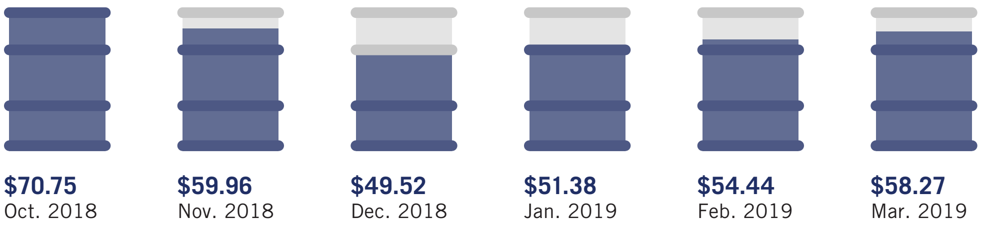
CRUDE AWAKENING

APRIL 2019

Oil prices took a big hit in Q4 of 2018 because of high supplies and the continued trade dispute between the U.S. and China over tariffs.

AVERAGE WTI OIL PRICE:
($ Per Barrel)

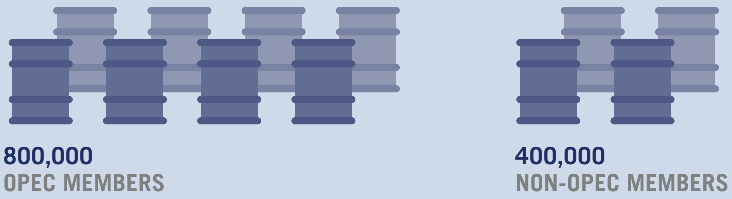


Source: U.S. Energy Information Administration

JOINING FORCES

In an effort to boost oil prices and counterbalance booming U.S. oil production, a new alliance called OPEC+, which includes OPEC-member countries, as well as Russia, agreed to cut oil output by 1.2 million barrels per day for the first six months of 2019. The outcome has been positive thus far, with average monthly WTI prices increasing 17.7% from December 2018 to March 2019.

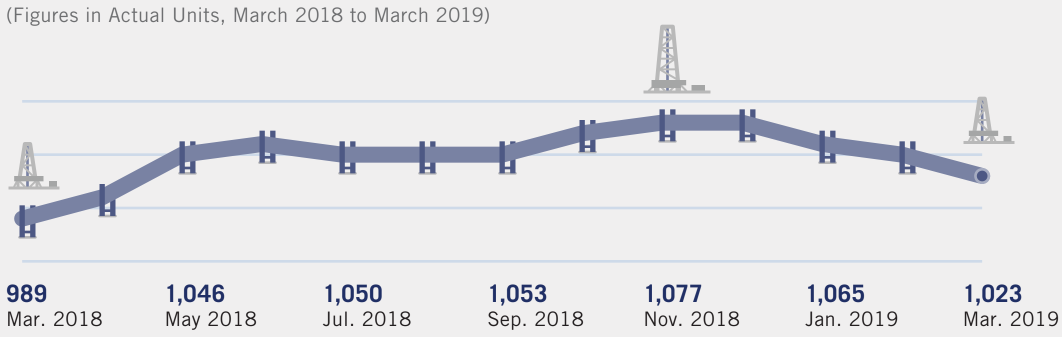
PROPOSED OPEC+ OIL PRODUCTION CUTS:
(Barrels Per Day)



DOWN, BUT FAR FROM OUT

Although up on a year-over-year basis in March 2019, the rig count has gradually declined since November 2018.

AVERAGE MONTHLY OIL RIG COUNT:
(Figures in Actual Units, March 2018 to March 2019)

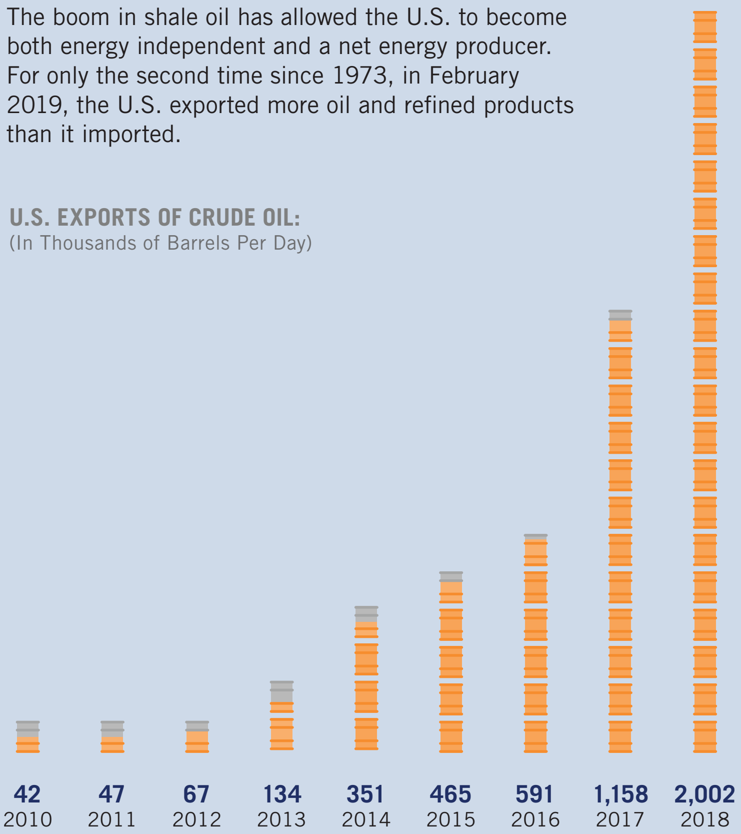


Source: Baker Hughes

DECLARATION OF INDEPENDENCE

The boom in shale oil has allowed the U.S. to become both energy independent and a net energy producer. For only the second time since 1973, in February 2019, the U.S. exported more oil and refined products than it imported.

U.S. EXPORTS OF CRUDE OIL:
(In Thousands of Barrels Per Day)

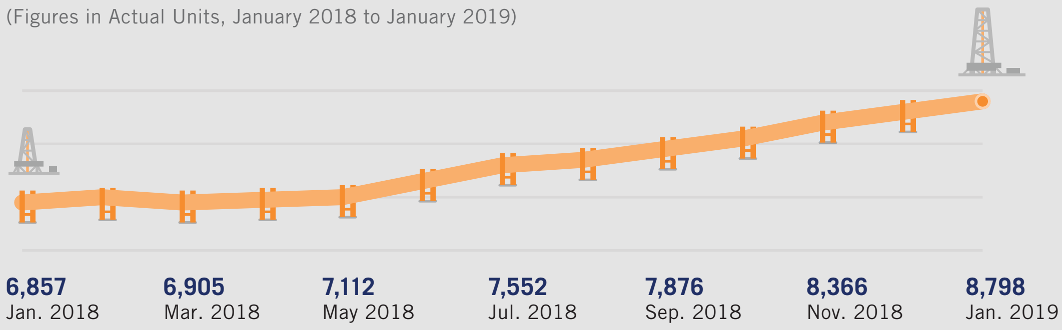


Source: U.S. Energy Information Administration

DUCS FLYING NORTH

The number of drilled but uncompleted (DUC) wells is growing in the U.S. The upward trend of DUC wells has enabled producers to come online quickly when oil or natural gas prices rise. It has also, simultaneously, made the U.S. a key swing producer.

AVERAGE MONTHLY DUC WELLS:
(Figures in Actual Units, January 2018 to January 2019)



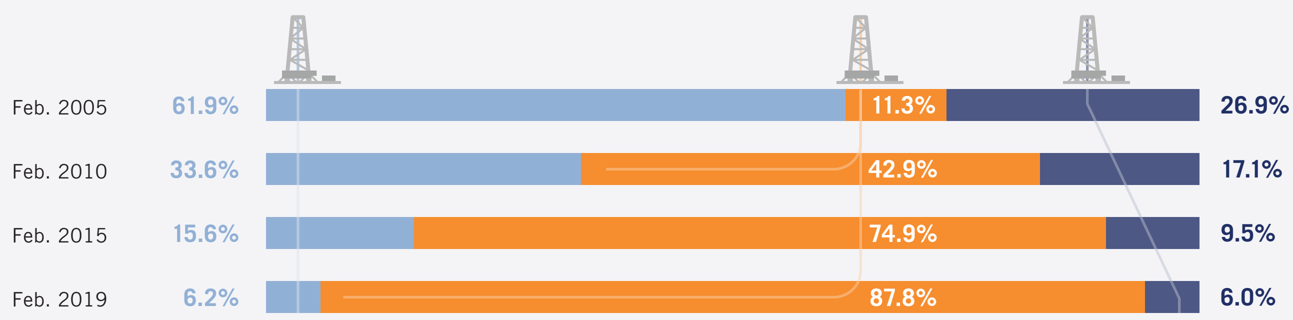
Source: U.S. Energy Information Administration

POSITIONING FOR SUCCESS

While OPEC+ cuts production, the U.S. continues its high production levels, as evidenced by the U.S. holding the title of world's top oil producer—a title the country had not held since 1974. This is due largely to horizontal and directional drilling techniques, which allow producers to drill in areas that were once unfeasible.

Source: Baker Hughes

DRILLING RIG SPLIT BY DRILLING TYPE:
(Monthly Average)



U.S. LEADING THE CHARGE

With the U.S.-China tariff dispute threatening worldwide oil demand, OPEC, allied with Russia and other oil-producing nations, cut production in an attempt to boost oil market prices. Nonetheless, the U.S. continues to drill at a steady pace. According to the U.S. Energy Information Administration, this trend will likely continue through 2019.

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