

IS OIL FINALLY IN THE BLACK?

APRIL 2017

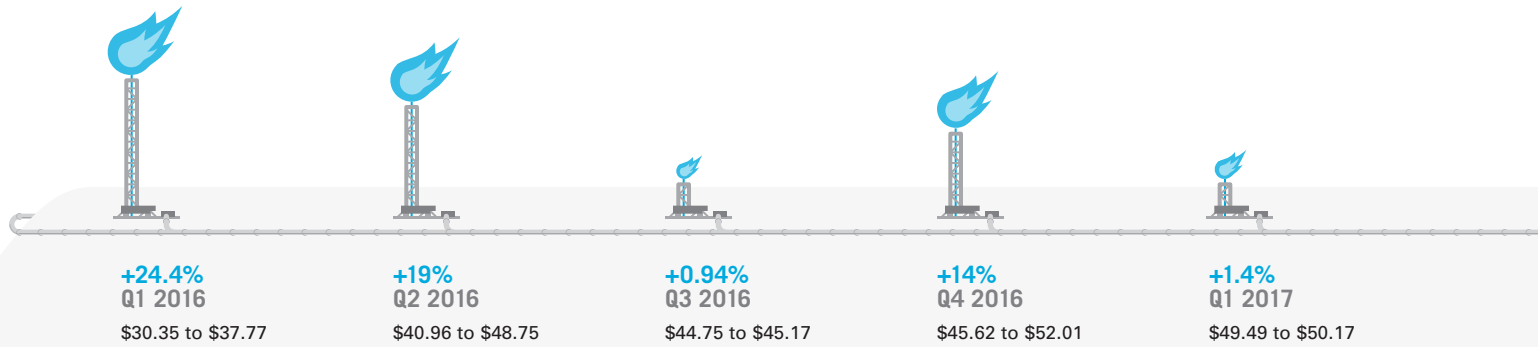


While volatility is smoothing, other dynamics continue to drive uncertainty. OPEC and other oil-producing countries have reduced production, albeit below targeted levels. At the same time, the U.S. is seeing an increase in production and fresh capital investment as oil prices continue to rise. So, while the price of oil is trending up, the outcome remains difficult to pinpoint and caution remains.

MONTHLY WTI OIL PRICE RANGE BY QUARTER

While day-to-day price fluctuations continue, the spread of the average monthly price per quarter is decreasing.

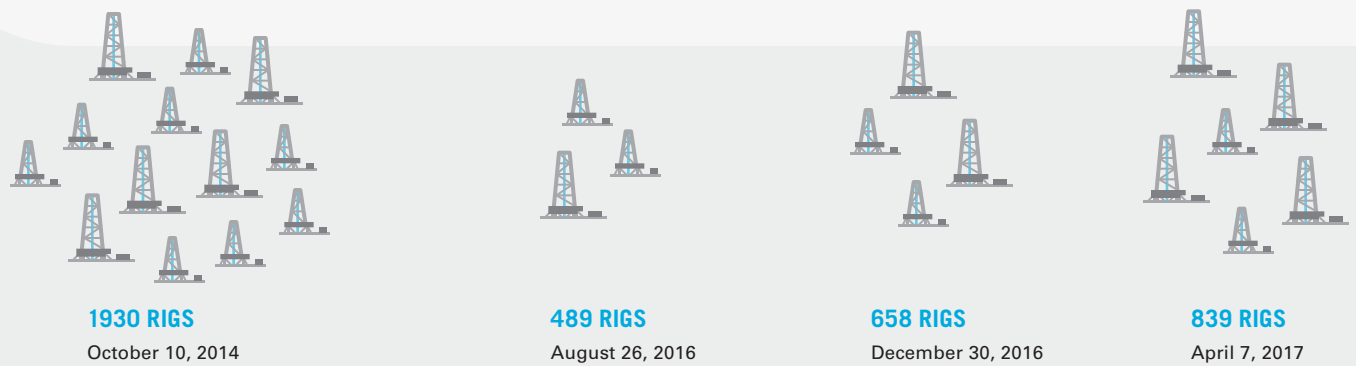
Source: U.S. Energy Information Administration



NEW RIGS ON THE HORIZON

The number of active drilling rigs in the U.S. continues to rise as oil prices have stabilized around \$50, but remains well below the highs of 2014.

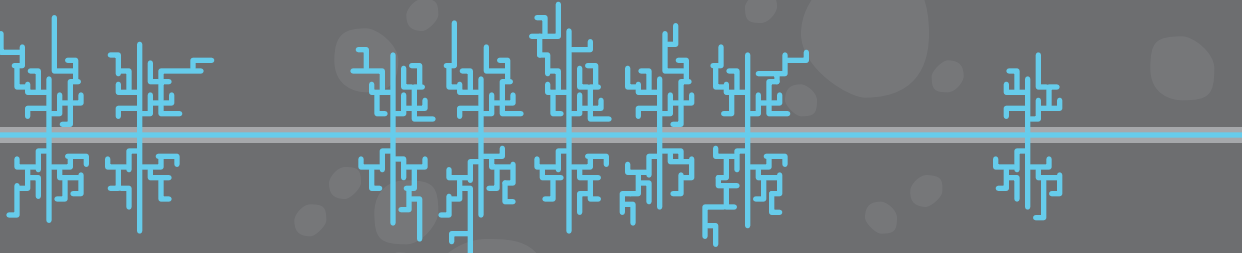
Source: U.S. Energy Information Administration



ACTIVE ROTARY OIL DRILLING RIGS ROSE FOR THE 12TH STRAIGHT WEEK AS OF APRIL 7, 2017



FRACKING IPOs ON THE RISE



\$116M RAISED
MAMMOTH ENERGY SERVICES INC.
October 2016
7.8M shares at \$15 per share

\$298M FILED
KEANE GROUP
January 2017
15.7M shares at \$19 per share

\$50M FILED
LIBERTY OILFIELD SERVICES
February 2017

DRILLING FOR CASH

With previous years' downturn in oil prices, conventional lending became hard to come by for oilfield service companies, driving cash-strapped firms to non-traditional lenders. Now, as crude prices have recovered and producers rush to the Permian Basin for its low breakeven cost per barrel, oil and gas players are filing IPOs and signing new M&A deals.

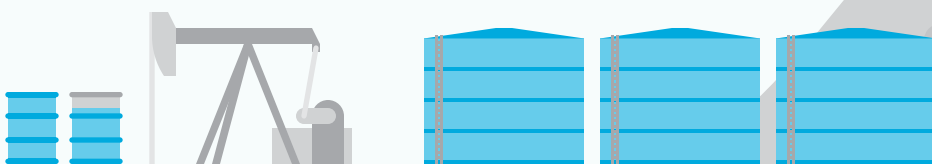
POOLING THEIR CONCERNS

Oil prices have risen recently due to confidence that OPEC's oil production cuts and the approaching high-demand summer season will ease oversupply issues.

Source: U.S. Energy Information Administration

▼ **1.8M BARRELS PER DAY**
PROMISED PRODUCTION DECREASE
Q1 & Q2 2017

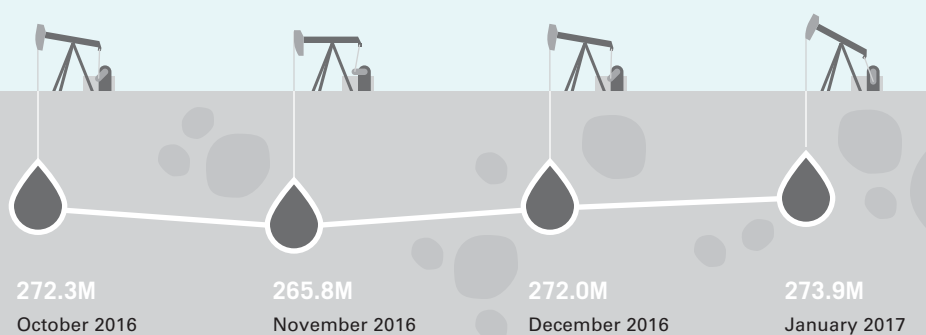
▼ **300M BARRELS**
PROMISED OIL STORAGE DECREASE



DOMESTIC GROWTH ON A STEADY INCLINE

Growing domestic production has offset OPEC's cuts.

U.S. OIL PRODUCTION, BARRELS PER MONTH



RISING TO THE SURFACE



With multiple dynamics at play, the future of oil markets continues to be unknown. As oil prices climb back from their lows, private equity firms are reinvigorated and the IPO market has picked up. But with OPEC's noncommittal promises and the U.S.' continued increase in production, the best that can be said is that the trend is up, but the rate of growth and its duration is uncertain.

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