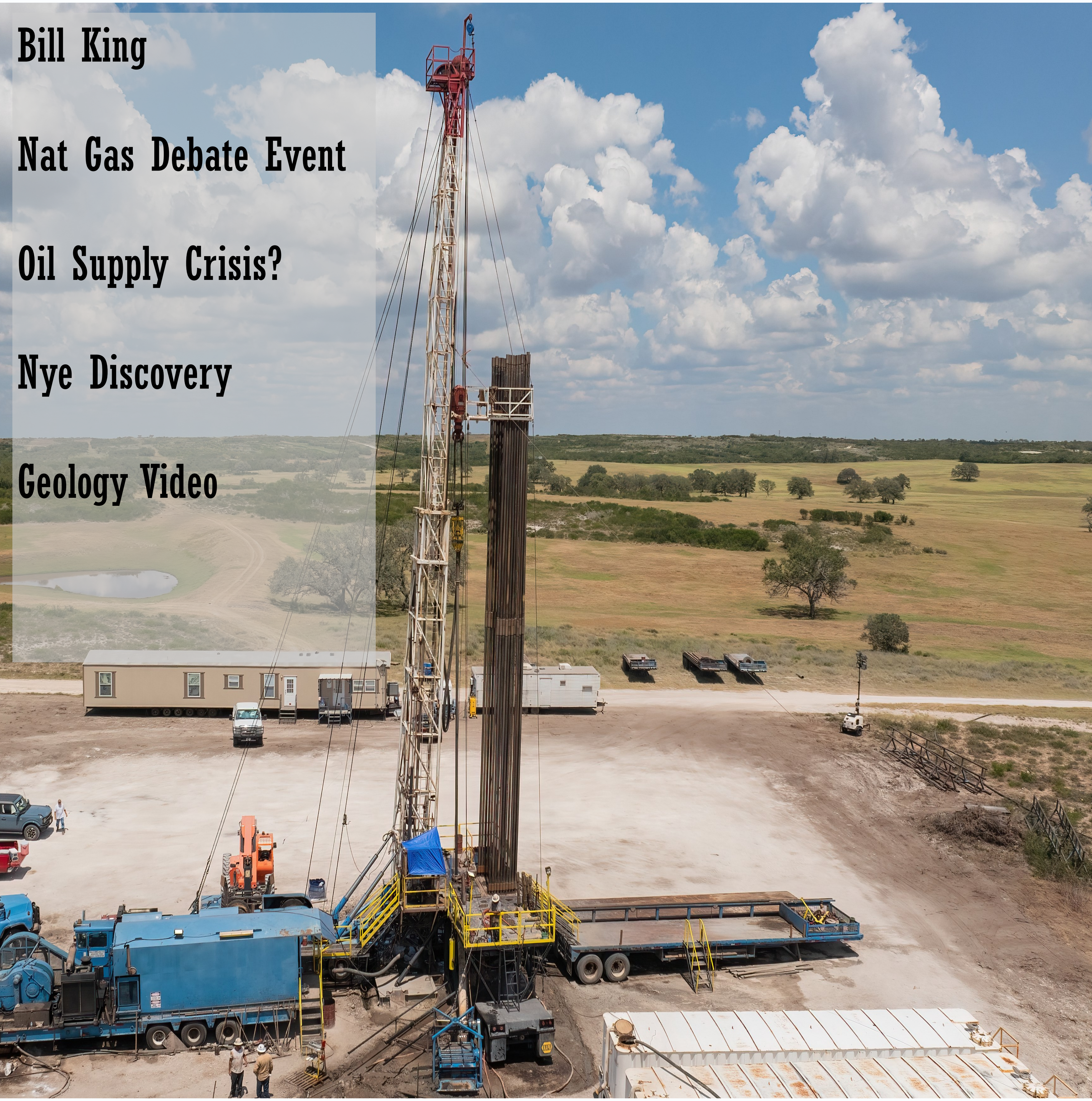
September 2024

SIPES HOUSTON

ENERGY ENTREPRENEURS



Bill King

Nat Gas Debate Event

Oil Supply Crisis?

Nye Discovery

Geology Video

SIPES HOUSTON CHAPTER

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In This Issue

On the cover:
Successful well drilled by Austin Nye, see page 13

Letter from the Editor

The markets are not looking green right now. But conventional oil is still the profitable market to invest in. If you would like to look at two low-risk oil projects, one is a infill drilling prospect, the other is a water flood project, contact me.

The speaker this month is Bill King. If you are not familiar with Mr. King, please google him. Each year SIPES Houston likes to add in more than only science or oil specific talks. It is important for us to know about our environment too. If you know someone that would appreciate this topic and might be in a different industry, please invite them too.

The first SIPES Houston happy hour event is on October 24th at 4Pm at the Petroleum Club of Houston. This is a private invite-only event with limited seating. Please contact me directly for a ticket. This is a Bull vs Bear Nat Gas market debate between two experts. There will be drinks and food provided.

The APPG IMAGE conference was last week. It was a giant success, well attended, interesting discussion and presentations. It felt like there was a lot of productivity and energy to work, despite what the market prices are showing.

Next year, the new SIPES Houston Board Chairman will be Tanner Bowersox. Mr. Bowersox is a young oil finder with all the necessary skills to be a good leader of this organization. Mr. Bowersox has been the on board for many years as Treasurer. Under his guidance this organization has seen record profits and invested into our future. Mr. Bowersox is organized, well spoken, intelligent, and has the ability to lead. I have all the confidence in him. When you see him, slap him on the back in support.

If you have a deal you are trying to sell, the annual Elevator Pitch Luncheon is in December. We will start planning that event soon. Please feel free to send in your prospects (limited to 7) so we can get ahead of the holiday rush.

There is a large community of oil and gas investors on X (twitter). If you are not on, I encourage you to start engaging on that platform. LinkedIn is broken and mostly a waste of time. If you do get on X, please follow @SipesHouston.

Keep prospecting,
Jeff Allen

September 19th Luncheon

SIPES HOUSTON
ENERGY ENTREPRENEURS

Recalibrating our Expectations on Population Growth

This discussion will explore the ongoing demographic shift that is ending three centuries of exponential population growth and its broader implications.

Bill King, a lifelong Houston resident, has had a diverse career in business, law, and public service. He has held leadership roles, including managing director of a real estate investment firm and past president of Southwest Airport Services. A former Houston Chronicle columnist (2005-2015), King has authored two books, including Unapologetically Moderate (2014), and contributes to Real Clear Politics and his blog, BillKingBlog.com. His public service includes two terms as mayor of Kemah and leadership in shaping regional evacuation plans after Hurricane Rita.

Date & Location:
Thursday, September 19th
Petroleum Club

Time:
Wine Served 11:00am
Lunch Served 11:30am

Purchase Ticket:

Speaker:
Bill King

CLICK HERE TO REGISTER

Dietary restrictions? Contact us.

◆

Invite Only Happy Hour Event, Oct 24th

THIS IS INVITE ONLY

If you'd like to attend please reach out to Jeff

Limited seats available.

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2024 Deal Buyer Event

We had 24 prospects, over 120 potential investors in one room.

<u>6 Prospects were sold 100% as a result of this event!</u>

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SIPES HOUSTON

ENERGY ENTREPRENEURS

SIPES Houston

EXXON & OPEC Warn of Oil Supply Crisis

Traders and analysts have been overwhelmingly bearish on oil in the past few months. With a few exceptions, everyone seems to expect dwindling demand and falling prices. Yet it might turn out that the opposite will happen.

OPEC has been warning about this for years. Various officials from the cartel have been sounding the alarm that insufficient investment in new oil supply would eventually turn into a future supply squeeze that will push prices significantly higher. Exxon is now joining OPEC in those warnings.

In the new edition of its Global Outlook, the U.S. supermajor predicted that both oil and gas will continue to be vital elements of the world's energy mix in 2050, with demand for oil remaining at above 100 million bpd after growth peaks and gas demand also remaining strong—because electricity use in Exxon's forecast will be 80% higher in 2050 than it is now.

Perhaps the most disheartening prediction made by Exxon concerns EVs and their effect on oil demand. Here's what Exxon said about electric vehicles:

"If every new car sold in the world in 2035 were electric, oil demand in 2050 would still be 85 million barrels per day. That's the same as it was in 2010."

This stands in stark contrast with virtually every other forecast about electric vehicles and their impact on oil demand, which those other forecasters see as devastating—even though the major growth in EV sales so far, even in China, has not really arrested oil demand growth.

One could argue that Exxon's vision is of a world that the company wants to see in the future, so it can continue making money from selling hydrocarbons and hydrocarbon derivatives. It is the same argument one would use for OPEC's warnings of underinvestment in oil and gas.

However, it is not a particularly strong argument. A shortage of oil and gas would be very welcome to Exxon and OPEC alike. Shortages tend to drive prices higher, and higher prices invariably mean greater profits, as we saw in 2022. The other thing shortages lead to, however, is political and social instability, and that would not be welcome to large businesses such as Exxon—hence the warning, and it is a grim one.

According to the supermajor, global oil production is facing a natural decline at a rate of some 15% annually over the next 25 years. For context, the IEA sees the rate of natural decline at 8% annually. Exxon points out, however, that the faster decline rate is a result of the shift towards shale and other unconventional oil production, where depletion happens faster than it does in conventional formations.

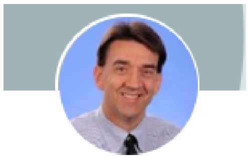
"To put it in concrete terms: With no new investment, global oil supplies would fall by more than 15 million barrels per day in the first year alone." This is a scary prospect because "At that rate, by 2030, oil supplies would fall from 100 million barrels per day to less than 30 million – that's 70 million barrels short of what's needed to meet demand every day."

In other words, if investment in new oil and gas production dries up, the world will soon face not just a supply squeeze but the mother of all supply squeezes. Per Exxon's report, the effects of that squeeze will feature severe energy shortages and disruption to daily lives, with oil prices potentially rising by as much as 400%--twice as much as they jumped during the Arab oil embargo in the 1970s. This would, in turn, lead to higher unemployment, where rates could reach 30%, Exxon also said.

It seems, then, that Exxon might be on a more accurate track than the IEA, and the rest of the bearish forecasters fixated on China's monthly crude imports and fuel exports. The supermajor might not be exaggerating the future that awaits the world if investment in oil and gas ceases. Fortunately for all of us, investment in oil and gas will not cease, despite the activist calls and threats by governments to force them to cease. The threats will remain just threats. Energy security always trumps ideology. ◆

By Irina Slav for Oilprice.com

Reviews of The Deal Buyer Event on LinkedIn



Allen Bertagne

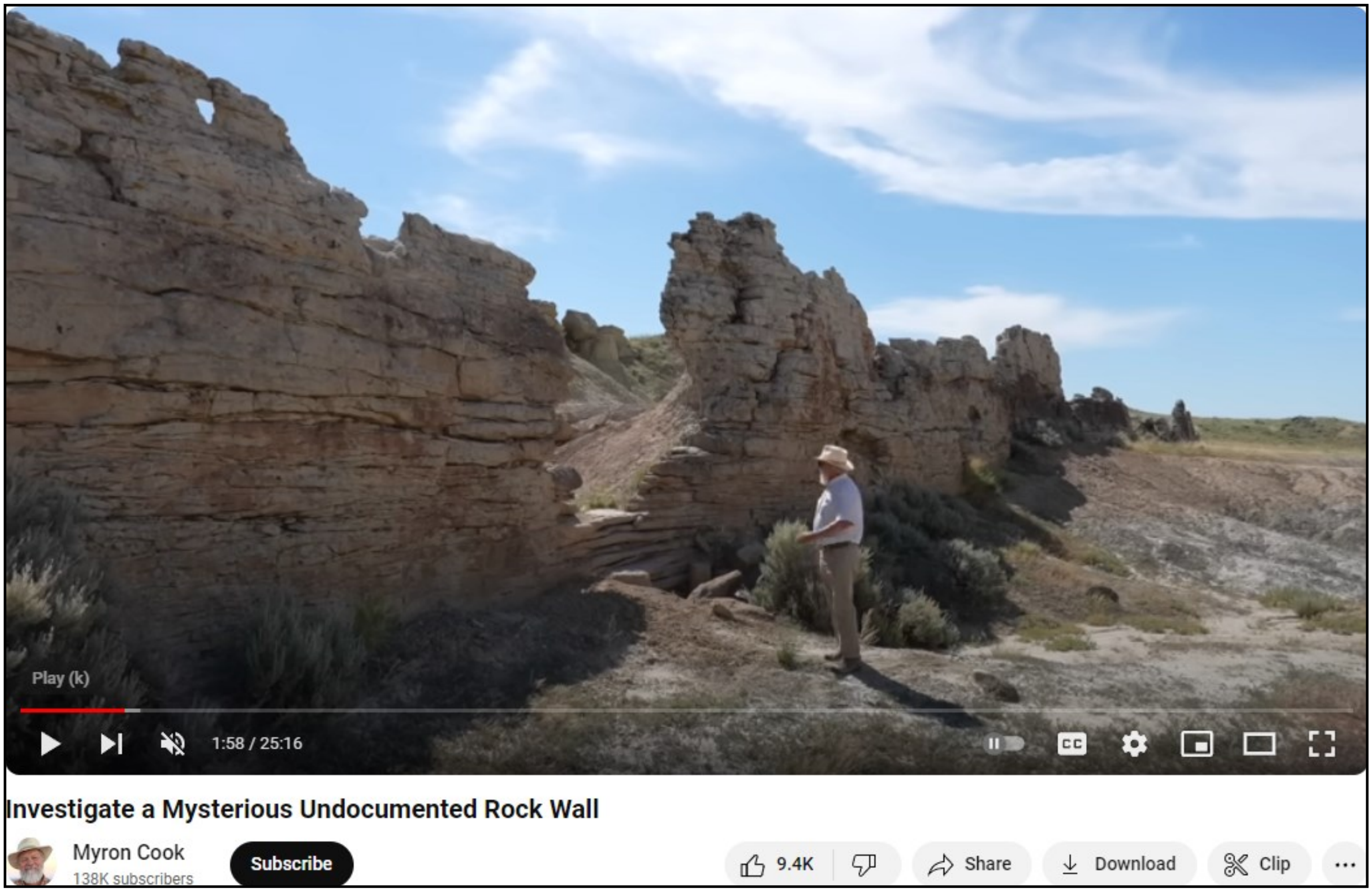
It was a pleasure to participate in the Society Of Independent Professional Earth Scientists Deal Buyer Event last week, where twenty "tables" of conventional E&P opportunities were available for review by qualified investors. There was extensive detailed technical and business discussion, the inevitable varied interpretations of the same data, as well as some in-depth follow-up at the bar, after the main event!

Thanks to Jeffrey Allen, President of the SIPES Houston Chapter, for organizing the event and inviting me to share my recent work in Terrebonne Parish, Louisiana.   Thanks also to the other Prospect Generators, attendees and especially the SPONSORS: GVERSE GeoGraphix (Platinum), SeisWare International Inc., Lauson Drilling Services and Silverthorne Seismic, LLC

The event also gave me a chance to catch up with a wide range of colleagues including Gokay Bozkurt, Deborah Sacrey, Jory Pacht Maureen Macaulay and Thom Tucker, CPG (thank you for helping with the set up, Thom!)

Wishing much success to the Generators and Investors that participated, and looking forward to next year's event.

Geology YouTube Page



Click on the image above to watch a great video on unique geology.

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Troubles in Libya

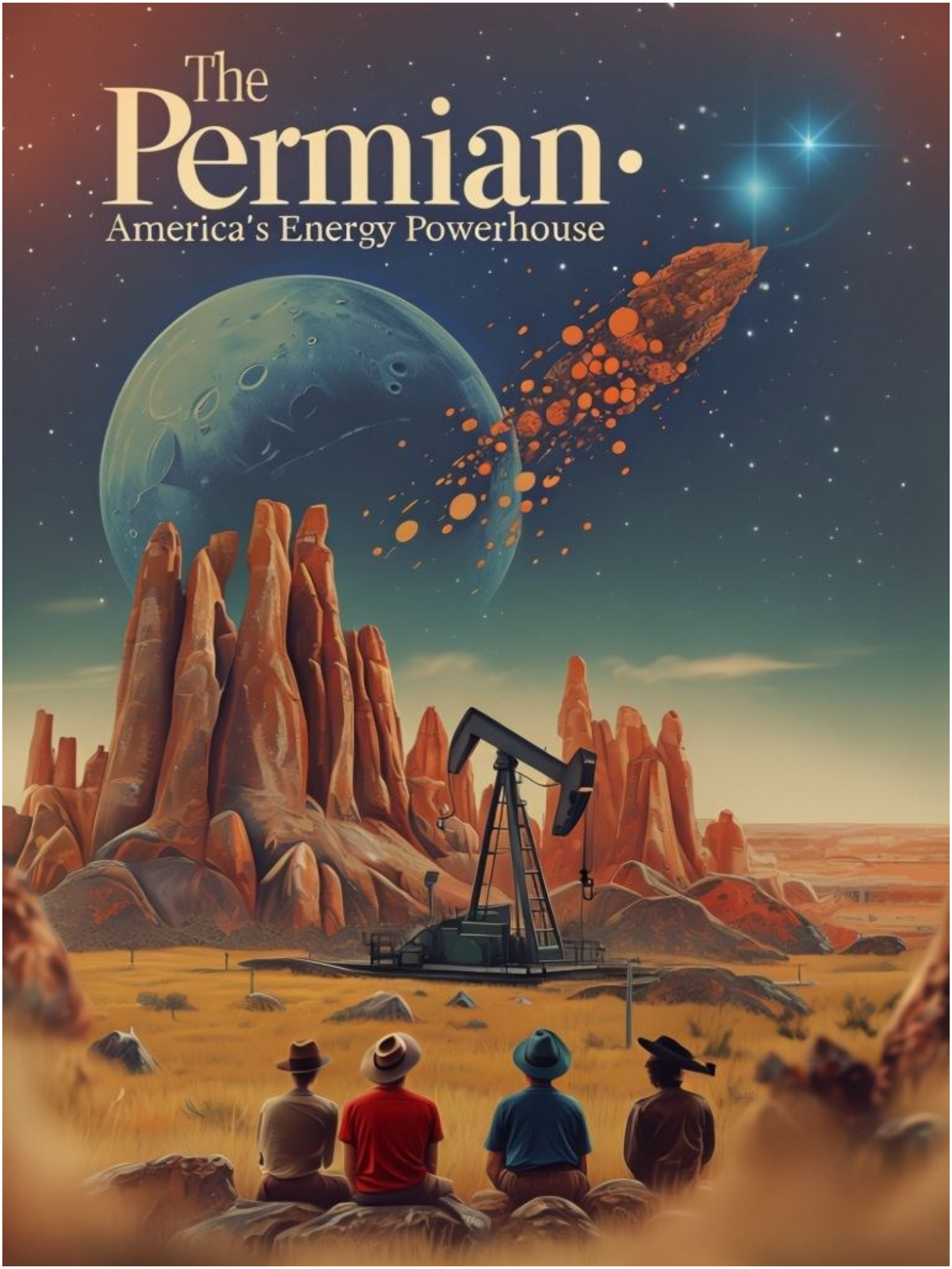
Every episode of the late-1970s/early-1980s cult spoof TV soap-opera series, 'Soap', began with the recounting of a bizarre series of events followed by the phrase, 'Confused? You won't be after this week's episode'. The events behind every single oil shutdown in Libya that has occurred since the removal of long-time leader Muammar Gaddafi in 2011 make the introductions to 'Soap' seem as clear as crystal. The reasons that prompted the latest closures of the country's oil fields are no different and, given their eye-watering complexity, it may be a long time since the current standoff between the main actors involved is resolved.

It is apposite to note at this point that before Gaddafi was removed as leader, Libya had easily been able to produce around 1.65 million barrels per day (bpd) of mostly high-quality light, sweet crude oil. Production had also been on a rising production trend at that point, up from about 1.4 million bpd in 2000. Although this output level was well below the peak levels of more than 3 million bpd achieved in the late 1960s, its National Oil Corporation (NOC) had plans in place before 2011 to roll out enhanced oil recovery (EOR) techniques to increase crude oil production at maturing oil fields. There had also been plenty of interest from a slew of international oil companies (IOCs) to be involved in expanding production on existing fields and exploring new opportunities in oil and gas. After all, Libya still has 48 billion barrels of proved crude oil reserves – the largest in Africa.

However, the details of this were never worked through and no replacement ideas have been forthcoming since then. Consequently, Libya has been subject to repeated shutdowns of some or all of its oil fields, for various spurious reasons that simply disguise attempted asset-grabs by various of the warring factions involved. In the run-up to the current big shutdown, for example, a smaller one began in the first half of August seemingly caused by the arrest of Saddam Haftar, the son of General Haftar. The younger Haftar had been briefly detained at Naples airport after his name appeared on a European Union database over an arrest warrant issued in Spain for alleged weapons smuggling. This followed comments from former U.N. special envoy to Libya, Abdoulaye Bathily, that the country was becoming a mafia state dominated by gangs involved in smuggling operations, especially for arms. Indeed, last September, General Haftar travelled to Moscow for talks with Russian President Vladimir Putin, whose Wagner mercenary soldiers provide support for LNA forces in Libya. Early July also saw Italian authorities seize two Chinese-made military drones that were destined for Libya and disguised as wind turbine equipment.

One month on, the current shutdown stems from efforts to remove the present Governor of the Central Bank of Libya, Sadiq al-Kabir. General Haftar and his LNA forces in the east of the country (where most of Libya's big oil fields are located) oppose al-Kabir's removal. Prime Minister Abdul Hamid Dbeibah and his internationally-recognised Government of National Unity (GNU), based in the capital Tripoli in western Libya, want al-Kabir gone. As of a televised broadcast on 26 August, the separate Government of National Stability (GNS) – based in Benghazi in the east, and dominated by General Haftar's followers - said that a 'force majeure' would apply on all oil fields, terminals and facilities in the oil crescent, south and southeast, effectively halting the country's oil production. The following day, several key Libyan oil fields were offline, including the 70,000 bpd El-Feel field. Meanwhile, the Sirte and Waha oil companies both said in statements that they were gradually reducing their joint output of around 200,000 bpd of oil. As of the end of last week, Libya's crude oil production was down over 60 percent from the 1.15 million bpd average it had pumped in July. The last time such a shutdown was as rigorously applied by the same forces as are applying it now was the 2020 closure, and that lasted for eight months.

By Simon Watkins for Oilprice.com


The
Permian
America's Energy Powerhouse

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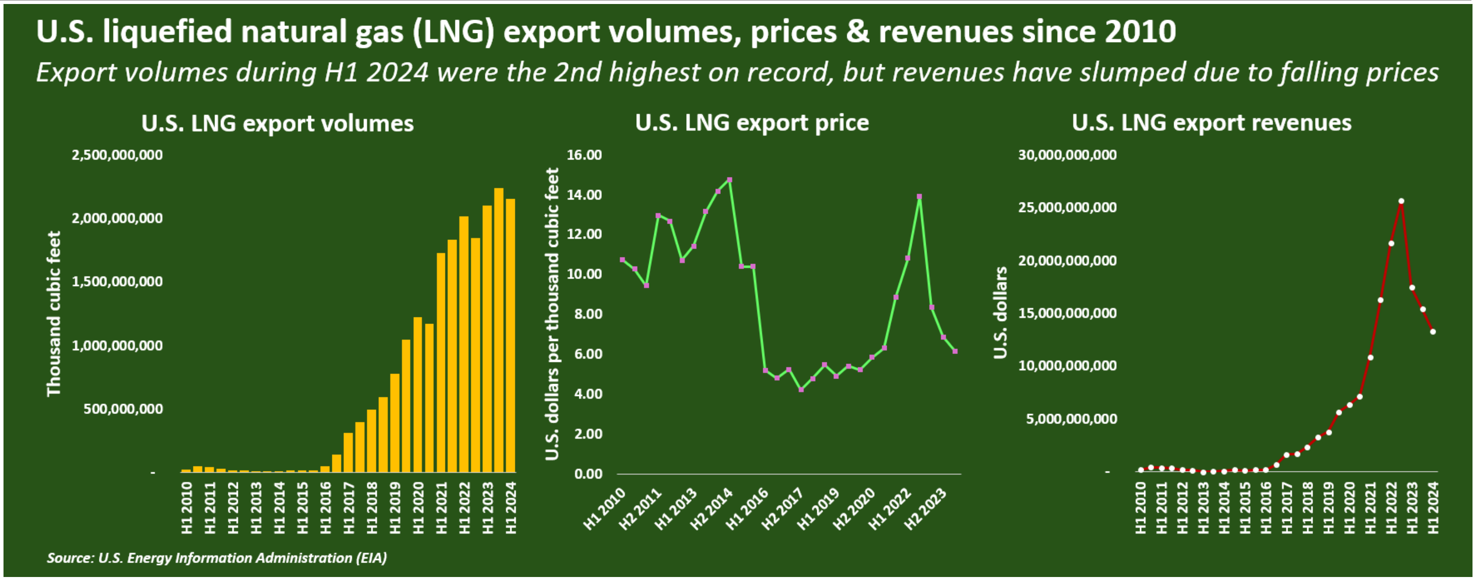
LNG Demand Update



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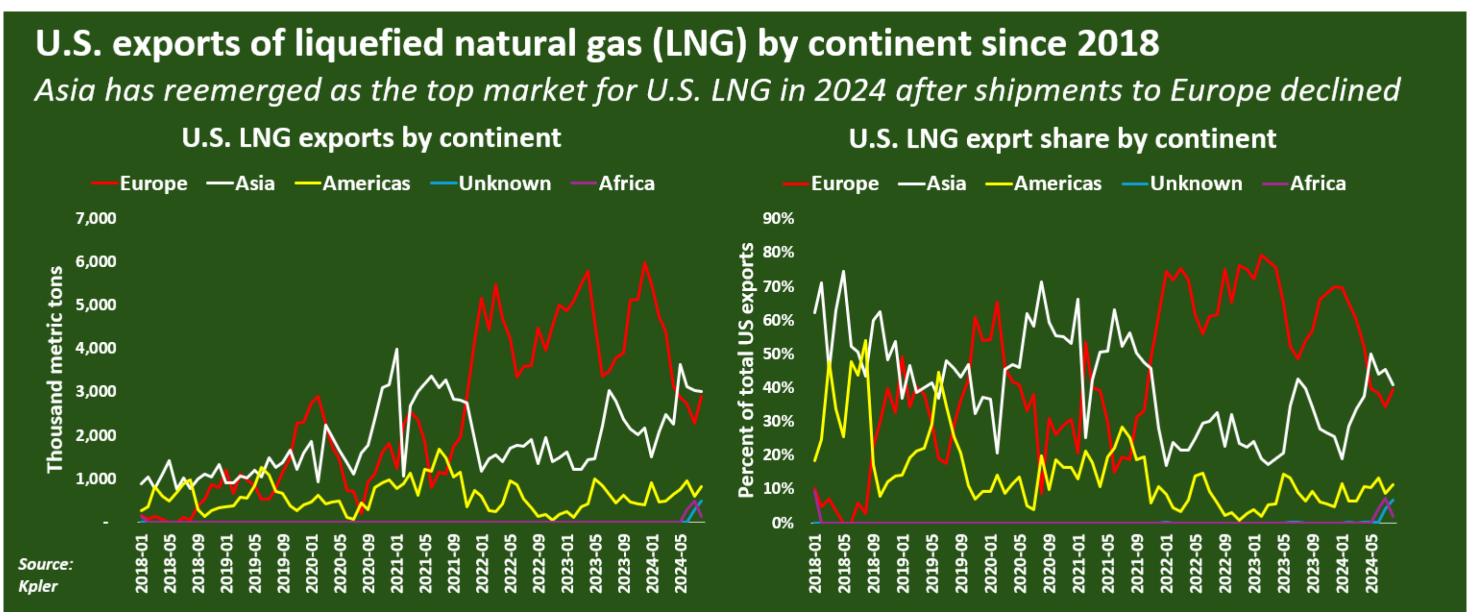

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Discovery!

Austin Nye is a SIPES Board Member from Corpus Christi and an oil finder.

He made a good oil discovery recently.

Many of the investors are SIPES members.

Congratulations!

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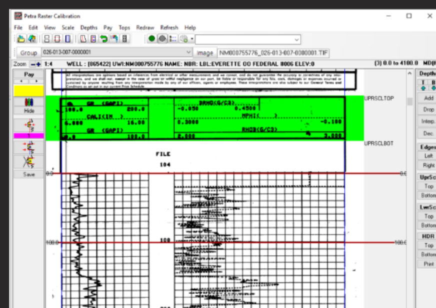
Be sure to check out our proprietary way to catalog well logs and index cards — we can tag & bag data 5x faster and 20% cheaper than our competitors thanks to our strategic partnership with Geolumina!

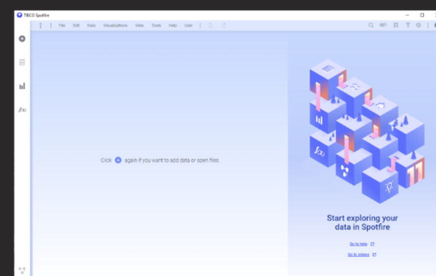


Dashboards & Software Training

Like our Spotfire dashboards? Let us put our skills to work on your internal data! We regularly build dashboards for clients as well as provide training for TIBCO Spotfire and Python.

Check out our upcoming courses via Petroleum Technology Transfer Council (Midcontinent) and Midland College's Petroleum Professional Development Center.

Want training for your entire team? Shoot us an email at info@sabata.us to get on our schedule either in-person or virtual!

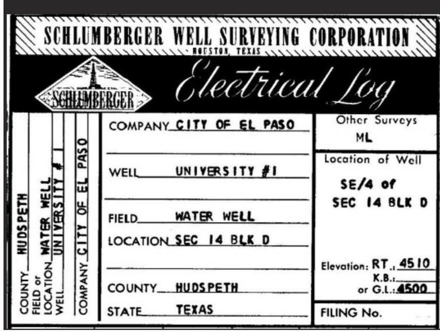


Data Services

Data Sales

Need geoscience data for your next prospect? We've got you covered with 1+ million well logs across the Permian, Rockies, Midcontinent, and Gulf Coast. We've also got helium gas compositions, P&P analyses, DST reports, and more.

Don't see what you need? Shoot us an email at info@sabata.us, and we'll get you fixed up. No project is too small or big.

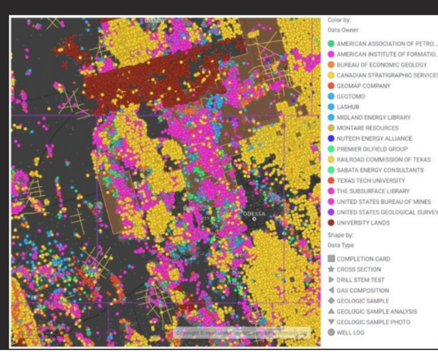


Data Directory

Where it all started...

Sabata has the largest directory of public + private sourced geoscience data in the USA — 3+ million records and counting. And the best part? You can check it out for free at https://sabata.us/directory!

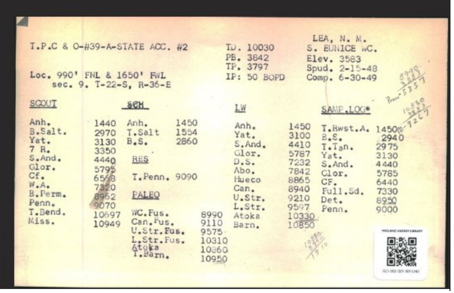
Keep an eye our for the release of our premium version in March 2022!



Data Advertisement & Brokerage

Want to get your data in front of a bigger audience? We can put your inventory on our data directory at little-to-no cost. Have an API list or shapefiles? We'll post it for free within five business days! Don't have a list? We'll help you index it via a brokerage contract — no matter the size.

Our current brokerage clients include Midland Energy Library and American Institute of Formation Evaluation.



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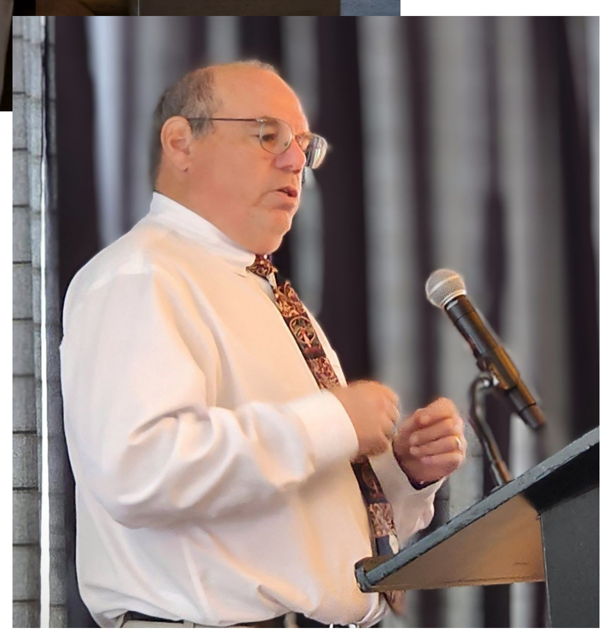
2023 Luncheon Review



Are You An Oil Man or Woman?

First oil and gas deal memorabilia looks great! Can't wait to wear this on the golf course and generate some BD from the old guys out there

Show us where you wear it! :)

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WANT THIS HAT?

I am an Oil **Man or** I am an Oil **Woman**

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this guy fawkes
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🥹

Me and the other conventional geologists in Kansas when we see o&g workers from Houston

f5 enter @ctrlopenbracket · 1d

Matterhorn 2.0-2.5 bcfd online soon

Blackcombe 2.0-2.5, recent FID w/guided 4Q26 in service

$ET Warrior 2 bcfd - ET recently said "disappointed if we're not announcing FID by our next earnings call"

7 bcfd of residue capacity just from the Permian over next ~28 months

Increased North Sea Taxes

The North Sea industry has warned the government not to toughen its windfall tax on oil and gas profits in the autumn budget, claiming it risks losing £12bn in tax receipts and jeopardising 35,000 jobs.

The industry's trade association, Offshore Energies UK (OEUK), has presented Treasury officials with data analysis that appears to show that proposed changes to the tax regime would devastate the sector's predicted investment over the second half of this decade.

The group said it had made the analysis public to "help inform decision-making" before the chancellor's budget in October.

Labour came to power with an election pledge to toughen the windfall tax regime put in place by the previous government, known as the energy profits levy, by raising the headline tax rate by 3 percentage points to 78%.

It has also promised to close the "loophole" left by the previous government that enabled oil and gas firms to reduce their taxes through investment allowances.

The OEUK analysis assumes that all allowances will be scrapped, although this has not been explicitly proposed by the government.

The report shows that trying to squeeze higher taxes from oil and gas profits would conversely lead to a £12bn drop in tax receipts to the Treasury by wiping out new investments, and could prompt an overall loss in economic value of about £13bn.

OEUK said this investment slowdown could put 35,000 jobs at risk and may slash the forecasts for new oil and gas production volumes in the UK by two-thirds.

David Whitehouse, OEUK's chief executive, said the analysis showed that the government's proposals to go further would "trigger an accelerated decline of domestic production, and a corresponding reduction in taxes paid, jobs supported and wider economic value generated".

He said: "This is a government that has made economic growth its main priority, and yet our analysis shows that its policy will ultimately reduce this sector's contribution to the UK economy."

Labour plans to use the higher taxes taken from the North Sea to help fund plans to turn the UK into a green energy "superpower" in line with its goal of making the UK's electricity system net zero by 2030.

The ambitious target is expected to cut Great Britain's emissions and reduce overall energy costs.

A separate report from UK Steel, which represents the steel-making sector, said that its members in Great Britain pay up to 50% more for their energy than competitors in France and Germany owing to the UK's reliance on gas, which adds up to £37m to electricity costs.

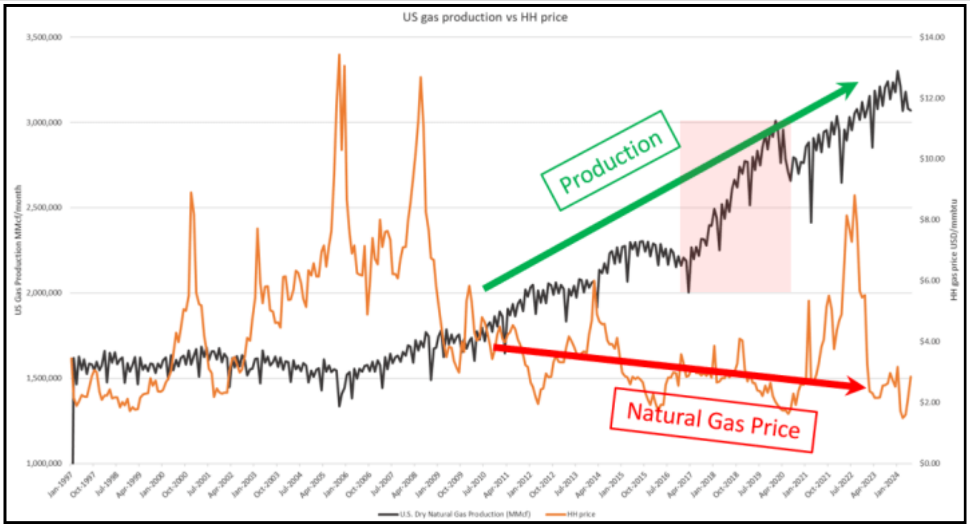
The price disparity is predominantly driven by higher UK electricity market costs, due to the high price of running gas power plants, and partly by greater network charges, according to UK Steel. It has called on the government to help cover the cost of using power networks and consider moving policy levies from electricity bills on to gas bills to make it more economic for steelmakers to run electric furnaces.

A Treasury spokesperson said: "We are committed to maintaining a constructive dialogue with the oil and gas sector to finalise changes to strengthen the windfall tax, ensuring a phased and responsible transition for the North Sea."

The spokesperson added: "Our plans for a new national wealth fund and Great British Energy will unlock investment and create thousands of new jobs in the industries of the future."

Jillian Ambrose ◆

DIARY OF A MAD (NAT GAS) MAN



In what industry, you might wonder, would producers accelerate production at such a rapid clip, while simultaneously driving prices into the toilet. You would not be crazy in asking that. Over the period of the arrows above, the industry gave a whole new meaning to the term “value destruction”. Investors did not care for the strategy much at all, surprise surprise.

The two arrows, in isolation, do make the market look crazier than 8th Avenue at 7 pm (Calgary’s up and coming East Hastings proxy), and it is pretty bad, but, to be fair to the beleaguered participants, there is a bit of context that needs explaining.

First, the gradual increase in production from about 2006 onwards was the result of the high prices of 2002-2006, which spurred development and led to the unlocking of the US’ vast shale gas resource. High prices footed the bill for shale exploration and experimentation, which set the stage for future growth.

One of the biggest reasons for these wild trajectories is that the industry just keeps getting better and better at getting gas out of tough formations. (While there are many ways drilling and completions are improving, these advancements should not be confused with the simple act of drilling longer horizontals which is often viewed as an efficiency gain – it is a capital efficiency gain, no doubt, but not like an improved frac is – a longer lateral simply chews up the reservoir faster. One day in a decade or two we will look back and go, oh yeah, maybe that was significant…).

Those technological/fracking improvements drove the first waves of growth, but don’t completely explain the steepest part of the curve. Note in particular the pinkish shaded box, corresponding to roughly April 2017 to April 2021. Over that four-year period, the US added about 27 bcf/d, which is about 1.5 times Canada’s entire output, while prices fell from about $3.00/mmbtu to $2.00. That’s the sort of antics a guy like Warren Buffett really frowns on.

It’s true, those trajectories do look like the product of madness, but as with pretty much everything that has ever happened in history, we have to go back to the context of the times. In that period, an enormous amount of new natural gas pipeline infrastructure came into service, projects that had been kicked off some years before, in the 2014-15 timeframe, when it became clear that there was a market for all the new gas. Pipeline and gas plant builders needed volume commitments from producers to build the infrastructure, so once completed, producers did what they were obligated to do – fill up the pipe.

From a macro perspective, that kind of worked – the pipes did indeed fill up, but on the other hand the enthusiasm led to some pretty spectacular bankruptcies (hello, Chesapeake). Producers burned through vast piles of cash to flood a market that couldn’t handle the output.29dk2902lhttps://boereport.com/29dk2902l.html

The significance of this (over) development can hardly be overstated, in energy terms; in 2006 the US produced about 50 billion cubic feet per day (bcf/d); 18 years later it produces over 100 bcf/d. Early this century, some 20 years ago, the US was looking to construct LNG *import* terminals; 20 years later, the US is the world’s largest natural gas *exporter*. Now that truly is crazy.

Today, here in mid 2024, the future is murky. We know a few things: that the US (and Canada) are both capable of a lot more natural gas production. We know that demand is going to go up over the next half decade at a minimum, possibly by as much as 30 percent, due to new LNG export terminals and data center/AI demand.

Whatever. Something will come up out of the blue to send the gas market into more spasms, and in a year gas prices will be fifty cents or twelve dollars or maybe both in one day. Don’t look behind the curtain please. We’re not well.
Read the Full article HERE ◆

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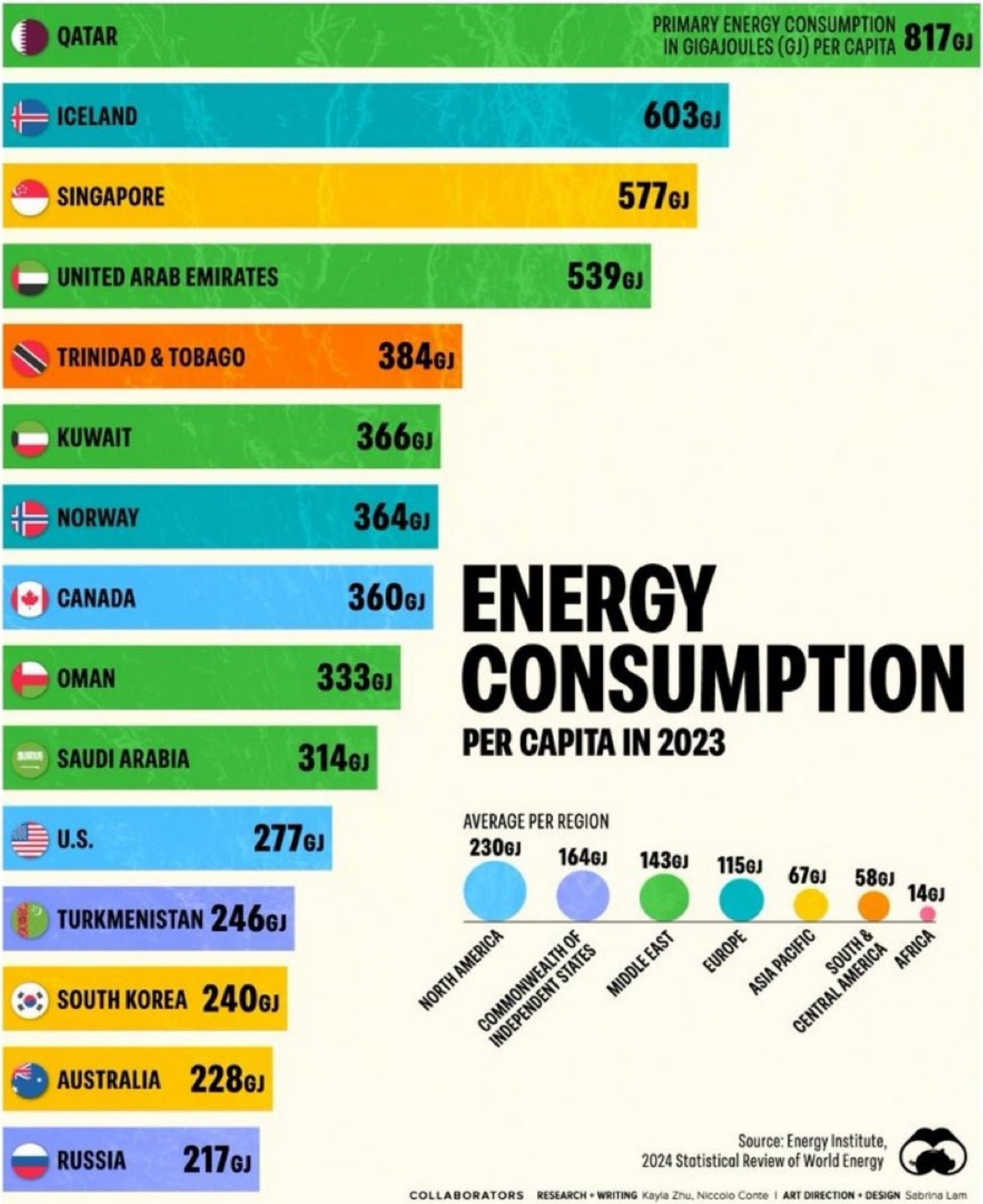

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PRIMARY ENERGY CONSUMPTION IN GIGAJOULES (GJ) PER CAPITA
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ICELAND 603GJ
SINGAPORE 577GJ
UNITED ARAB EMIRATES 539GJ
TRINIDAD & TOBAGO 384GJ
KUWAIT 366GJ
NORWAY 364GJ
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PER CAPITA IN 2023
AVERAGE PER REGION
230GJ NORTH AMERICA
164GJ COMMONWEALTH OF INDEPENDENT STATES
143GJ MIDDLE EAST
115GJ EUROPE
67GJ ASIA PACIFIC
58GJ SOUTH & CENTRAL AMERICA
14GJ AFRICA
Source: Energy Institute, 2024 Statistical Review of World Energy
COLLABORATORS RESEARCH + WRITING Kayla Zhu, Niccolo Conte | ART DIRECTION + DESIGN Sabrina Lam

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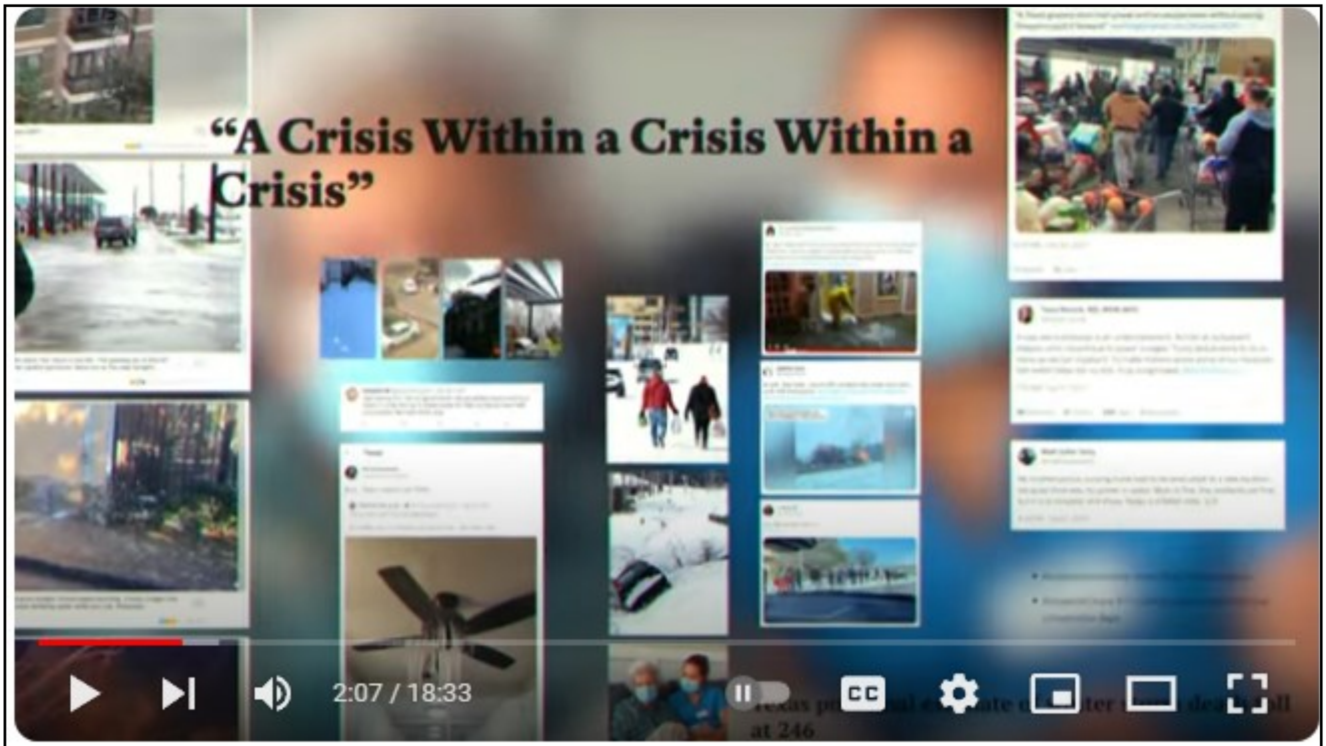
Juice, a 5-part series on Power Demand



JUICE (Episode 1) - Texas Blackout

In February 2021, millions of Texans lost power, and the state's grid came within four or five minutes of a total failure that would have resulted in tens of thousands of deaths. It's hard to overstate the importance -- and complexity -- of our electric grid. But how did our most important energy network get weakened? And what can we do to fix it? Watch JUICE: POWER, POLITICS & THE GRID via links below:

Episode 1: Texas Blackout • JUICE (Episode 1) - Texas Blackout

Episode 2: Undermined by Enron • JUICE (Episode 2) - Undermined By Enron

Episode 3: Green Dreams • JUICE (Episode 3) - Green Dreams

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SIPES HOUSTON DEAL BUYER LIST

The SIPES Houston Chapter has the coveted DEAL BUYER LIST

This annually updated list consists of over 300 real working interest buyers in all regions and basins. If you are trying to sell a deal, you need this list.

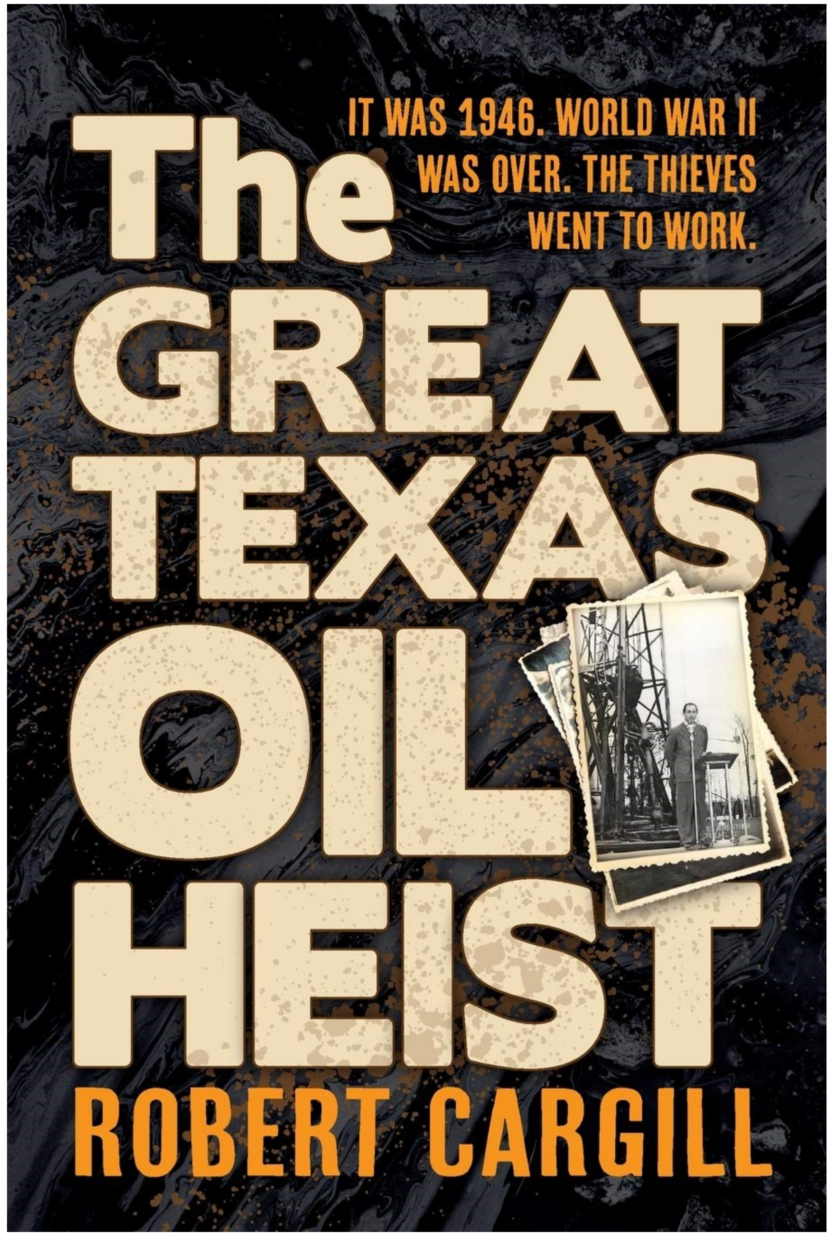
Only Sipes Members can see this list. Are you a member?

APPLY NOW

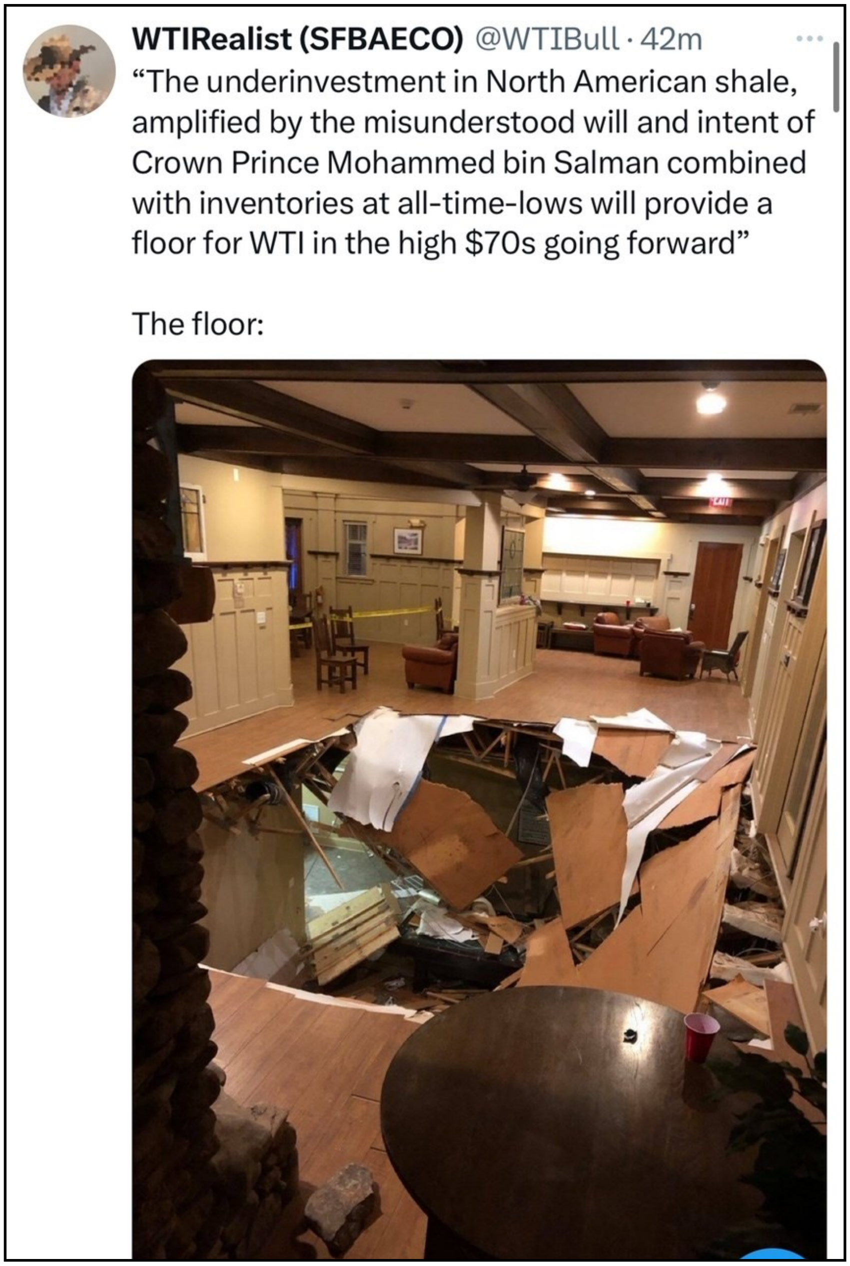
LUNCHEON MENU

Food Allergies?
CONTACT US

SIPES Book Recommendation



Laugh, it's good for ya



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