

Giving You the Energy to Succeed February 23 Oil & Gas Market Commentary & Price Projection OGA

# Summary

#### Déjà Vu

Those of a certain vintage, and keen students of the oil & gas sector, will know that the early 90s was not a good place to be for those aspiring to enter the oil and gas engineering profession.

The oil was largely in single digits and new technologies were introduced as "disruptive," that would render the oil business obsolete by 2010.

This was coupled with a period of underinvestment in people, exploration and development. The prevailing environment meant it was easy to levy punitive taxes on the sector, without having to work about the consequences.

What followed was the supercycle driven by a supply side squeeze, where supply was projected to run short and the manpower didn't exist to rectify the situation quickly enough.

And so we are in the same situation today, only this time, it will be a super-supercycle. Such has been the underinvestment and tax burden placed on the sector, especially in western countries, that underinvestment will continue, creating the prospect that the oil could easily reach \$200/bbl within 3 years, and gas prices average those highs experienced in the summer of 2022.

This is predominantly a political problem, which means that like the period 1995 – 2008, it will get worse for the consumer before it get better.

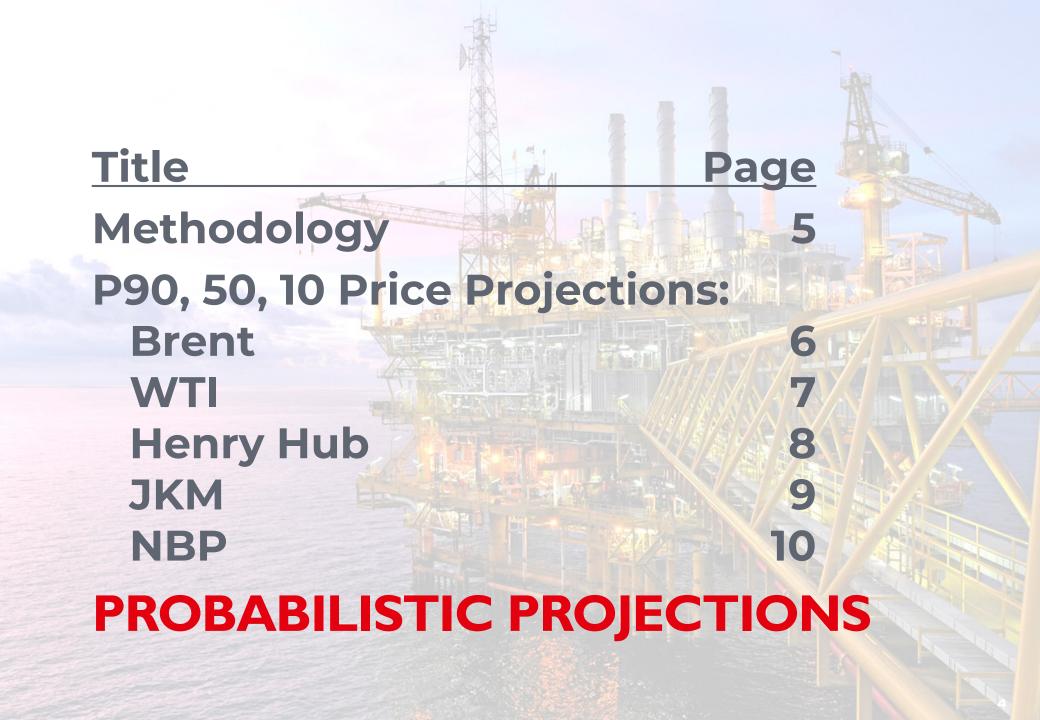
Commodity	1 Month		
	Price	$\delta$ (Price)	δ (%)
Oil			
Brent (\$/bbl)	83.10	0.28	0.34%
WTI (\$/bbl)	76.34	(3.92)	(4.88%)
OPEC (\$/bbl)	82.02	(1.60)	(1.91%)
WCS (\$/bbl)	67.99	(3.92)	(5.45%)
Gas			
Henry Hub (\$/mm btu)	2.28	(1.83)	(44.57%)
NBP (p/therm)	120.50	(65.55)	(35.23%)
JKM (\$/mm btu)	15.92	(13.60)	(46.06%)
Dutch-TTF (€/MWh)	55.10	(28.68)	(34.23%)
PSV (€/MWh)	50.45	(24.27)	(32.48%)
	47.81	-	-
Currency			
GBP (\$/£)			
EUR (€/\$)	1.203	0.000	0.00%
JPY (¥/\$)	1.069	0.002	0.14%
NOK (N <del>K</del> /\$)	134.1	2.115	1.60%
RUB (₽/\$)	10.240	0.389	3.95%



## **Contents**

<u>Section</u>	<u>Page</u>
Probabilistic Projections	4
Historic & Forwards	
Brent	12
WTI	15
Henry Hub	18
JKM	21
NBP	24
TTF	28
About Us & What We Do	30
Contacts	36





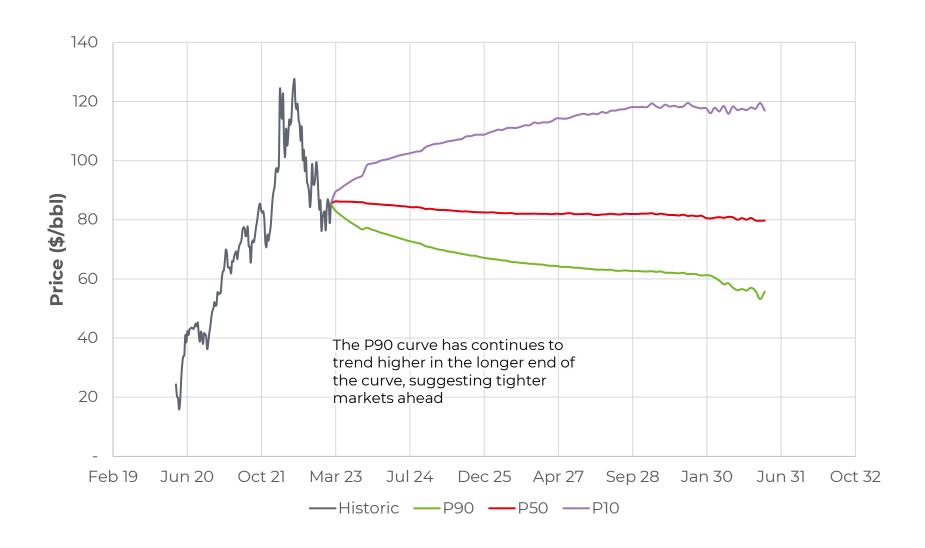
# Methodology

- OGA's probabilistic assessment has estimated the potential range of the price assessed the future oil price
- OGA uses Crystal Ball for predictive modelling, forecasting, simulation, and optimisation, using Monte Carlo methodology and back tested using Hypercube sampling
- The assessment has evaluated the full range of possible values for each forward over 200,000 iterations
- OGA has assessed each

- forward month individually based on 10 years of weekly historic data
- From the results, we report
  - **P10:** 10% probability (P10) that the quantities will equal or exceed the associated estimate
  - P50: 50% probability (P50) that the quantities will equal or exceed the associated estimate
  - P90: 90% probability (P90) that the quantities will equal or exceed the associated estimate

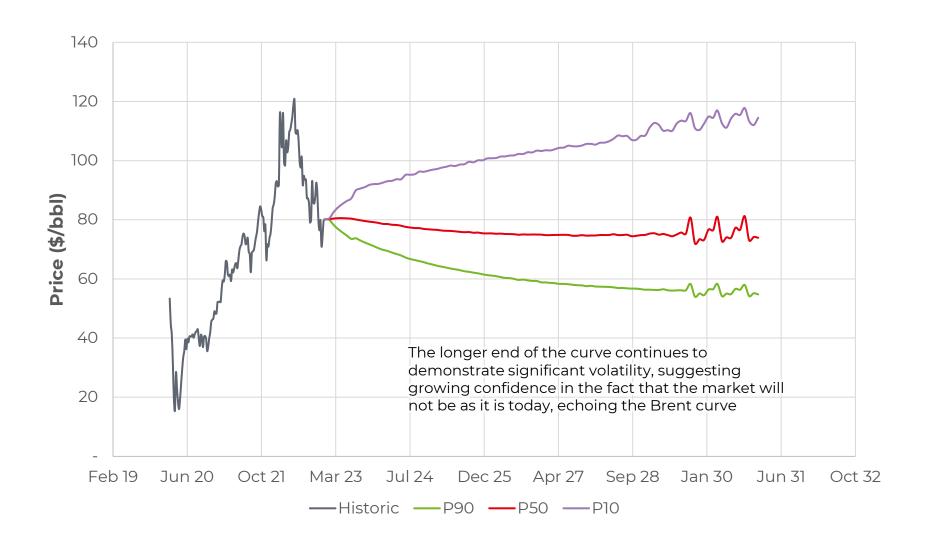


# **Brent Price Projection**



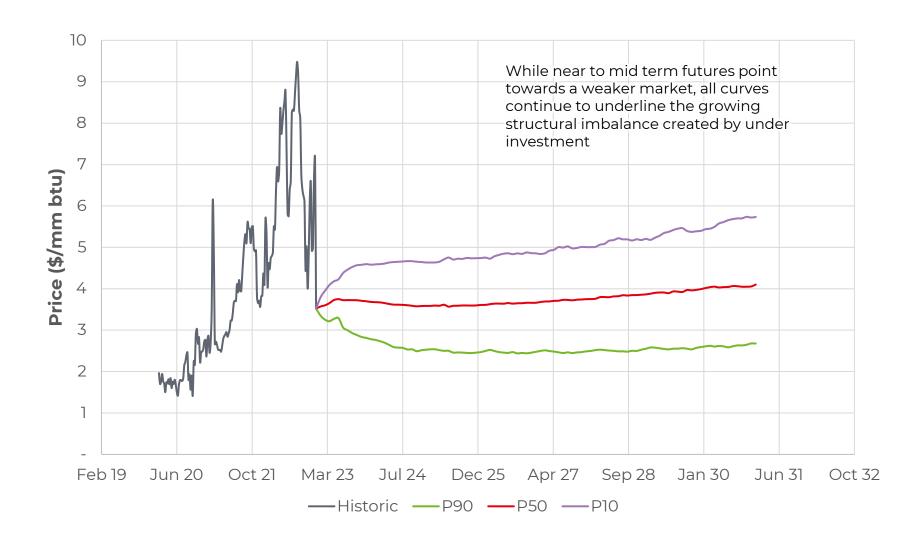


# WTI Price Projection



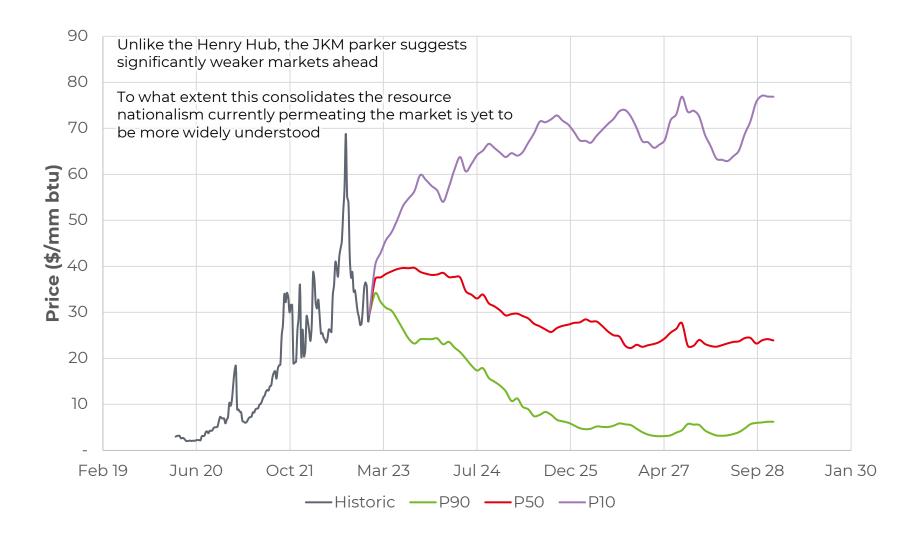


# **Henry Hub Price Projection**



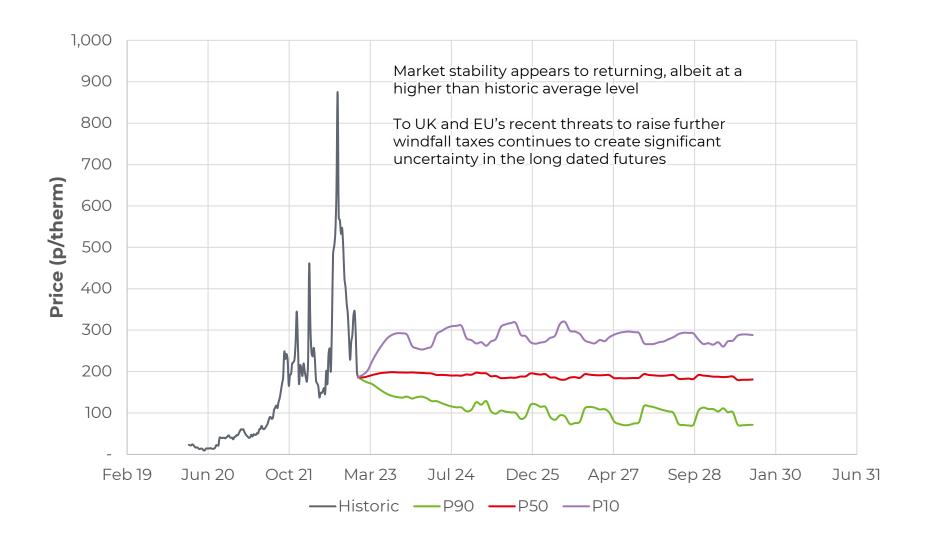


# **JKM Price Projection**



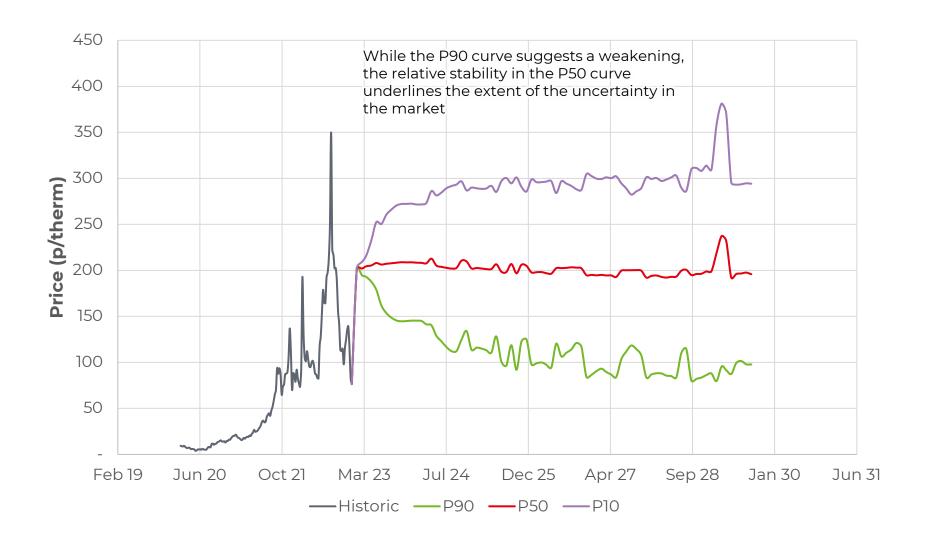


# **NBP Price Projection**





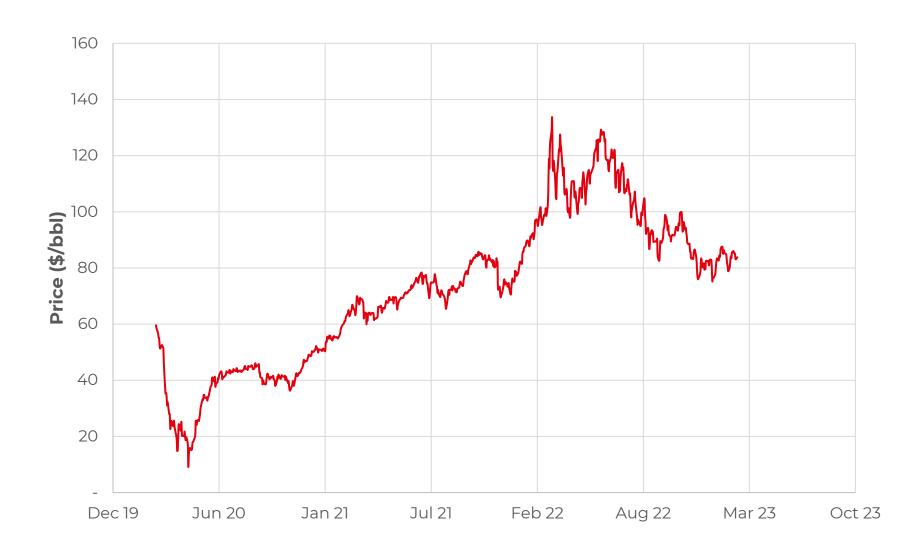
# **TTF Price Projection**







### **Historic Brent Price**





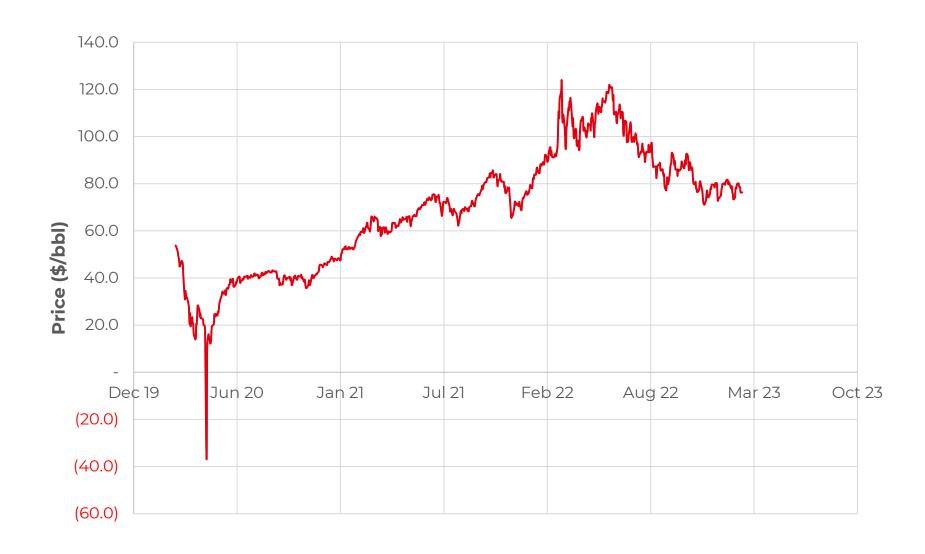
## **Brent Forward**





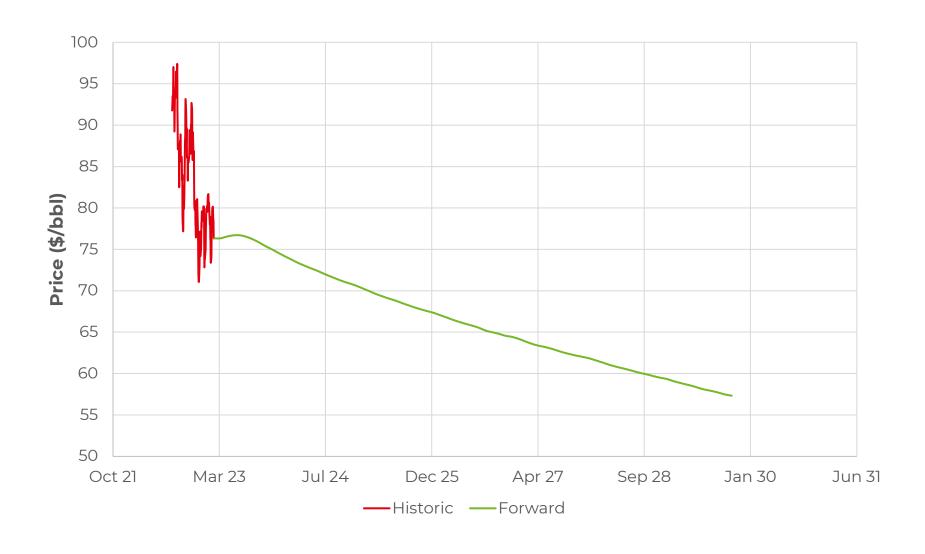


## **WTI Historic Price**





## **WTI Forward**

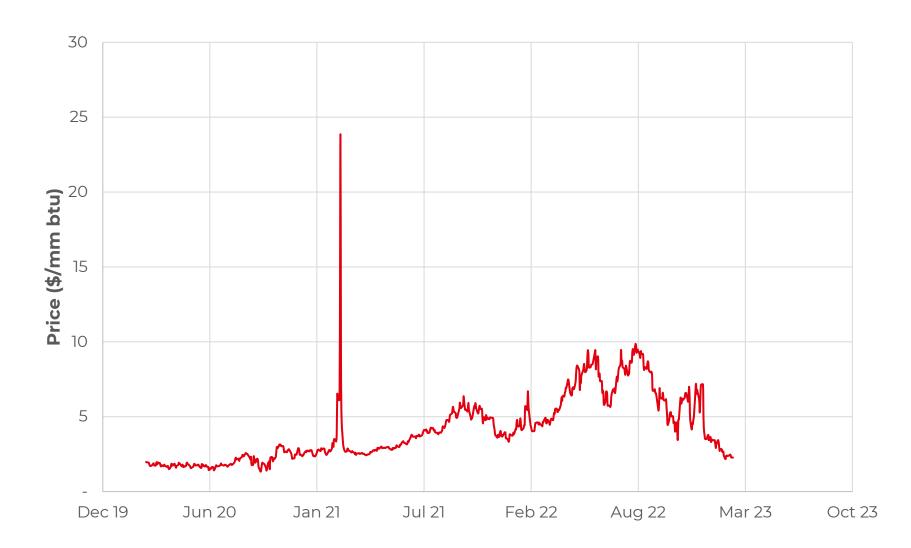






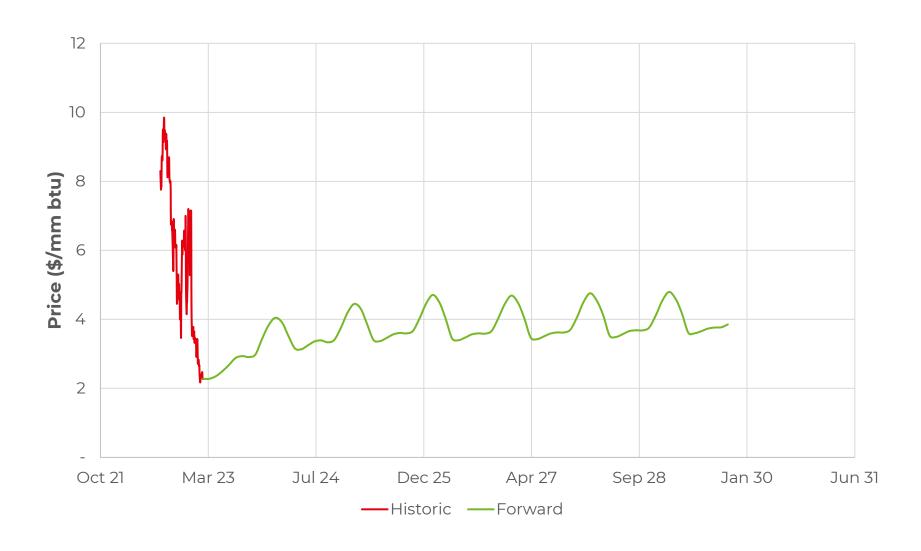
Title	Page
Historic	18
Forward	19
HENRY HUB	

# **Henry Hub Historic Price**

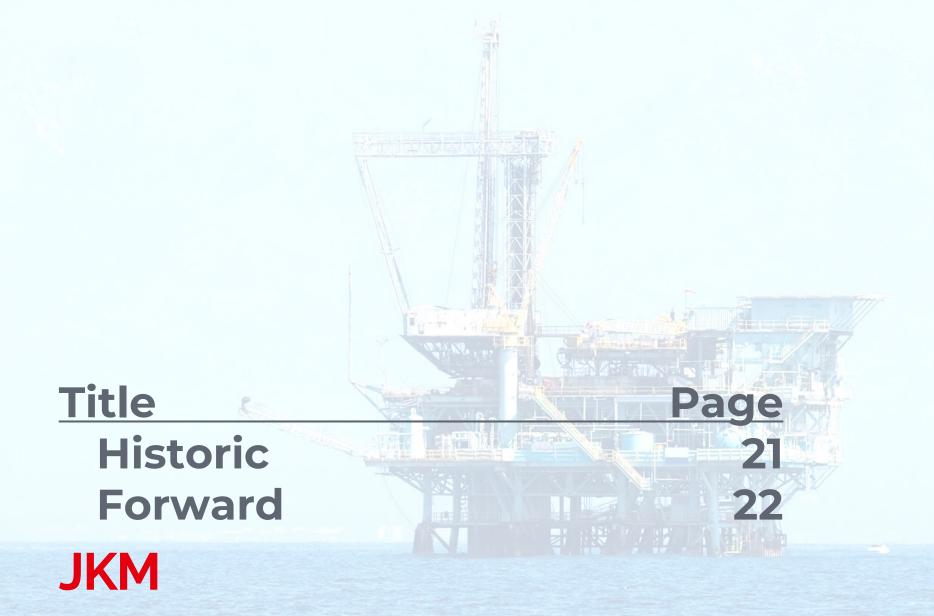




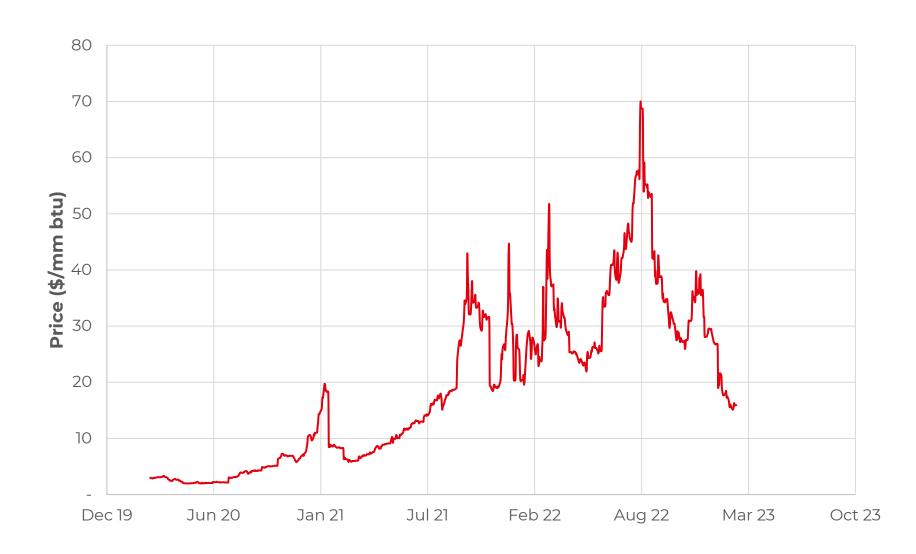
# Henry Hub Forward





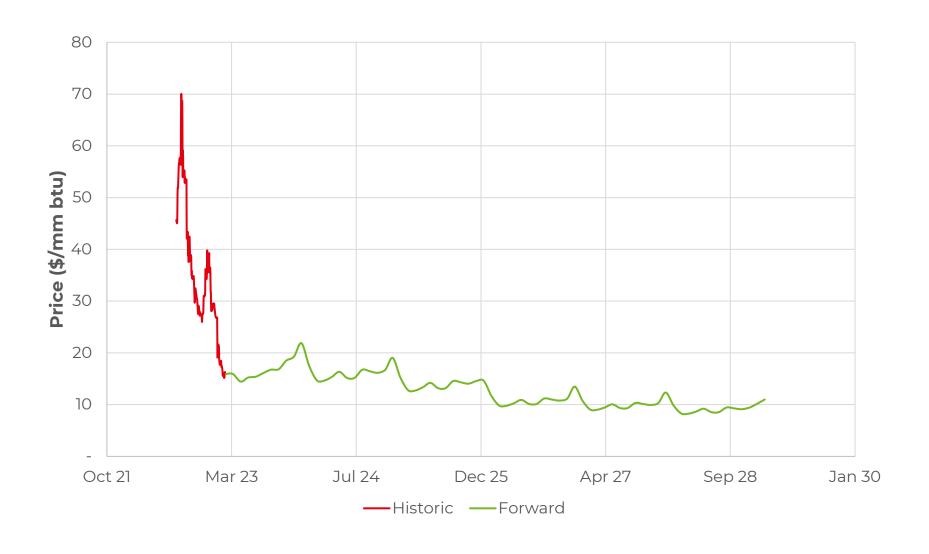


## **JKM Historic Price**





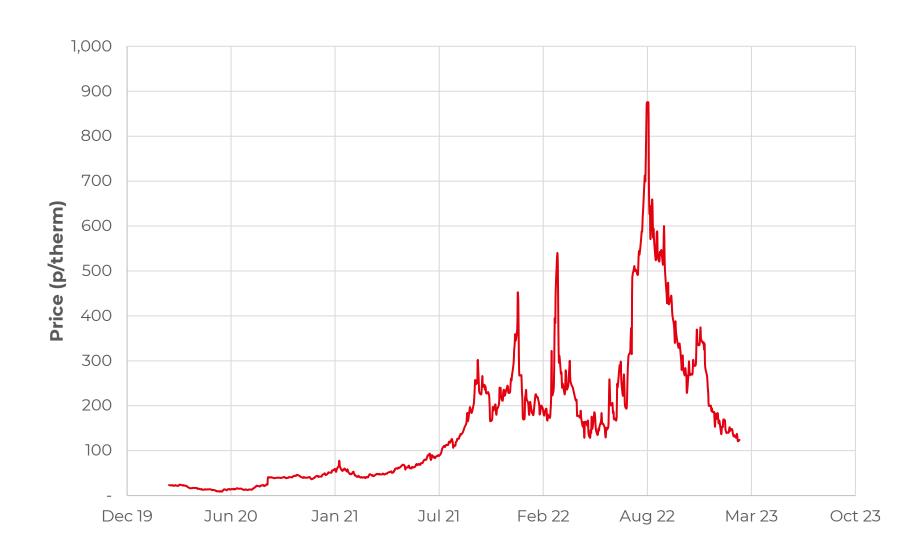
## JKM Forward





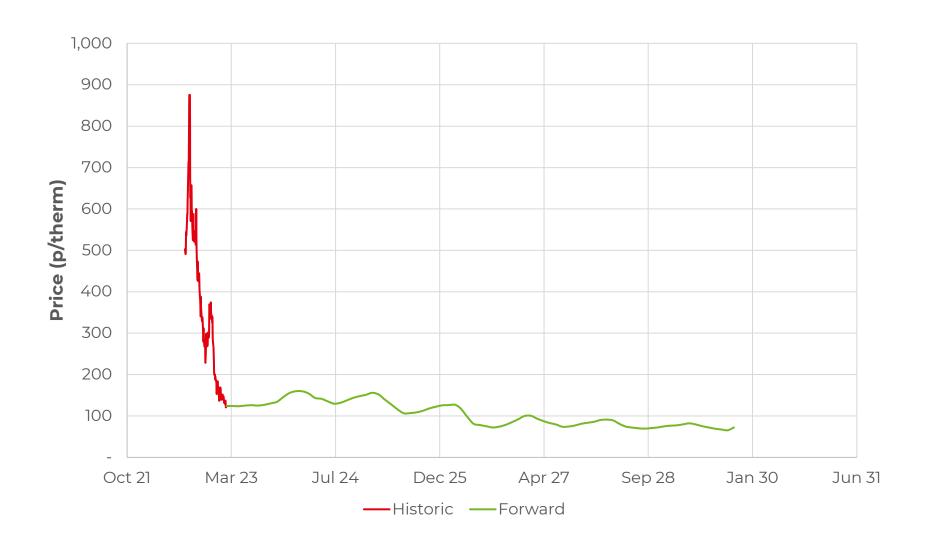


#### **NBP Historic Price**





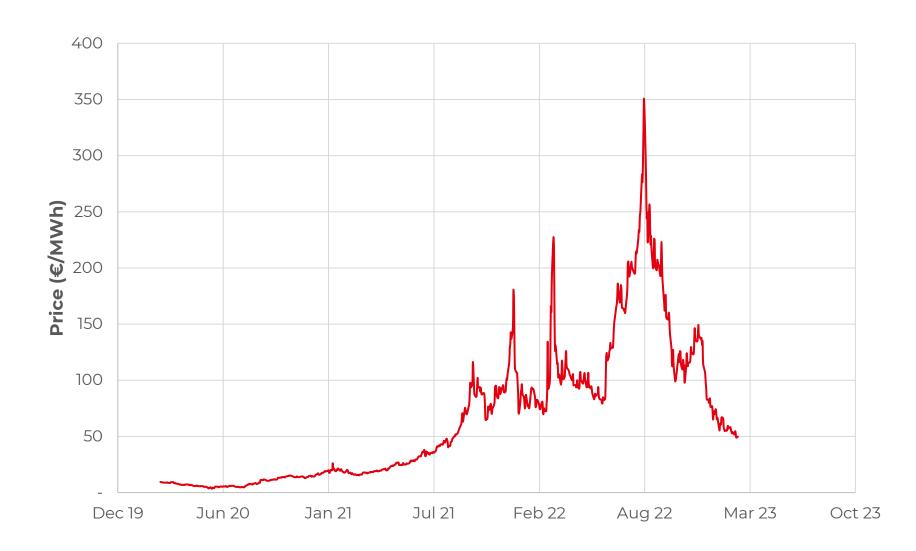
## **NBP Forward**





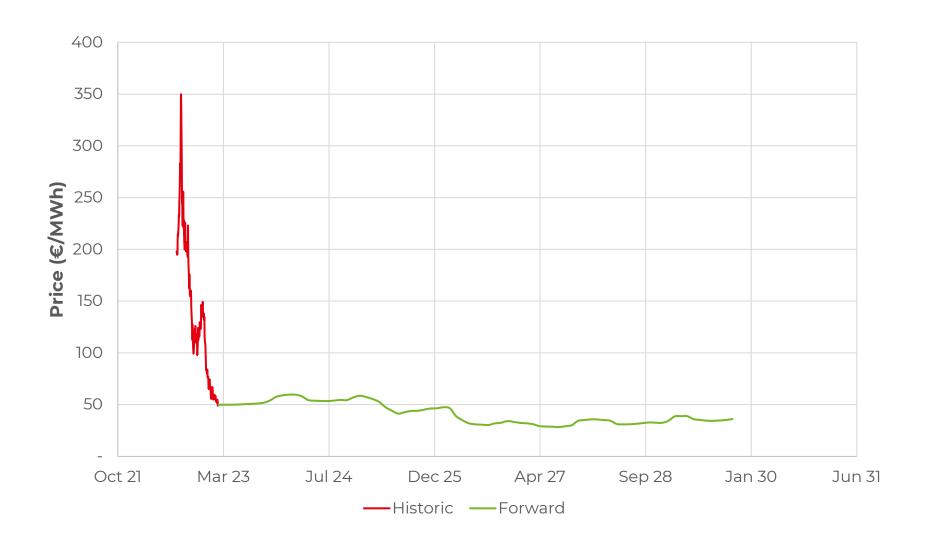


## **TTF Historic Price**





## **TTF Forward**





OGA was established to provide its Clients with bespoke oil & gas finance management support.

OGA has a strong track record in advising companies and helping them to achieve their corporate and funding objectives.

**ABOUT US** 



# **Our Team & History**

- OGA's staff have many years experience in the energy sector:
  - Operational and corporate development roles; and
  - The financial services sector, with experience in IPOs, secondary offerings, debt and convertible issuance.
- OGA has previously worked with:
  - Industry participants such as BP, Chevron and Hibiscus Petroleum
  - Financial institutions such as Bank of America Merrill Lynch, HSBC and ING Barings
  - Sovereign Wealth Funds such as Dubai World.
- OGA has formed part of

management teams with specific responsibilities, or provided functionality for complete departments, often responsible for the economic, financial and legal management of the business; undertaking such roles as:

- Cash flow analysis
- Deal valuation
- Risk analysis
- Contract negotiation
- Funding
- OGA's work has included projects and transactions with a value in excess of \$60billion in a variety of locations including Europe, Africa, North and South America, Asia and the CIS and Russia.



OGA's goal is to provide innovative and effective solutions, all directed at meeting our Clients' needs, which we work diligently to understand.

Then, working with Client teams, we assist in the delivery of the Client's aims and objectives.

WHAT WE DO

Cycle times are becoming shorter, transparency demands increasing and the competition for resources higher, which has made it more important for management teams to make the right decisions first time.

This is only possible with an in-depth knowledge of the business, primarily risks to valuation, and the wider industry direction can management teams make those choices in the time scales required.

Understanding our Clients' objectives is an essential step in identifying solutions that best fit our Clients' needs.

Only by working with our Clients can we ensure that we deliver first time, on time.



## Services we Offer

- The services we offer can be broken down in to 4 main categories:
  - Capital Markets Advisor, including funding
  - Strategic Advisory
  - Corporate Advisory
  - Transaction Services
  - Finance Support
- OGA's experience enables us to effectively bridge the delicate gap between Technical, Operations, Corporate

- and Finance, enabling us to quickly identify issues, and their resolution, or opportunities, and how best monetise them.
- Whether it is providing strategic advice, or supporting management teams in the execution of a project, OGA supports its Clients' needs in the execution of their aims and objectives.



#### Contacts

 For further information, and how OGA can support your development, please contact us using any of the below:



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