

# HAYNES BOONE

ENERGY PRACTICE GROUP

## Haynes Boone Energy Bank Price Deck Survey Results: Fall 2024

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November 2024



# 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 fall version of these oil and gas price decks from 26 banks in November 2024. We have analyzed the data and prepared the following report, which is the eleventh 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 several 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

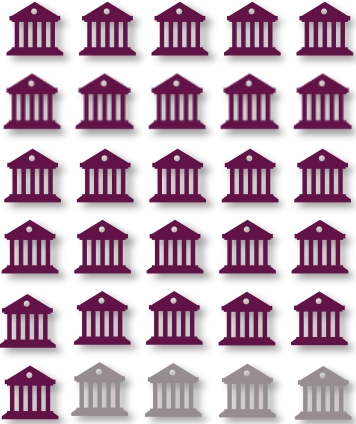
## Key Takeaways – Fall 2024

1. Since our Spring 2024 Energy Bank Price Deck Survey, there have been several key developments affecting short- and long-term oil and natural gas price forecasts, including (1) the change in White House control, (2) increased geopolitical instability with the continuation of the wars in the Middle East and Ukraine and (3) the increasing power demand from artificial intelligence (AI) and crypto-mining infrastructure. However, the long-term price forecasts from the 26 energy banks participating in the Fall 2024 Energy Bank Price Deck Survey have not changed significantly since Spring 2024 despite these current developments.
2. The base case trend-line for oil prices, like the Spring 2024 survey, falls to \$58.62/BBL by 2027 with a flattening of the price curve thereafter. Notably, the Fall 2024 survey data shows a slight increase in oil prices from 2027 to 2033, as compared to the Spring 2024 survey, as oil prices are expected to be approximately \$1.50/BBL higher by 2033 in the Fall 2024 versus the Spring 2024 survey. The improved long-term forecast may be due to a general softening of sustainability policies both by the new U.S. presidential administration and institutional investors.
3. The gas price survey results provide a different picture. Whereas the Spring 2024 survey expected gas prices to stay in the \$3.30 to \$3.45/MMBTU range from 2026 through 2033, the Fall 2024 survey results show a slightly lower range during that time of \$3.19 to \$3.23/MMBTU. While global demand for natural gas is still forecasted to rapidly increase over the next decade due to population increases, infrastructure electrification and data/computing center demand, the lower long-term price outlook could be caused by an expectation of significant gas supply increases prompted by U.S. deregulation, such as expedited LNG export facility permitting, and production increases.
4. Though substantial deviation in banks' pricing outlooks remains, there is a considerable tightening of expectations through 2027 for both oil and gas prices. The increased consensus among banks may be attributable to increased confidence caused by the conclusion of the U.S. presidential election and greater certainty around near-term carbon policies.

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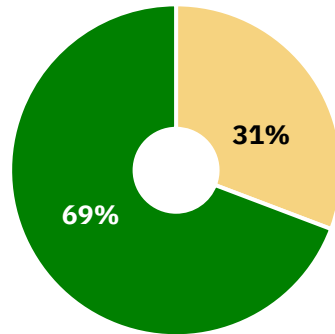
## By the Numbers: Spring 2024 and Fall 2024 Data

### Spring 2024



- ✓ 30 banks invited to participate
- ✓ 26 banks responded
- ✓ 87% participation rate

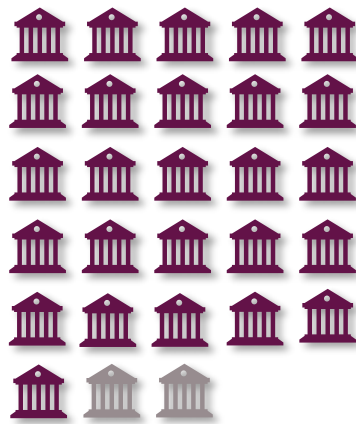
#### Sensitivity Analysis



- Provided data
- Did not provide data

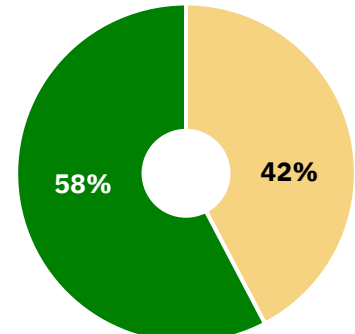
69% of the 26 banks provided sensitivity cases for their spring 2024 price decks.

### Fall 2024



- ✓ 28 banks invited to participate
- ✓ 26 banks responded
- ✓ 93% participation rate

#### Sensitivity Analysis

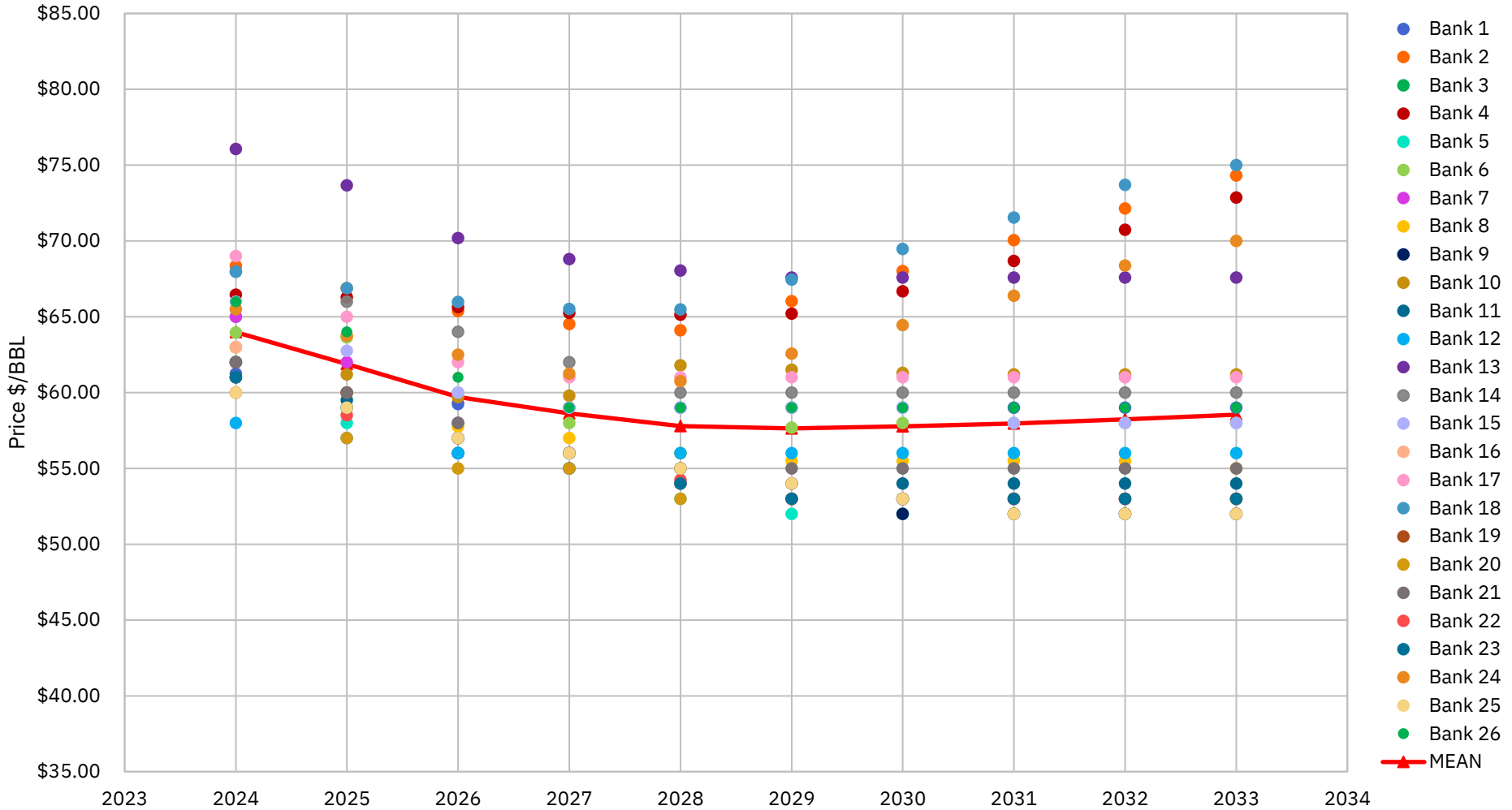


- Provided data
- Did not provide data

58% of the 26 banks provided sensitivity cases for their fall 2024 price decks.

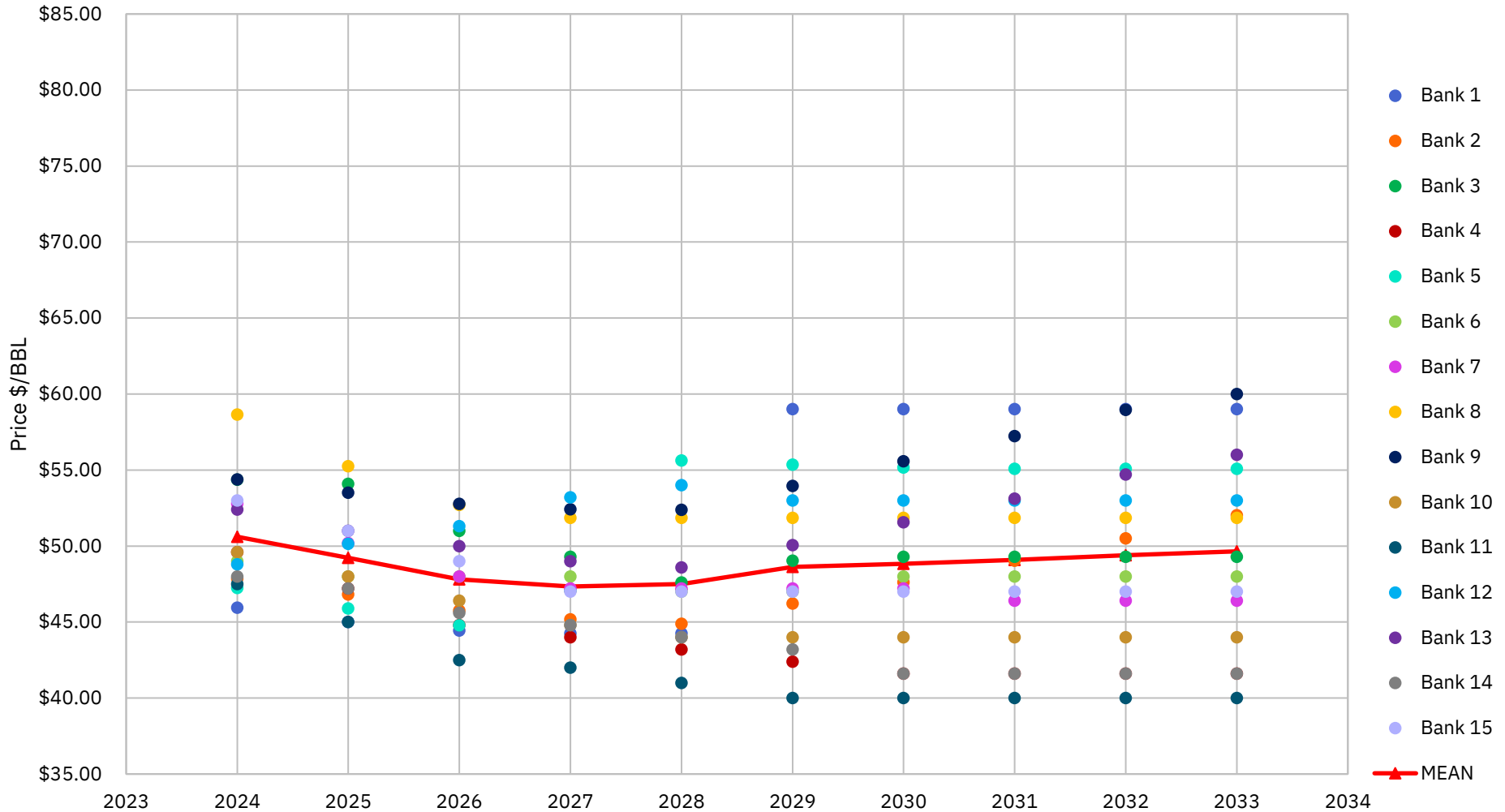
# Haynes Boone Energy Bank Price Deck Survey

## Oil Base Case – Fall 2024



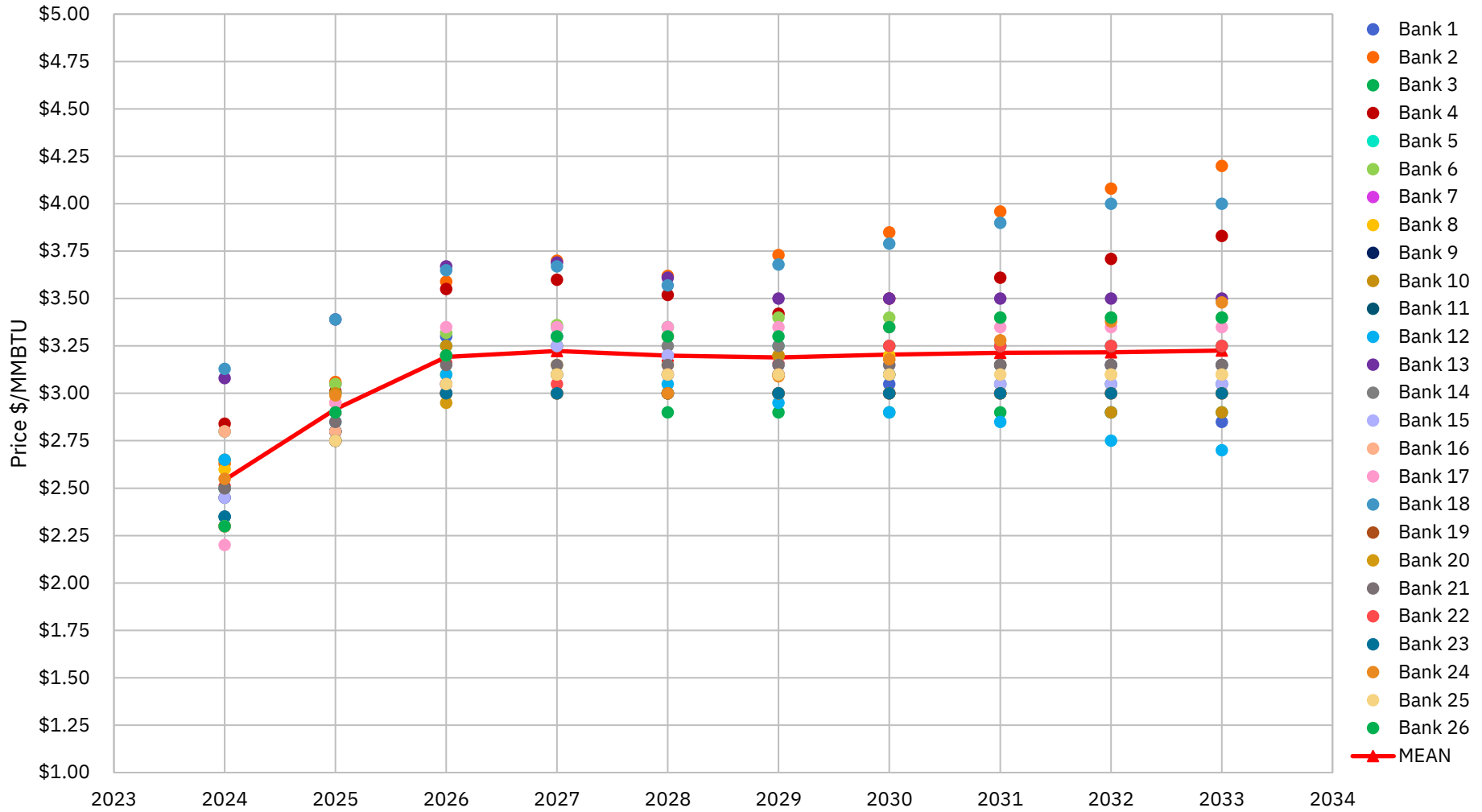
# Haynes Boone Energy Bank Price Deck Survey

## Oil Sensitivity Case – Fall 2024



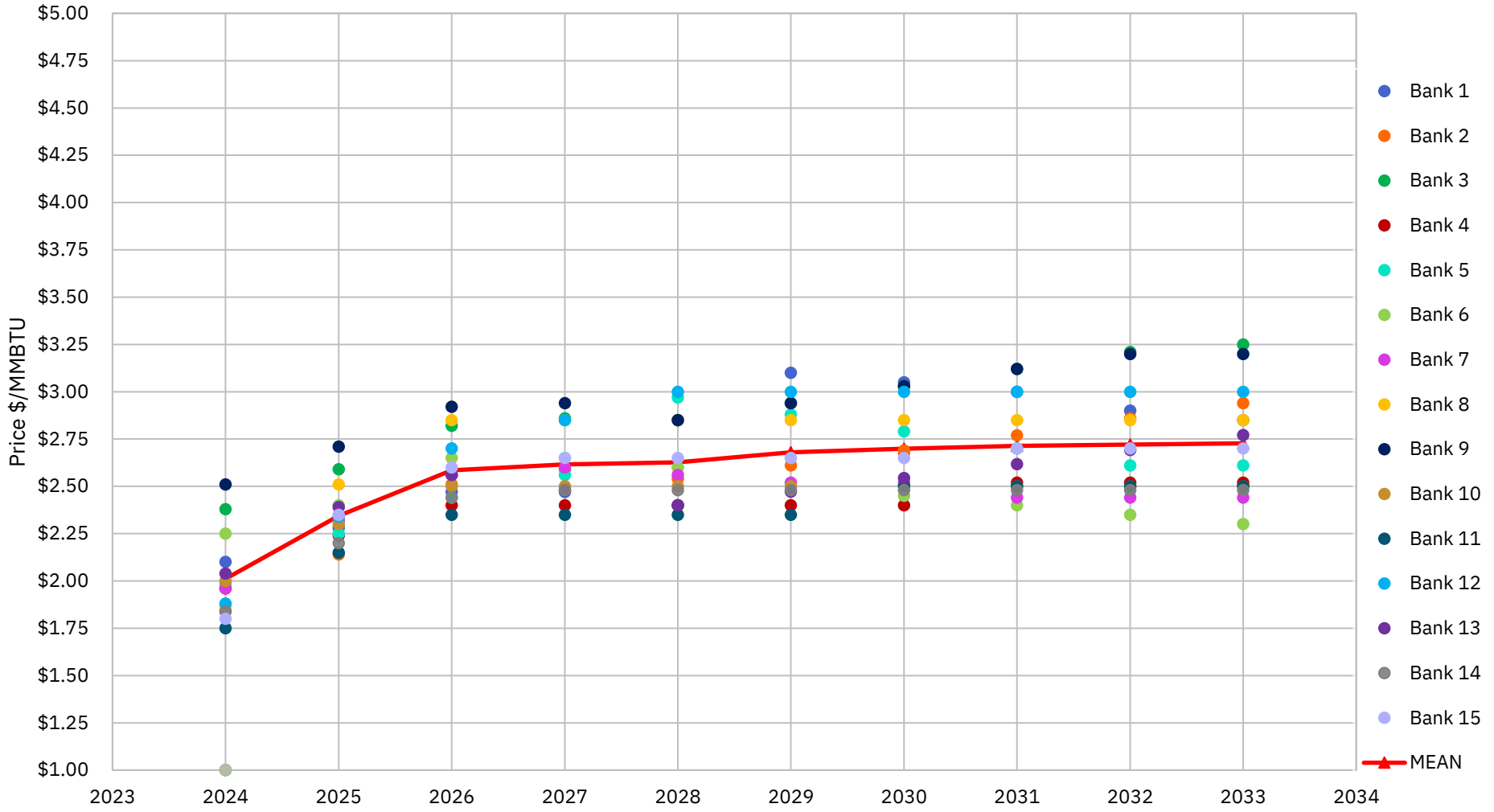
# Haynes Boone Energy Bank Price Deck Survey

## Gas Base Case – Fall 2024



# Haynes Boone Energy Bank Price Deck Survey

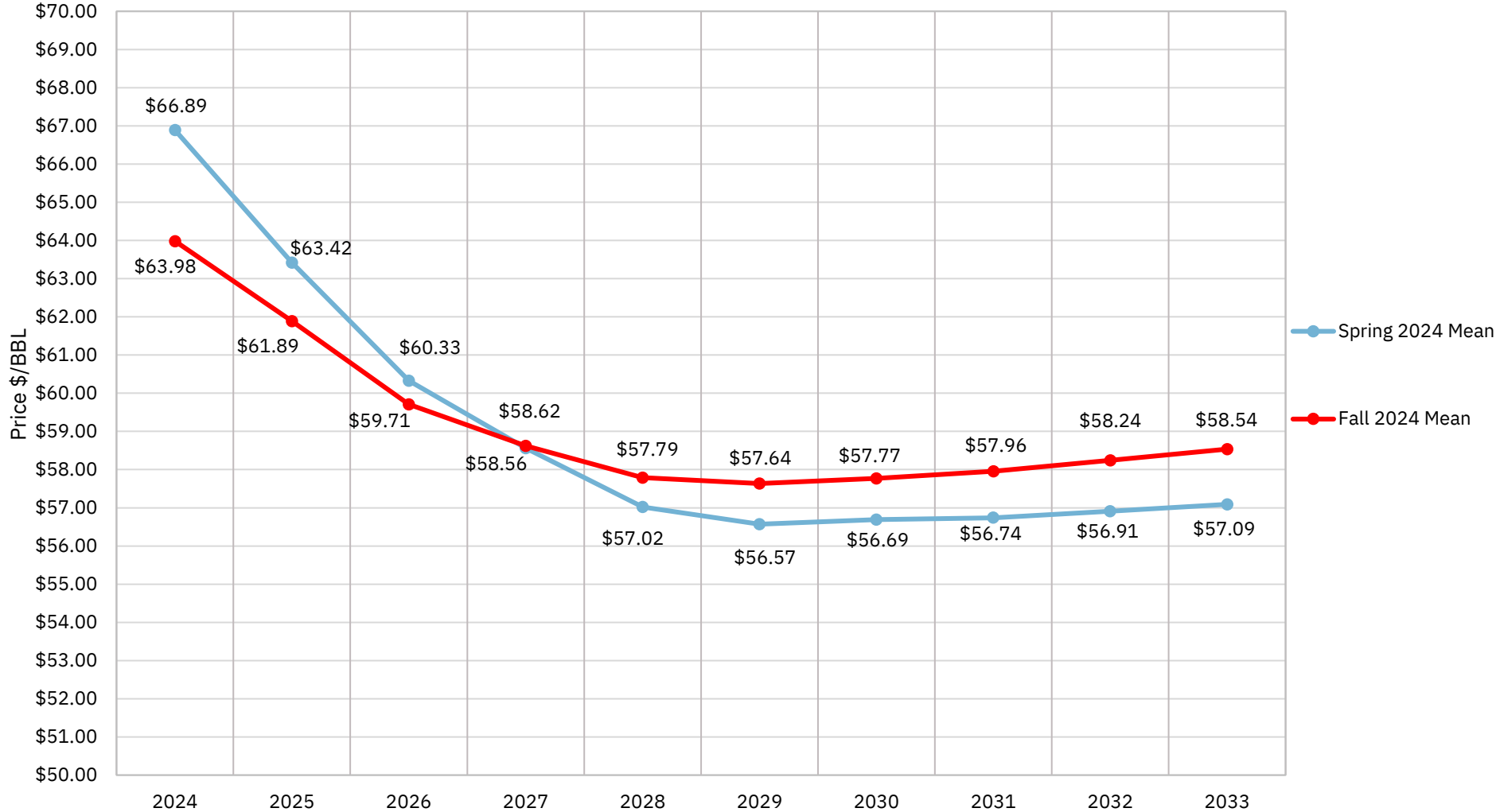
## Gas Sensitivity Case – Fall 2024





# Haynes Boone Energy Bank Price Deck Survey

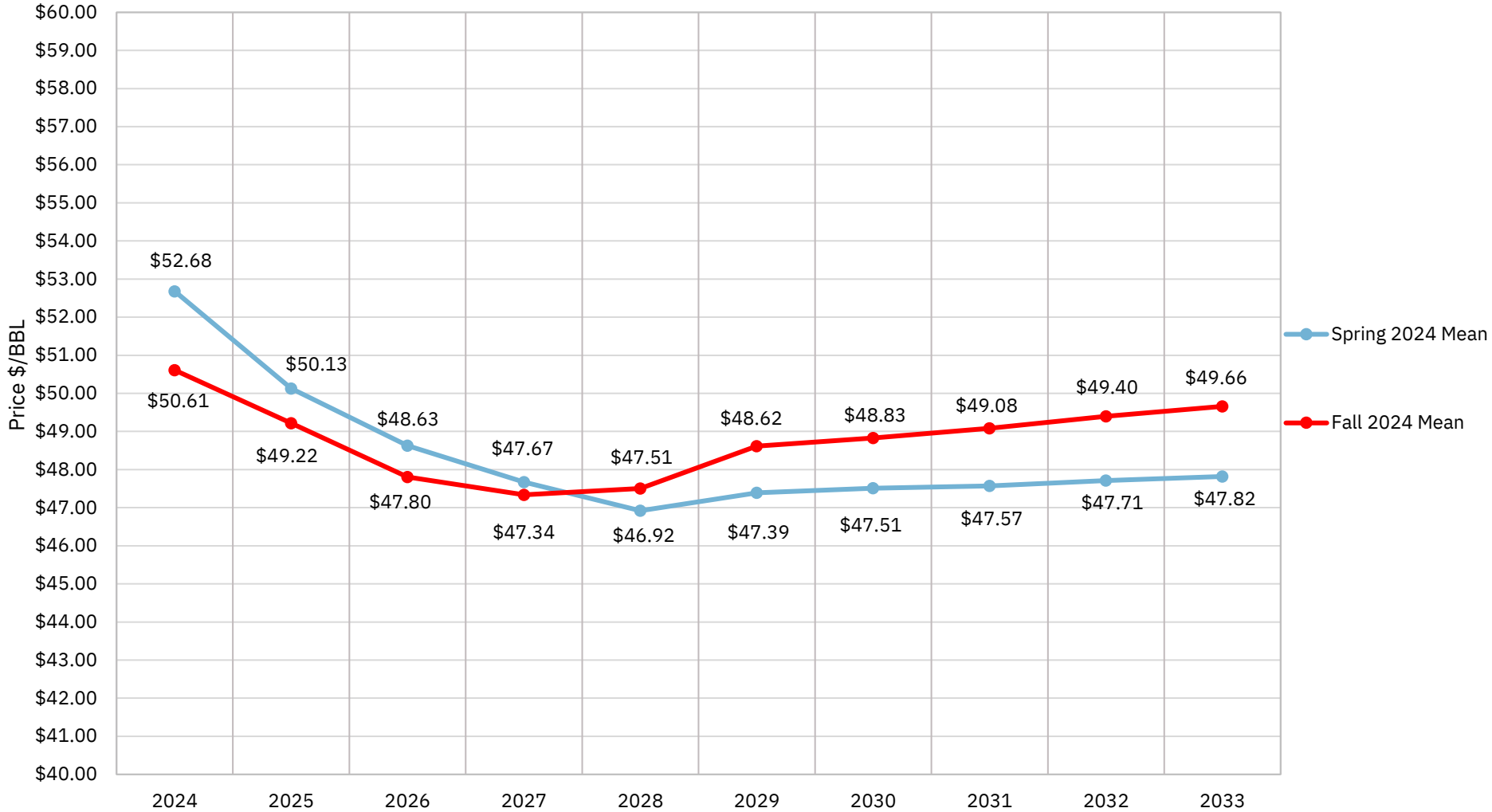
## Oil Base Case – Spring 2024 vs. Fall 2024



*This chart displays the cumulative mean for the fall 2024 and spring 2024 price decks.*

# Haynes Boone Energy Bank Price Deck Survey

## Oil Sensitivity Case – Spring 2024 vs. Fall 2024



*This chart displays the cumulative mean for the fall 2024 and spring 2024 price decks.*

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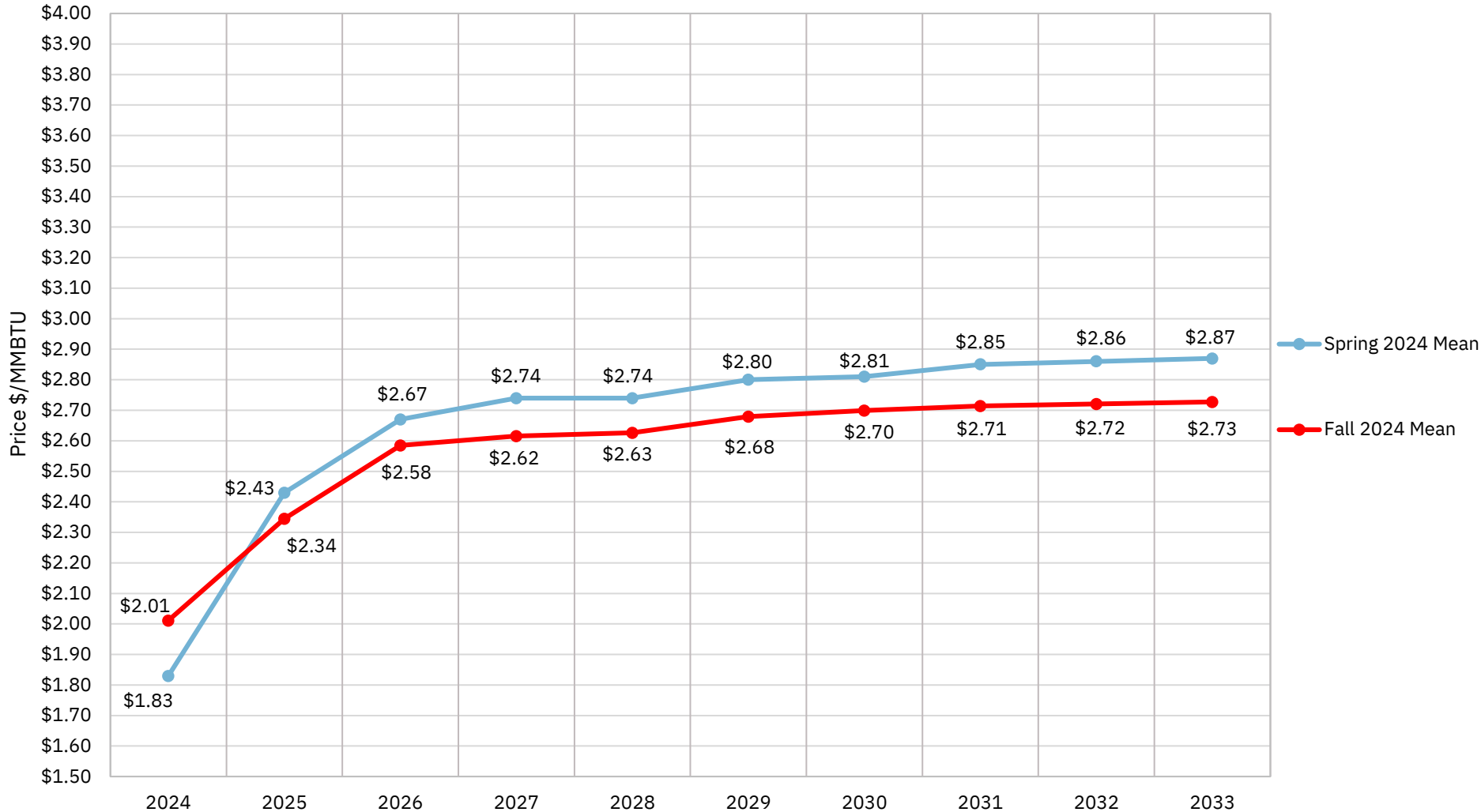
## Gas Base Case – Spring 2024 vs. Fall 2024



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# Haynes Boone Energy Bank Price Deck Survey

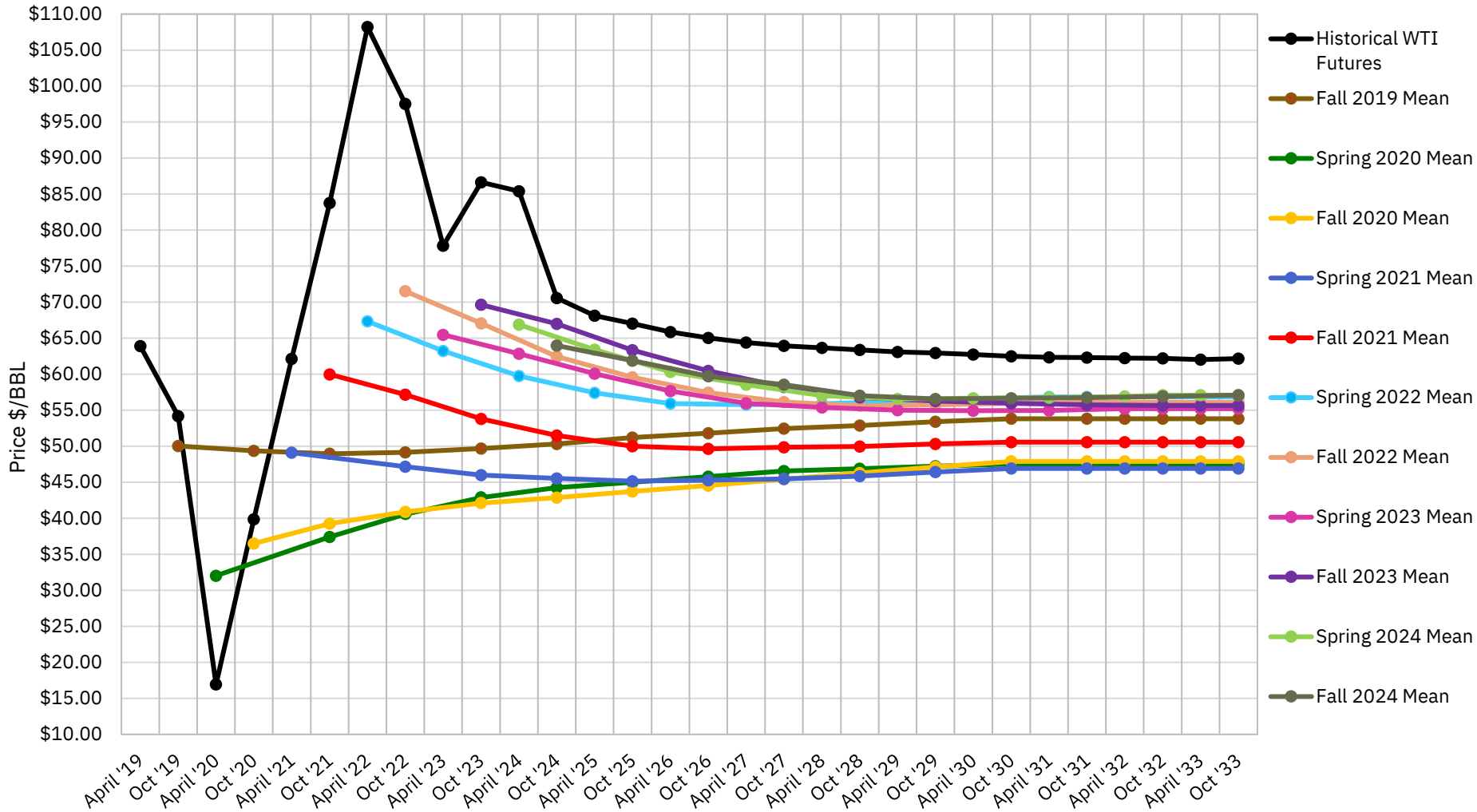
## Gas Sensitivity Case – Spring 2024 vs. Fall 2024



*This chart displays the cumulative mean for the fall 2024 and spring 2024 price decks.*

# Haynes Boone Energy Bank Price Deck Survey

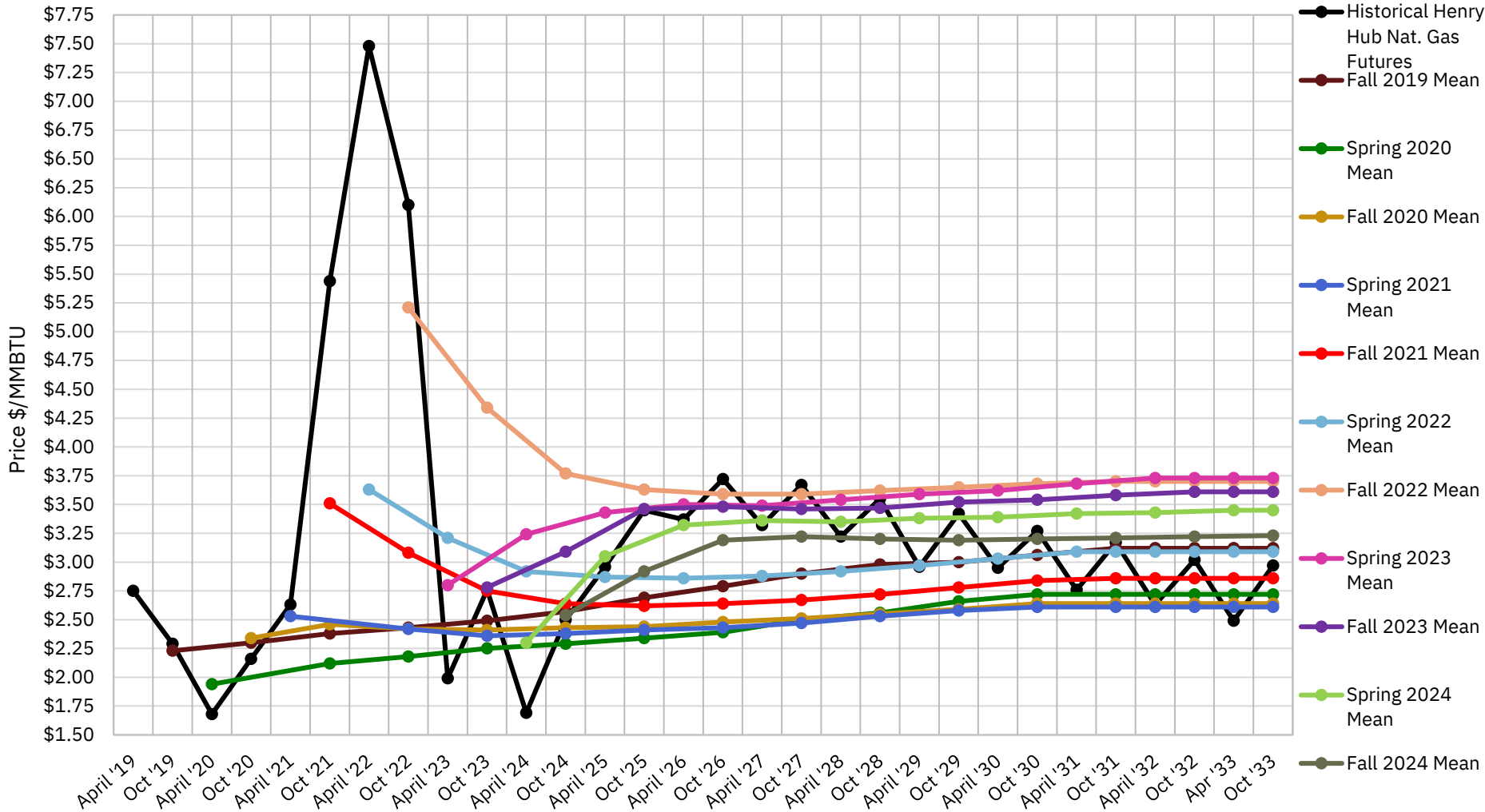
## Average Oil Base Case: Fall 2019 to Fall 2024



*This chart displays the cumulative mean for price decks from fall 2019 through fall 2024 (the eleven periods in which we have conducted our survey).*

# Haynes Boone Energy Bank Price Deck Survey

## Average Gas Base Case: Fall 2019 to Fall 2024



*This chart displays the cumulative mean for price decks from fall 2019 through fall 2024 (the eleven periods in which we have conducted our survey).*

# Haynes Boone Energy Bank Price Deck Survey

## Participating Banks – Fall 2024

We would like to acknowledge and thank the following banks that participated in our fall 2024 survey, among several others:

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

# Haynes Boone Energy Reports

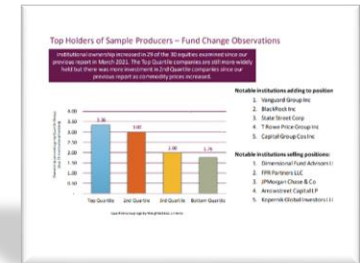
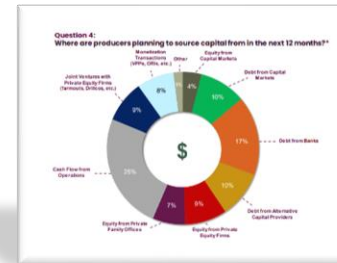
Haynes Boone’s energy lawyers have been helping clients make the right connections and navigate the ever-changing legal maze to successfully close deals. Visit our [Energy Roundup page](#) to view of our reports, surveys and publications that help keep you one step ahead:

## Current reports:

- **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.

## Historical reports (2015-2022):

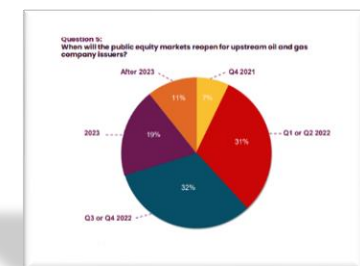
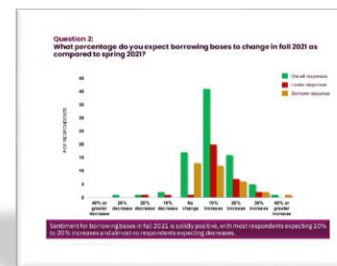
- **Midstream Report:** includes details on midstream companies that have filed for bankruptcy since 2015.
- **Oil Patch Bankruptcy Monitor:** includes details on oil and gas producers that have filed for bankruptcy since 2015.
- **Oilfield Services Bankruptcy Tracker:** includes details on oilfield services companies that have filed for bankruptcy since 2015.
- **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.



Significant capital is being invested in funds with an ESG focus. Values increase as a result of stock prices 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	Shares owned	Value (\$ Billion)
VANGUARD GROUP INC	28	29.3
BLACKROCK INC	25	25.5
STATE STREET CORP	21	24.5
CAPITAL GROUP COMPANY	4	21.8
FIDELITY	18	21.8
TROWER PRICE GROUP INC	6	21.9
DIMENSIONAL FUND INVESTORS LP	28	21.8
GEODE CAPITAL MANAGEMENT LLC	27	21.4
INVESTOR SVCS	8	21.0
ROYAL BANK GROUP	16	21.0





# Primary Contacts



**BUDDY CLARK**  
Partner, Houston  
713.547.2077  
buddy.clark@haynesboone.com



**JEREMY KENNEDY**  
Partner, Houston  
713.547.2098  
jeremy.kennedy@haynesboone.com



**ELLEN M. CONLEY**  
Partner, Houston  
713.547.2204  
ellen.conley@haynesboone.com



**AUSTIN ELAM**  
Partner, Houston  
713.547.2122  
austin.elam@haynesboone.com



**PHIL LOOKADOO**  
Partner, Washington, D.C.  
202.654.4510  
phil.lookadoo@haynesboone.com



**JOHN CRAVEN**  
Counsel, Houston  
713.547.2035  
john.craven@haynesboone.com



**MIKE FREEMAN**  
Partner, Dallas  
214.651.5362  
michael.freeman@haynesboone.com



**KIM MAI**  
Partner, Houston  
713.547.2029  
kim.mai@haynesboone.com



**CHRIS REAGEN**  
Counsel, Denver  
303.382.6212  
chris.reagen@haynesboone.com



**KRAIG GRAHMANN**  
Partner, Houston  
713.547.2048  
kraig.grahmann@haynesboone.com



**LAURA MARTONE**  
Partner, New York  
212.835.4817  
laura.martone@haynesboone.com



**REEM ABDELRAZIK**  
Associate, Houston  
713.547.2998  
reem.abdelrazik@haynesboone.com



**SCOTT HELBING**  
Partner, Dallas  
214.651.5532  
scott.helbing@haynesboone.com



**JEFF NICHOLS**  
Partner, Houston  
713.547.2052  
jeff.nichols@haynesboone.com



**LIZ FELICIDARIO**  
Associate, Houston  
713.547.2320  
liz.felicidario@haynesboone.com



**TIM JOHNSTON**  
Partner, Dallas  
214.651.5135  
tim.johnston@haynesboone.com



**HUGH TUCKER**  
Partner, Houston  
713.547.2023  
hugh.tucker@haynesboone.com



**CAMIE CARLOCK MCKEE**  
Associate, Dallas  
214.651.5511  
camie.mckee@haynesboone.com

**HAYNES BOONE**