



# Oil & Gas Markets Outlook Implications for New Mexico

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# Cautionary Statement



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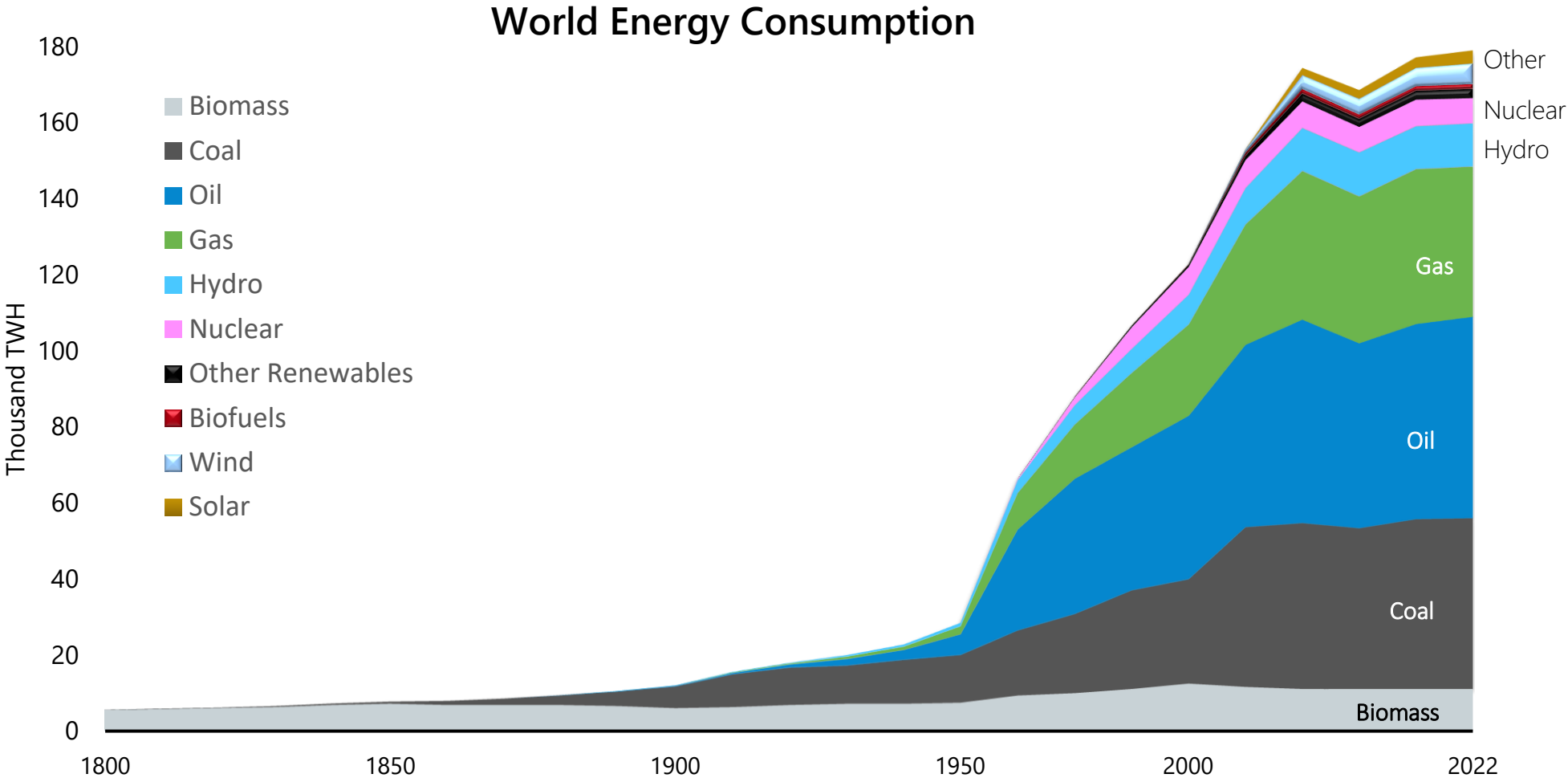
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The background features several thick, curved lines in shades of blue and purple that sweep across the page, creating a sense of movement and flow.

# Global Energy and Economy

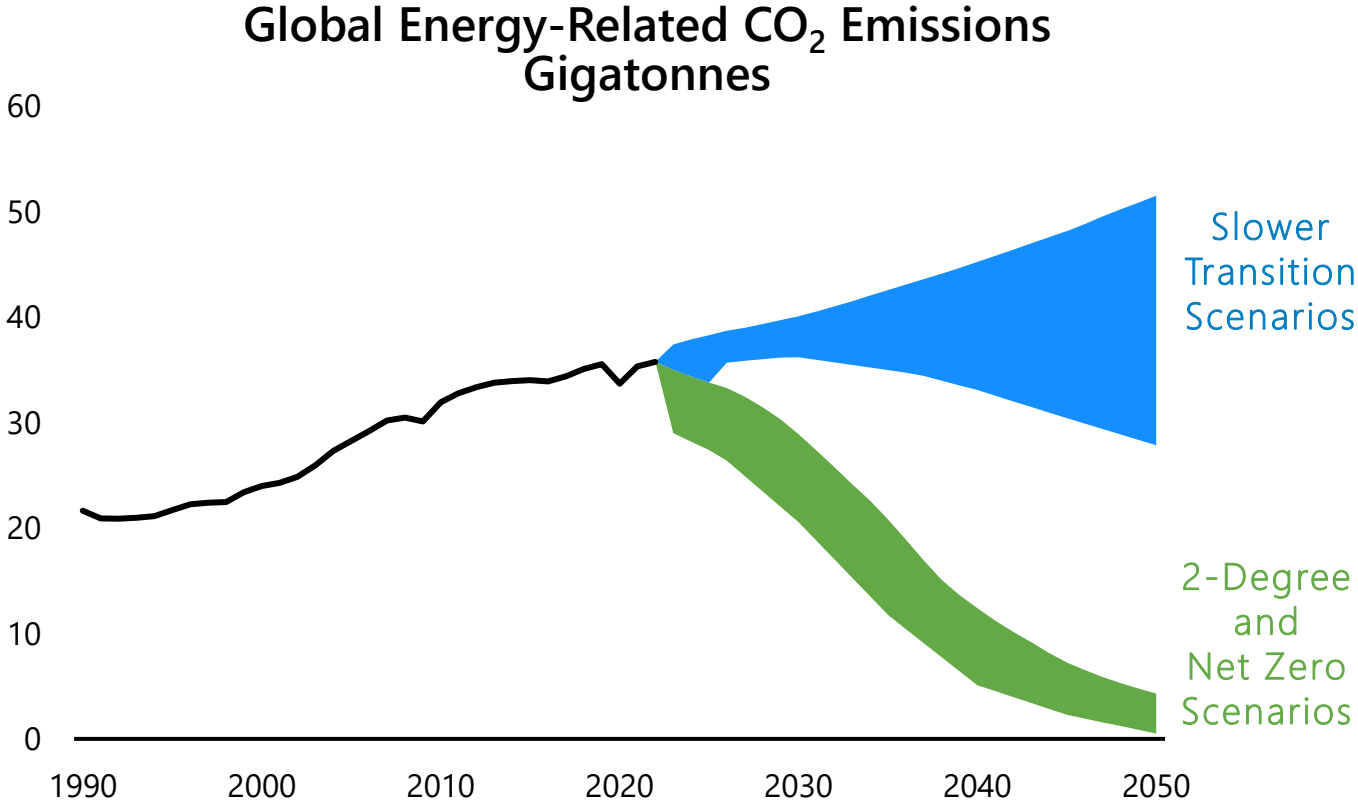
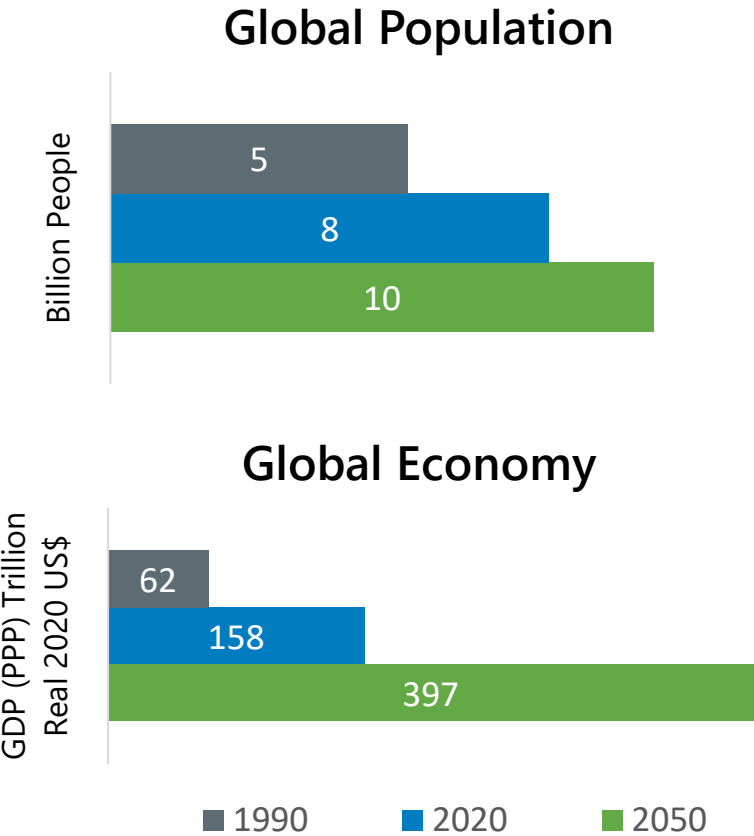
# Energy System Changes Take Time



**Past Energy Transitions were Gradual and Additive**

Sources: Our World in Data; Vaclav Smil (2017) & BP Statistical Review of World Energy

# Decarbonization Challenge

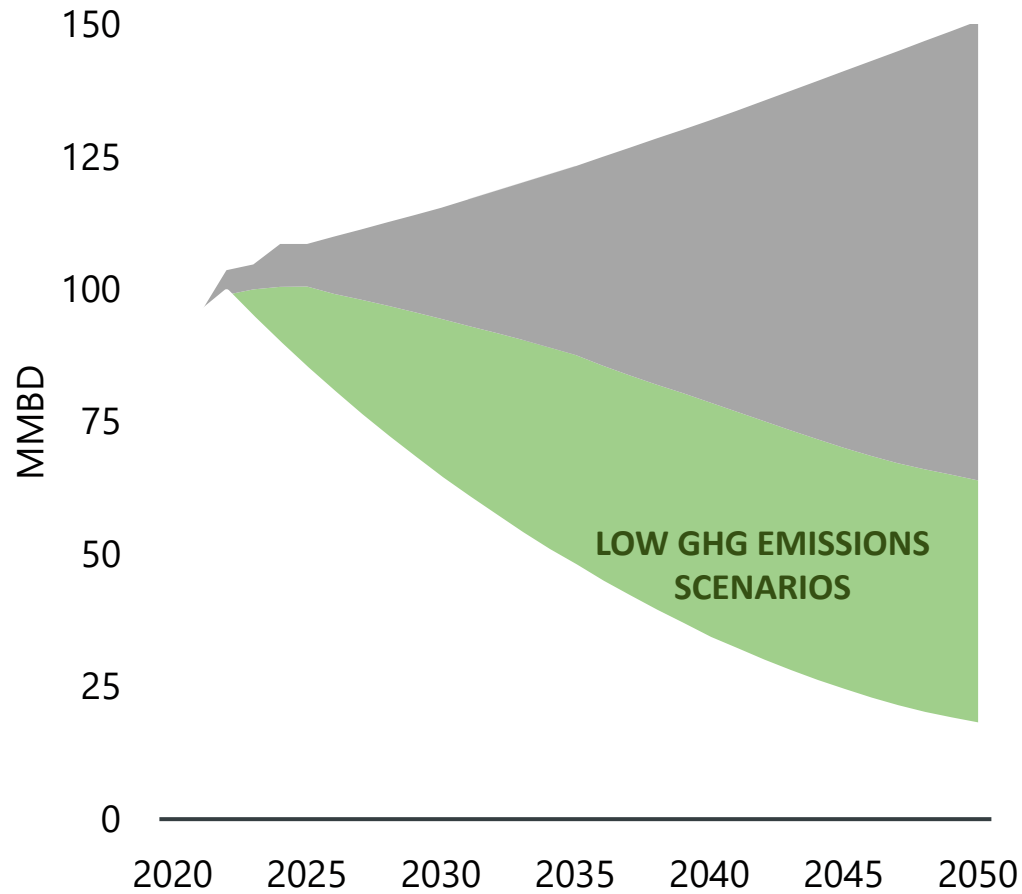


Source: Population, GDP and historical CO2 emissions from S&P Global Commodity Insights. Forward looking CO2 from industry consultants, publicly available data, and ConocoPhillips estimates based on 3rd party data.

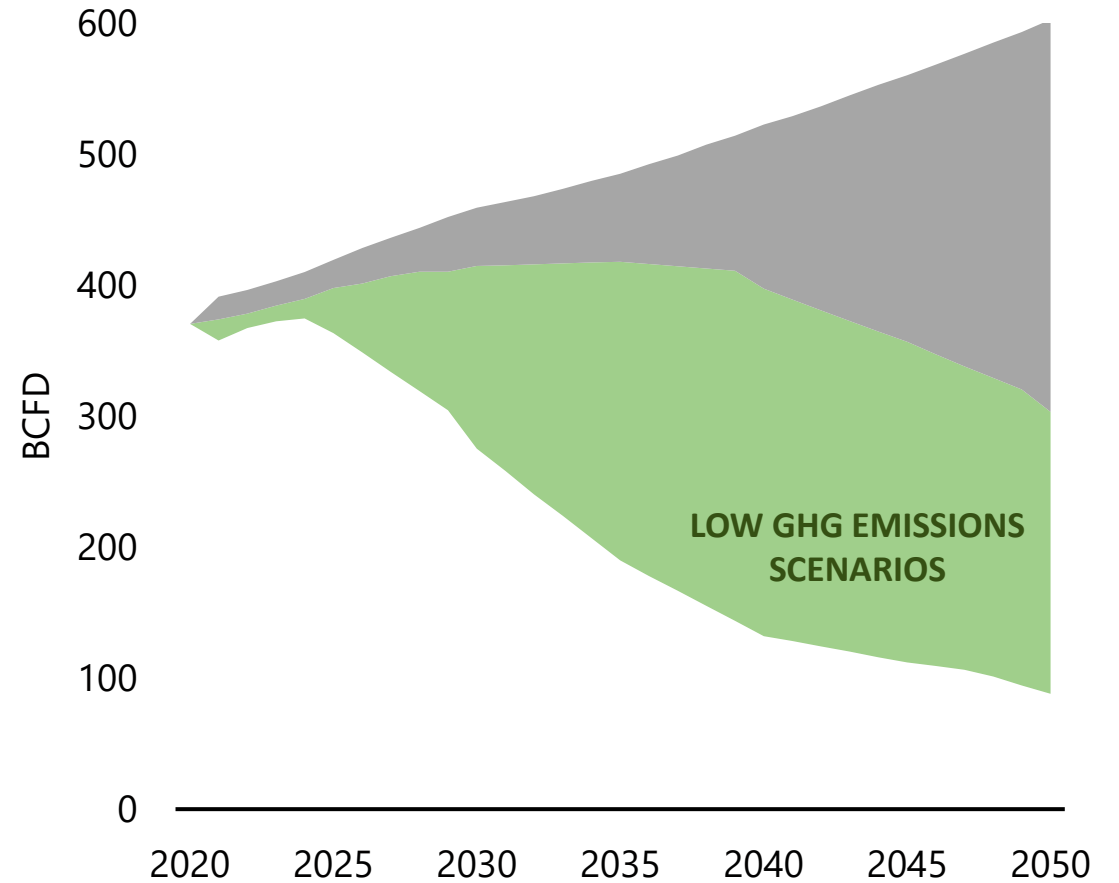
# Oil & Natural Gas Needed Even in 1.5 Degree Energy Scenarios



## Global Oil Demand



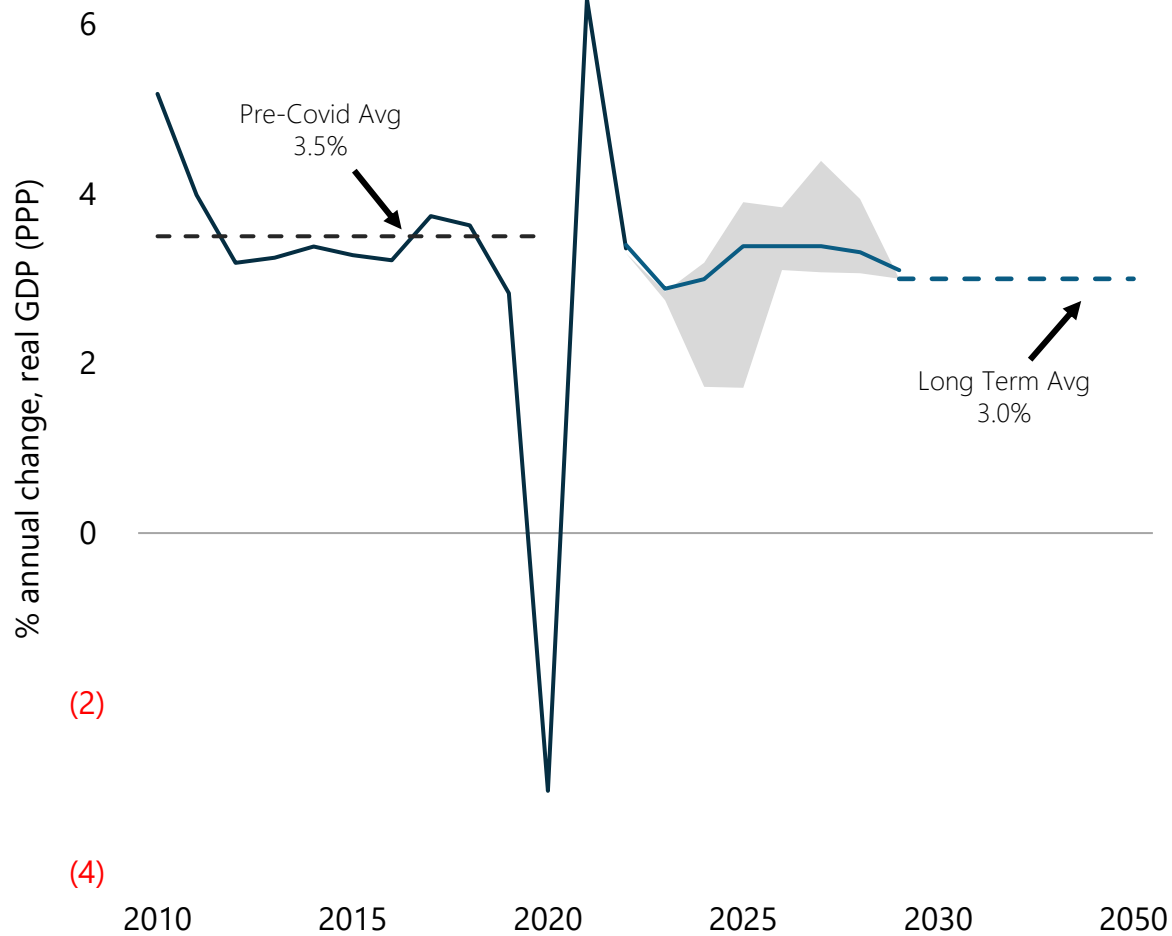
## Global Natural Gas Demand



# Global Economy: Slower Growth Long Term vs Past



### Downshift to Long Term Growth Trend



- Asynchronous global growth
- Geopolitical risks prominent
- Demographics drive downshift



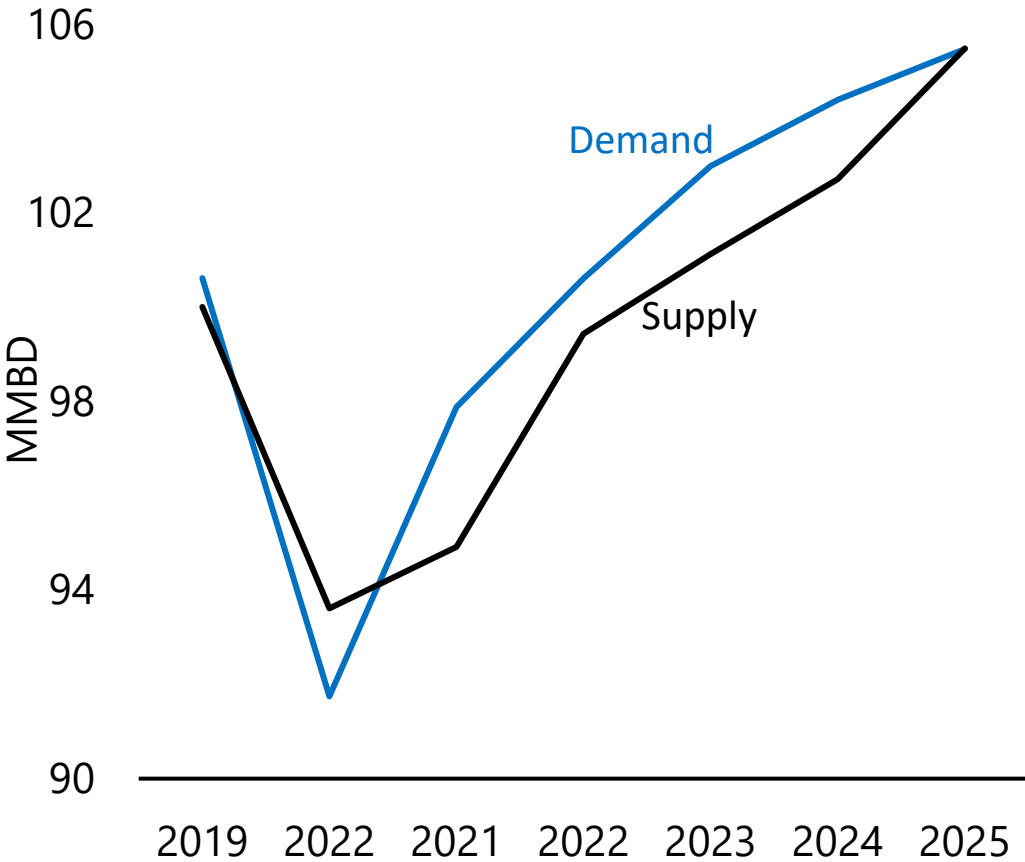
# Oil Market Outlook



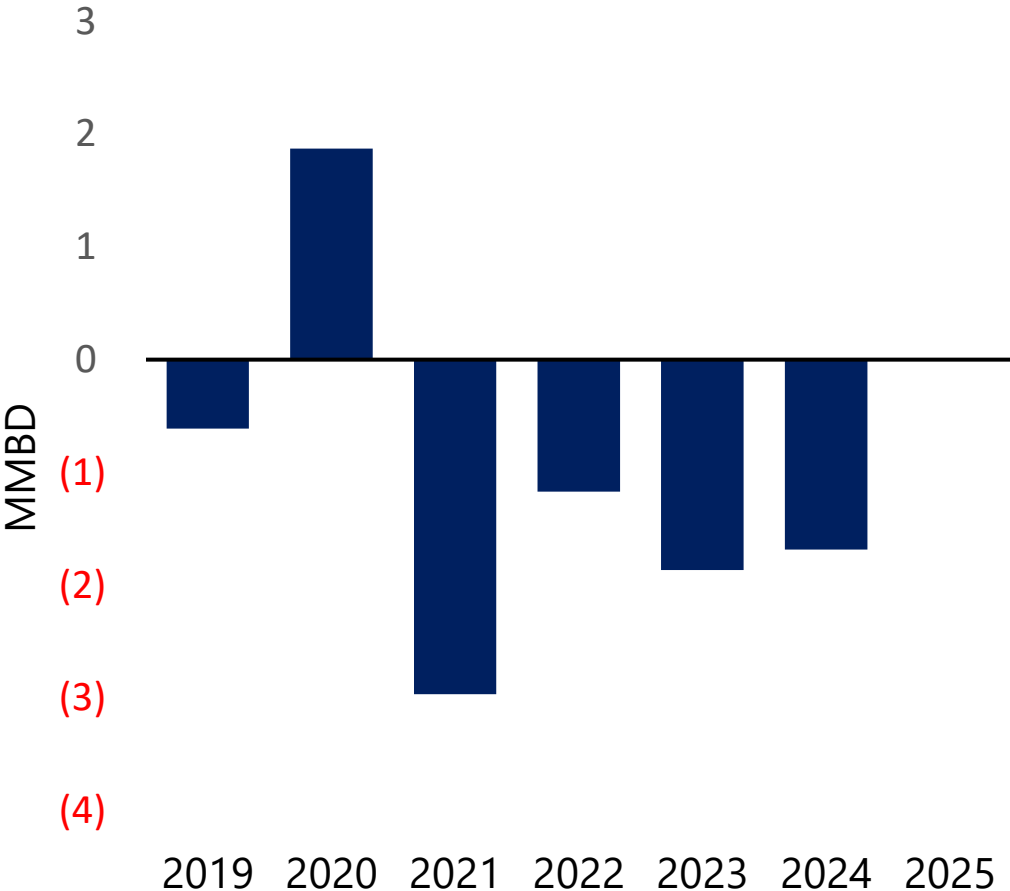
# Near-Term Global Oil Market Fundamentals



### Global Oil Demand and Supply



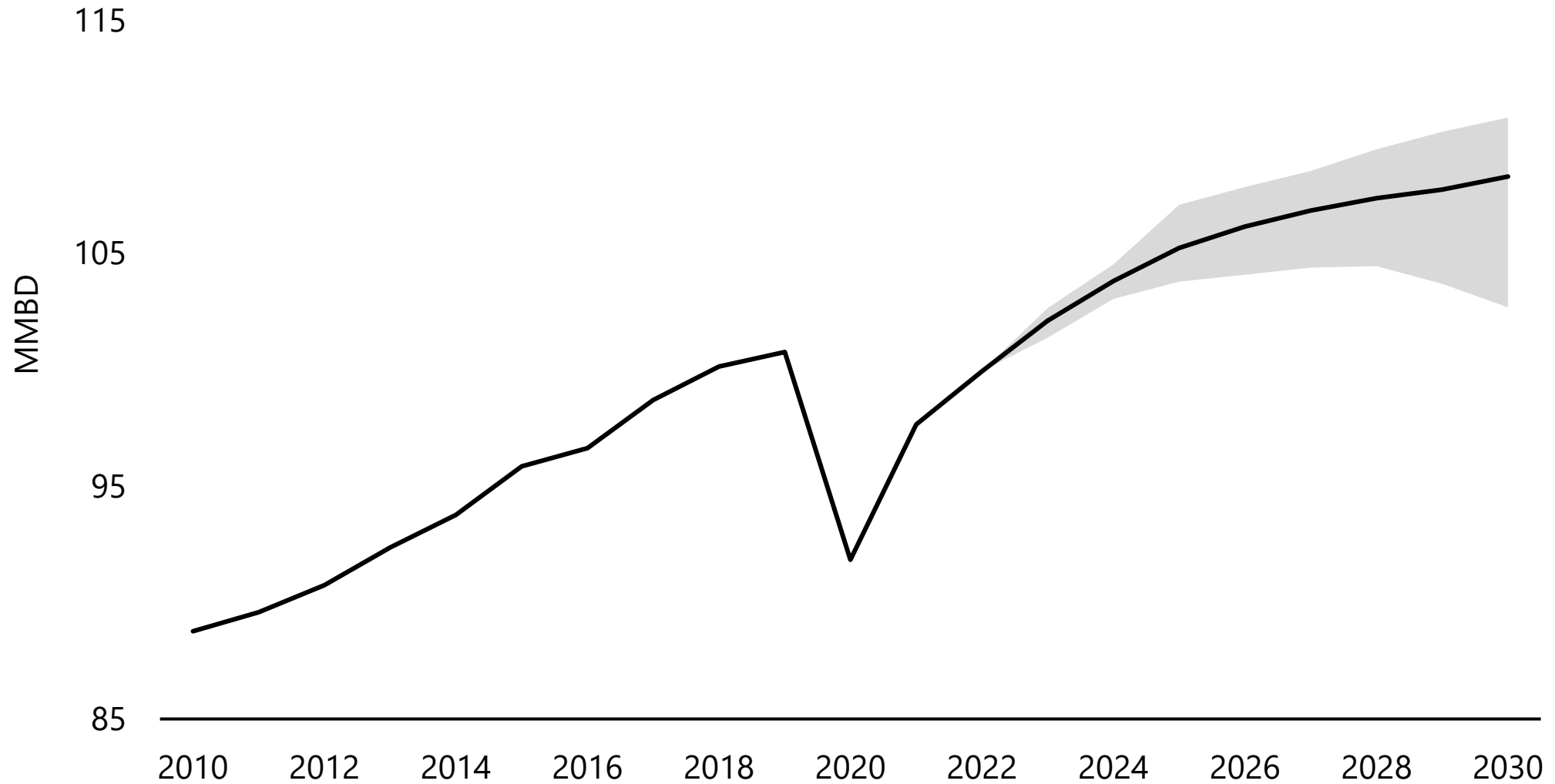
### Global Oil Inventory Change



Source: Rystad Energy OilMarket Cube September 2023

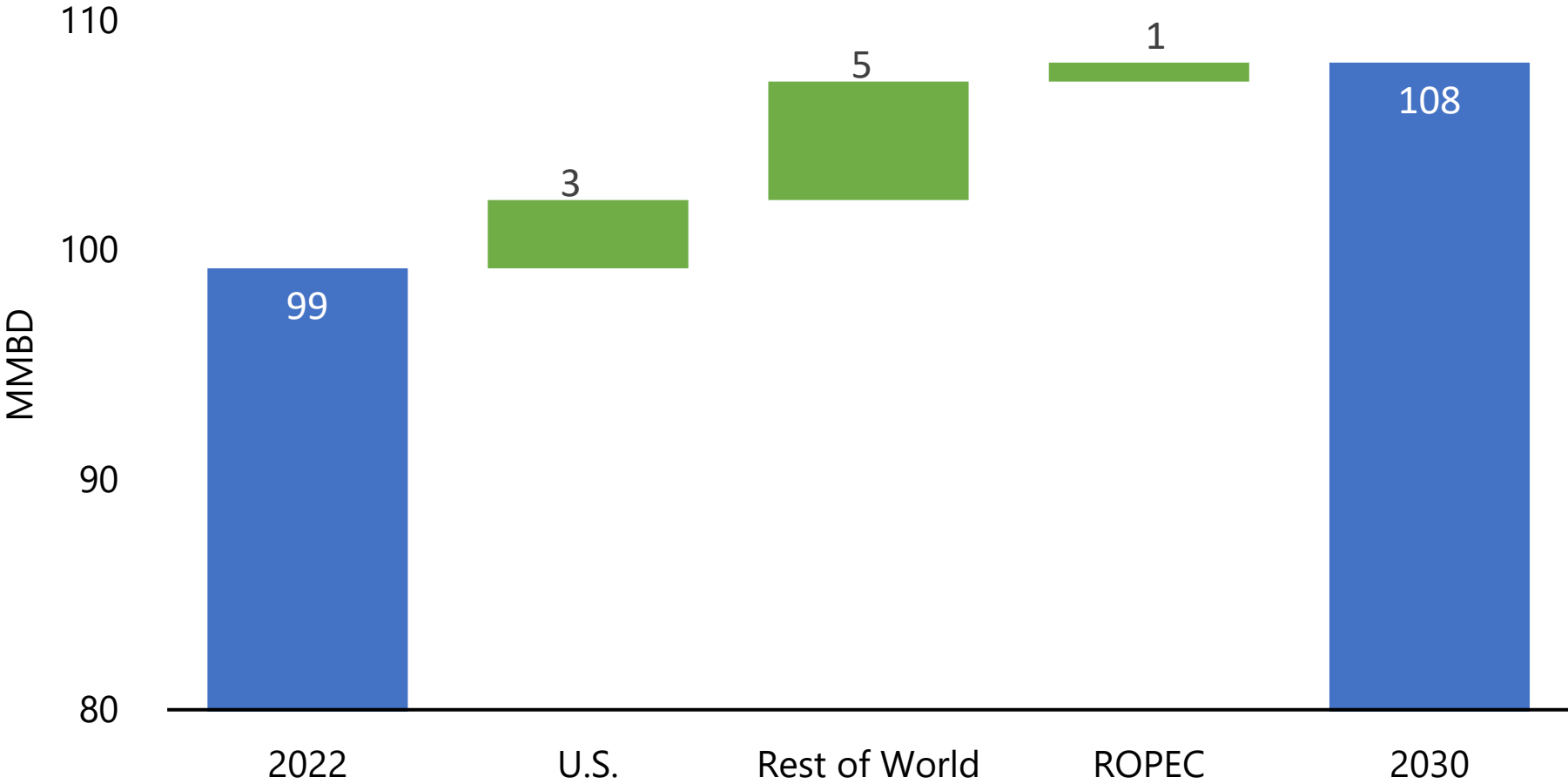


## Global Oil Demand Increases to 2030 and Beyond





## Global Oil Supply by Key Region

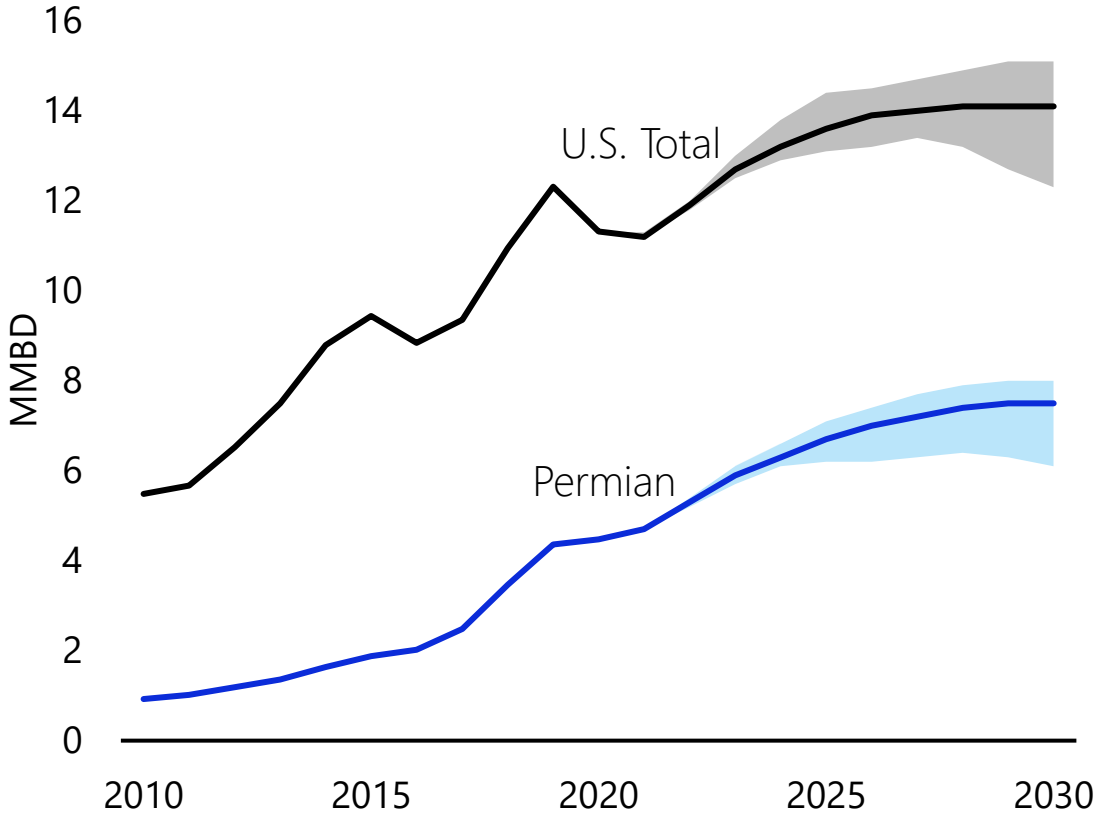


Source: Wood Mackenzie. ROPEC includes Russia and OPEC members. Oil includes refinery gains, biofuels and NGLs.

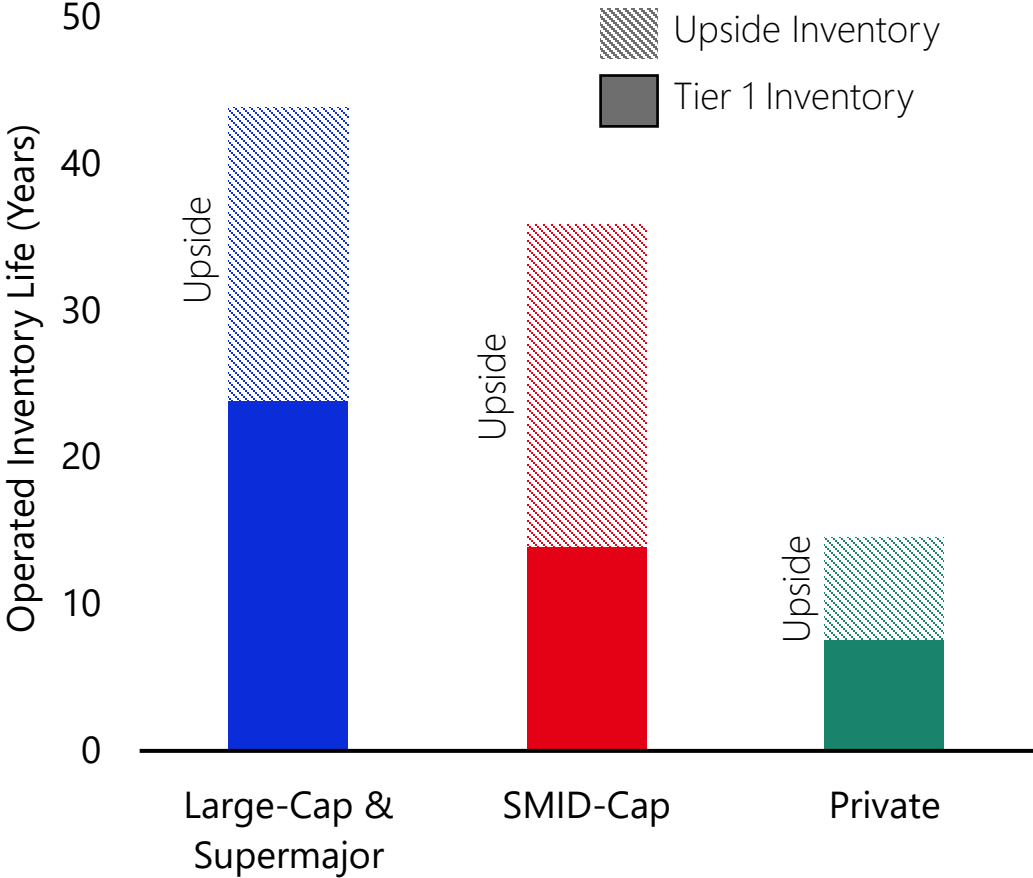
# U.S. Production Growth Led by Permian



## U.S. Production Activity Centered in Permian



## Inventory Upside May Extend Permian Life

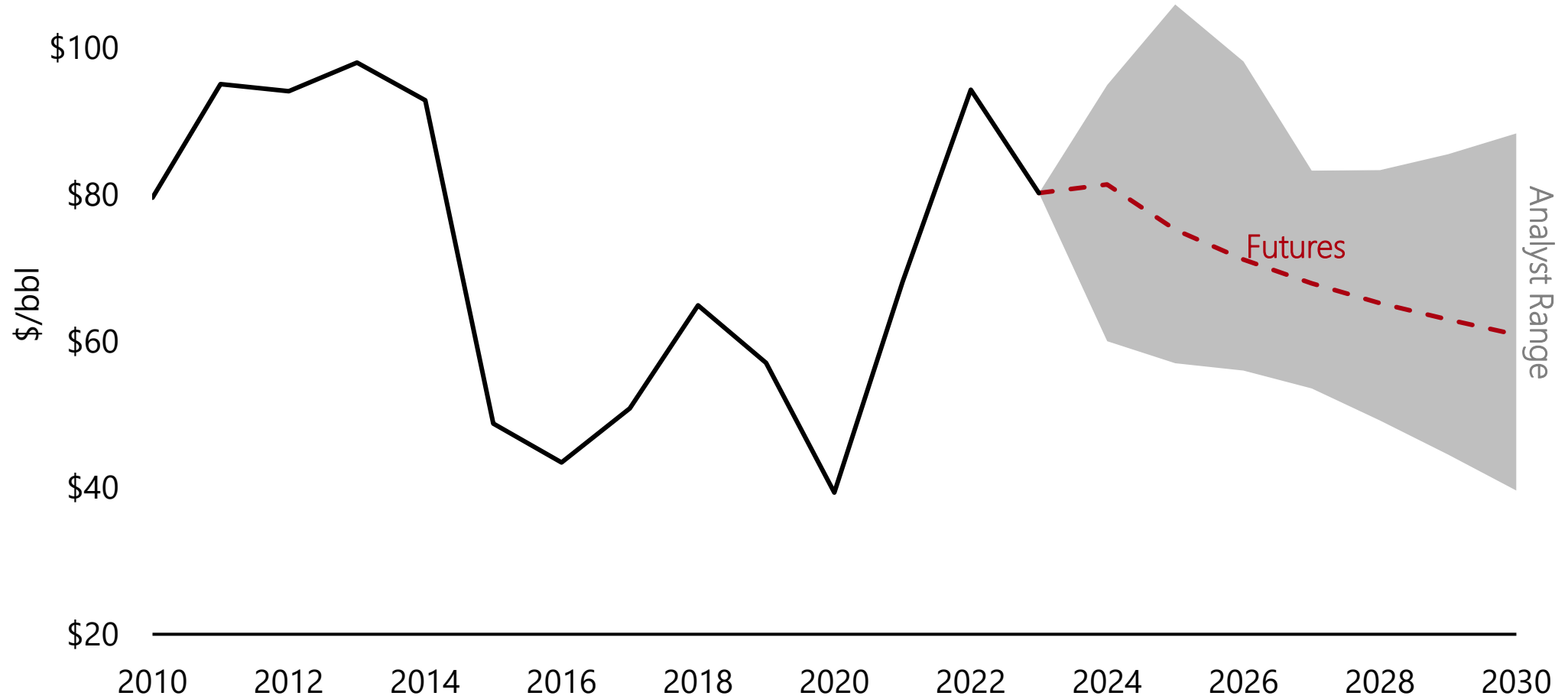


Source: Enverus, Industry Consultants, Government Agencies. Production shown is crude and condensate; excludes NGLs.

# Global Crude Oil Prices



## WTI Crude Oil Prices



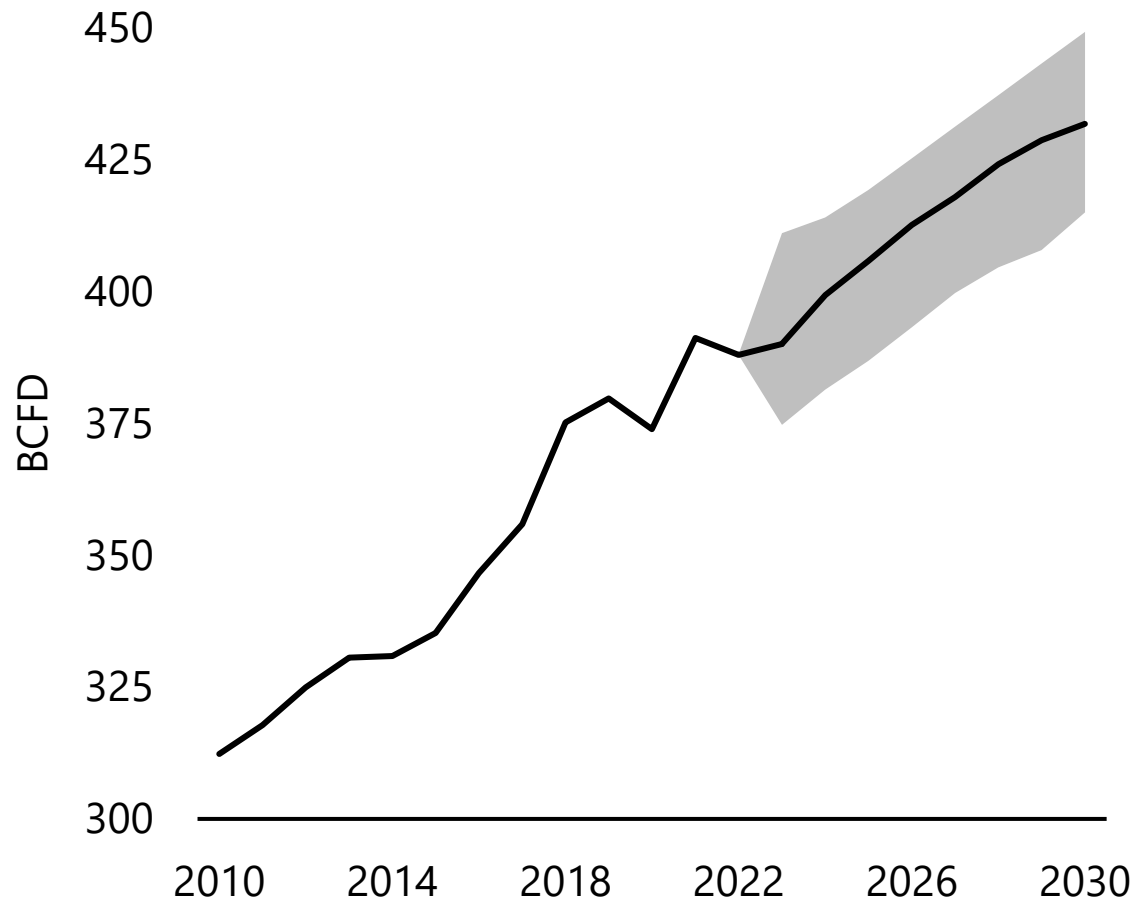


# Natural Gas Market Outlook

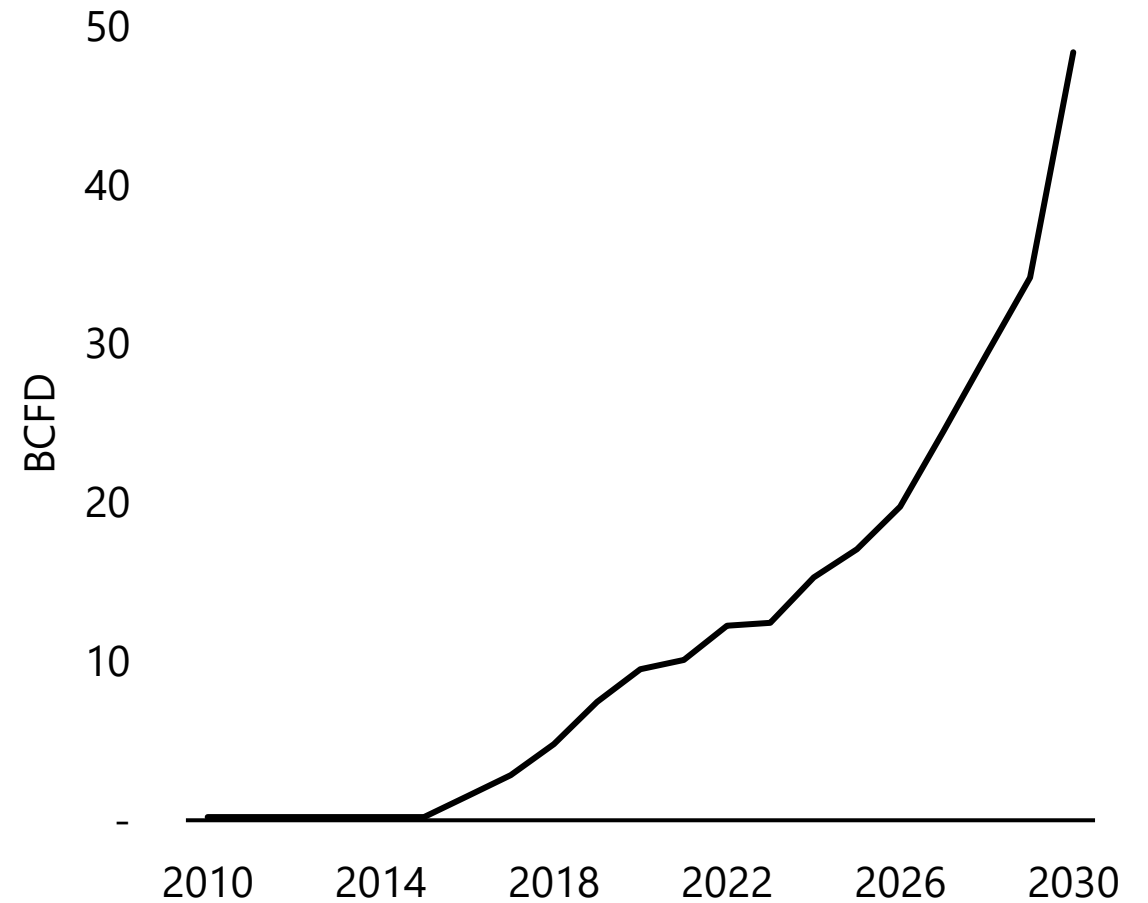
# Global Gas Demand Growth Supported by North American LNG



## Consistent Growth in Global Gas Demand



## U.S. & Mexico LNG Liquefaction Capacity

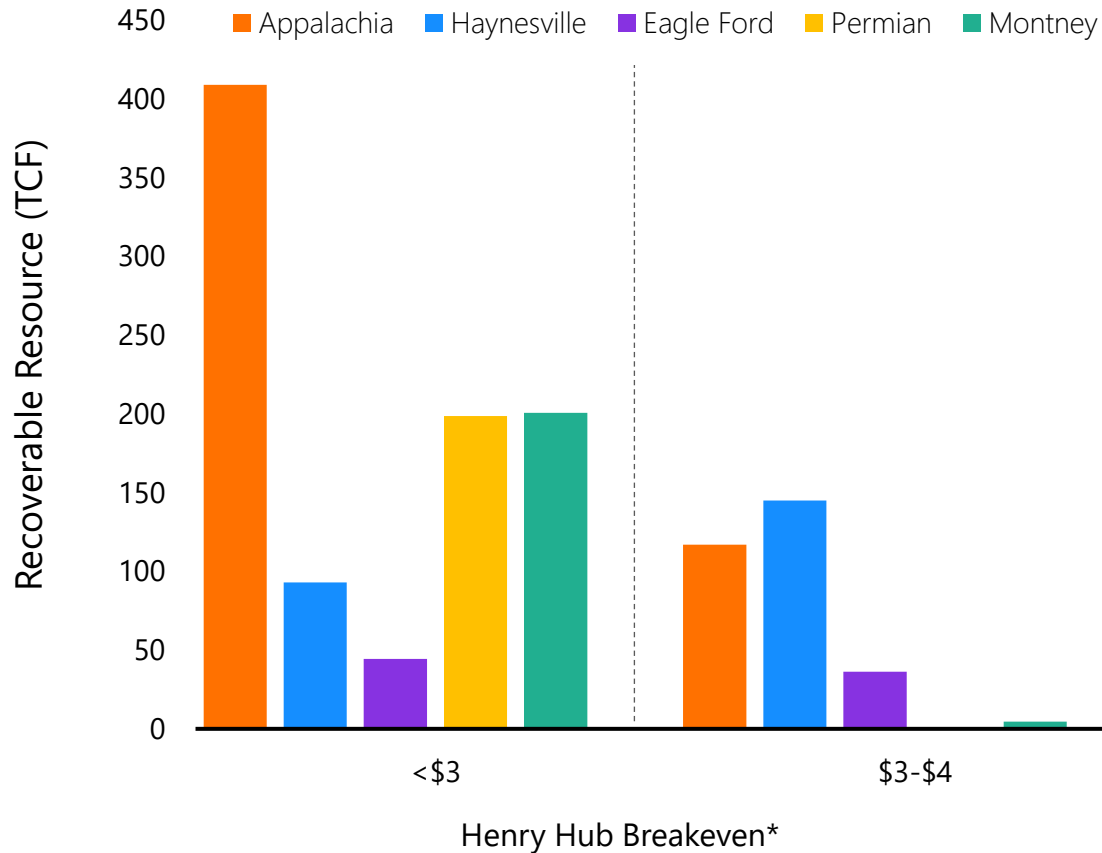


# North America's Low-Cost Gas Supplies Domestic + LNG Markets



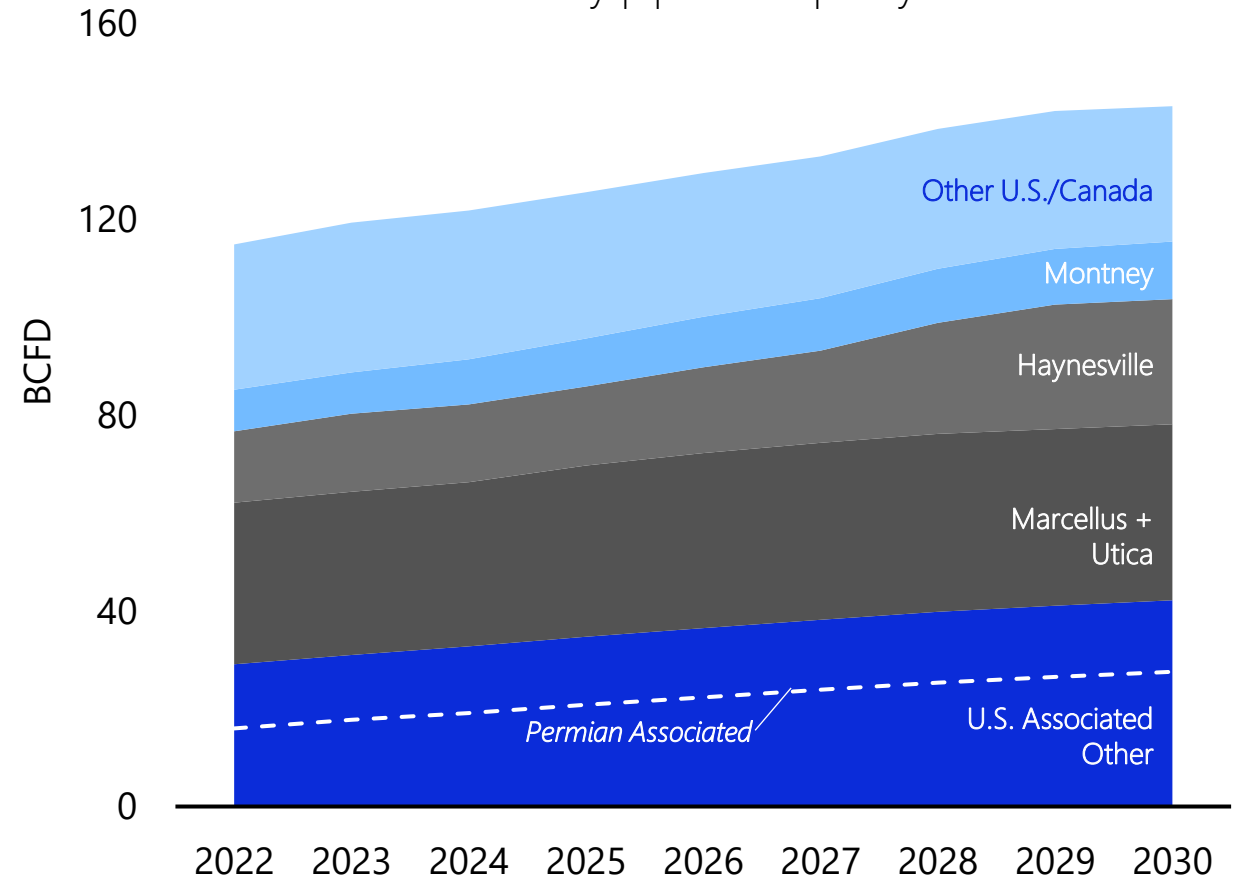
## Deep, Diverse Resource Base

40+ Yrs of sub-\$4 Resource Remain\*



## North America Gas Production

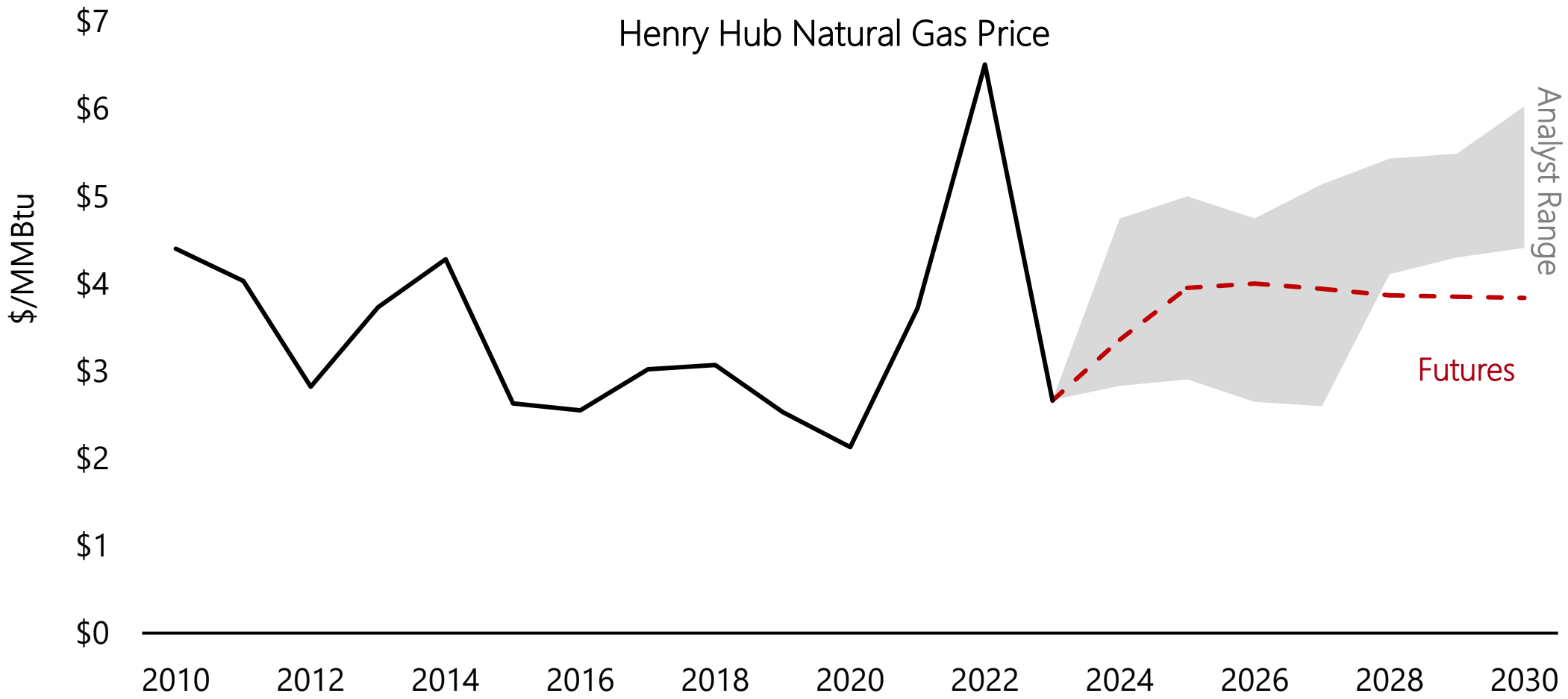
Permian and Haynesville lead growth with Appalachia limited by pipeline capacity



\*Resource life based on current production rate Henry Hub Breakeven based on 10% rate of return. Source: Enverus



# U.S. Natural Gas Prices



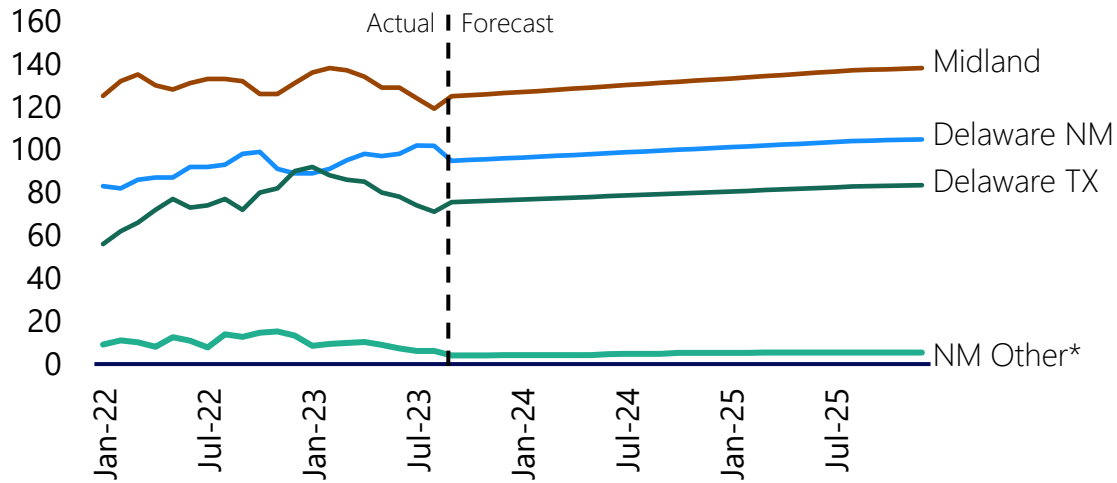


**New Mexico**

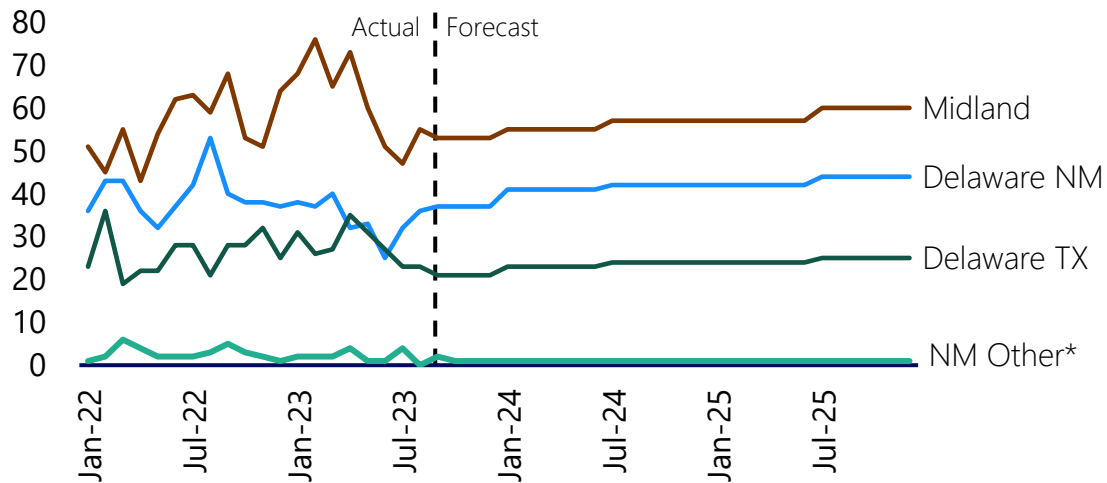
# Permian Activity



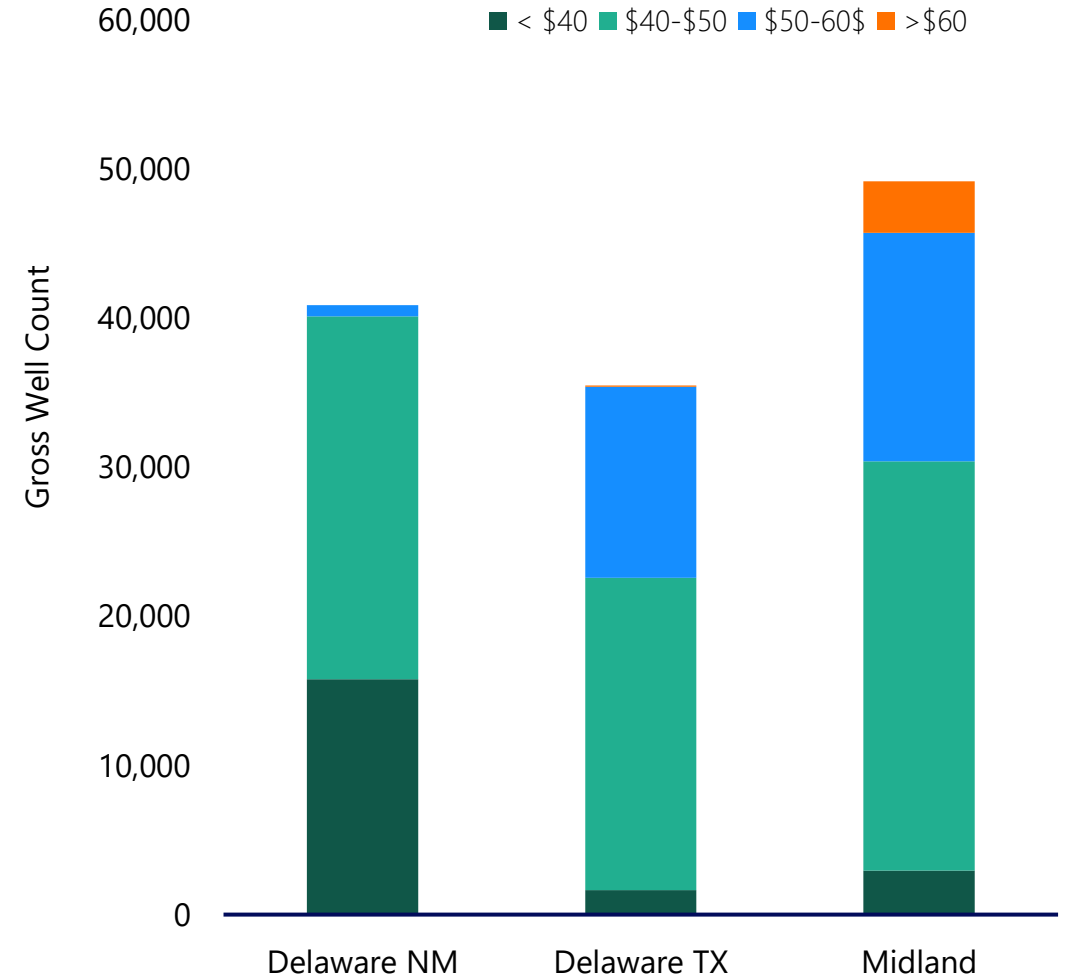
## New Mexico & Permian Rig Count



## New Mexico & Permian Frac Spread Count



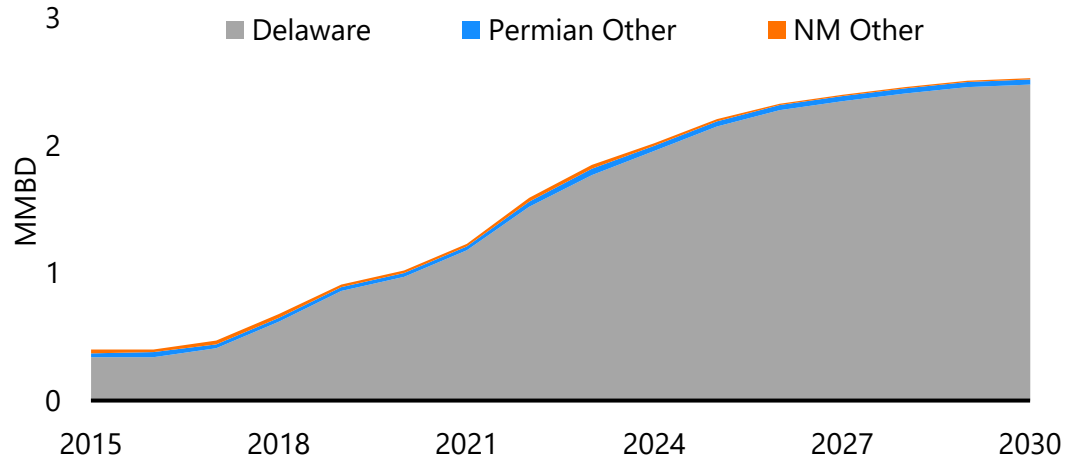
## Delaware NM Has The Most Sub-\$50 Inventory



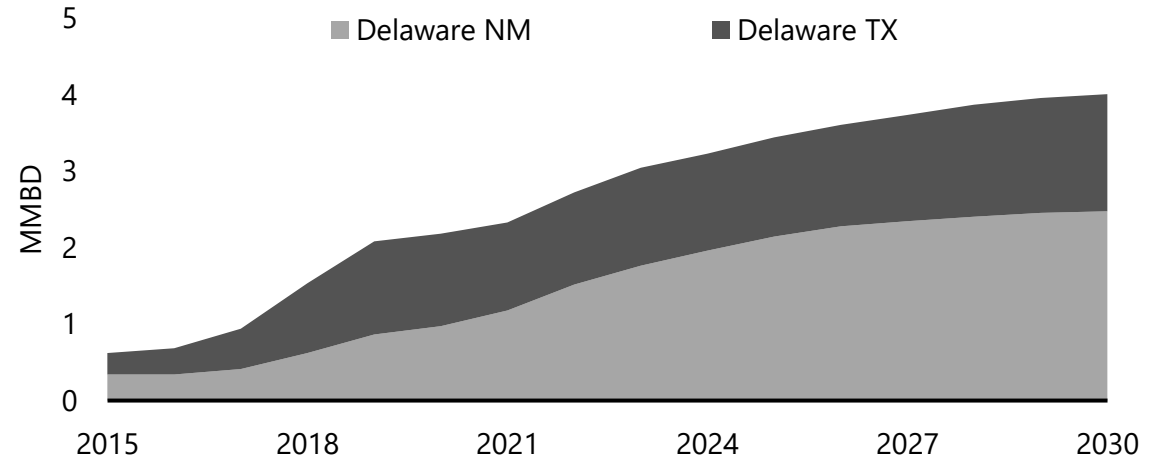
# New Mexico Production Outlook



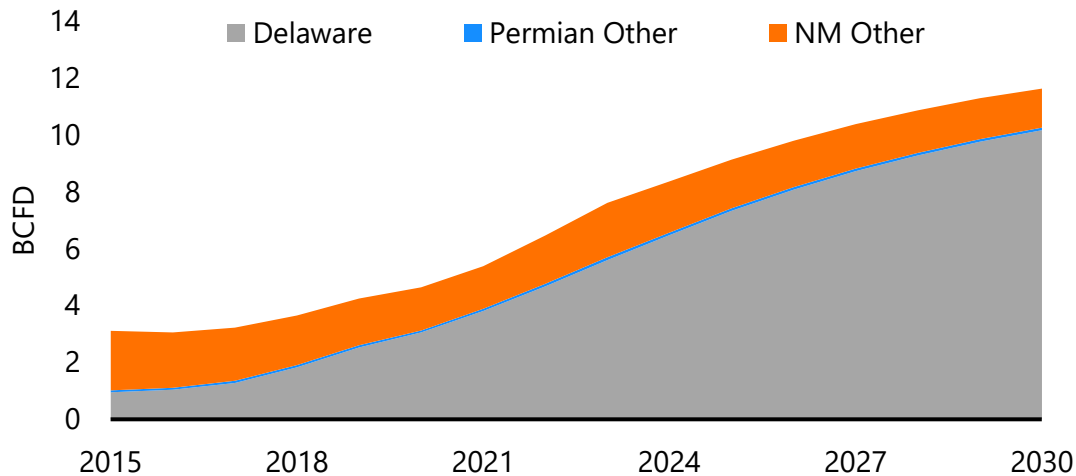
## Delaware Dominates New Mexico Oil Production



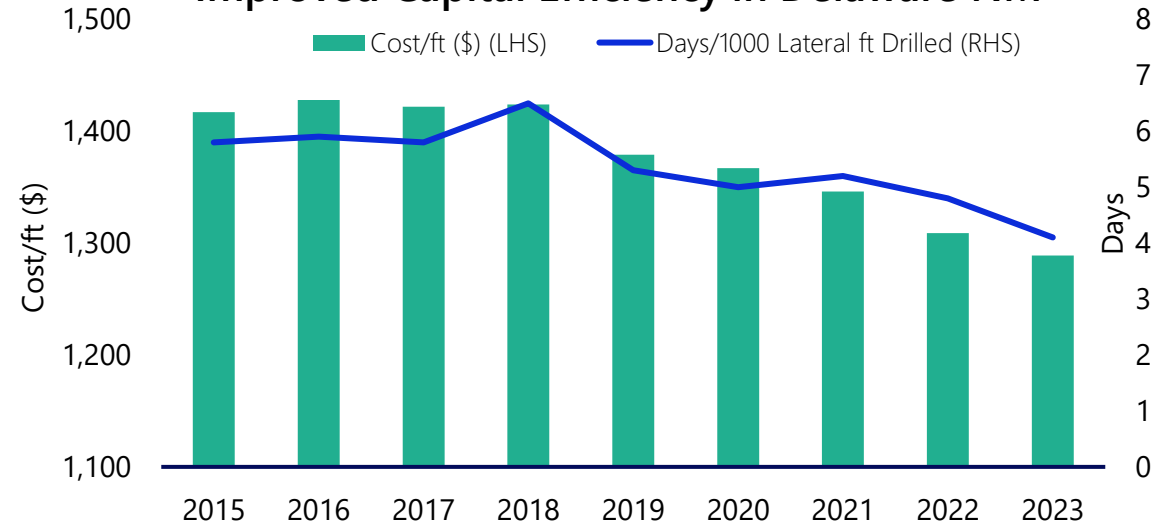
## Delaware Growth is Driven by New Mexico



## Rising Contribution of Delaware Gas



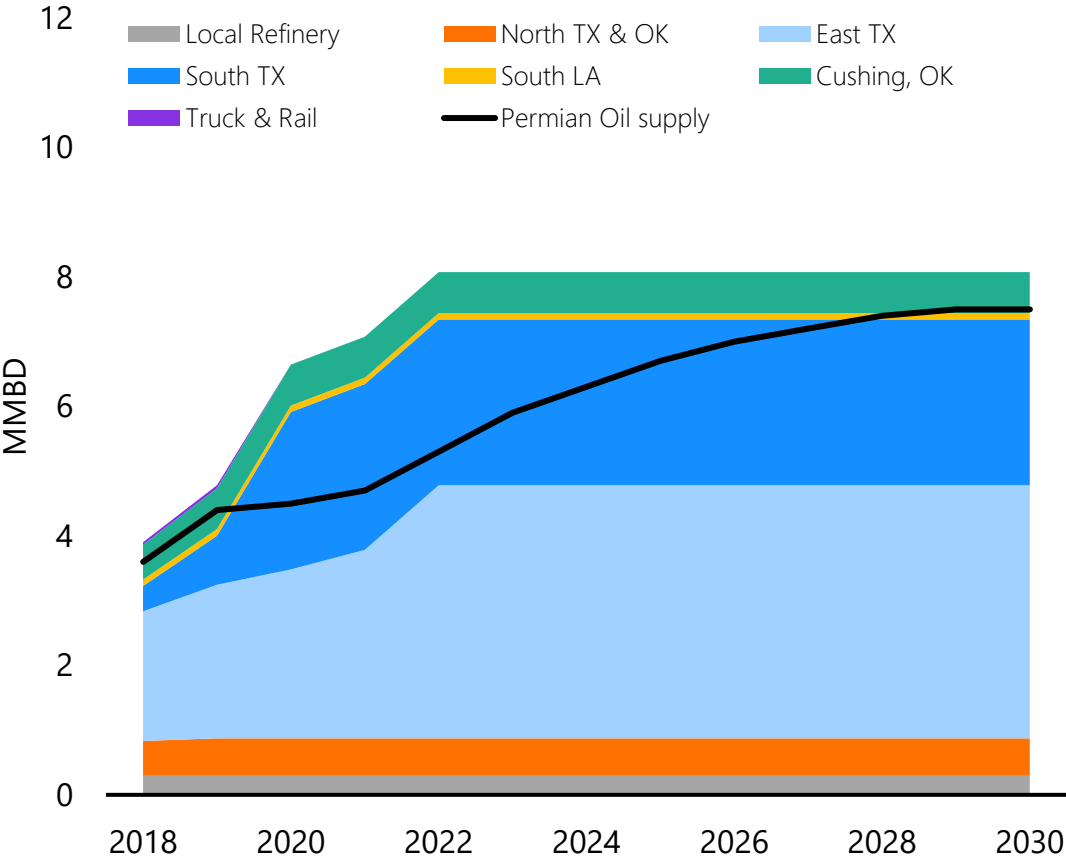
## Improved Capital Efficiency in Delaware NM



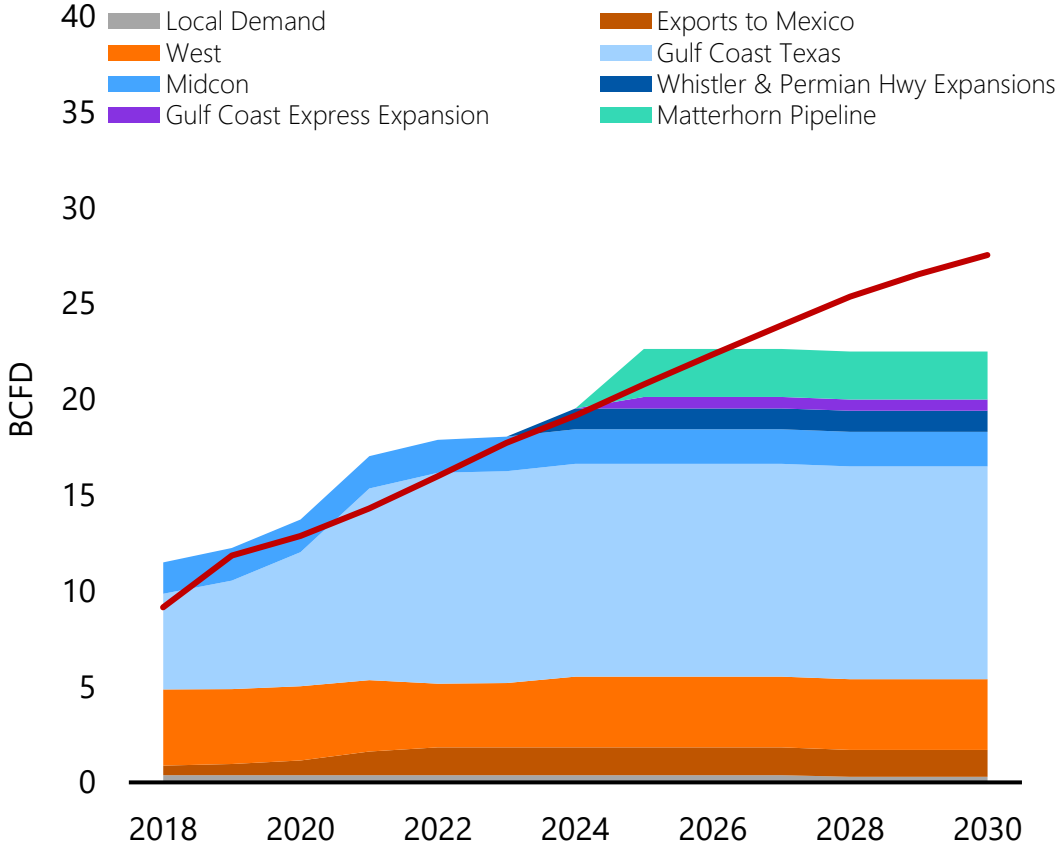
# Permian Offtake Outlook



### Permian Oil Takeaway by Market



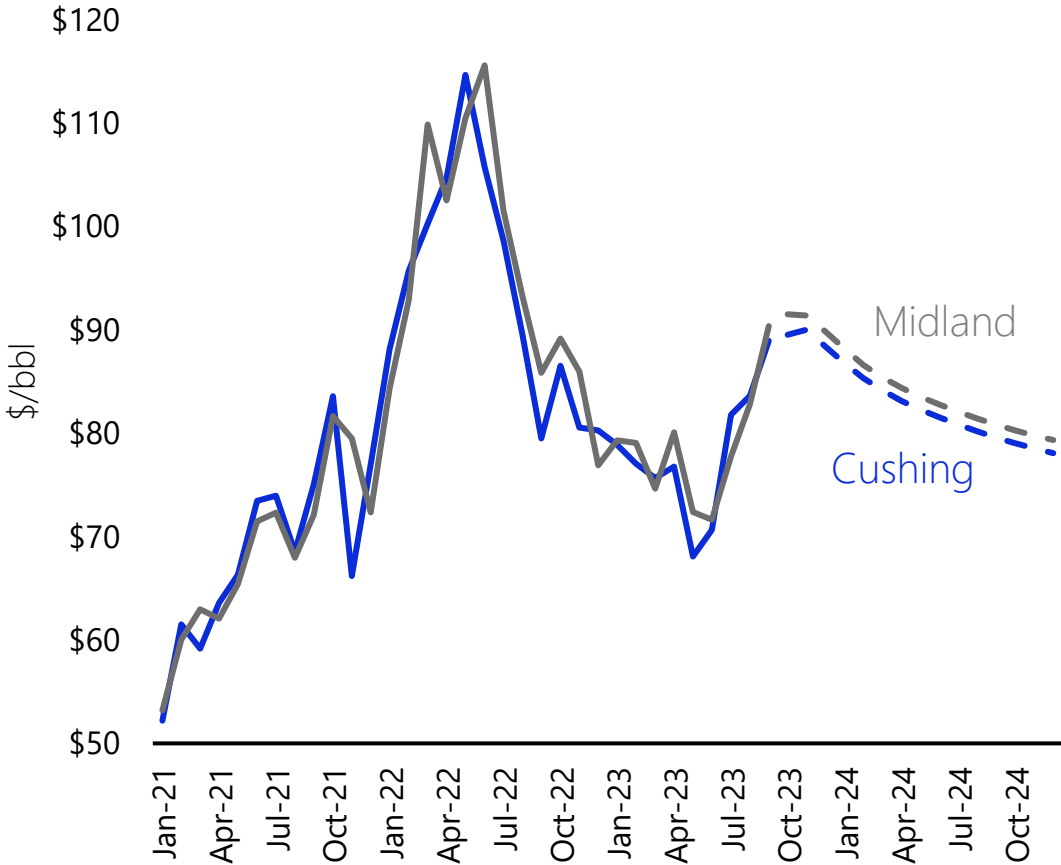
### Permian Gas Takeaway by Market



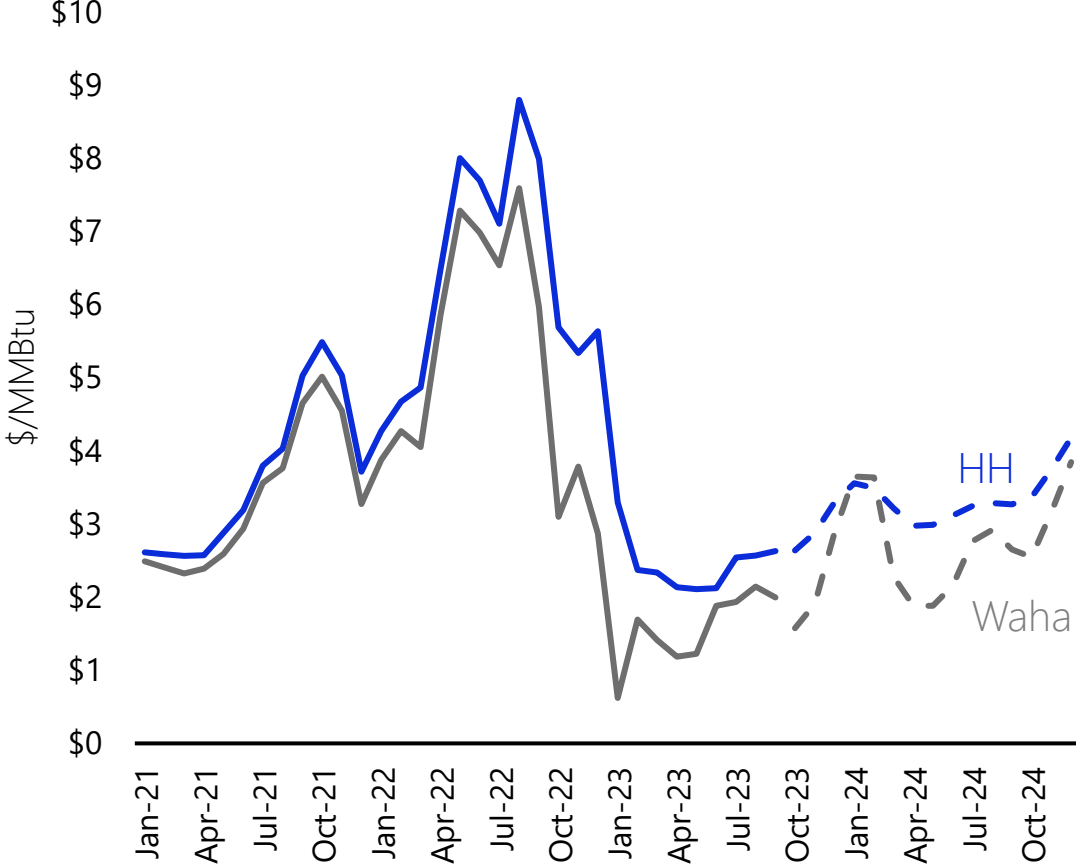
# Permian Basin Pricing



### Oil Prices: WTI Cushing & WTI Midland



### Natural Gas Prices: Henry Hub & Waha



Sources: Argus and 2023 CME Group, Inc, futures as of Sept 25

# Concluding Remarks



- Oil and Natural Gas remain vital energy sources for many decades ahead
- Permian Basin is advantaged by large low-cost resource base and access to markets
- New Mexico hosts key Delaware Basin acreage to meet domestic and global demand

