



Texas Independent
Producers and Royalty
Owners Association

Candid Perspectives on 2025 Energy Deal Making

August 5, 2025

James C.V. Rogers / Austin M. Hughes
Petrie Partners

Petrie Partners - Strategic Advisors to the Energy Industry

Today's Speakers



James C.V. Rogers
36 years of experience
Vice Chairman



Austin M. Hughes
9 years of experience
Senior Vice President

Petrie's Senior Team



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39 Years of Experience



Mike Bock
37 Years of Experience



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34 Years of Experience



Max Silverman
12 Years of Experience



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8 Years of Experience

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Sustaining Success
Deal-making is an art — a union of trust and expertise. To every engagement, Petrie brings decades of cycle-tested experience and a steadfast commitment to building long-term relationships as we strive to ensure our client's success.

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Select Petrie Client Successes

Undisclosed Upstream Portfolio Company

New Investment to
Provide Liquidity for
Existing L.P.'s



- \$100 MM+ Continuation Vehicle
- Domestic gas production and carbon capture
- Closing expected next week



Sale of Avant Natural
Resources to COTERRA



- \$1.5 Bn asset divestiture
- Delaware Basin
- Closed in 2025



Sale of Pioneer Natural
Resources to **ExxonMobil**



- \$70 Bn merger with ExxonMobil
- Midland Basin
- Closed in 2024



Delaware Basin Drilling
JV with Warwick
Investment Group



- Structured investment
- Option to expand into additional tranches
- Closed in 2024

Topics for Discussion

Petrie Perspective



Alternative Perspective

Commodity Prices

A higher mid-cycle price is coming

Prices will coalesce around historical averages or lower

Capital Markets

Corporate Consolidation

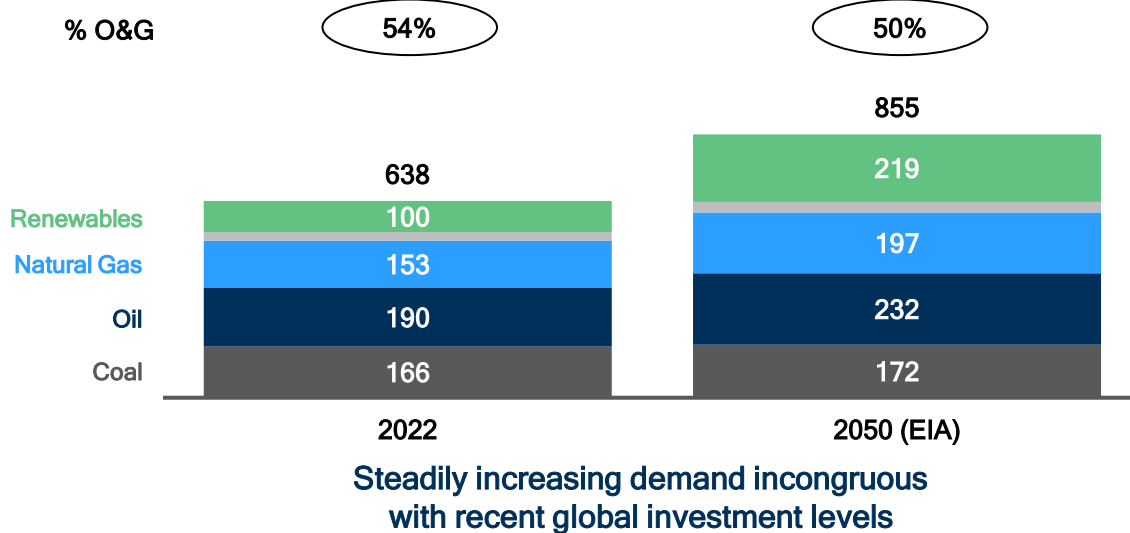
A&D Activity

Priorities of New Administration

Commodity Prices - Oil

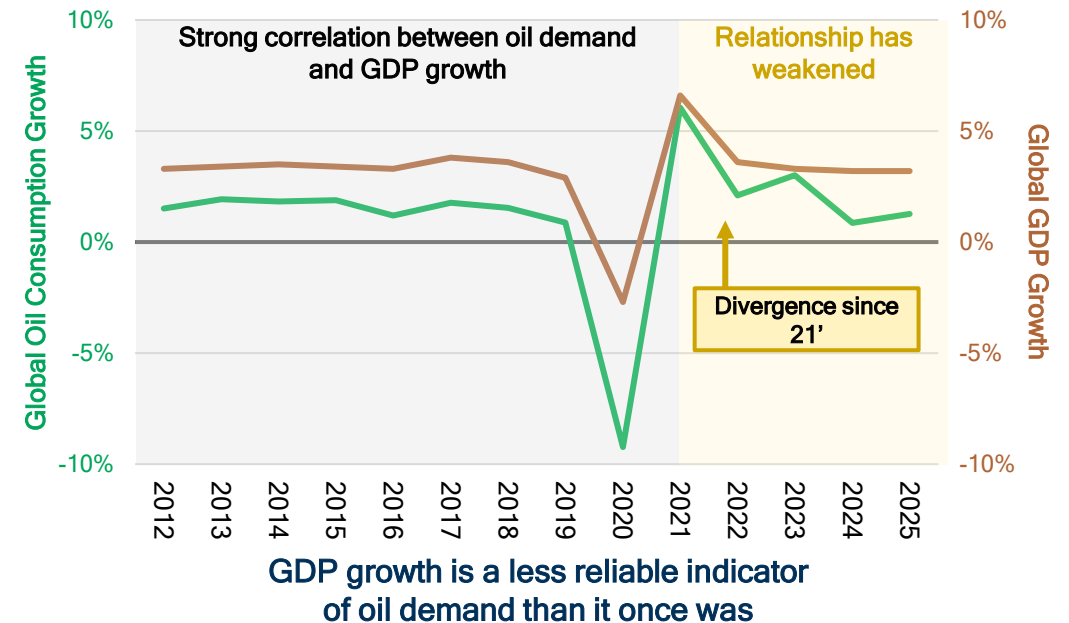
- ❖ Underinvestment over time has created thin margins for supply-demand balance
- ❖ Will lead to higher prices and increased volatility
- ❖ Demand forecast steadily increasing through 2050 on economic and population growth

- Oil and gas demand to **increase 25% by 2050**
- ~**2,350 quads** for the world to reach average energy per capita of the US in 2022 - 2.7x 2050 global demand

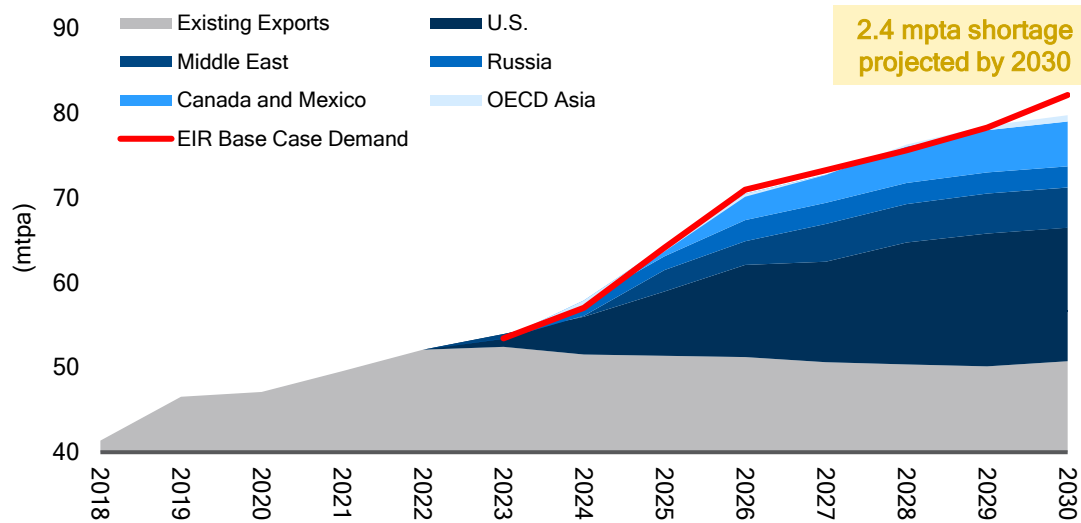


Source: EIA and International Monetary Fund.

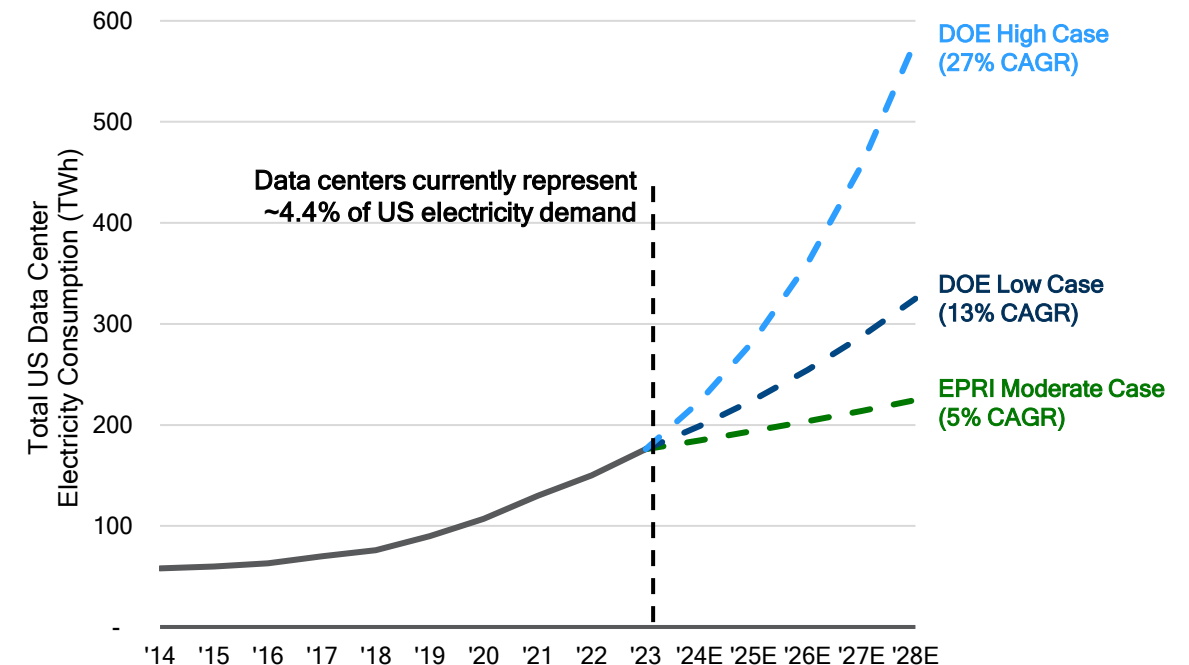
- ❖ Oil demand growth is increasingly less correlated with global GDP growth
- ❖ As countries develop, they become more energy efficient
- ❖ Trade wars / tariffs may hamper global economic activity



Commodity Prices - Gas



- ❖ U.S. is great at getting gas out of the ground, supply will match increased demand
- ❖ Data center demand is difficult to pin down, may meet more friction than anticipated by many projections



LNG and rapid technological advancement are two significant new drivers for natural gas demand

Wide variance of growth forecasts for data center-driven electricity demand

Source: Enverus, Department of Energy / Lawrence Berkeley National Lab, Electric Power Research Institute (EPRI).

Topics for Discussion

Petrie Perspective



Alternative Perspective

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Prices

**Capital
Markets**

A favorable reversal in investor sentiment
has begun and will continue

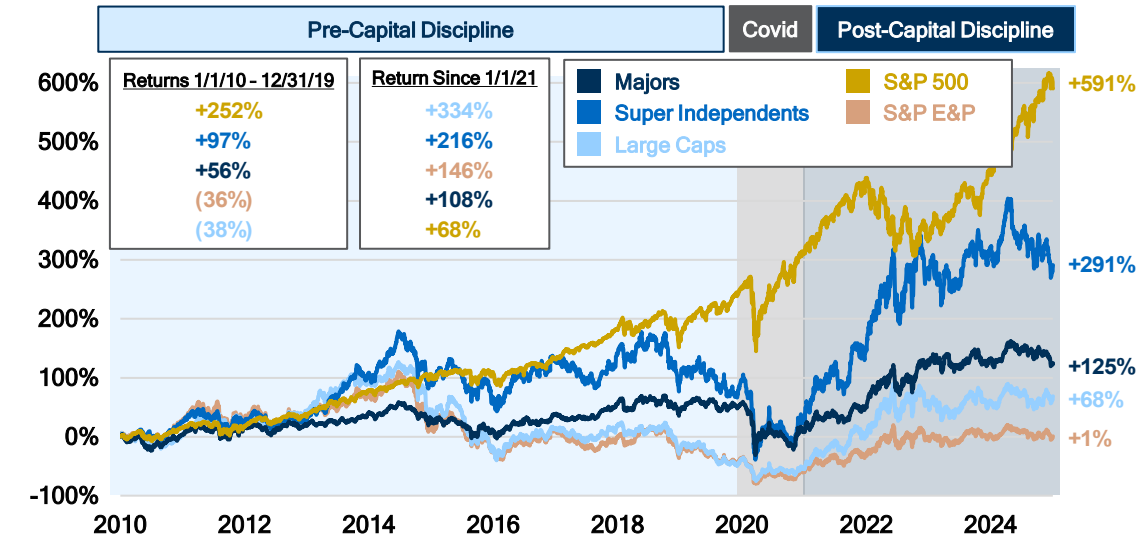
Traditional capital sources are unlikely to
return in a practicable timeframe

Corporate
Consolidation

A&D
Activity

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Capital Markets



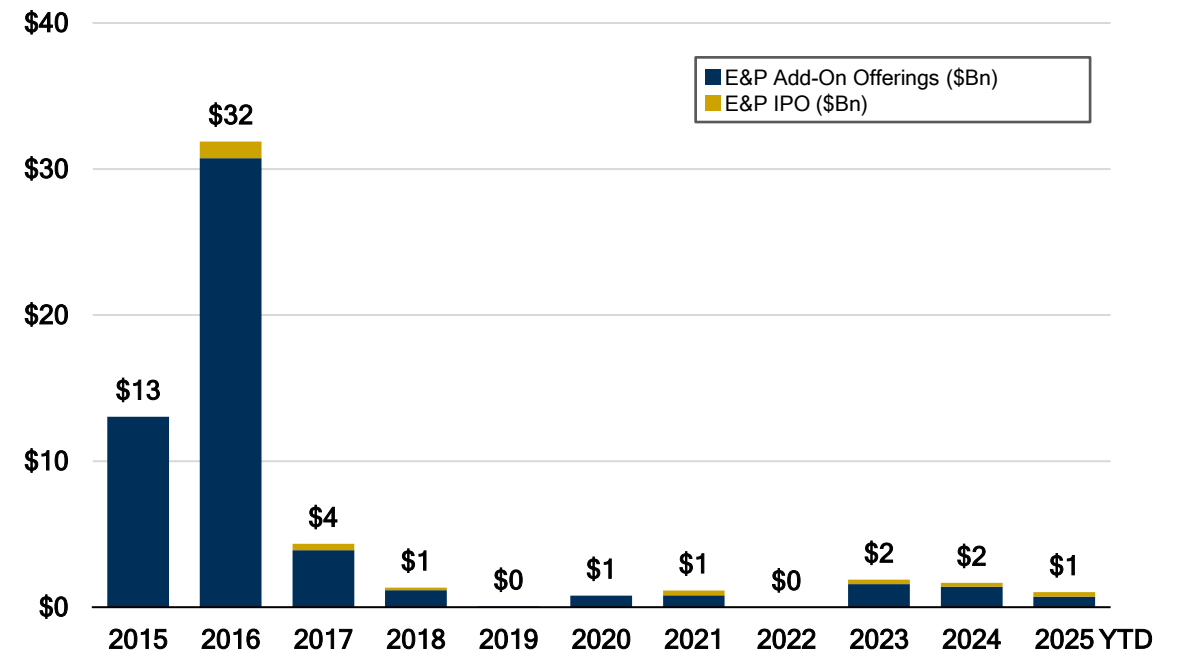
Distinct trading multiple advantage for companies with scale, a strong balance sheet and robust dividend policy

Average Metrics	Upstream 2014	Upstream 2025E	S&P 500 2025E
EV / EBITDA	8.5x	4.6x	15.9x
Leverage	2.2x	1.3x	1.3x
FCF Yield	-19.6%	3.1%	2.8%

Source: Bloomberg, Eikon, Enverus, public disclosure and Petrie databases.

- ❖ Many major institutions (blue-state pensions and Europe) unlikely to broadly reembrace oil and gas equities
- ❖ The oil and gas market isn't substantial enough, or outperforming enough, to divert material capital and resources from other sectors

Equity Capital Markets



Topics for Discussion

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**Corporate
Consolidation**

Structural trends support further
consolidation

Consolidation wave is nearing final innings -
universe of remaining logical buyer-seller
combinations is limited

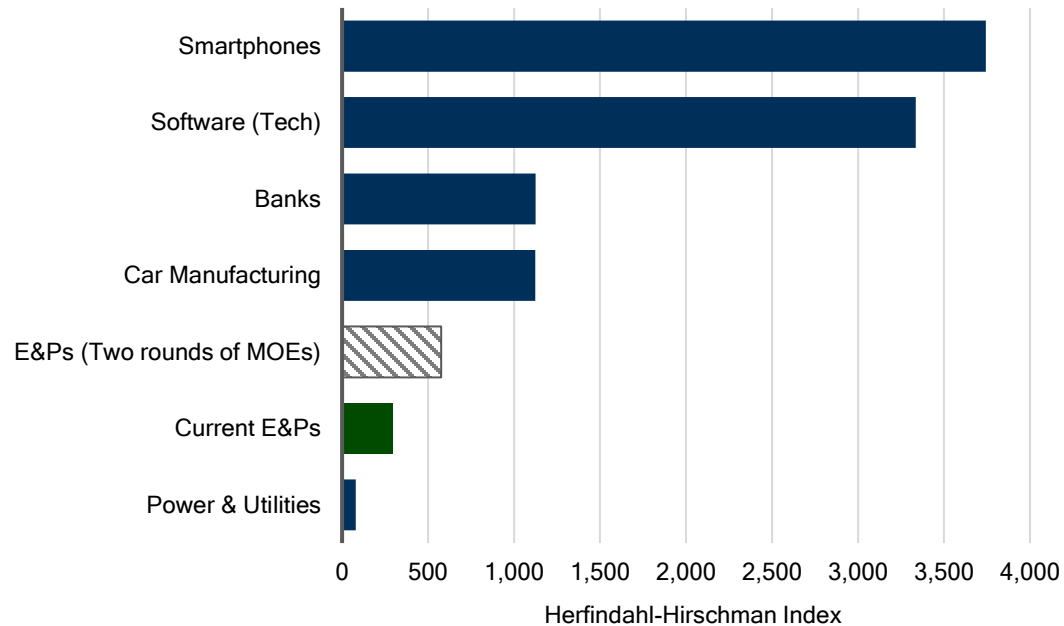
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Corporate Consolidation

- ❖ Pent-up demand resulting from the Khan Factor (8 months to close vs. 3 months)
- ❖ Energy is under-consolidated vs. other industries

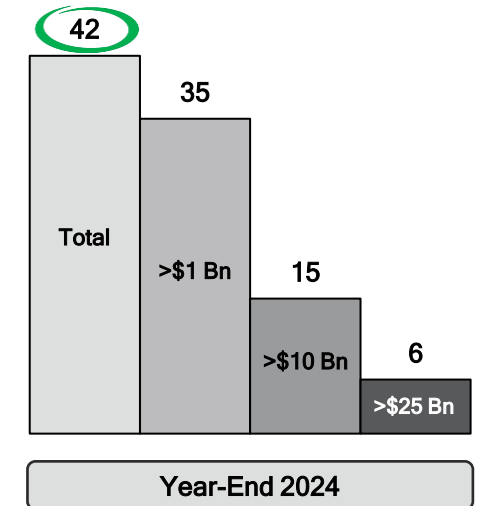
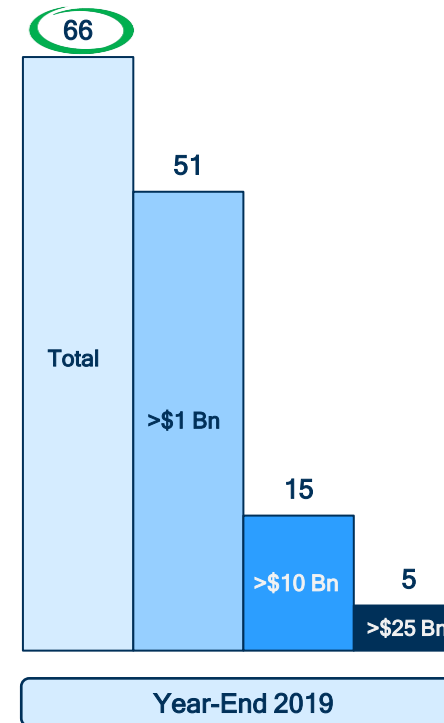
Industry HHI Summary



If every U.S. upstream company merged with its closest-sized peer, and then each of those new entities merged again, the O&G industry would still not be highly consolidated compared to other industries

- ❖ Simply too few logical buyer-seller pairings to support significantly more M&A
- ❖ No big secrets - the remaining candidates are well-known, but haven't transacted

Count of Public E&P Companies by Enterprise Value



Source: Kimmeridge, Eikon, public disclosure and Petrie databases.

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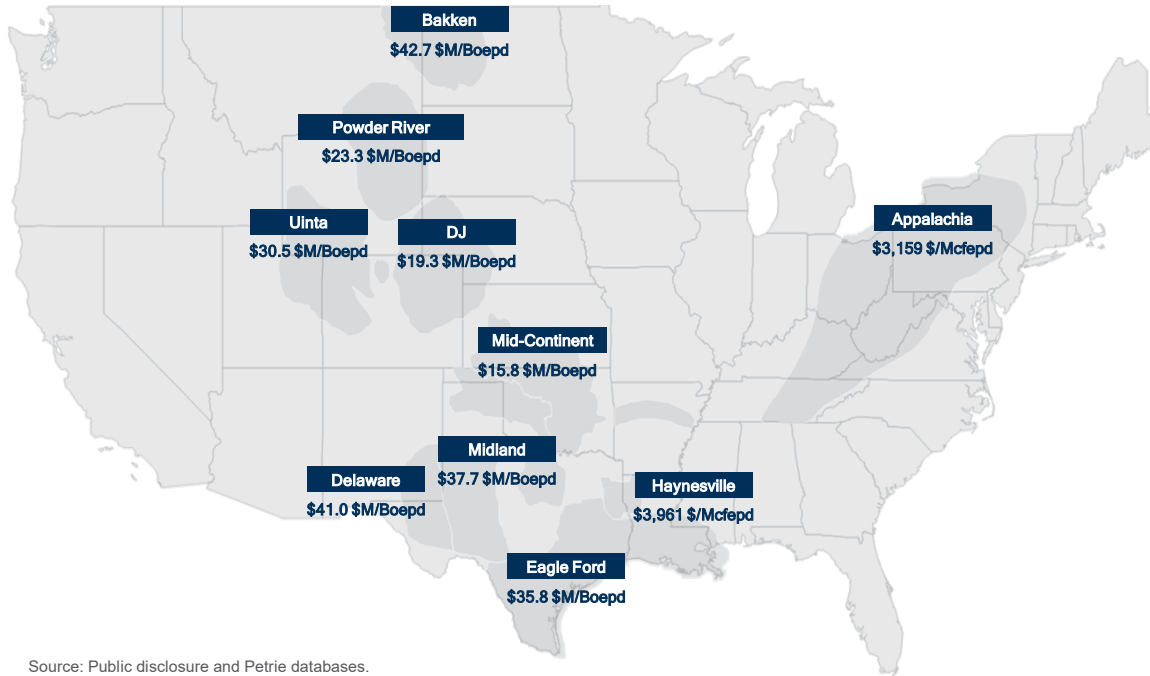
Divestitures by large companies will
characterize the coming A&D market

Recent A&D trends will persist - large
companies to continue asset accumulation

Priorities of New
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A&D Markets

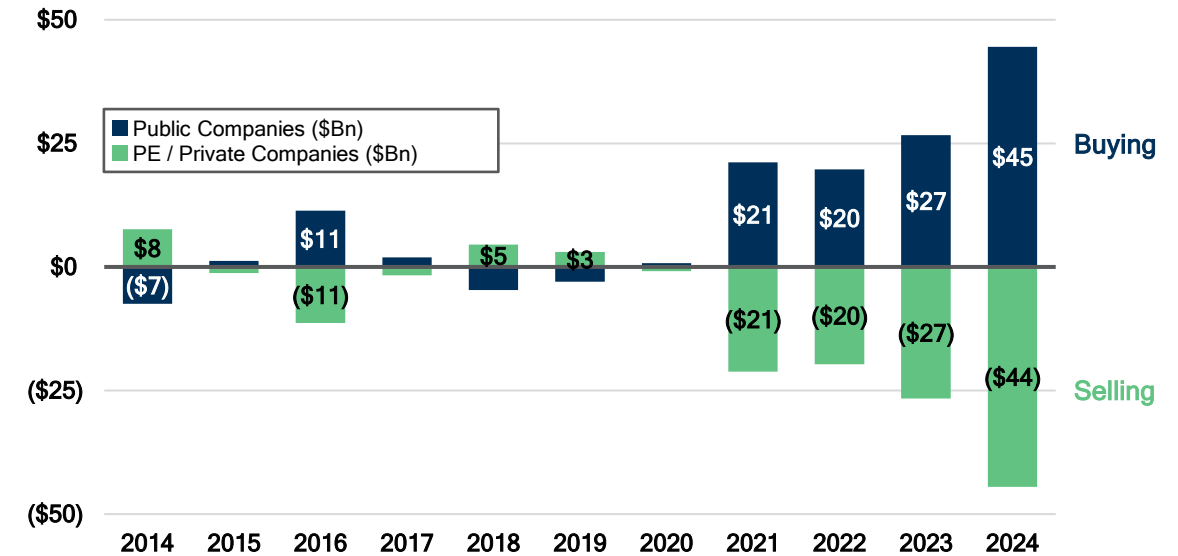
- ❖ Recent consolidation high grades inventories, creating good-quality non-core assets suitable for divestment
 - Already divesting: APA, XOM, OXY
- ❖ Resurgence of PE fundraising creates eager buyers with time pressure to transact
- ❖ Emergence of secondaries / continuation vehicles reduce PE sales activity → reducing asset package supply



Source: Public disclosure and Petrie databases.

- ❖ Trajectory of gas prices a key strategic question
- ❖ Inventory life was a primary driver in many recent scaled transactions - divestments are counterintuitive
- ❖ Technological evolution may make currently uneconomic areas viable in the future - majors and large-caps leading the way in R&D investment

Net Asset Flow



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Priorities of New
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Trump Administration's pro-energy stance
will benefit the industry both near-term and
long-term

Though hugely refreshing, Trump
Administration's pro-energy stance may not
be all positive for E&P

Trump Administration

- ❖ Energy Dominance Council
- ❖ Positive views of traditional energy are being broadly propagated:

"Any negative impact of climate change has been overwhelmed by the benefits of increasing energy consumption. To make the world a better place, to solve the global problems, you need more reliable, affordable, secure energy. You have to have a successful, wealthy society to do that."

Energy Secretary Nominee,
Chris Wright
11/09/2024



- ❖ Tariff deals strongly supporting U.S. production

Net-Zero Banking Alliance



Source: Public disclosure and Bloomberg.

- ❖ Blue administration antagonism through regulations and monitoring has supported commodity prices
- ❖ Lower oil prices are a stated objective of the Trump administration



"How do you get that [3% real growth]? Through deregulation, more U.S. energy production, slaying inflation...Three million more oil barrels equivalent a day from U.S. energy production...would substantially decrease the oil price - and that's one of the No. 1 drivers of inflation expectations."

Treasury Secretary Nominee,
Scott Bessent
11/25/2024



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Structural trends support further consolidation

Consolidation wave is nearing final innings - universe of remaining logical buyer-seller combinations is limited

A&D Activity

Divestitures by large companies will characterize the coming A&D market

Recent A&D trends will persist - large companies to continue asset accumulation

Priorities of New Administration

Trump Administration's pro-energy stance will benefit the industry both near-term and long-term

Though hugely refreshing, Trump Administration's pro-energy stance may not be all positive for E&P



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Thank You

If you have follow-up questions, please contact us



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