

Texas Upstream Trends

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October 10, 2018

Review of upstream activities in West - and South Texas with a closer inspections of key trends and impacts

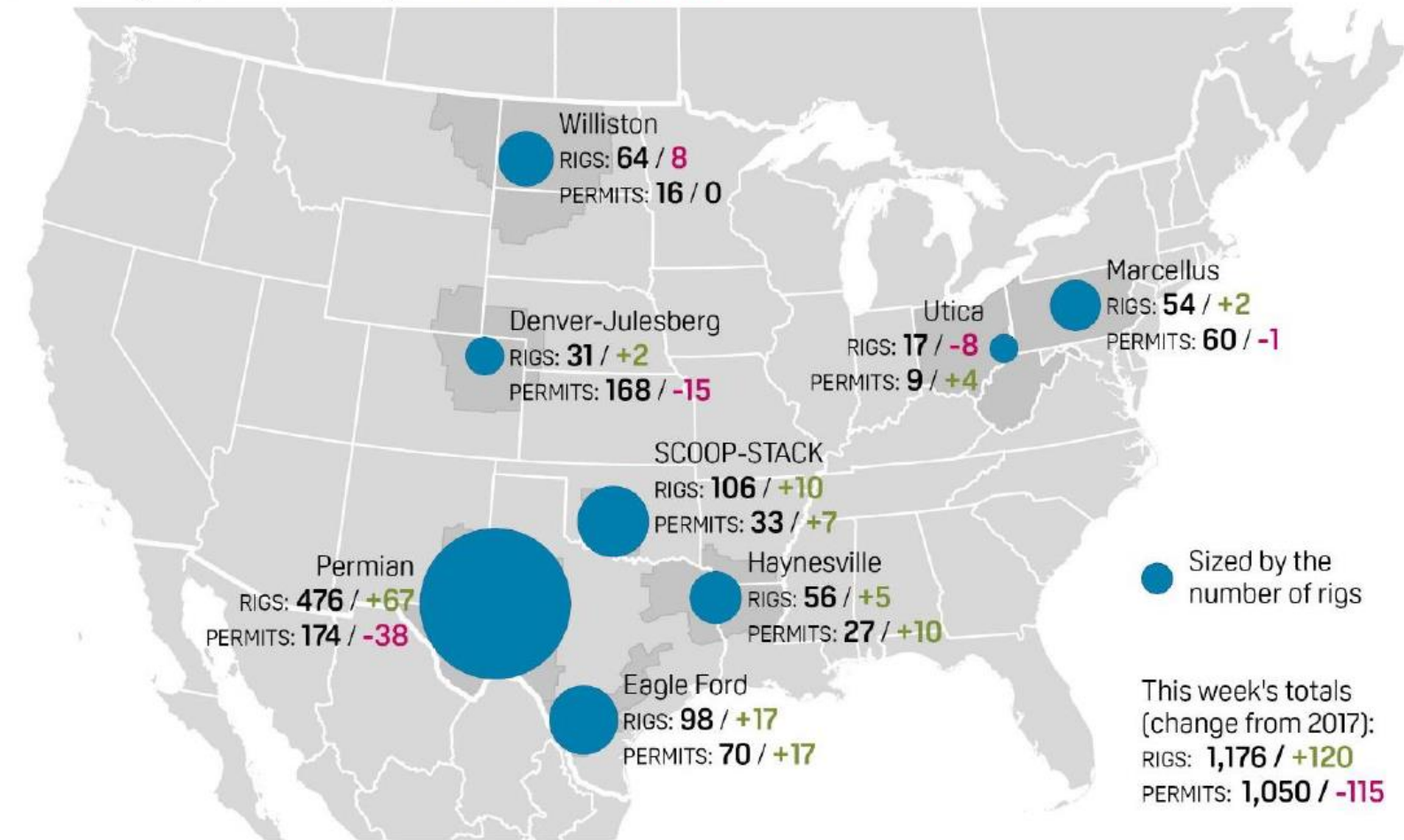


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Recent Activity

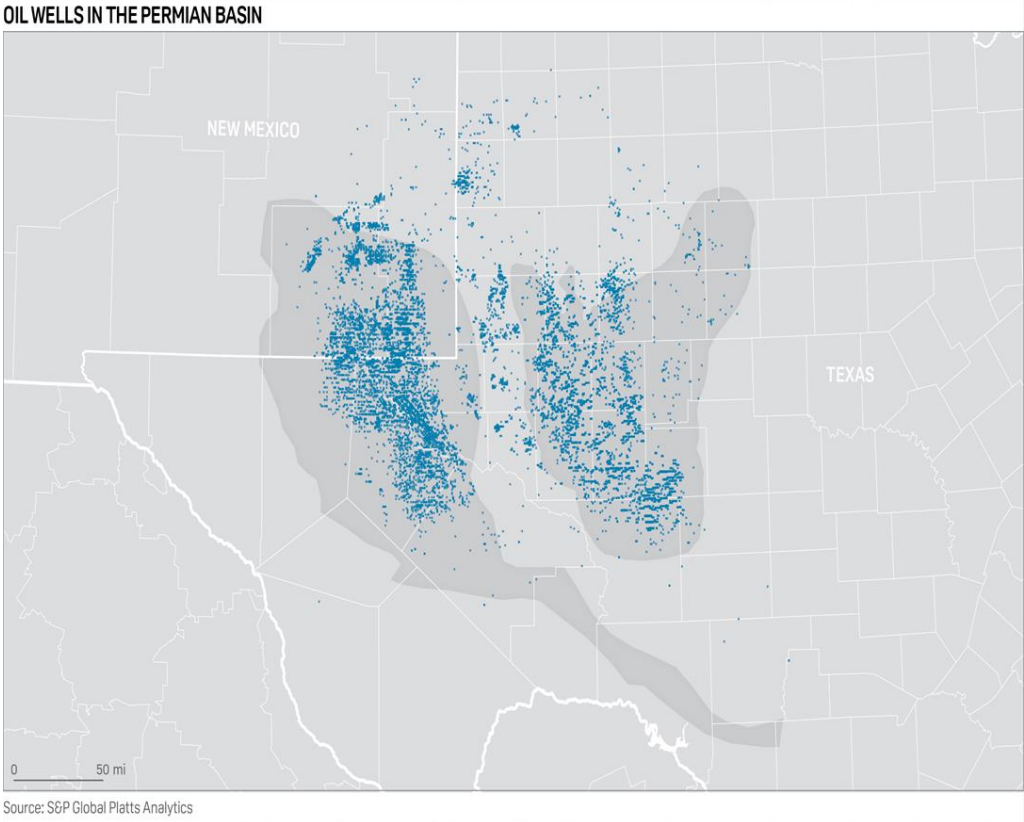
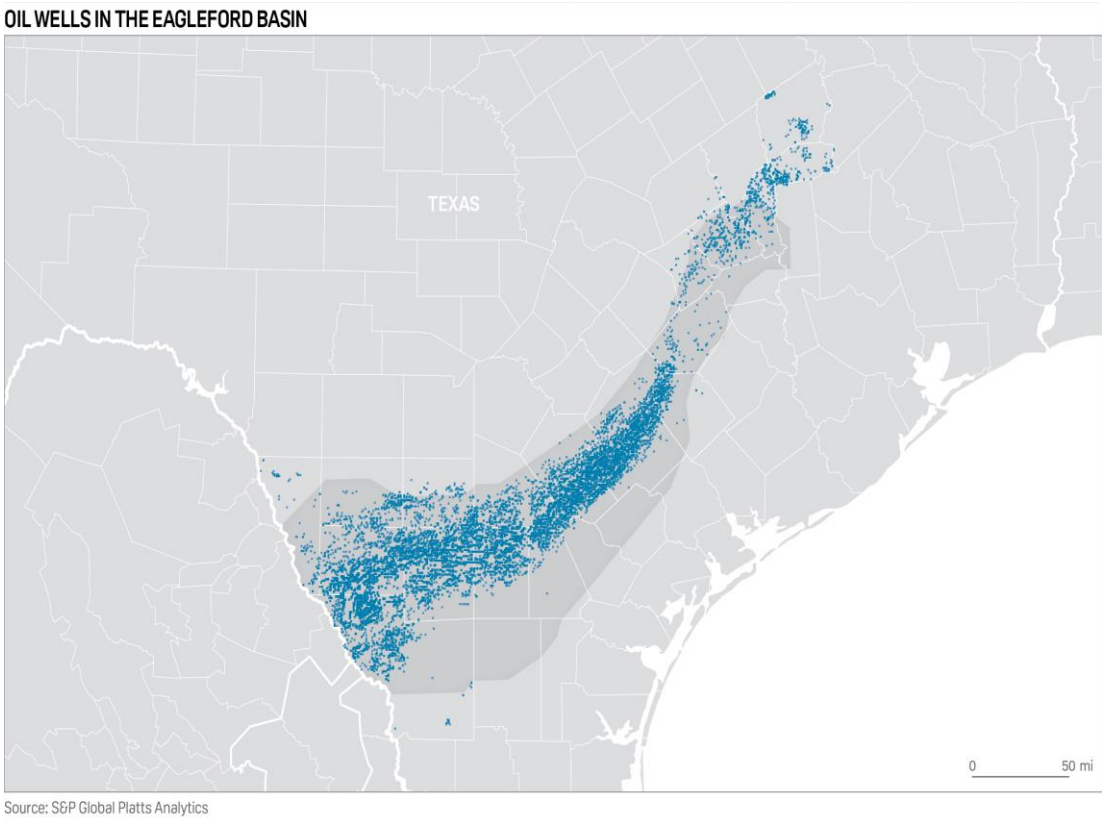
RIG AND PERMIT COUNTS AS OF OCTOBER 4, 2018

Number of rigs or permits / Year-on-year +Increase or -Decrease

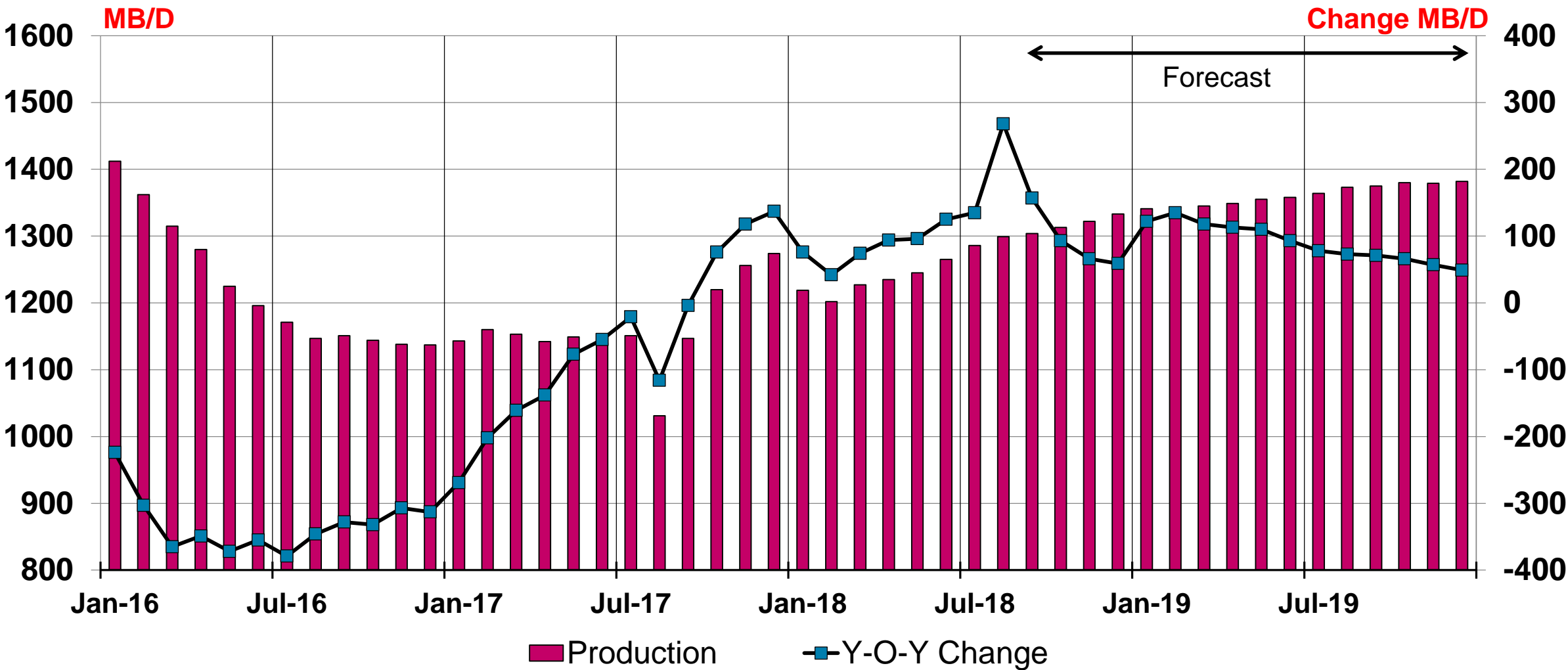


Source: S&P Global Platts Analytics

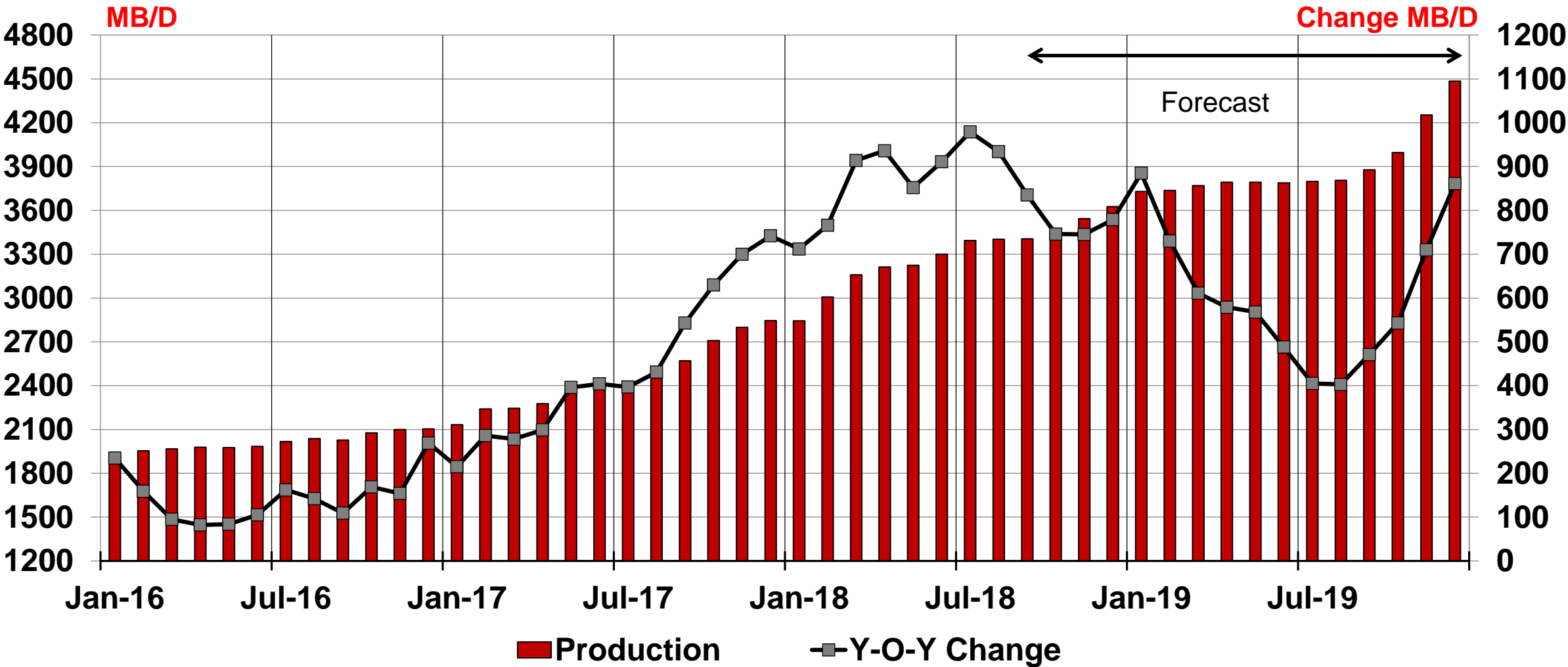
Eagle Ford and Permian Oil Production



Eagle Ford production will grow steadily over the next year



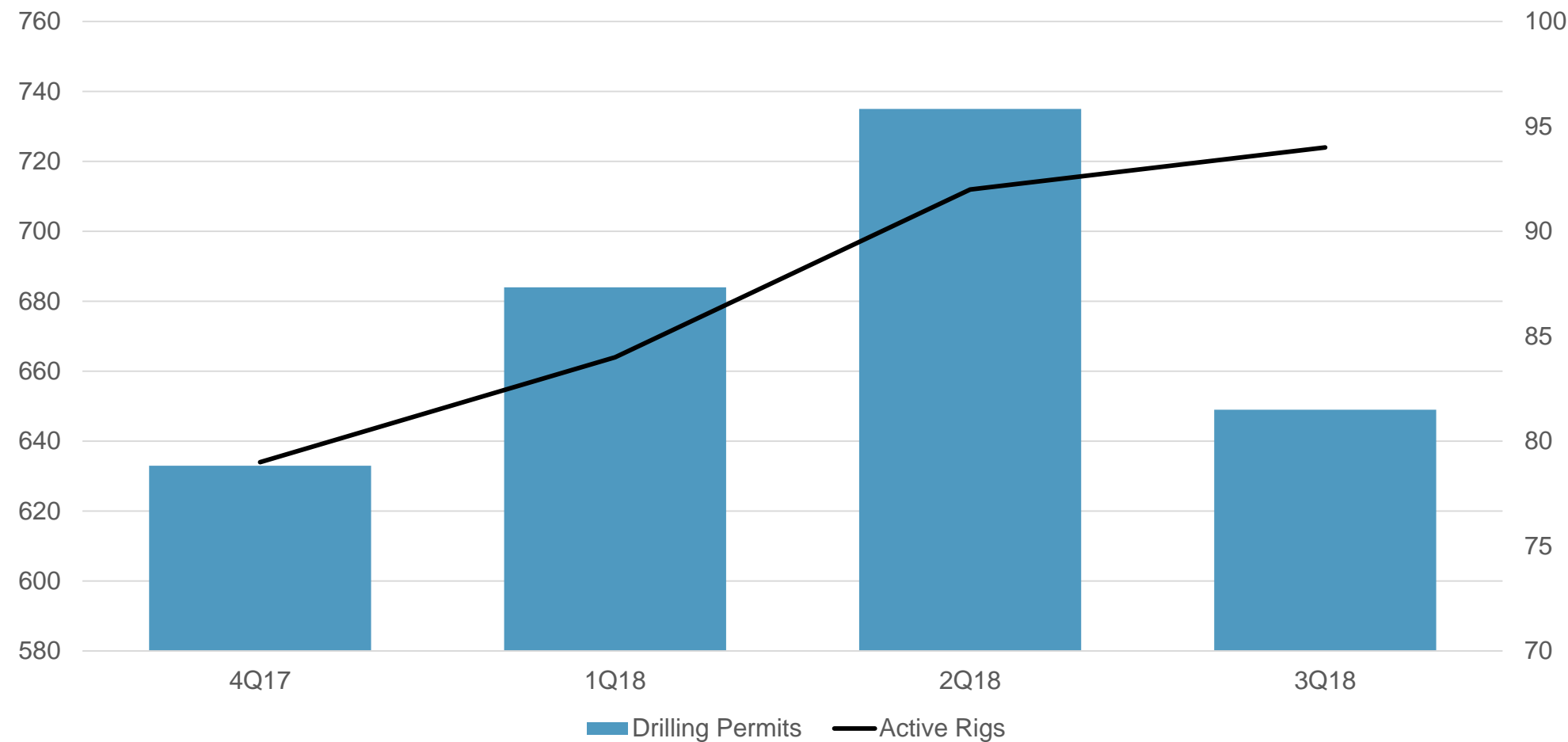
Production growth in the Permian will depend heavily on pipeline additions



Eagle Ford Quarterly Permit & Drilling Activity

Permits Approved

Average Rigs



Highest Rig Usage Among Eagle Ford Operators

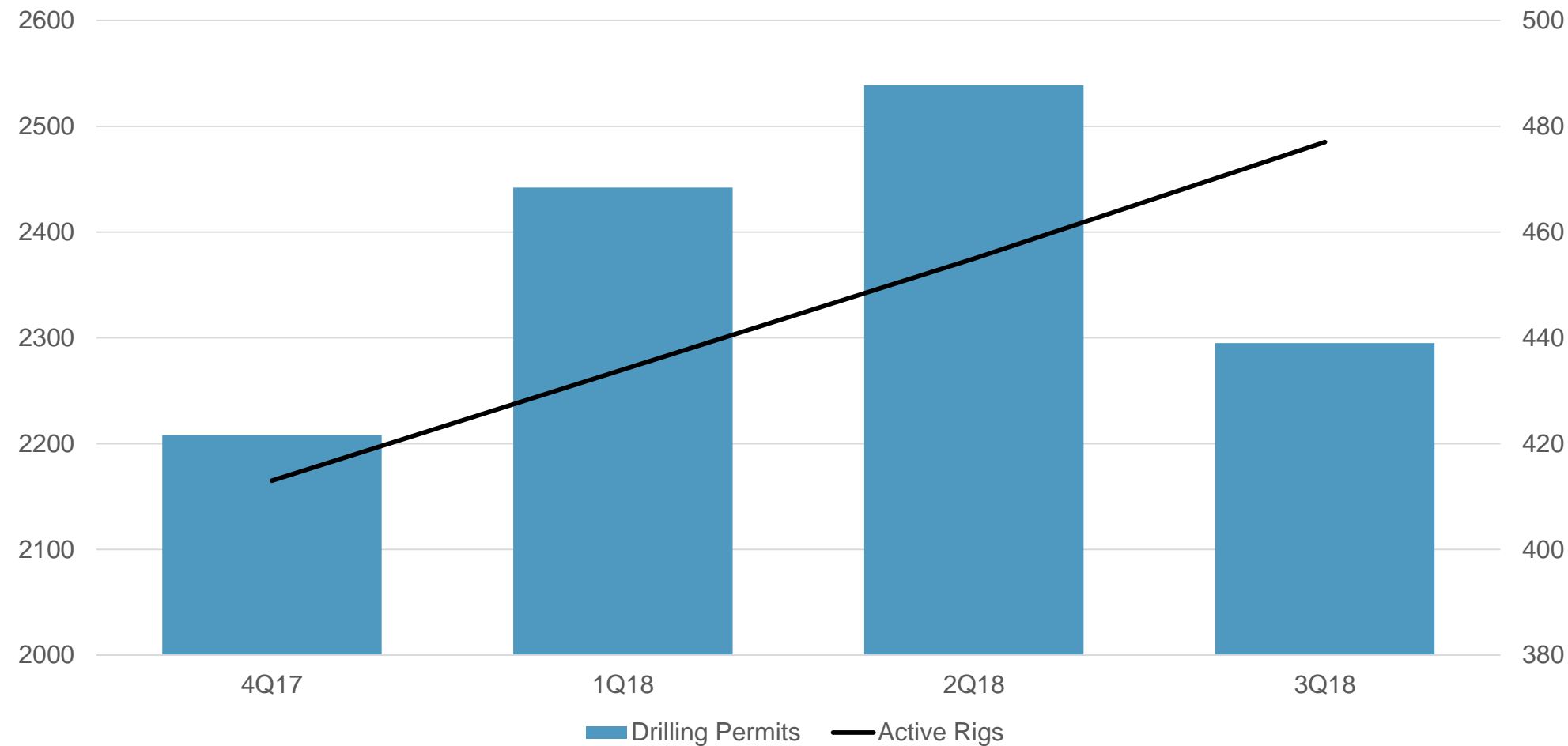
Company	Rig Usage Exiting 3Q18	Active Counties (rigs)	Acreage
EOG Resources	12 rigs (-2)	Gonzales (5) Karnes (3) LaSalle (2) DeWitt (1) McMullen (1)	582,000
ConocoPhillips	7 rigs (+1)	DeWitt (3) Karnes (2) Live Oak (2)	210,000
Carrizo O&G	5 rigs (+4)	LaSalle (5)	80,000
Wildhorse Resources	4 rigs (-1)	Burleson (4)	387,000
Chesapeake Energy	4 rigs (-1)	Dimmit (3) LaSalle (1)	245,000

Source: S&P Global Platts Upstream Indicator

Permian Drilling & Permitting Activity

Permits Approved

Average Rigs



Highest Rig Usage Among Permian Operators

Company	Rig Usage Exiting 3Q18	Active Counties (rigs)	Acreage
Exxon Mobil Corp.	34 rigs (+11)	Midland (14) Eddy (6) Loving (4) Martin (3) Ward (3) Glasscock (2) Lea (2)	300,000
Concho Resources	31 rigs (+11)	Lea (10) Midland (5) Reeves (5) Eddy (3) Glasscock (3) Upton (2) Ector (1) Loving (1) Martin (1)	640,000
Pioneer Natural Resources	23 rigs (+1)	Midland (16) Upton (3) Glasscock (2) Reagan (2)	750,000
Apache Corp.	21 rigs (+5)	Reeves (11) Upton (5) Reagan (2) Winkler (2) Eddy (1)	2,800,000
Chevron Corp.	20 rigs (+3)	Culberson (8) Midland (5) Eddy (4) Reeves (2) Lea (1)	2,200,000

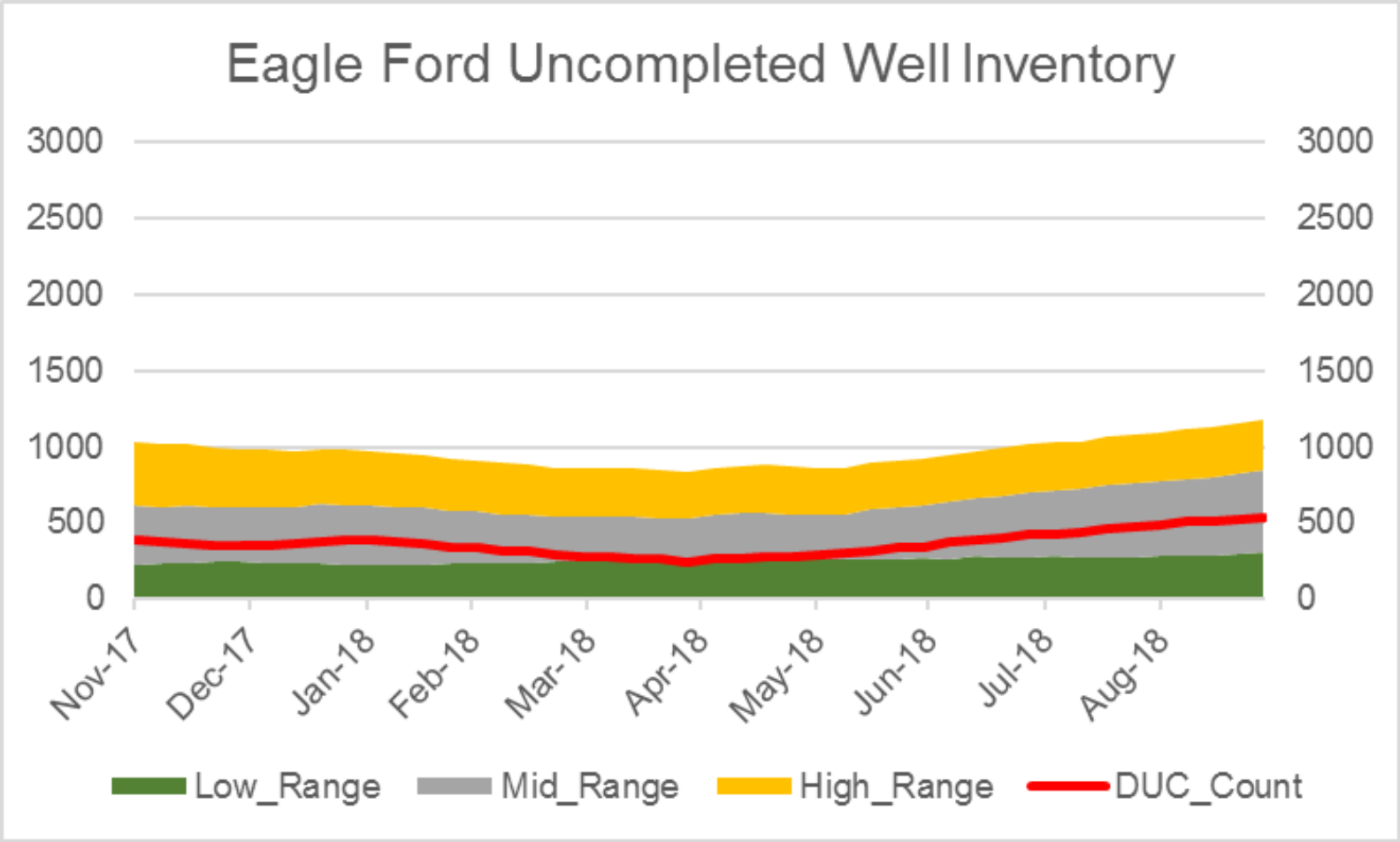
Source: S&P Global Platts Upstream Indicator

Total Drilling and Completions Costs

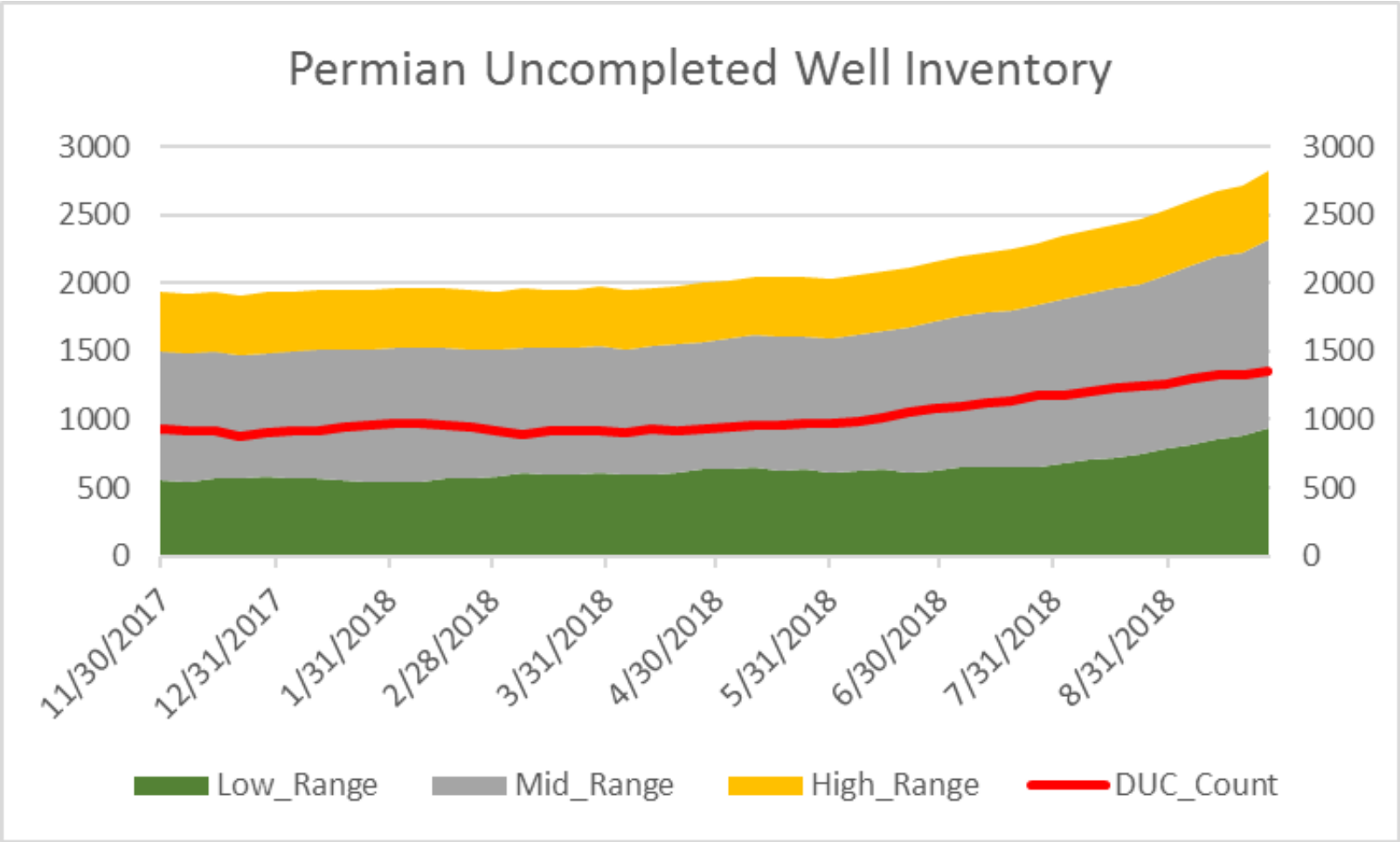
Type of Expenditure	Share
Facilities and Fees for Waste Removal	3% to 7%
Completions (chemicals, water, design)	30% to 40%
Proppants	8% to 12%
Pressure Pumping	11% to 19%
Tubulars	7% to 13%
Contract Drilling (rig)	8% to 12%
Drilling Services (drilling fluids ect.)	13% to 17%

- Total cost of well is dependent upon a multitude of variable.
- Total cost for an Eagle Ford well is roughly estimated at \$6 million.
- Total cost for a Permian well is +\$8 million.

Well Completion Trends – Eagle Ford

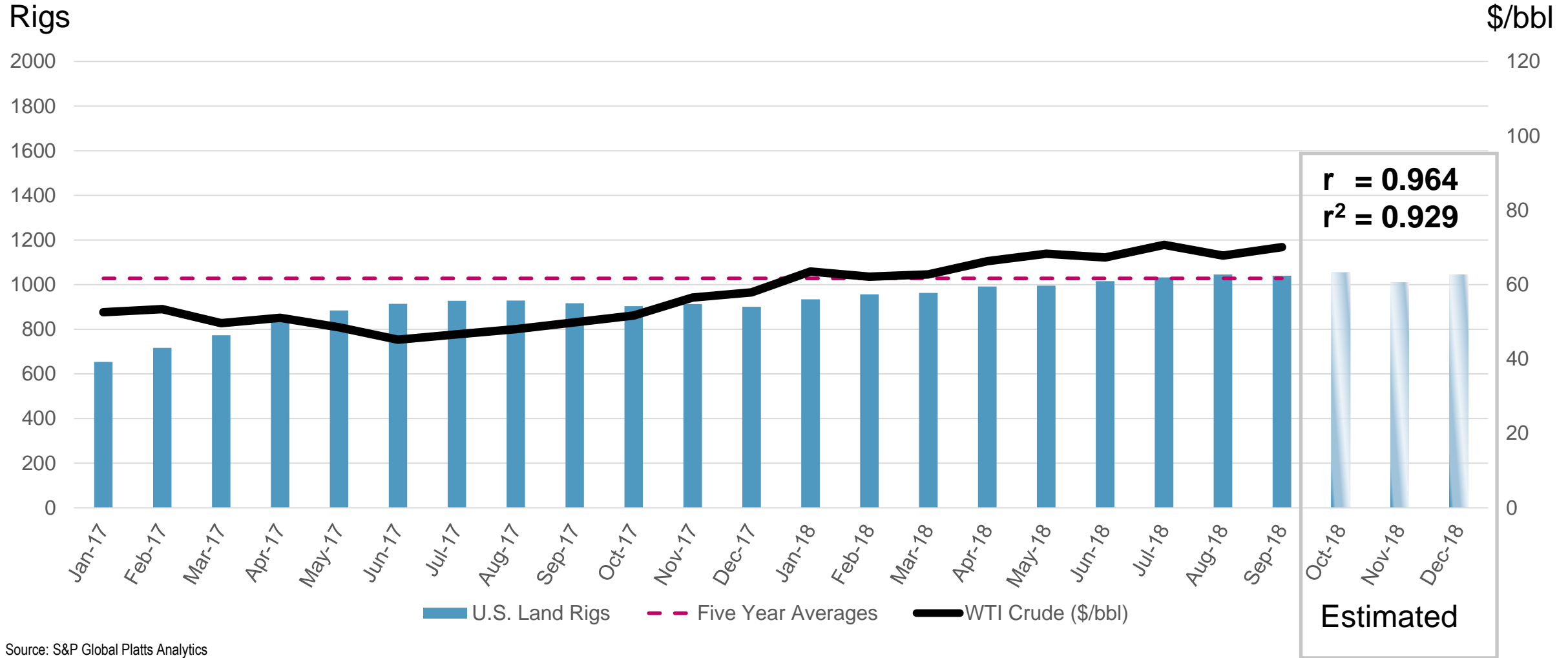


Well Completion Trends



Correlation Between Price and Activity Remains High

Monthly WTI Crude Versus U.S. Land Rigs



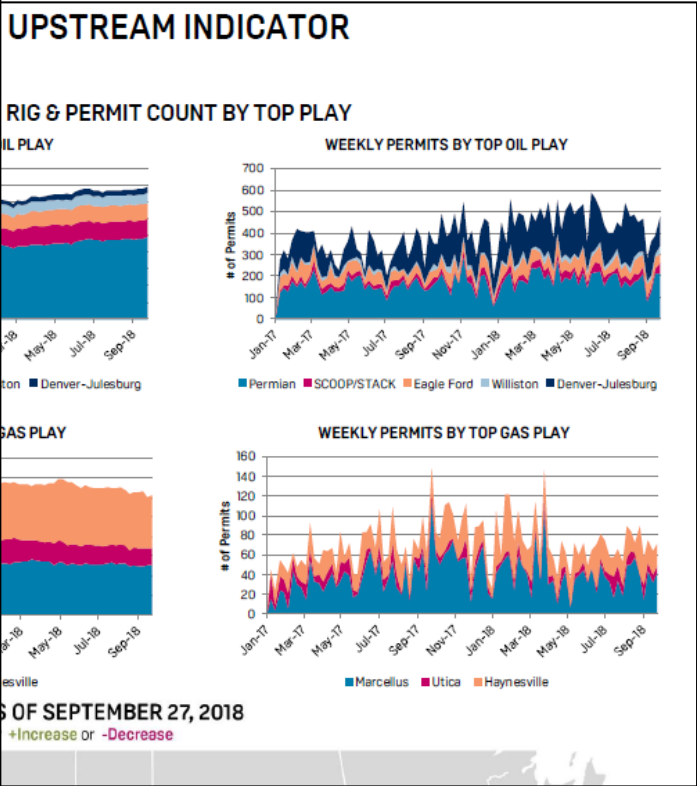
Source: S&P Global Platts Analytics

We have launched our new Platts Rig Count report available every Thursday at 1pm (ET).

S&P Global Platts		UPSTREAM INDICATOR			
		Thursday, September 27, 2018			
		KEY STATISTICS & OVERVIEW			
	Current Week	Prior week	Change Prior Week	Change Prior Year	
United States					
WTI (\$/b)	\$72.09	\$69.49	\$2.60	\$20.80	
US Rigs	1175	1163	12	107	
US Permits	855	820	35	-266	
Permian					
WTI Midland (\$/b)	\$61.72	\$58.10	\$3.62	\$11.03	
Permian Rigs	489	479	10	75	
Permian Permits	211	213	-2	31	
Bakken					
Bakken Composite (\$/b)	\$68.55	\$66.35	\$2.20	\$16.56	
Bakken Rigs	62	60	2	7	
Bakken Permits	41	14	27	30	
Haynesville					
Henry Hub (\$/MMbtu)	\$3.06	\$2.94	\$0.12	\$0.08	
Haynesville Rigs	54	52	2	3	
Haynesville Permits	23	24	-1	1	
Appalachia					
Dom South (\$/MMbtu)	\$2.25	\$2.45	-\$0.20	\$0.89	
Marcellus Rigs	51	51	0	-1	
Marcellus Permits	41	32	9	-76	
Utica Rigs	17	17	0	-8	
Utica Permits	7	8	-1	-2	

US WEEKLY RIG COUNT BY ORIENTATION VS WTI

US WEEKLY PERMITS



UPSTREAM INDICATOR				
Thursday, September 27, 2018				
RIG COUNT BY STATE				
	9/12/18	9/19/18	9/26/18	Month Avg
8	0	0	0	0
	0	0	0	0
	0	0	0	0
	4	4	4	4
	0	0	0	0
	0	0	2	1
	16	16	17	17
	0	0	0	0
	16	16	17	17
	35	34	37	35
	0	0	0	0
	21	20	20	21
	0	0	0	0
	9	9	7	8
	0	0	1	0
	0	0	0	0
	24	29	26	28
	0	0	0	0
	51	48	49	48
	7	8	7	7
	58	56	56	55
	0	1	2	1
	4	4	5	5
	0	0	0	0
	4	4	5	5
	0	0	0	0
	2	2	2	2

Thank you



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