

HAYNES BOONE

Haynes Boone  
Energy Bank Price Deck  
Survey: Spring 2023

April 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 spring version of these oil and gas price decks from 24 banks in March 2023. We have analyzed the data and prepared the following report, which is the eighth 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 a number of 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

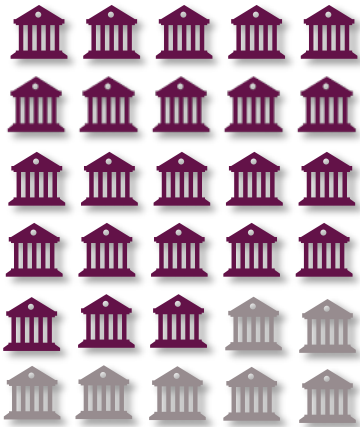
## Key Takeaways – Spring 2023

1. Our Spring 2023 Energy Bank Price Deck Survey includes data from 24 energy banks compared to data from 23 energy banks in our Fall 2022 Survey. There were three new energy banks that participated and provided data for Spring 2023. 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. Consistent with the NYMEX forward curve, Spring 2023 price decks for oil track closely with last Fall's price decks, albeit starting off \$1.50 lower in the near term. A much greater delta can be seen comparing last Fall's mean Gas Base Case prices to this Spring's prices. Spring Gas Base Case prices start out at \$2.79 compared to last Fall's projected price of \$4.34, roughly a 35% decrease. In the later years, 2026-2032, gas prices more closely track last Fall's projections. However, because banks apply an annual discount factor to projected value of reserves, this substantial reduction in the first couple years of price projections can have an impact on this Spring's Borrowing Base redeterminations for gas-heavy producers.
3. As can be seen from a review of the graphs that follow for oil and gas base and sensitivity case projections, banks display greater variation in price expectation in their base case scenarios than in the more conservative sensitivity case price projections. This is consistent with our prior price deck survey results over the last four years. Note that in the graphs that follow, for purposes of displaying the data where two or more banks have the same projected price for a certain date, the price points on the graphs have been adjusted slightly to better distinguish each bank.

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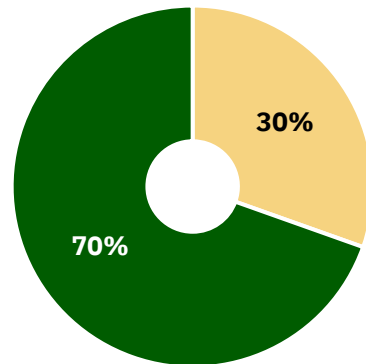
## By the Numbers: Fall 2022 and Spring 2023 Data

### Fall 2022



- ✓ 30 banks invited to participate
- ✓ 23 banks responded
- ✓ 77% participation rate

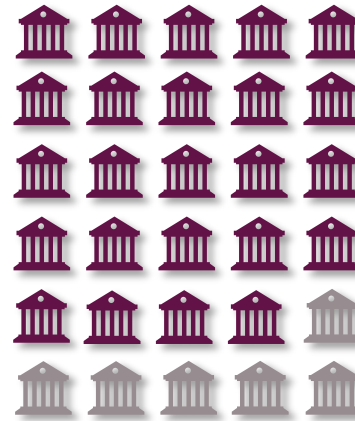
### Sensitivity Analysis



70% of the 23 banks provided sensitivity cases for their Fall 2022 price decks.

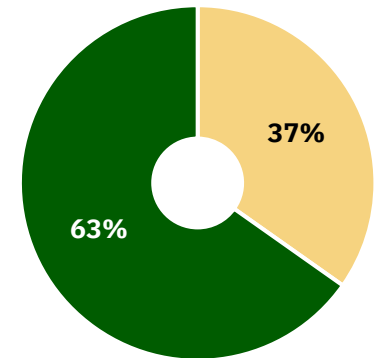
- Provided data
- Did not provide data

### Spring 2023



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

### Sensitivity Analysis

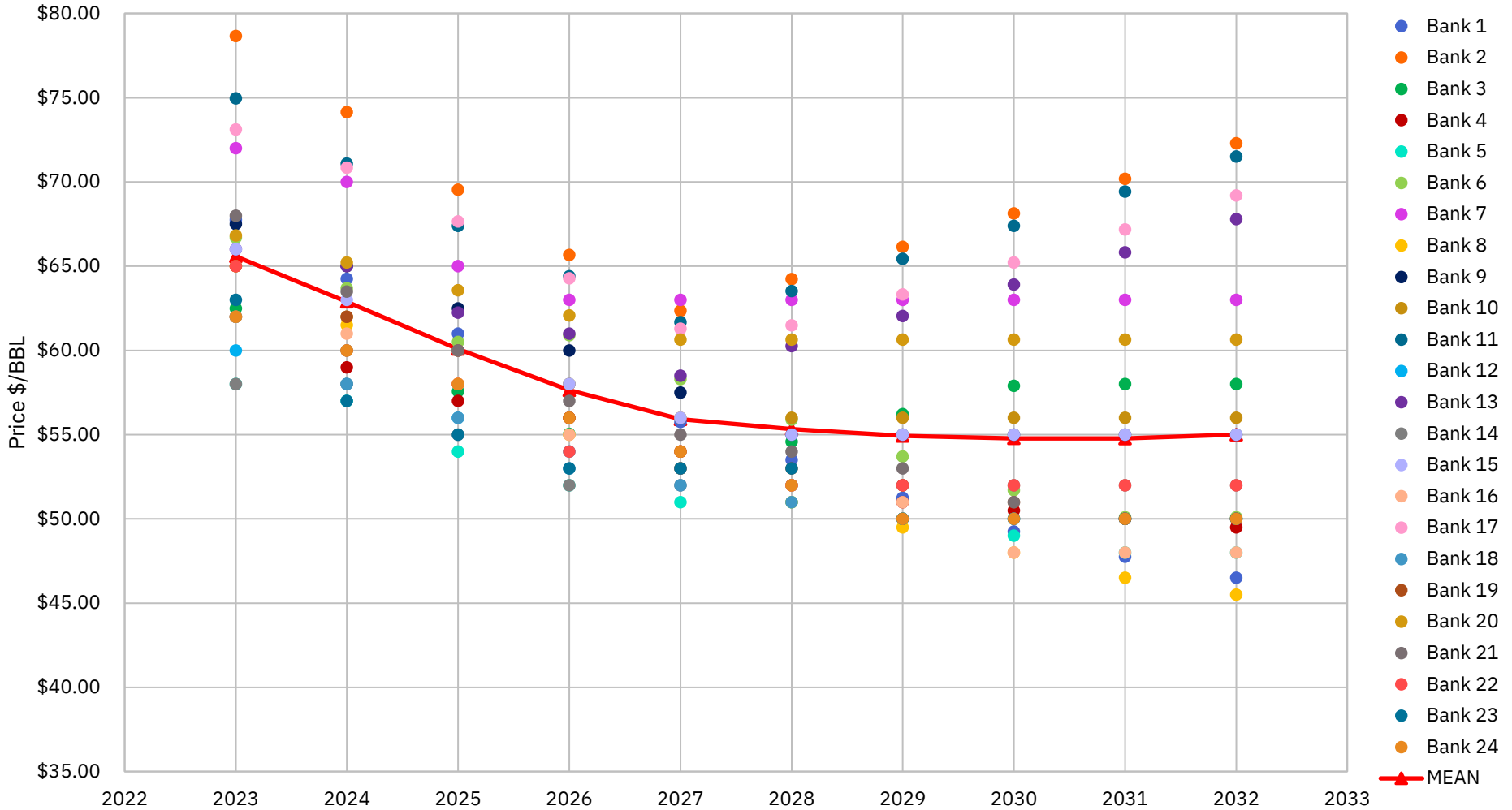


63% of the 24 banks provided sensitivity cases for their Spring 2023 price decks.

- Provided data
- Did not provide data

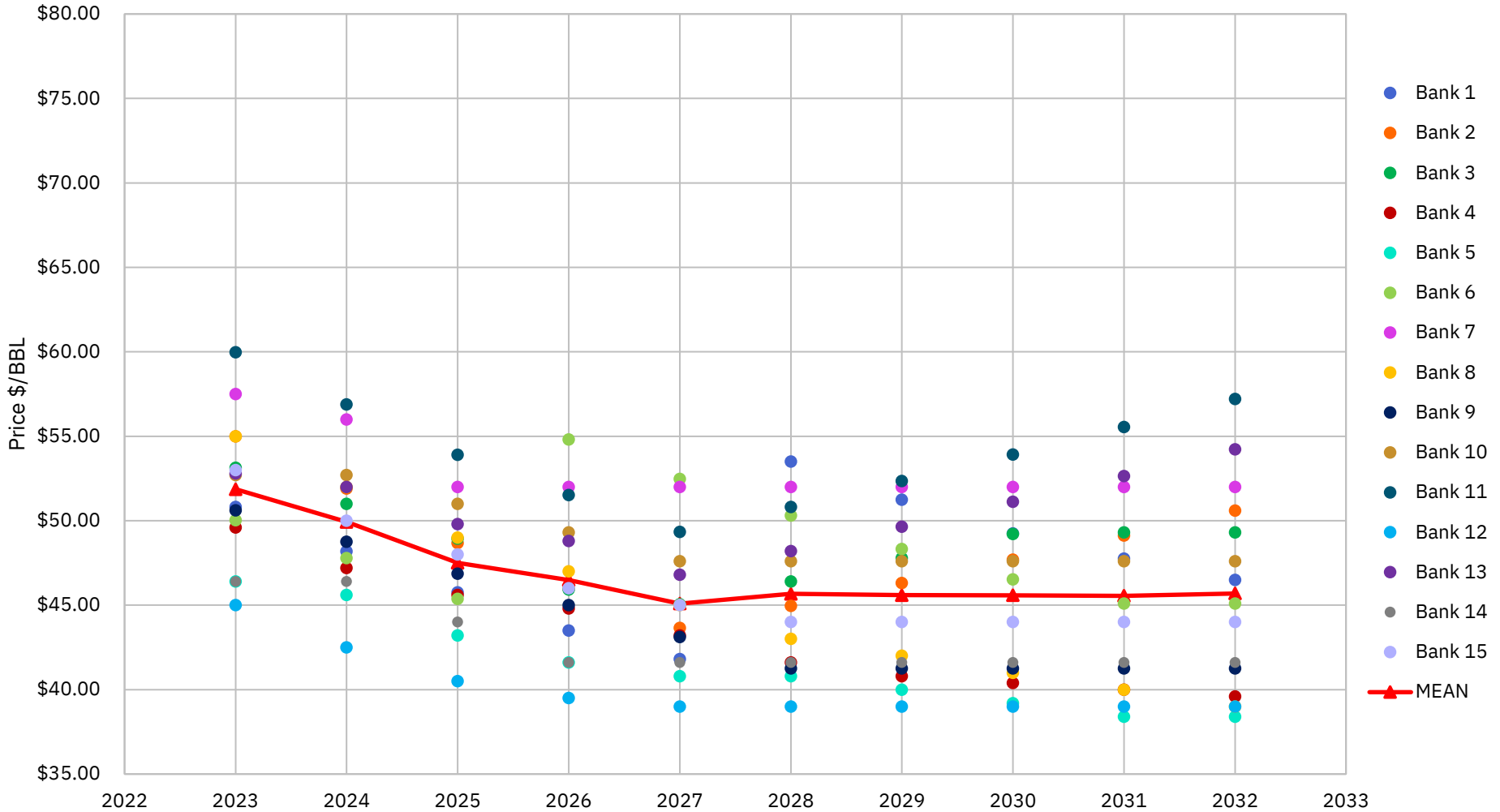
# Haynes Boone Energy Bank Price Deck Survey

## Oil Base Case – Spring 2023



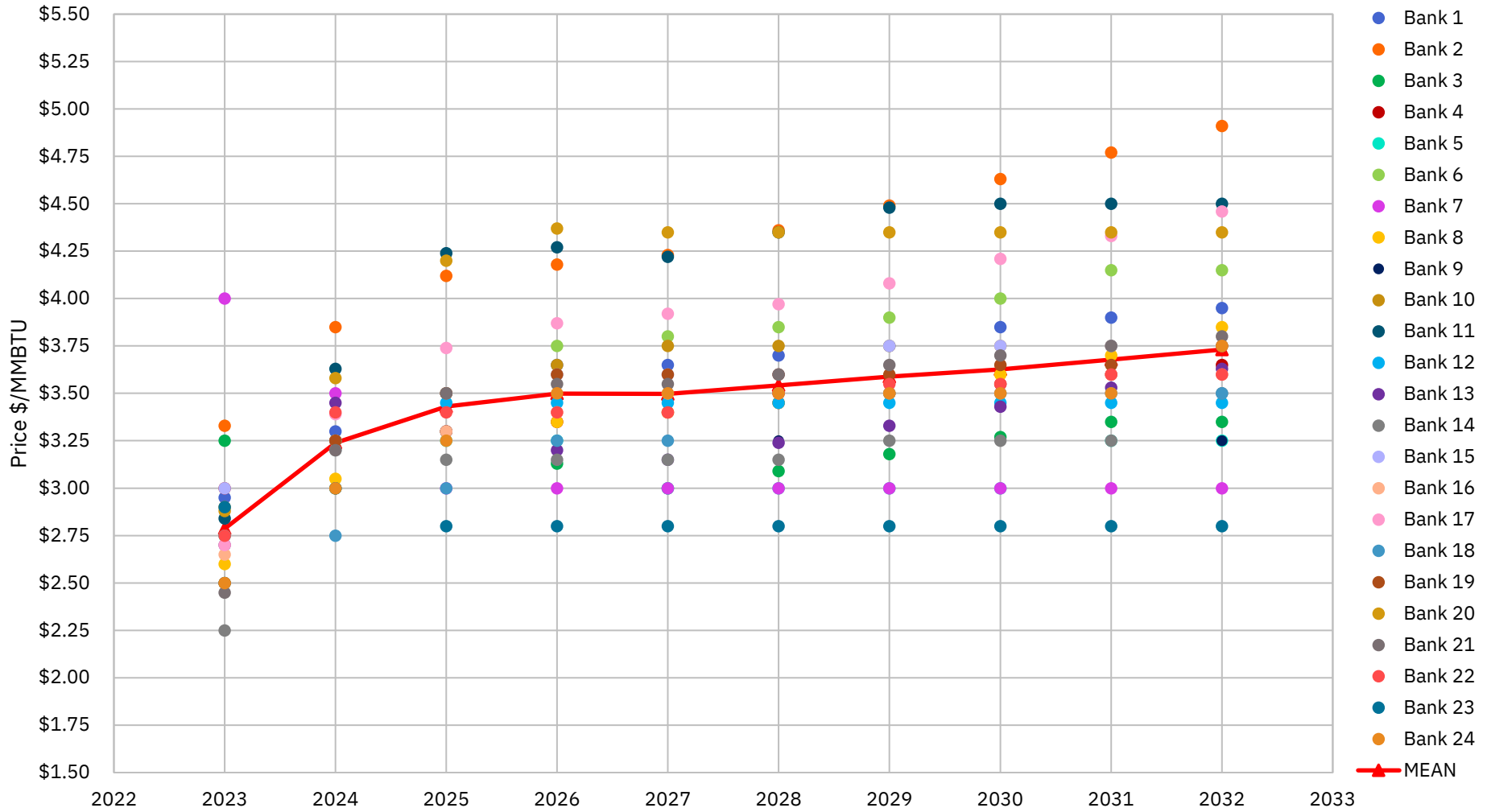
# Haynes Boone Energy Bank Price Deck Survey

## Oil Sensitivity Case – Spring 2023



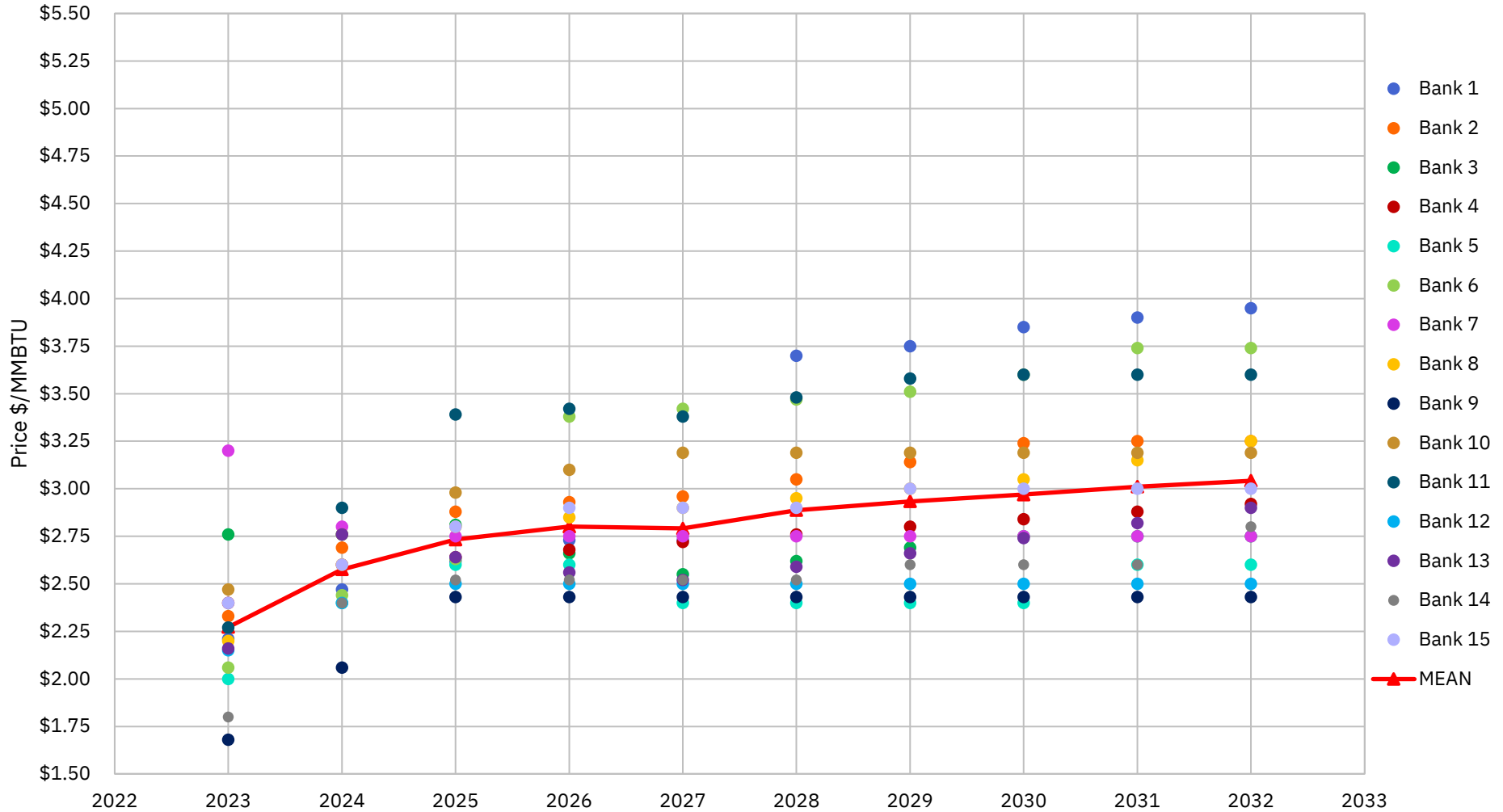
# Haynes Boone Energy Bank Price Deck Survey

## Gas Base Case – Spring 2023



# Haynes Boone Energy Bank Price Deck Survey

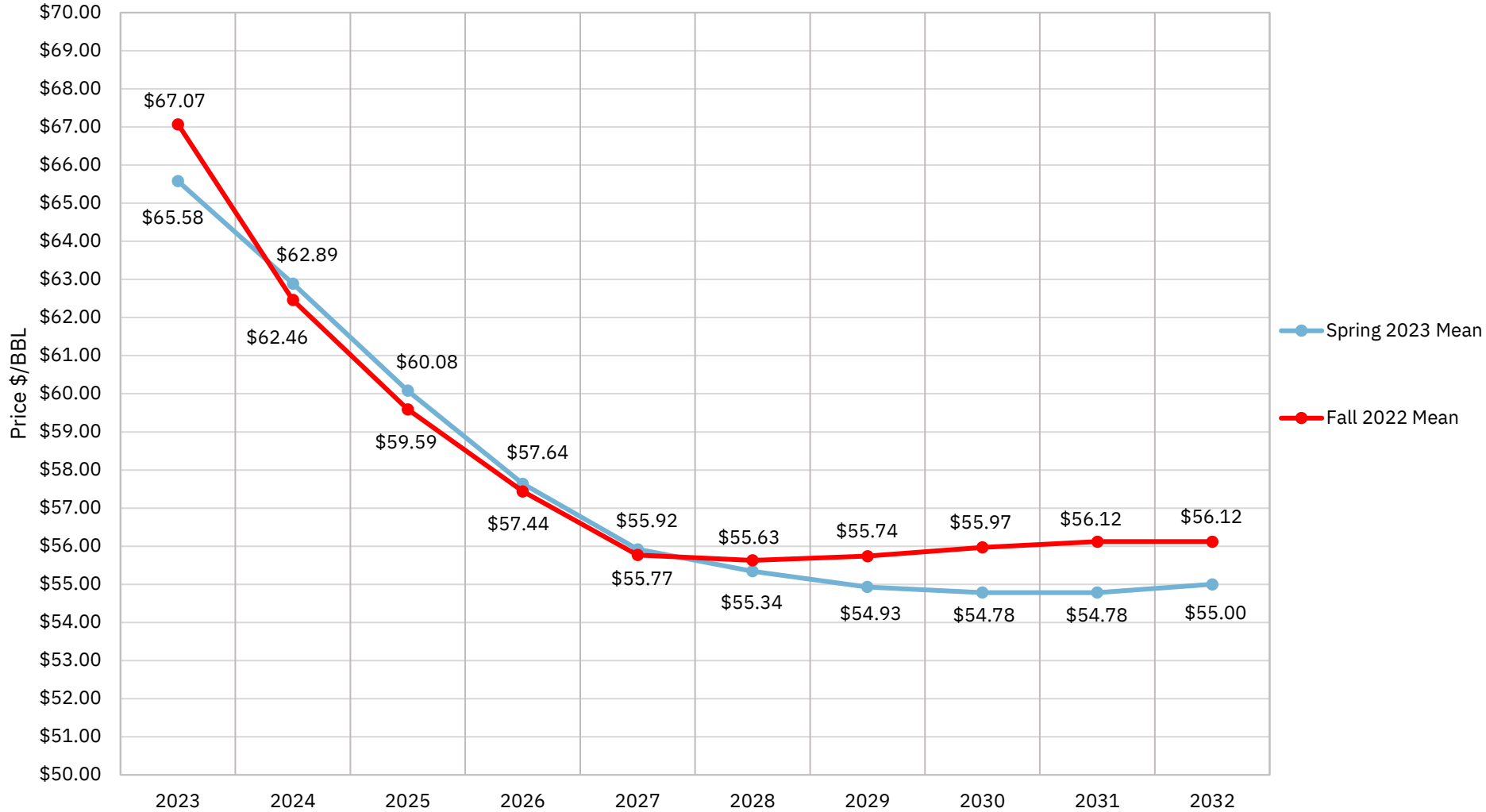
## Gas Sensitivity Case – Spring 2023





# Haynes Boone Energy Bank Price Deck Survey

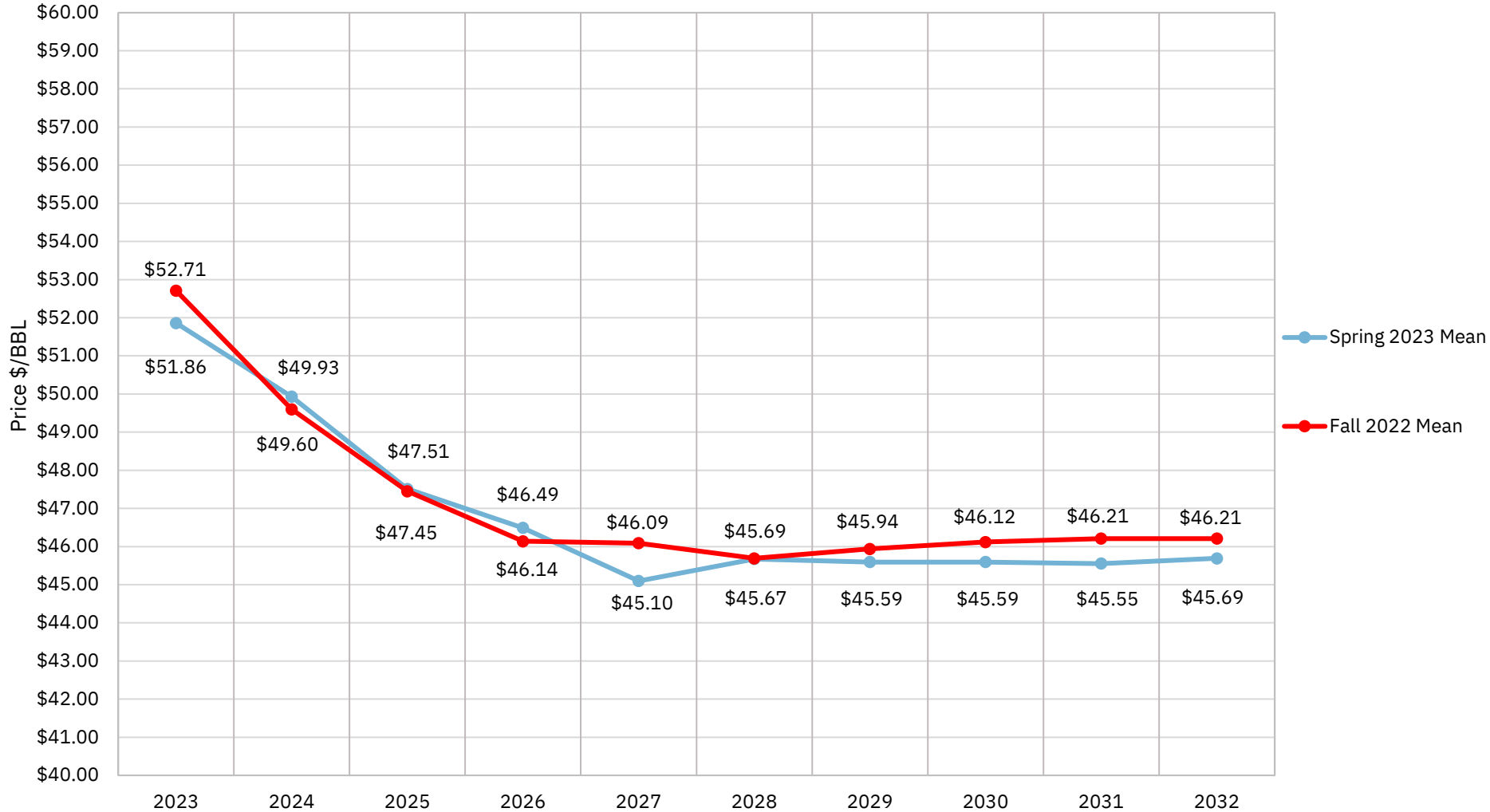
## Oil Base Case – Fall 2022 vs. Spring 2023



*This chart displays the cumulative mean for the fall 2022 and spring 2023 price decks.*

# Haynes Boone Energy Bank Price Deck Survey

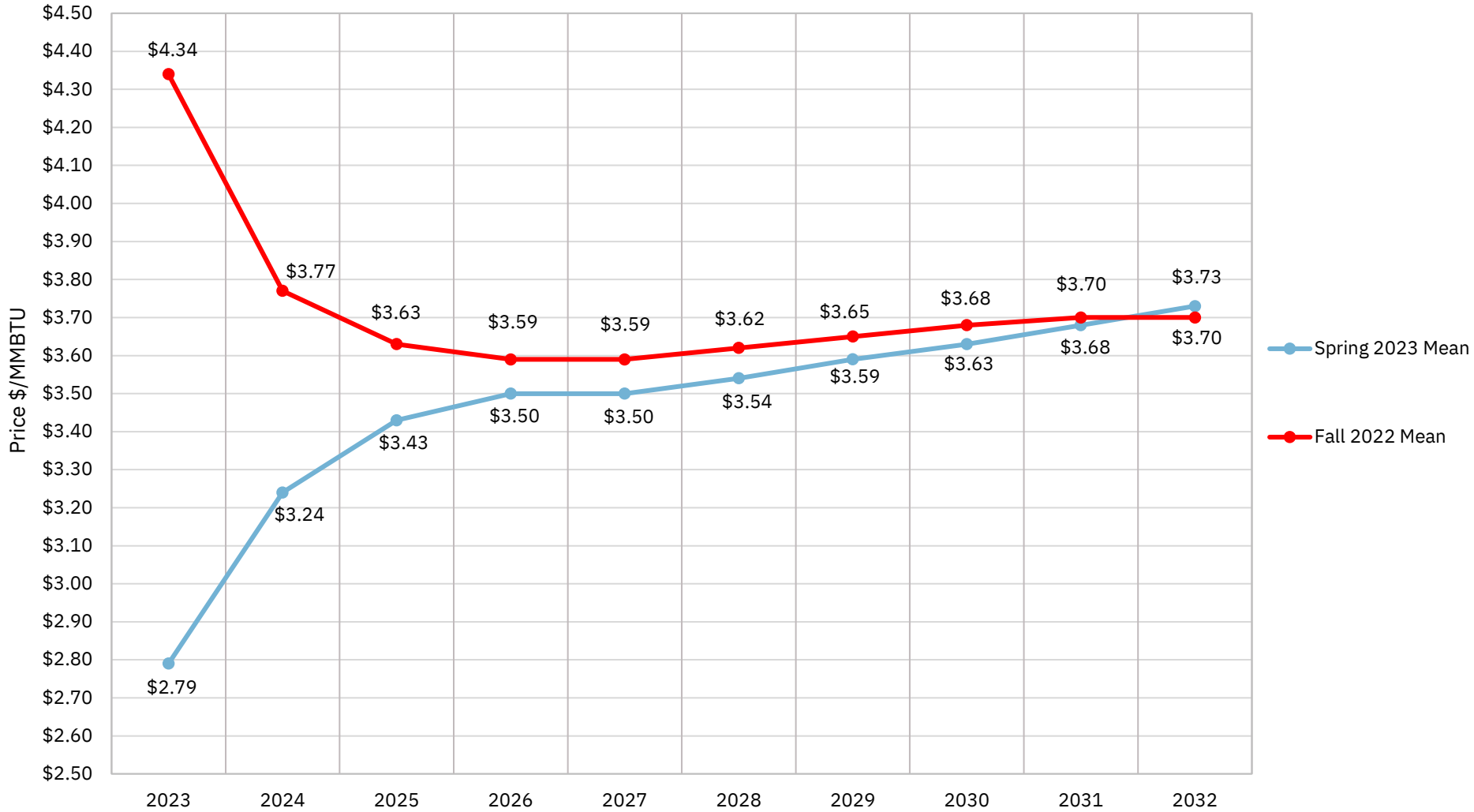
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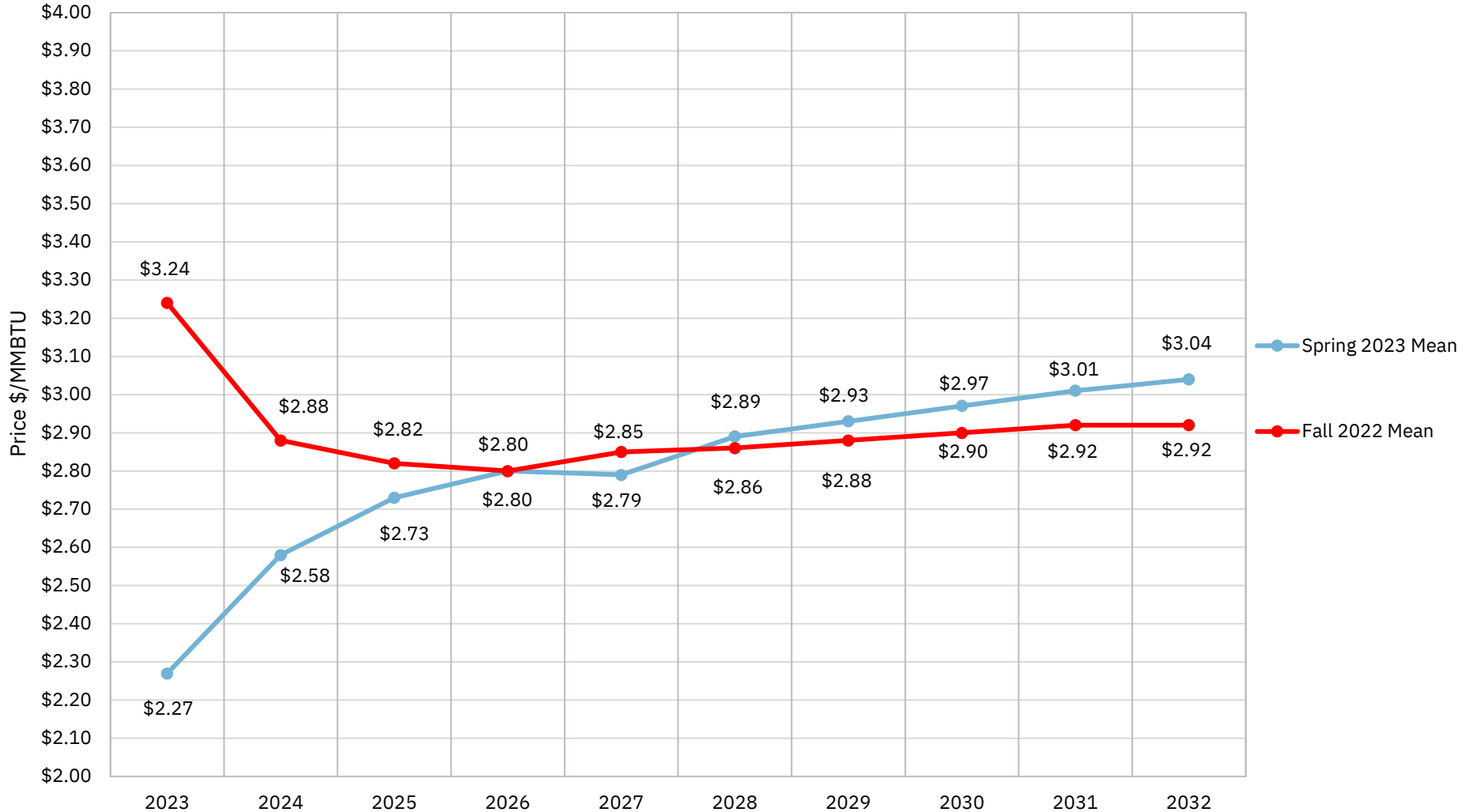
## Gas Base Case – Fall 2022 vs. Spring 2023



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# Haynes Boone Energy Bank Price Deck Survey

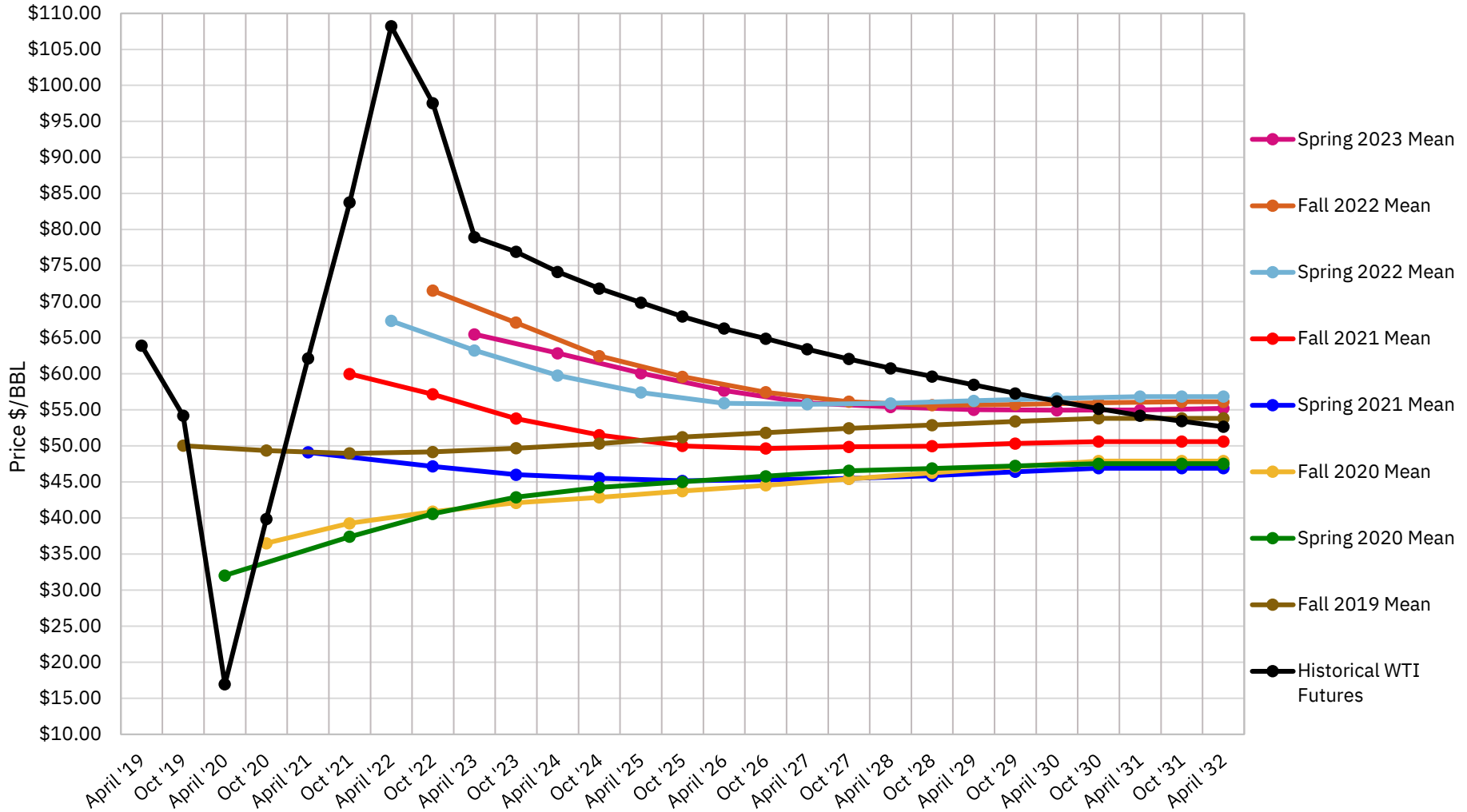
## Gas Sensitivity Case – Fall 2022 vs. Spring 2023



*This chart displays the cumulative mean for the fall 2022 and spring 2023 price decks.*

# Haynes Boone Energy Bank Price Deck Survey

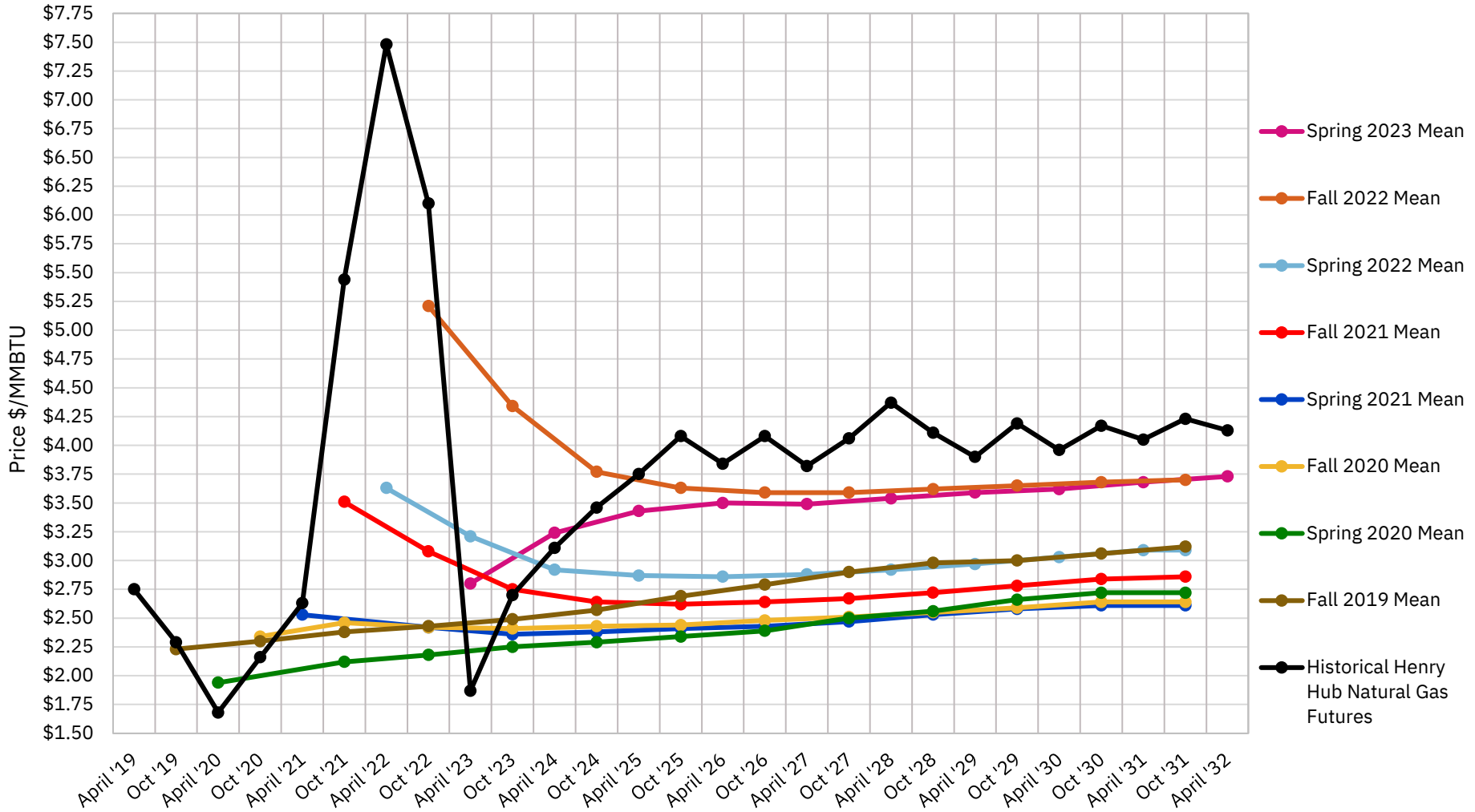
## Average Oil Base Case: Fall 2022 vs. Spring 2023



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

# Haynes Boone Energy Bank Price Deck Survey

## Average Gas Base Case: Fall 2022 vs. Spring 2023



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

# Haynes Boone Energy Bank Price Deck Survey

## Participating Banks – Spring 2023

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

- Amegy Bank
- Arvest Bank
- Barclays
- BOK Financial
- Cathay Bank
- Citizens Financial Group
- Comerica Bank
- East West Bank
- Fifth Third Bank
- First Horizon Bank
- First International Bank & Trust
- Frost Bank
- Gulf Capital Bank
- Modern Bank
- Pegasus Bank
- Sumitomo Mitsui Banking Corporation
- TD Securities
- Truist Securities
- U.S. Bank
- WaFd Bank
- Wells Fargo
- West Texas National Bank

# Haynes Boone Energy Reports

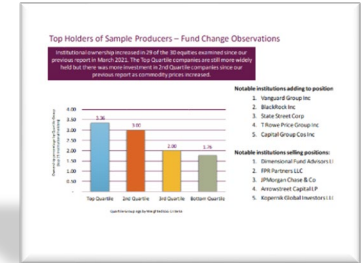
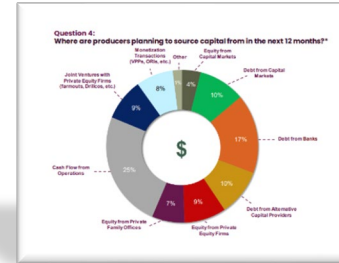
Haynes Boone’s oil and gas lawyers have been helping clients make the right connections and navigate the ever-changing legal maze to successfully close deals. Take advantage of our reports, surveys and publications that help keep you one step ahead:

## Current Reports:

- **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.
- **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 - 2021):

- **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.

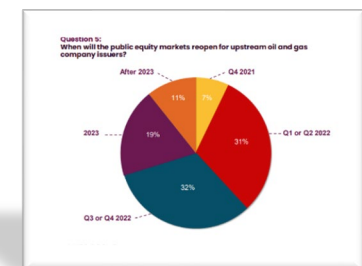
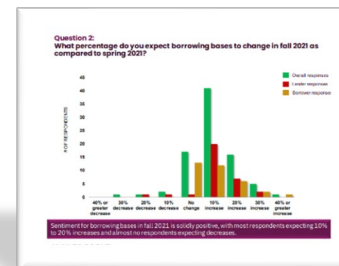


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Significant capital is being invested in funds with an ESG focus. Values increase as a result of stock price rising.

The top 10 institutional holders of the 30 sample producers that we analyzed have an aggregate of \$34.9 billion invested in the equity of the group, and they include:

Institution	Percent owned	Value (\$ billions)
VANGUARD GROUP INC	28	\$9.3
BLACKROCK INC	28	\$8.5
STATE STREET CORP	25	\$4.5
CAPITAL GROUP COMPANY	4	\$3.9
FIDELITY	18	\$2.9
T ROWE PRICE GROUP INC	6	\$1.9
DIMENSIONAL FUND INVESTORS LP	10	\$1.8
GEODE CAPITAL MANAGEMENT LLC	17	\$1.4
INVESTOR LTD	8	\$1.0
AMERICAN TRUST CORP	16	0.9





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