using advanced analytics to provide actionable insights to institutional and corporate clients. With hands-on oilfield service and E&P experience, Gibson is uniquely positioned to provide relevant solutions that support strategic alliances with firms looking to lever more value from their data and maximize returns.

State of the Energy   *continued from page 1*

- Texas had the highest oil and gas payroll in the country in 2023 ($59 billion), with California coming in at a distant second ($14 billion), followed by Louisiana ($9 billion).
- Texas had the largest number of oil and gas businesses in the nation last year with 23,315, followed by California (9,328), Florida (7,634), Georgia (6,310) and New York (5,801).
- Oil production in Texas was 1.99 billion barrels in 2023, a new record. New Mexico had the second highest oil production with 662 million barrels, followed by North Dakota with 433 million barrels produced. Permian operators were largely responsible for these numbers, producing a record 6.1 million b/d by the end of 2023.
- Texas led the country in natural gas production with a record 12.2 Tcf produced in 2023, followed by Pennsylvania with 7.6 Tcf.
- Texas had the highest rig count in the country in 2023 with an average of 356 active rigs. The number of rigs in Texas decreased from a high of 428 in January to 314 in December. New Mexico had the second highest rig count in the country and experienced a drop of seven rigs in the same timeframe.
- In 2023, total direct GRP for the Texas oil and natural gas industry was an estimated $364 billion. Once you incorporate the typical multiplier for GRP, the Texas oil and natural gas industry supported approximately 35 percent of the Texas economy.
- The Texas oil and natural gas industry purchased U.S. goods and services in the amount of $288 billion, 83 percent of which came from Texas businesses.
- The Texas oil and natural gas industry paid a record $26.3 billion in state and local taxes and state royalties in Fiscal Year 2023.

The "State of Energy Report" series is published exclusively by TIPRO. A full list of the data sources used to develop this analysis can be viewed in the methodology section of the report.

Visit https://tipro.org/tipro-energy-report-2024/ to view TIPRO's new "State of Energy Report."

Tue, Apr 16 | The Petroleum Club of Houston

WILLIAM "BILLY" MURPHY, JR., Chief Executive Officer, University Lands

Register Here

TIPRO CALENDAR OF EVENTS

MARCH 27, 2024	APRIL 16, 2024	MAY 15-17
SHREVEPORT — DUG GAS+	HOUSTON — TIPRO/IPAA/HPF	FORT WORTH — SUPER DUG
Discount Code TIPRO20	"Leaders in Industry" Luncheon.	DISCOUNT CODE TIPRO20
Register Here	For information, email info@houstonproducersforum.org.	Register Here

THANK YOU TO OUR CONVENTION SPONSORS

78th Annual Convention
The Crescent Hotel
Fort Worth, Texas
March 7, 2024