

Message

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**From:** Jack Collins (BPX Energy) [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=REDACTED]  
**Sent:** 26/01/2021 16:58:50  
**To:** Sam Knaizer [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=REDACTED] | Faye Gerard [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=REDACTED]  
**CC:** David Lawler [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=REDACTED]  
**Subject:** RE: Energy Market Wrap for January 25, 2021

**Redacted - First Amendment**

Best,

Jack

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**From:** Sam Knaizer <REDACTED@BPX.COM>  
**Sent:** Tuesday, January 26, 2021 9:58 AM  
**To:** Jack Collins (BPX Energy) <REDACTED@BPX.COM>; Faye Gerard <REDACTED@bp.com>  
**Cc:** David Lawler <REDACTED@bp.com>  
**Subject:** RE: Energy Market Wrap for January 25, 2021

**Redacted - First Amendment**

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**From:** Jack Collins (BPX Energy) <REDACTED@BPX.COM>  
**Sent:** Tuesday, January 26, 2021 9:56 AM  
**To:** Sam Knaizer <REDACTED@BPX.COM>; Faye Gerard <REDACTED@bp.com>  
**Cc:** David Lawler <REDACTED@bp.com>  
**Subject:** FW: Energy Market Wrap for January 25, 2021

Sam and Faye,

**Redacted - First Amendment**

Best,

Jack

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**From:** Enverus Intelligence <REDACTED@enverus.com>  
**Sent:** Monday, January 25, 2021 5:41 PM  
**To:** Jack Collins (BPX Energy) <REDACTED@BPX.COM>  
**Subject:** Energy Market Wrap for January 25, 2021

# ENERGY MARKET WRAP FOR JANUARY 25, 2021

STEPHEN GRAHAM

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## Announcing EVOLVE – Enverus' Premier Energy Innovation Conference

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ENVERUS

Join the conversation Feb. 16-18 and hear from industry leaders on the market outlook and how to navigate the new norm with leading tech, as well as speak with executive peers about their top priorities and biggest challenges for 2021.

Don't miss an opportunity to have access to more than 40 sessions dedicated to the evolution of the industry and hundreds of industry professionals and disruptors, all looking to strategize, collaborate and innovate.

Register [here](#).

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## HES Marks \$780 Million for Guyana Development

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SHAWN STUART

Hess (HES) announced 2021 capital and production guidance of \$1.9 billion and 310 Mboe/d (ex-Libya), with \$450 million allocated to the Bakken, \$780 million to Guyana development and \$450 million for exploration and appraisal, primarily directed toward Guyana with some focus on its RDSA-operated Block 42 in Suriname. The company's Suriname acreage lies north of Apache's (APA's) Block 58, (see [this report](#) for our assessment of the basin's geologic risk). Liza Phase 1 will only account for \$25 million of the budget and reached nameplate capacity of 120 Mbbl/d in December 2020 after compressor [troubles](#). In the Bakken, the company expects 2021 production to average 170 Mboe/d, 7% below the 4Q20 guidance midpoint, and the firm will operate two rigs through the first quarter. A 45-day turnaround and tie-in expansion at the Tioga Gas Plant in the third quarter will negatively affect 2021 average production by 7.5 Mboe/d. For more on HES, see our [3Q20 Large-Cap Compass](#).

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## ERF Buys Bruin and Updates 2021 Guidance

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EVAN MACDONALD

Enerplus (ERF) today announced it has acquired Bruin E&P, the recently restructured Williston Basin pure-play private operator, for \$465 million. The acquisition includes 24 Mboe/d (72% oil) of existing net production and 111 net remaining locations, roughly half of which break even at ~\$45/bbl with the other half at ~\$55/bbl. To fund the acquisition, ERF will issue \$115 million in equity and draw \$400 million from a new three-year term loan, leaving its credit facility undrawn at \$600 million. The deal is accretive to the purchaser's EBITDA multiple, and 2021 pro-forma free cash flow is expected to total \$200 million at a \$50/bbl price deck.

ERF also announced 4Q20 results, beating Street estimates for capex and production by 5% and 2%, spending \$52 million to produce 49 Mbbl/d. The operator updated its previously announced 2021 guidance of 86 Mboe/d and \$300 million in capex as a standalone entity to 106 Mboe/d and a \$360 million budget, assuming a 10-month contribution from the Bruin assets. The operator expects Bakken differentials to improve from -\$5/bbl to -\$3.25/bbl Y/Y if the Dakota Access Pipeline continues to operate this year, and widen to -\$6/bbl if the pipeline is shutdown. For more on ERF, see our [3Q20 CPV Report](#).

## Redacted - First Amendment

### RDSA to Acquire EV-Charging Company

#### STEPHEN GRAHAM

Royal Dutch Shell (RDSA) said Monday it reached an agreement to acquire vehicle-charging provider ubitricity for an undisclosed sum in a transaction expected to be completed by the end of the year. Ubitricity has 2,700 charge points across the U.K. and another 1,500 in Germany and France. The move follows BP's acquisition of Chargemaster in 2018 (7,000 U.K. charging points) as both companies compete for market share in the new-energy economy. Shell said the move is designed to help ease the transition for its customers wanting to switch to an electric vehicle. It comes against the backdrop of the U.K.'s goal of banning the sale of new internal combustion vehicles by 2030.

### Enverus E&P Themes for 2021

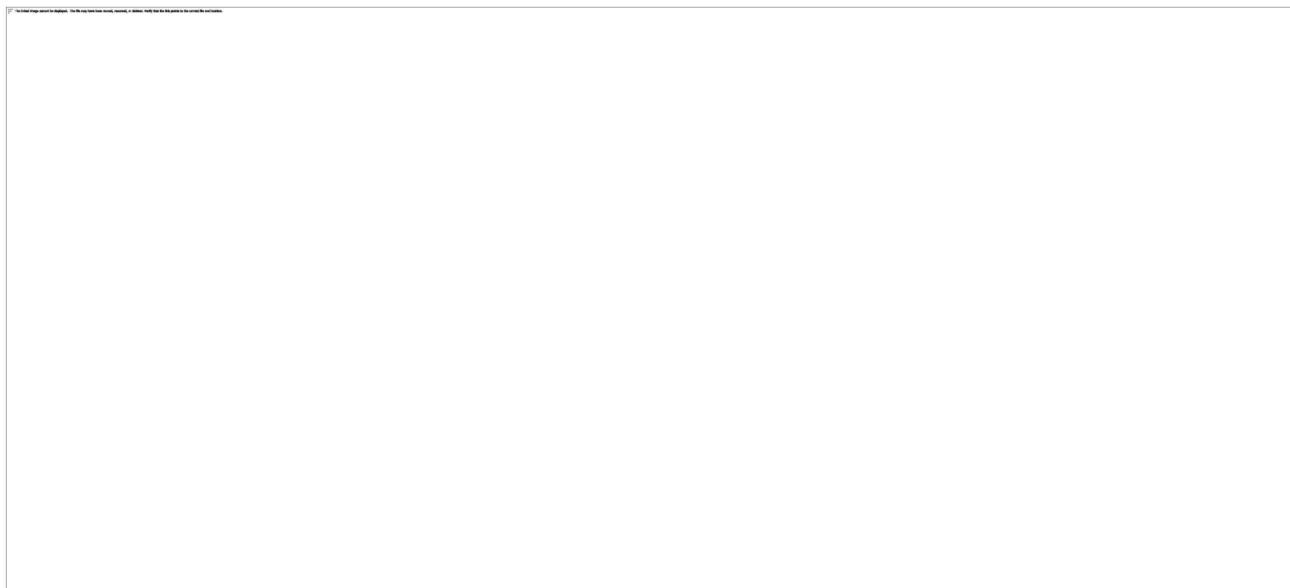
## DANE GREGORIS

Our new report outlines eight themes we believe will shape E&P markets in 2021. Among them:

- E&P FCF Margins Will Reach Multi-Year Highs
- Regulatory Risk and Capture
- SMID-Cap Renaissance

## Stock Performance

### DAILY TOP AND BOTTOM PERFORMERS BY SECTOR



Source | Enverus, FactSet

### YTD, 3-MONTH AND DAILY STOCK PERFORMANCE BY SECTOR



\*Price change % is based on a market weighted average of company performance in each basin/sector

Ticker count in each basin/sector is denoted in parentheses

Source | Enverus, FactSet

## MAP OF THE MARKET



Source | Enverus, raw data from QuoteMedia, Map data © 2018 Google, INEGI

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## Pipeline Flows and Hub Prices

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### Pipeline Flows



Source | Enverus, raw data from Genscape

### Hub Prices



Source | Enverus, raw data provided by Bloomberg, Intelligence Press Inc., Argus Media

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## News Stories

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**(\\$)** denotes stories behind a paywall.

### Macro

Oil rises 1% on U.S. stimulus hopes, supply concerns

Column: Oil buying fades as risks shift to downside

Column: Asia LNG price spike may curtail switch to spot pricing

EIA expects gasoline and diesel prices to increase as U.S. economy recovers

Big Oil hits brakes on search for new fossil fuels

Shale producers fear drilling binge will spoil good times **(\\$)**

U.S. oil refiners set for worst earnings quarter of the pandemic

### ESG

Biden Sets in Motion Plan to Ban New Oil and Gas Drilling on Federal Land

Biden turns to climate-action advocates for energy jobs **(\\$)**

The new Biden climate team — like the old Obama team **(\\$)**

After long fight to thwart climate rules, oil firms seek inroads with Biden **(\\$)**

Colorado lawmakers plan a major push on climate change to strengthen Polis' roadmap

Ofgem recommends independent body to steer Britain to net zero

European lenders exit Amazon oil trade after scrutiny by campaigners

(RDSA) Shell buys UK's largest electric vehicle charging network **(\\$)**

(WCP) These 2 oil companies say they've reached 'net-negative' emissions through carbon capture

MPs push Bank of England to step up green standards in bond purchases (\$)

ECB can price climate risk better than the market, Panetta says

## **Renewables**

Renewables overtook fossil fuels in EU electricity mix in 2020: Report

Major U.S. offshore wind project asks Biden administration to restart permitting

Three in a row: Ørsted again ranked world's most sustainable energy company

The problem with Britain's electrical ups and downs (\$)

Sunrun Announces Preliminary Fourth Quarter 2020 Results

Sunrun Inc. Announces Proposed Private Offering of \$350 Million of Convertible Senior Notes

Siemens Gamesa confirms outlook after 15% first-quarter revenue jump

## **United States**

Biden names Democrats to lead nuclear, pipeline agencies

## **Canada**

Keystone Pipeline Cancellation Raises Pressure on Canadian Producers (\$)

## **International**

Libya oil guards halt exports in dispute

Nord Stream 2 says pipe-laying vessel has started work in Danish waters

EIA: Malaysia Analysis Brief

## **Midstream, Marketing & Infrastructure**

Canadian crude-by-rail exports surged 87% in November amid limited pipeline capacity

Don't write off Canadian pipeline companies just yet — there is plenty of growth left post-KXL

Threats of a trade fight won't work — only jobs offer a 'faint hope' for Keystone XL

## **U.S. listed**

(HAL, SLB) Oil field services giants turn the corner in pandemic recovery (\$)

(HES) Hess Announces 2021 E&P Capital and Exploratory Budget

(REI) Ring Energy, Inc., Announces Relocation of Its Headquarters From Midland, Texas to The Woodlands, Texas

## **Canada listed**

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(ERF) Enerplus Agrees to Acquire Williston Basin Operator, Enhancing Value for Shareholders and Accelerating Free Cash Flow Generation; Provides Preliminary 2020 Results and 2021 Guidance

(ERF) Enerplus Announces \$115 Million Bought Deal Offering of Common Shares

(OBE, BNE) Obsidian Energy extends hostile takeover offer for Bonterra Energy to March 29

(POU) Paramount Resources Ltd. Announces Increased Credit Facility Availability and Issuance of Senior Unsecured Convertible Debentures

### **Internationally listed**

(BP) bp completes integrated gas value chain in China with delivery of LNG for downstream customers

(BP) BP's oil exploration team swept aside in climate revolution

(PMO) Update on the restructuring plans for the proposed merger with Chrysaor

(PMO) Appointment of Chief Financial Officer

(PMO) Notice to holders of Premier's £150,000,000 6.5 per cent notes due 2021

### **Sell-side Ratings Changes**

(CNQ) ATB Capital Markets initiates coverage of Canadian Natural Resources with "outperform" rating (\$)

(CVE) ATB Capital Markets initiates coverage of Cenovus Energy with "outperform" rating (\$)

(CVE) Citi raises target for Cenovus to C\$11 from C\$8 (\$)

(IMO) ATB Capital Markets initiates coverage of Imperial Oil with "sector perform" rating (\$)

(IMO) Citi raises target for Imperial Oil to C\$29 from C\$23 (\$)

(SU) ATB Capital Markets initiates coverage of Suncor Energy with "outperform" rating (\$)

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## **ENVERUS INTELLIGENCE**

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