



2025 Energy Outlook Living At High Altitude



TIPRO's 79th Annual Convention

February 25, 2025

Dan Pickering



Pickering Energy Partners

Providing unrivaled energy insights, investments and advice.

Research

- Investment Research
- Company-focused Reports
- Industry Deep Dives

Investment Banking

- Mergers & Acquisitions
- Equity Capital Markets
- Corporate Advisory
- Energy Transition & Traditional Energy Banking

Consulting

- Strategic Consulting
- Transaction Support
- ESG

Investments

- Public Equity Investments
- Private Equity Investments
- Direct Investments



Overview

ENERGY

- \$80 WTI Through 2027 🤨
- Understanding Of Hydrocarbon Necessity
- Headwind Now Neutral/Tailwind
- Disciplined Industry Players
- Geopolitical Fragility
- Globalization Of Natural Gas
- Mostly Apathetic Investors



DECARBONIZATION

- Energy Transition = Infrastructure
- ET Spend > O&G Spend
- The Investment Bar Moved Higher
- Power Has Entered The Room
- Data Center Mania
- Abundant Capital



The 2025 Oil Markets As A Meme

The Energy Market

Investors



OPEC+



Geopolitical Possibilities

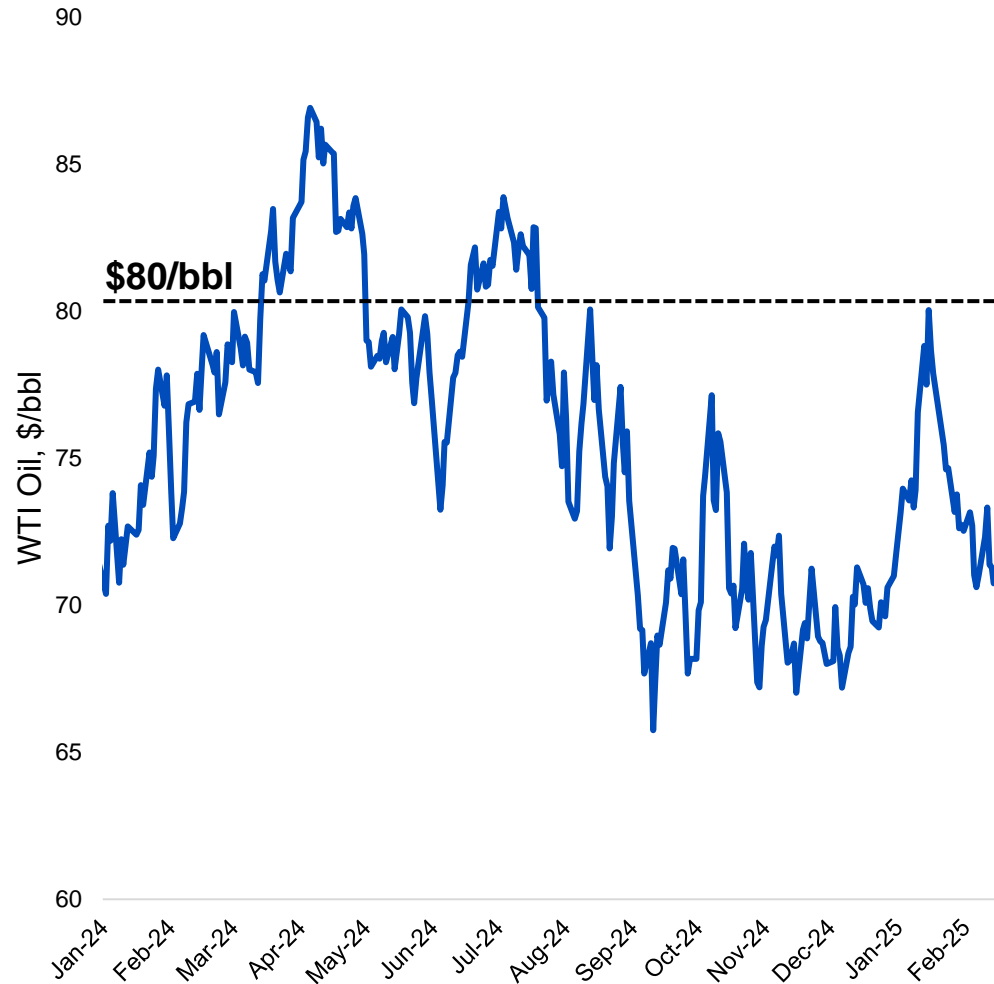


Drill, Baby, Drill!





Oil Market Thoughts



\$80 WTI Through 2027
\$65 - \$75 2025E

- Relatively Balanced Supply/Demand
- Russia + Rates = Early 2025 Rally
- Tariffs + Trump = Recent Correction
- General Bearishness
 - Fundamentals
 - OPEC+ Overhang
 - Trump Jawboning
- US Capital Discipline Will Hold
- Shale Maturity Is Not Now
- OPEC+ Won't Return (\$50 WTI If They Do)
- Geopolitical Wildcards
- Risk *Higher* With Trump
- \$100 Oil Is Far Off

Trump Oilpatch Implications

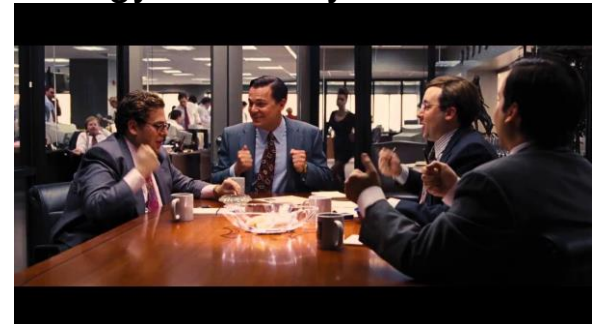
- Really Wants Lower Energy Prices
- Still Early...Watch *Actions* <

Permits

Regulations
- Easier To Do Business
- Drill, Baby, Drill - Very Unlikely
- Carrots? Sticks?
- Geopolitical Uncertainty
 - Tariffs
 - Iran Sanctions
 - Russia War
 - Coercion Of The Saudis?
- US Energy Security = Political Flexibility
- Gasoline Price Rules



Chris Wright
Energy Secretary Nominee



One Of Us! One Of Us!

OPEC+...A Different (Potential) Battle In 2025

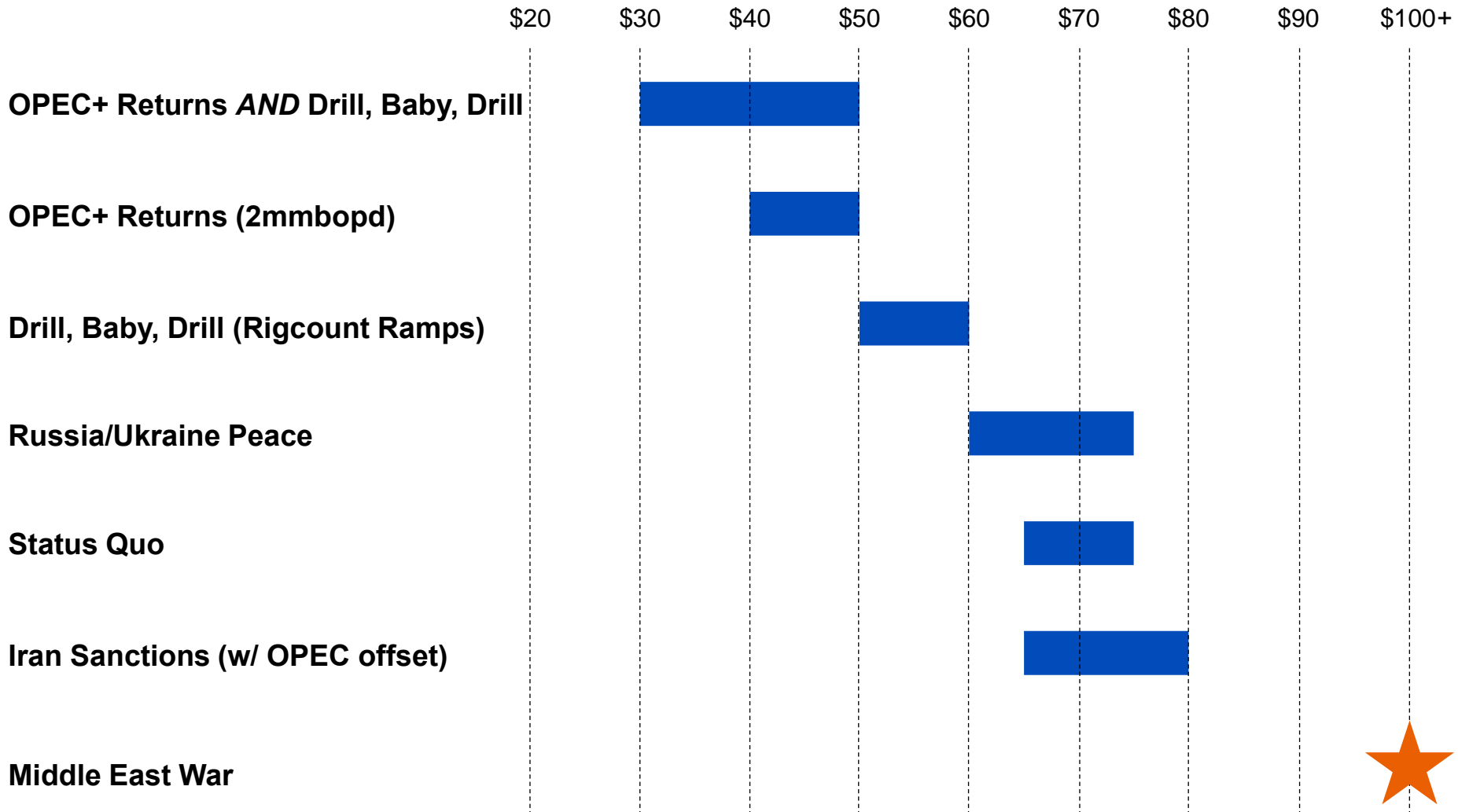
US SHALE

- Materially Better Balance Sheets
- Materially Slower Production Growth
- Substantially More Capital Discipline
- More Permian Concentration
- Lower Well Costs
- Lower Base Declines



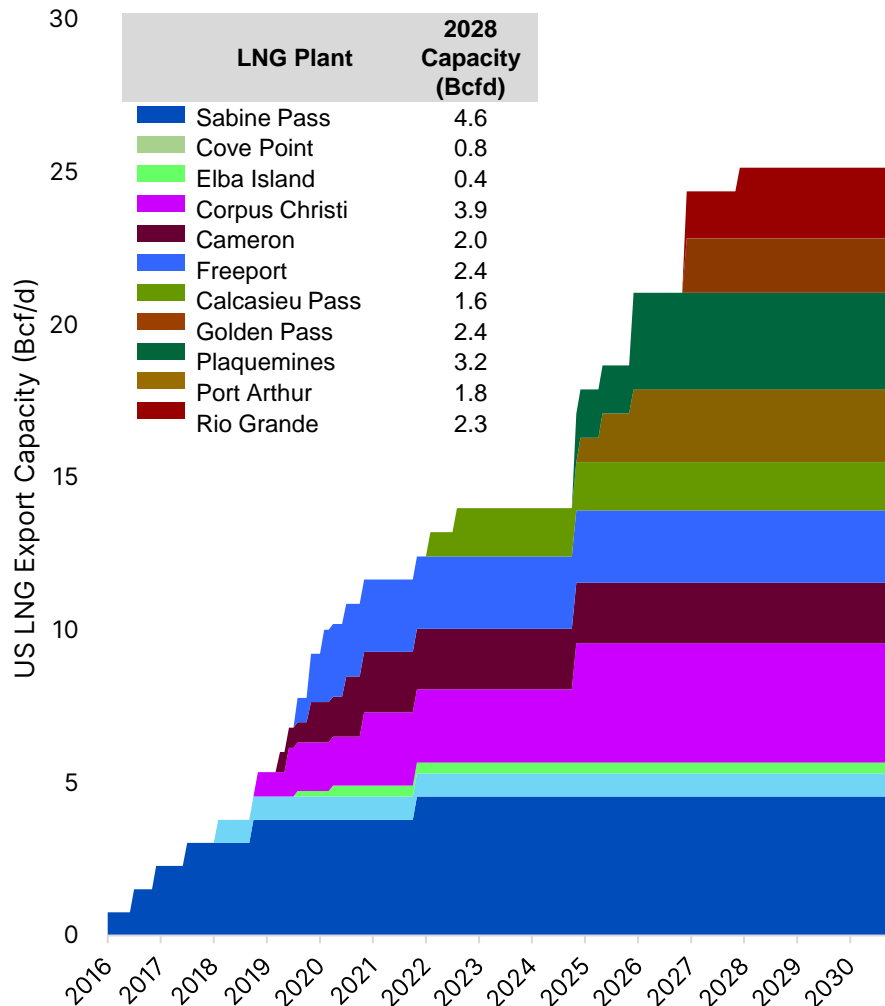


Oil Price Scenario Analysis



Natural Gas Thoughts

US LNG Export Capacity



- Increasingly Bullish (With Volatility)
- 2026 Is *Finally* The Year
- Plenty Of US Gas Supply
- Industry Has Learned About Self-Help
 - Reduced Drilling
 - Reduced TIL
 - Production Shut-Ins
- AI Growth 2025+ (Overhyped)
- LNG Is The Linchpin
 - +5bcf/day By 2027
 - Watch Project Slippage
 - Government Headwind Now A Tailwind
- Growing Realization Gas Is *Necessary*
- \$3 - \$3.50 For 2025

\$2 Gas Is Not Equilibrium....Nor Is \$5 Gas

Source: U.S Energy Information Administration – 9/30/2024.

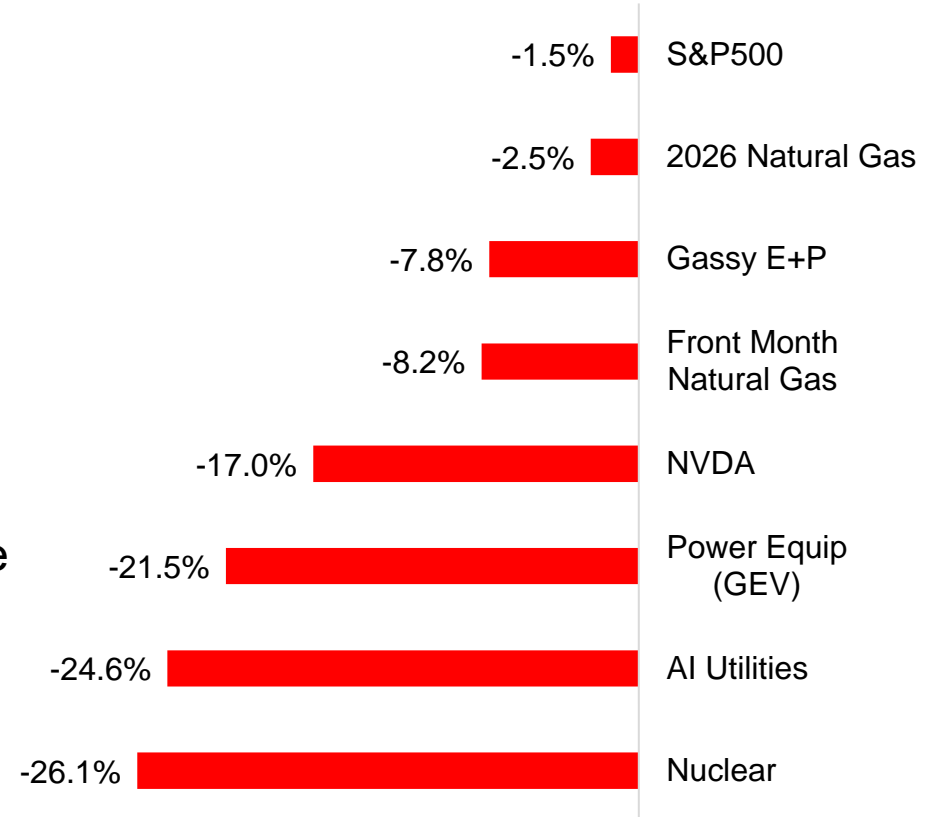
Note: EIA estimates are based on information from Federal Energy Regulatory Commission and U.S Department of Energy filings, company websites, trade press, and other industry sources.

How Much AI Enthusiasm In Gas/Power?



DeepSeek Monday (1/27/25)

- Data Center Hype Getting Tested
- Market Enthusiasm Way Overdone
- Six Months To Sift Through Noise
 - Watch Hyperscalers Capex
- Perhaps Saving A Massive Overshoot?



The Sun Will Come Out...Soon(ish)

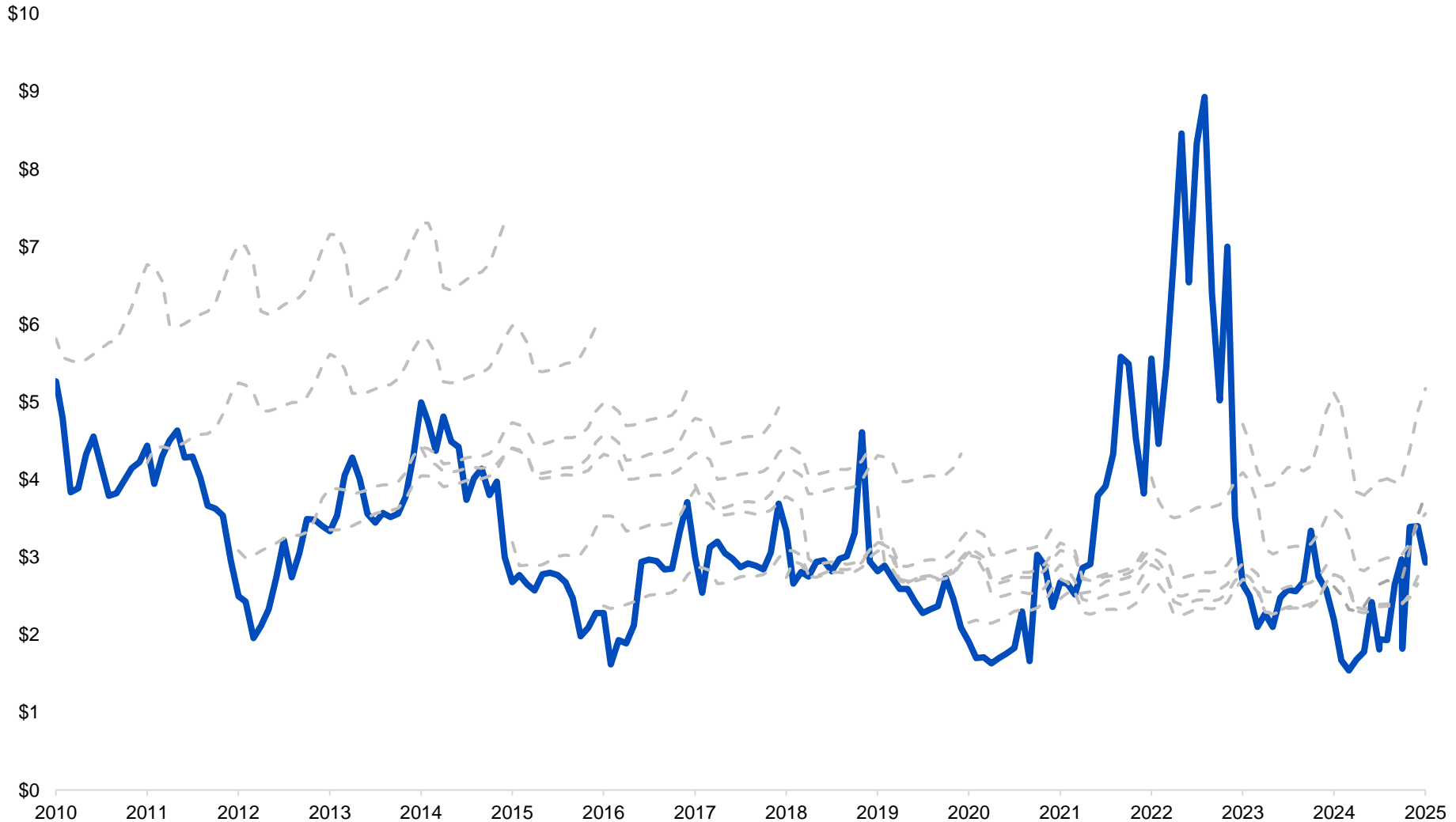
NYMEX Natural Gas Prices 2020 – 2028E





Gas Prices Seldom Beat “Expectations”

HH Spot Price and Annual 60 Month Strips



Power...The New Shale Boom?



System Complexity Is Increasing

- Demand Acceleration Happening
- Demand Drivers
 - Economic Growth
 - Electrification Of Everything
 - Data Centers
 - Crypto
- Many Want Green Generation
- Gas Now, Nuclear Later
- Need Generation *and* Transmission
- Slow Access To The Grid
- Incentives For Speed

DeepSeek Monday Will Force (Prudent)Evaluation Of AI Needs

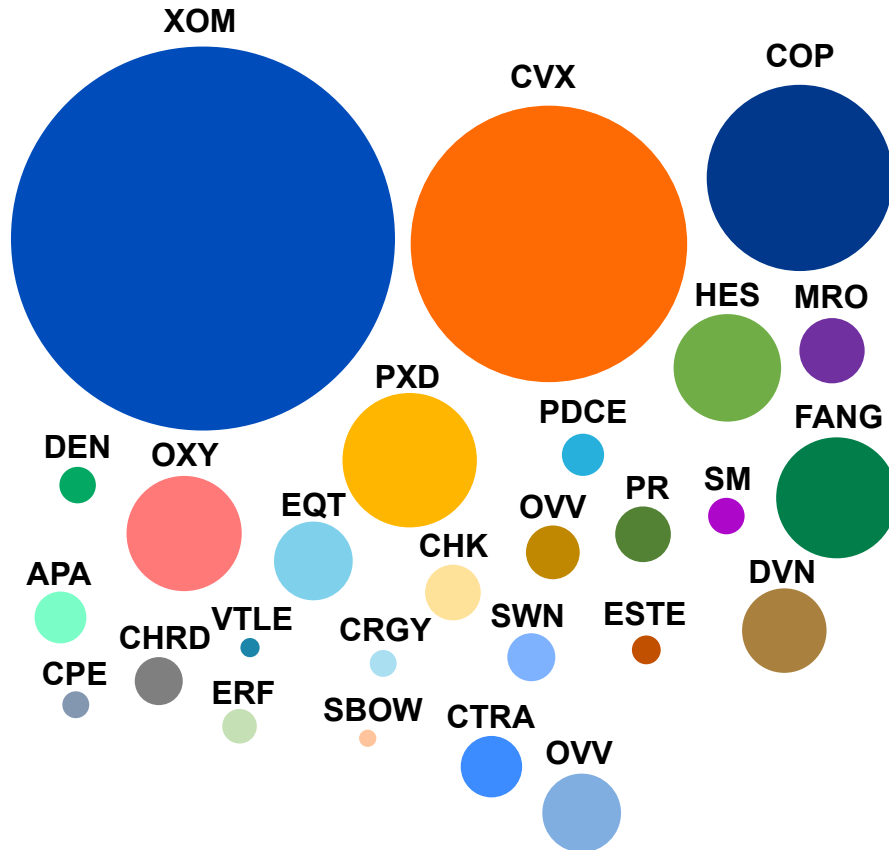
Energy Transition – Up And To The Right

- **Spending +2-3x From Here**
- **Massive Projects**
- **Capital Lining Up To Play**
- **Return Hurdles Rising**
- **Timing Will Disappoint**
- **Trump Will Paralyze For A While**



Consolidation...The Train Marches On

2023/2024 Upstream Players



- Four *Ongoing* Drivers:
 - Inventory
 - Size
 - Scale
 - Value
- \$200B+ Bet On Fossil Duration
- OFS/Midstream Also Consolidating
- More Deals Ahead
- More Gas Deals Likely



Investing Thoughts

Energy as a % of the S&P 500



- Still No Passion For Oil & Gas
- Another Lagging Year
 - 2024 6% (S&P +25%)
- Clean Energy Is A Disaster
 - 2023: -20%
 - 2024: -26%
- IPO Market Reviving
- Private Capital Smaller But Flowing (In Upstream)
- Selectivity Remains Key
- A Tech Crack = Opportunity?

Conclusions

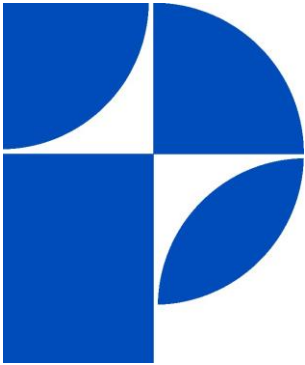
- 2025 = Tricky/Murky Oil
- Gas Is Improving
- Higher Commodity Volatility
 - \$65 - \$75 Oil
 - \$3.00 - \$3.50 Gas
- US Capital Discipline Continues
- OPEC Stays Out
- Onward March Of Energy Transition
- Muted Love For (Cheap) Energy Stocks
- OFS Must Grind Forward



**We Remain In An Upcycle
Until Proven Otherwise**



Q&A



Metric	2024	February 18, 2025	2025 YTD
Dow Jones	15.0%	44,456	4.9%
S&P 500	25.0%	6,130	4.4%
Front Month WTI	0.1%	71.85	0.2%
Front Month Henry Hub	44.5%	4.01	10.3%
S&P 1500 Energy (S15ENRS)	6.0%	691	5.8%
OFS Sector SPDR (OIH)	-10.5%	285	5.0%
E&P Sector ETF (XOP)	-1.0%	138	4.4%
iShares Global Clean Energy (ICLN)	-25.7%	11	-0.3%

Source: Bloomberg as of 2/18/25.



Contact Us

Pickering Energy Partners
100 Waugh Dr, Suite 600
Houston, TX 77007

THIS DOCUMENT IS NOT AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY AN INTEREST IN ANY FUND MANAGED BY PICKERING ENERGY PARTNERS LP ("PEP"). AN OFFERING OF SUCH INTERESTS WILL BE MADE ONLY BY MEANS OF A CONFIDENTIAL OFFERING MEMORANDUM (THE "MEMORANDUM") AND ONLY TO QUALIFIED INVESTORS IN JURISDICTIONS WHERE PERMITTED BY LAW.

An investment in any Fund managed by PEP is suitable only for certain sophisticated investors who have no need for immediate liquidity in their investment. Interests in a Fund are not freely transferable and may be withdrawn only under the limited circumstances set forth in a Fund's Offering Documents.

An investment in a Fund is speculative and involves a high degree of risk and is not intended to be a complete investment program. A Fund's performance may be volatile and there is no assurance that a Fund will achieve its investment objectives. Investors could lose all or a substantial amount of their investment in a Fund.

This document contains certain forward-looking statements and projections. Such statements and projections are subject to a number of assumptions, risks and uncertainties which may cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by these forward-looking statements and projections. Prospective investors are cautioned not to invest based on these forward-looking statements and projections.

Any illustrative models presented in this document are based on a number of assumptions and are presented only for the limited purpose of providing a sample illustration. Any sample illustration is inherently subject to business, economic and competitive uncertainties and contingencies, many of which are beyond PEP's control. Any sample illustration is not reflective of any actual investment purchased, sold, or recommended for investment by PEP and are not intended to represent the performance of any investment made in the past or to be made in the future by any Fund managed or advised by PEP. Actual returns may have no correlation with the sample illustration presented herein, and the sample illustration is not necessarily indicative of an investment that PEP will make.

PEP does not provide accounting, tax or legal advice. In addition, we mutually agree that, subject to applicable law, you (and your employees, representatives and other agents) may disclose any aspects of any potential transaction or structure described herein that are necessary to support any U.S. federal income tax benefits, and all materials of any kind (including tax opinions and other tax analyses) related to those benefits, with no limitations imposed by PEP.

Certain information contained herein has been supplied to PEP by third parties. While PEP believes such sources are reliable, it cannot guarantee the accuracy of any such information and does not represent that such information is accurate or complete. The information contained herein is confidential (except for information relating to United States tax issues) and may not be reproduced in whole or in part. These materials were designed for use by specific persons familiar with the business and the affairs of your company and PEP materials.

All case studies and examples used in this presentation are presented for illustrative purposes only and should not be relied upon as an indication of how PEP has performed in the past or will perform in the future.

Past returns are not indicative of or a guarantee of future results.





Keep in mind that past returns may not be indicative of or a guarantee of future results. You should only commit risk capital to any investment product. Alternative investment products are not for everyone and entail risks that are different from more traditional investments. You should obtain legal and tax advice from your appropriate advisors before deciding to invest.

The information herein is subject to change, without notice, at the discretion of PEP and PEP does not undertake to revise or update this information in any way. Unless otherwise stated, all statements are current as of the date at the front of the pitchbook.

No investment process is free of risk and there is no guarantee that the investment process described herein will be profitable.

The term "research" as used throughout this communication refers solely to (i) client-specific non-discretionary investment advice regarding specific securities, offered pursuant to the terms of the applicable client's consulting agreement; (ii) industry-level research other than stock specific research; and (iii) in certain cases, with respect to the energy-transition industry only, stock-specific research. Pickering Energy Partners does not offer stock-specific research outside of the energy transition industry.

Information contained herein regarding Pickering Energy Partners is intended for informational purposes only and is not meant to imply that PEP will receive support from, or consult with, those affiliated entities and/or their personnel (except to the extent that PEP personnel is also employed by those affiliated entities).





PickeringEnergyPartners.com