

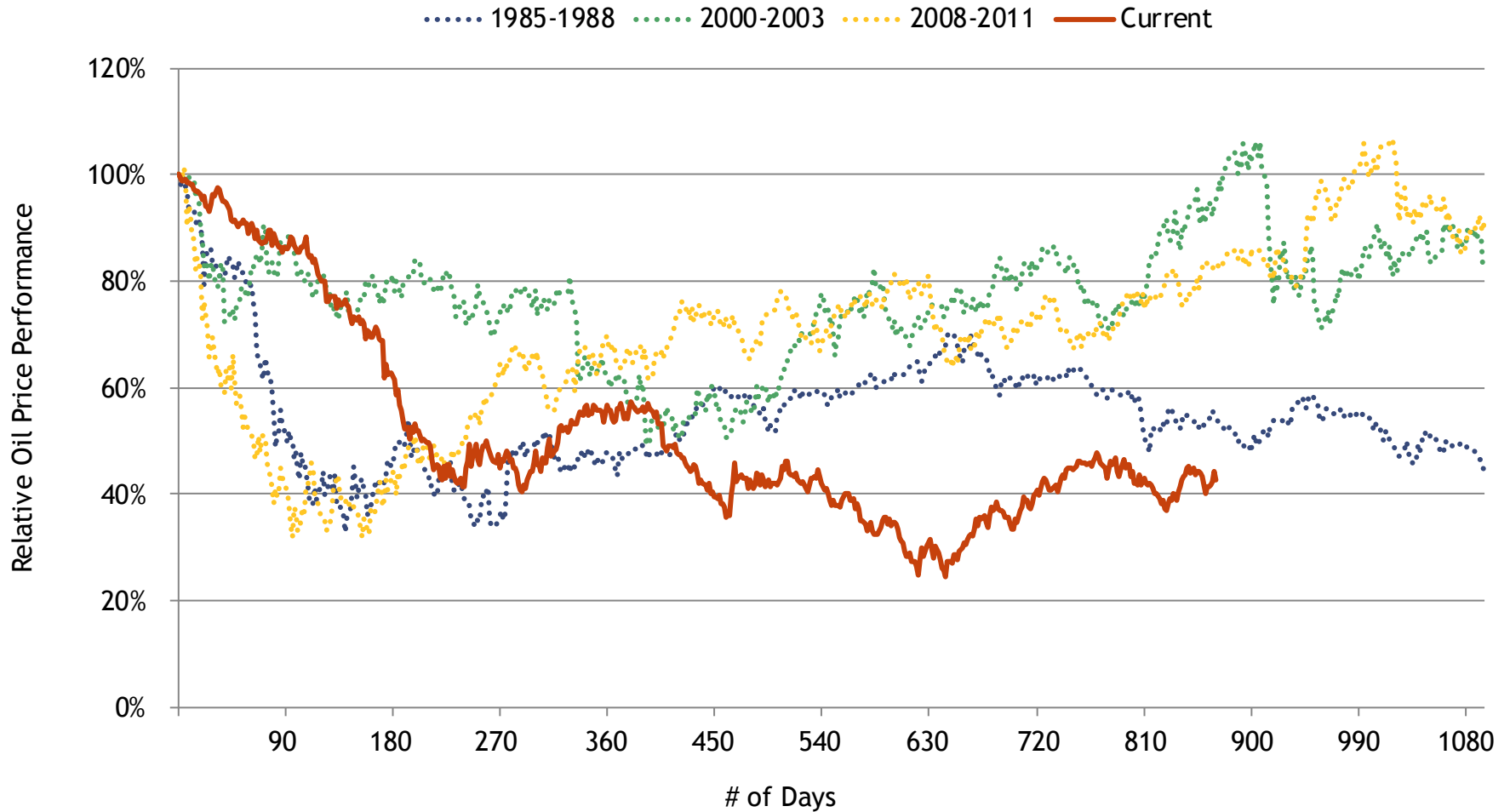
# 2016 TPH Partners Macro Update

November, 2016



# Significant and Prolonged Downturn

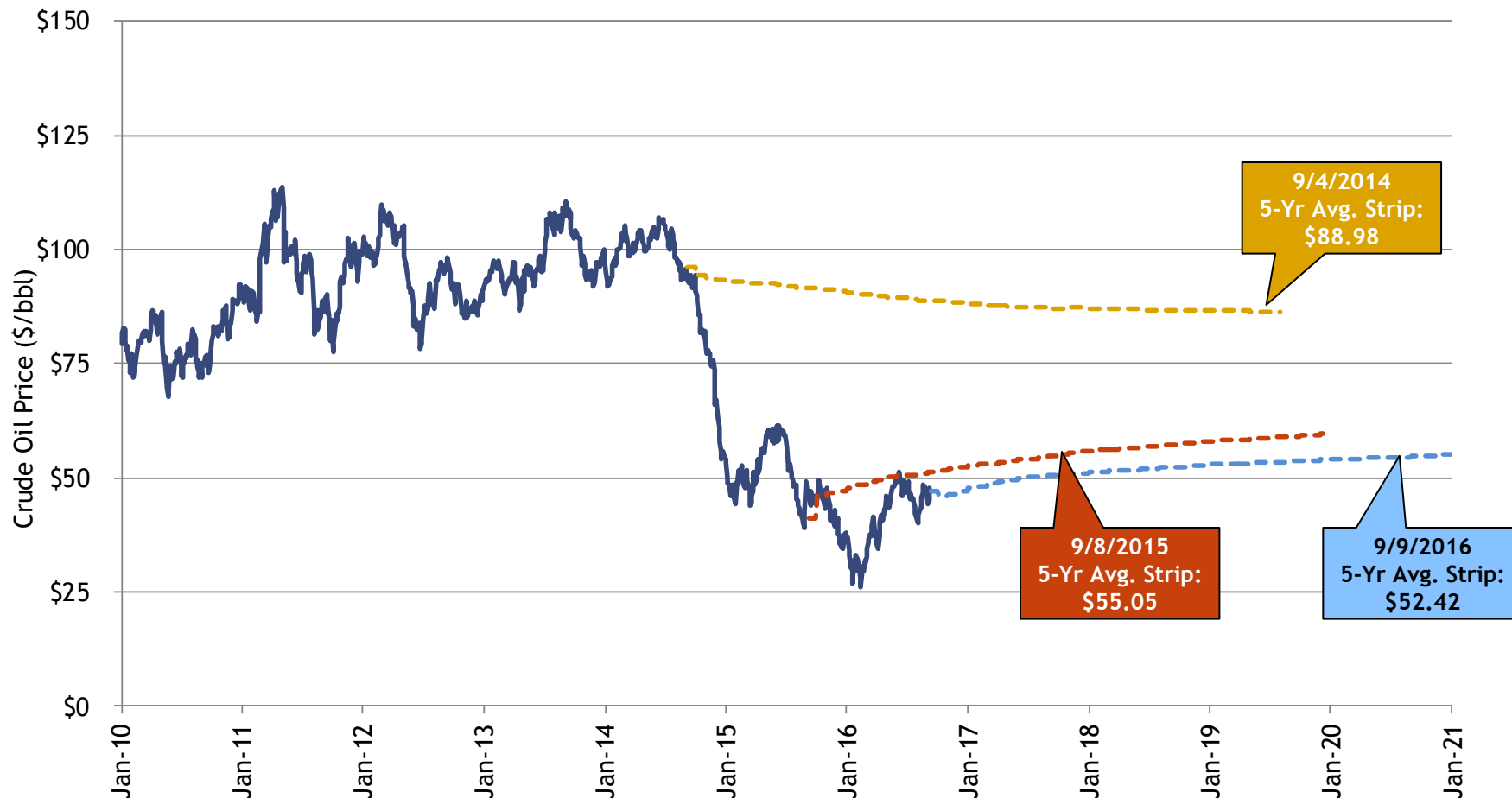
*“New Normal” has been lower for longer*



Source: FactSet as of 09/09/16.

# Oil Price Summary

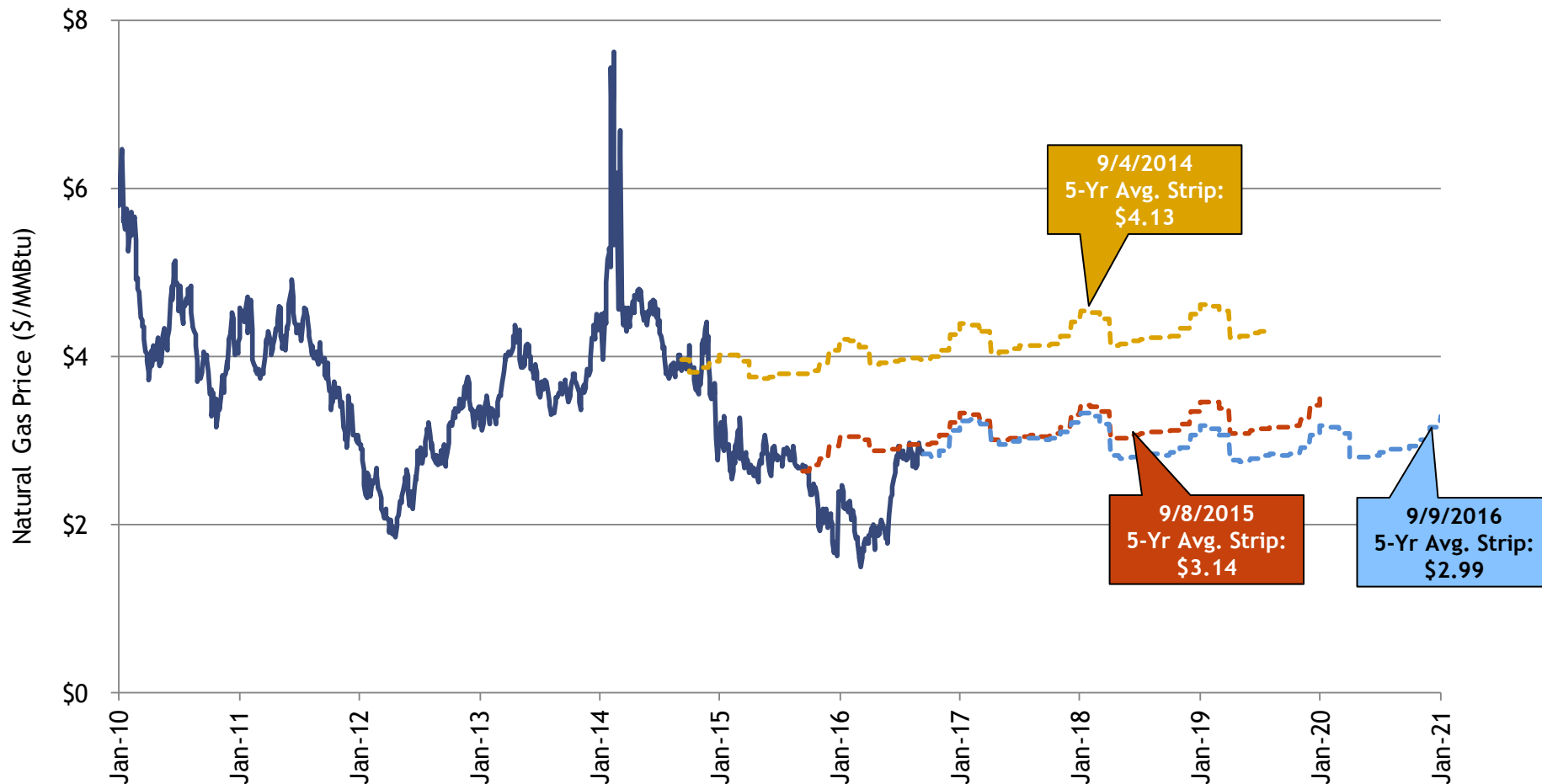
*Despite volatility during the year forward expectations remain consistent*



Source: FactSet as of 09/09/16.

# Gas Price Summary

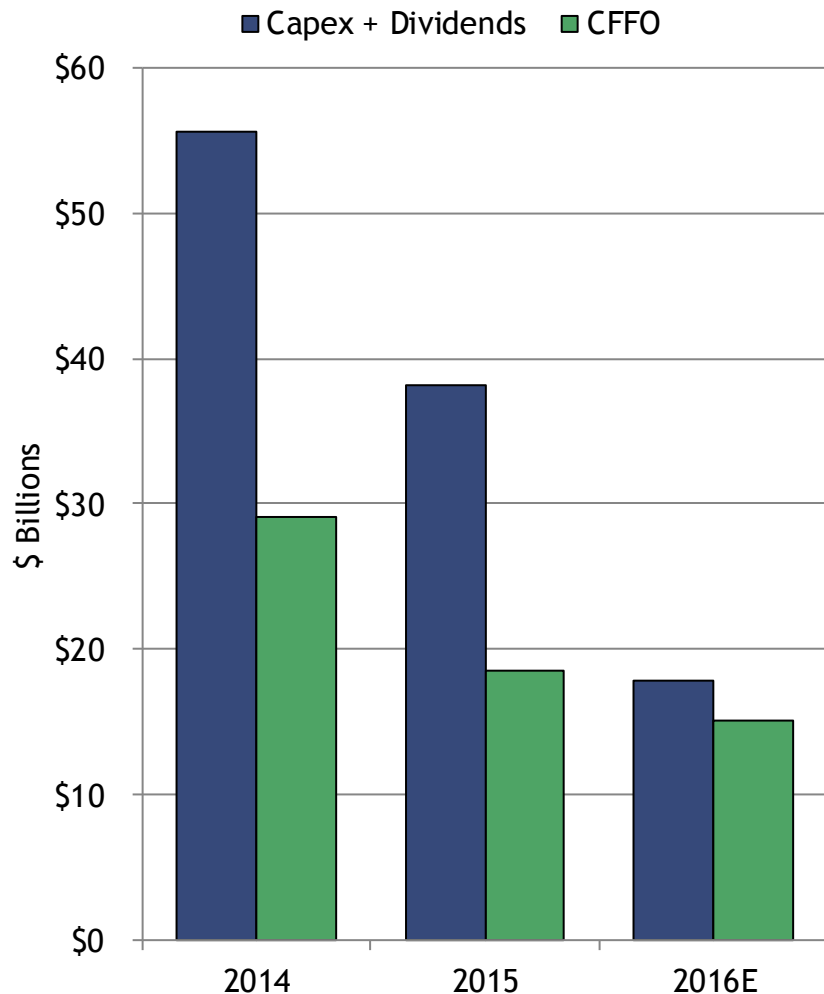
Same story holds true for gas...



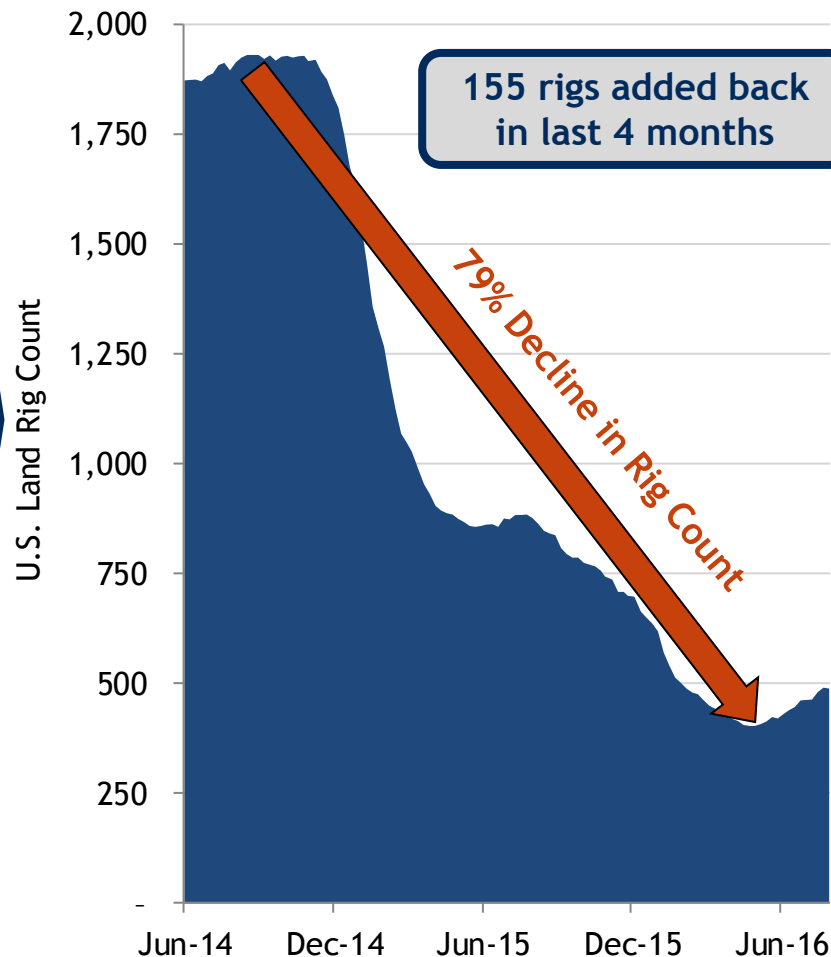
Source: FactSet as of 09/09/16.

# Upstream Response to Reduced Cash Flow

## Slashed Capex Budgets

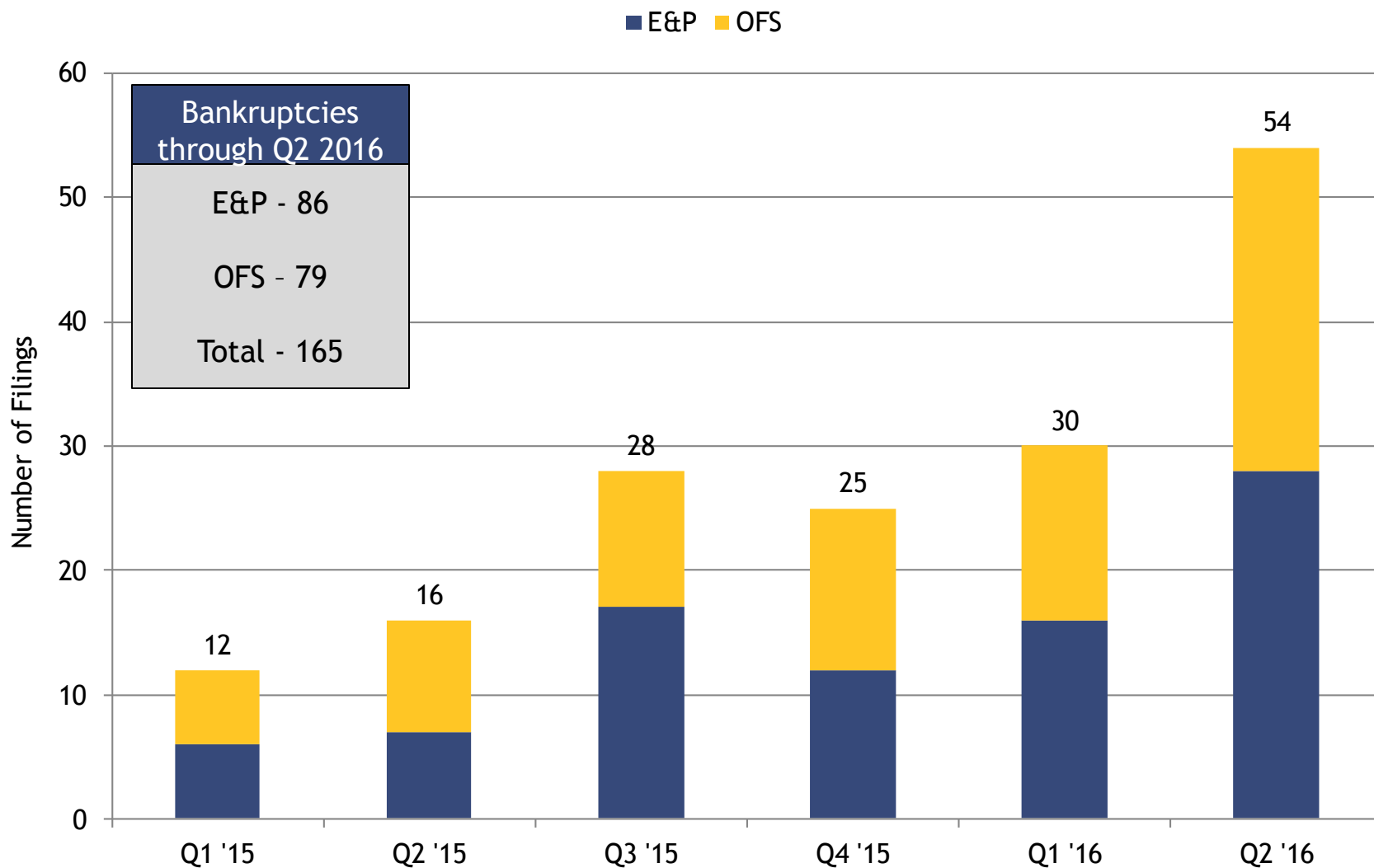


## Reduced Drilling Activity



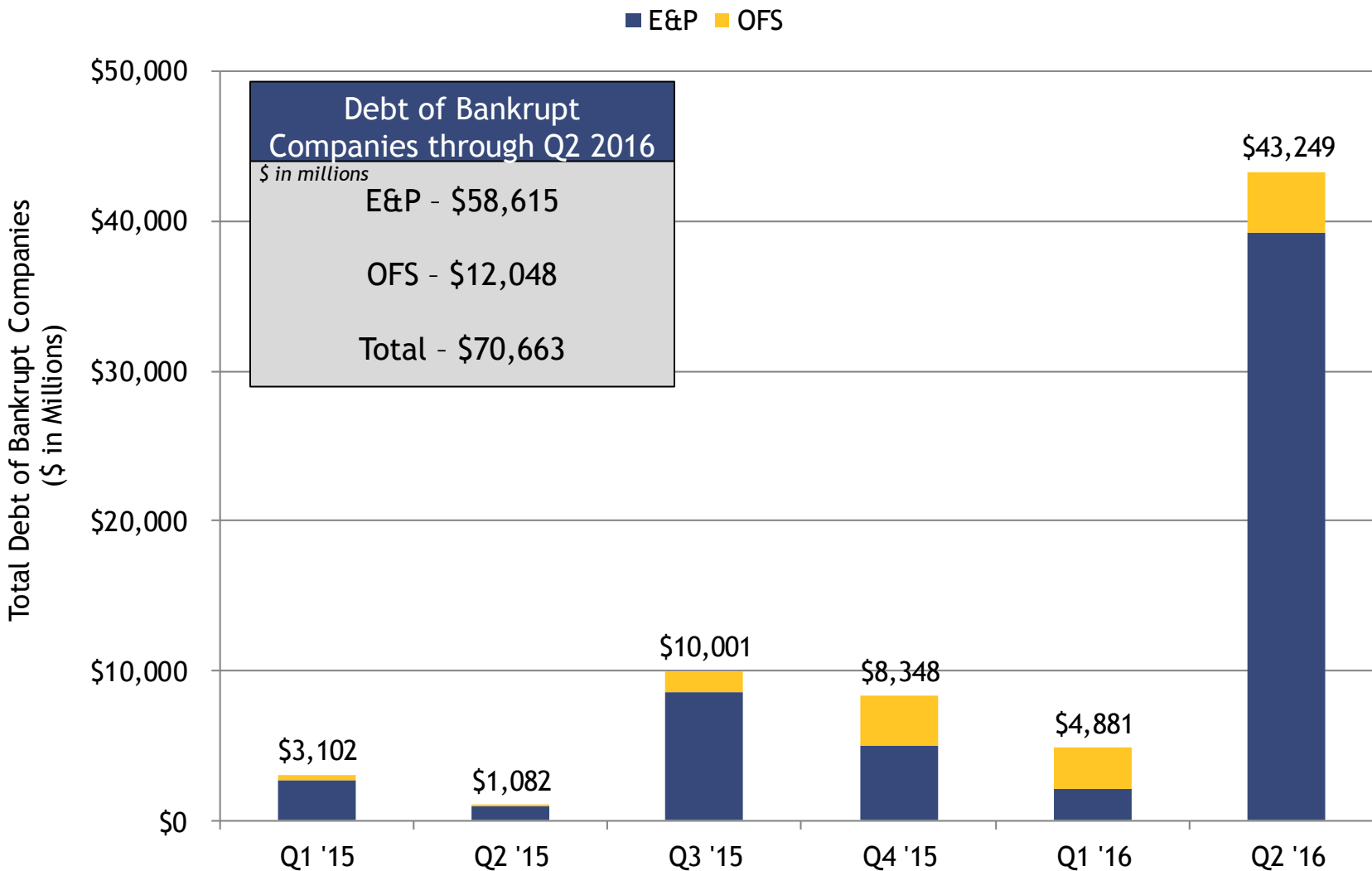
Note: Based on TPH investment banking Appalachia, Bakken, Eagle Ford and Permian Basin comp universe.  
 Source: FactSet and Baker Hughes as of 8/26/2016.

# Length of Downturn Forces More into Bankruptcy



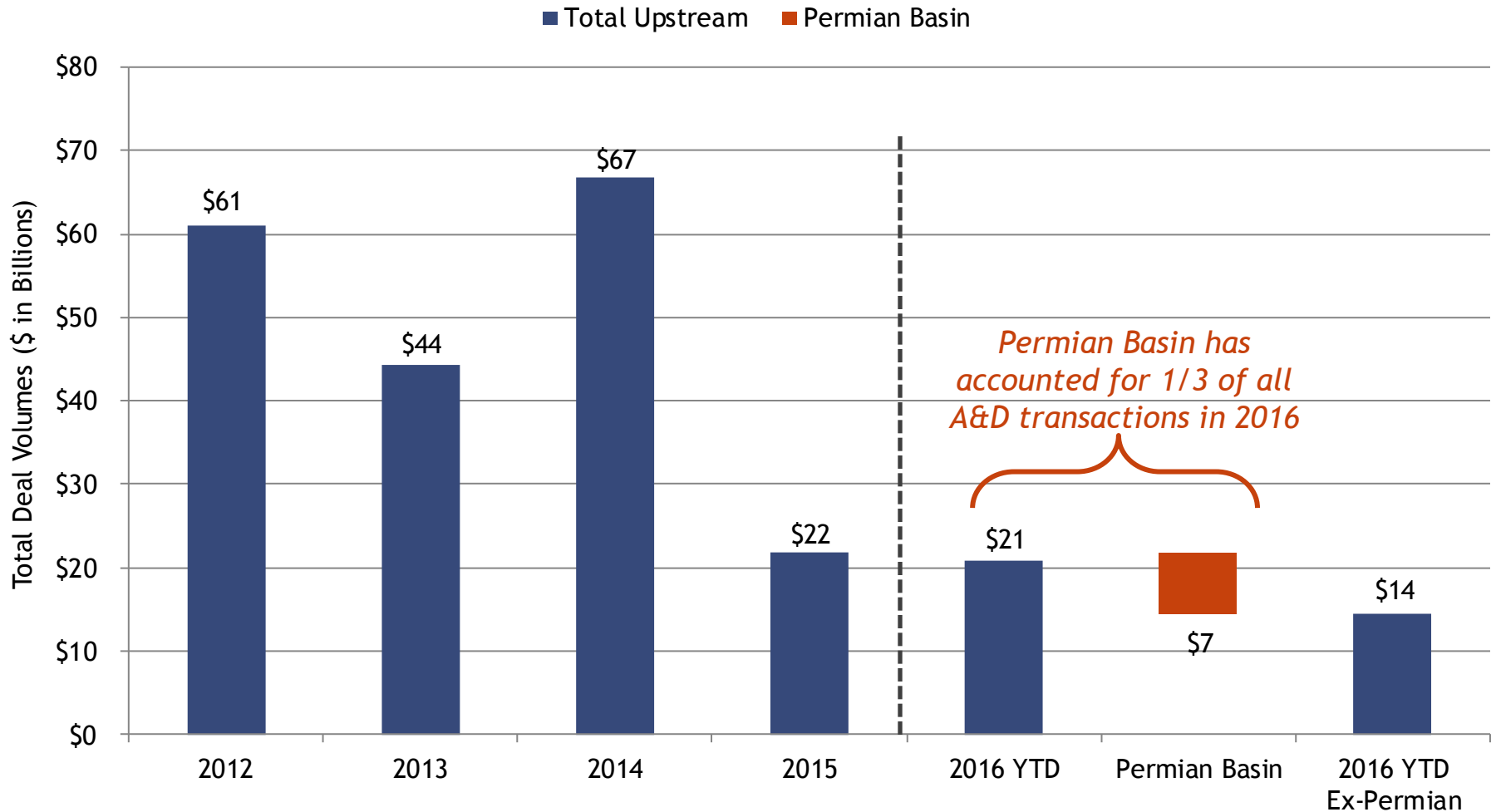
Note: Only E&P and OFS companies shown.  
Source: Haynes and Boone.

# Effects of Extended Downturn Intensifying



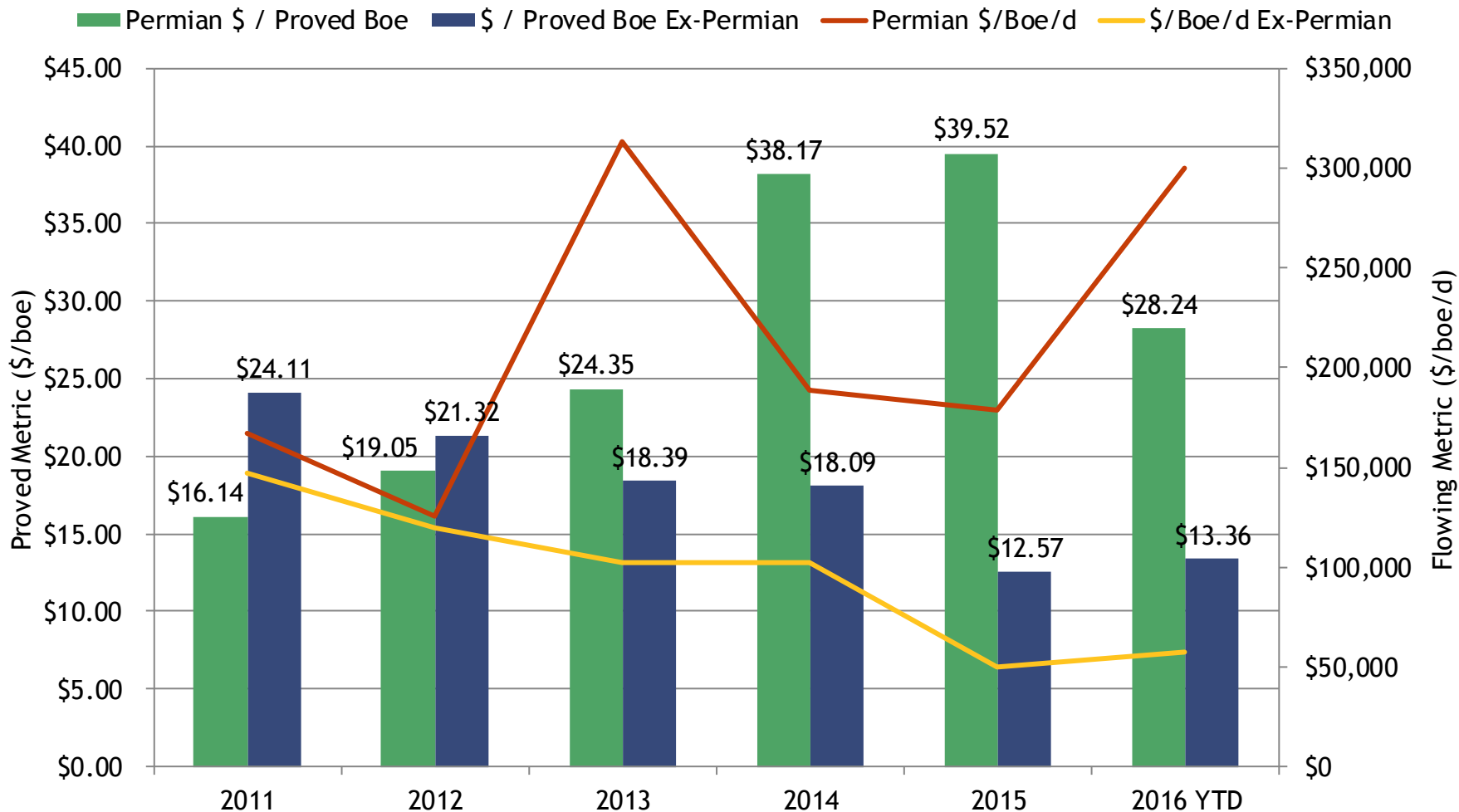
Note: Only E&P and OFS companies shown.  
 Source: Haynes and Boone.

# Historical Upstream A&D Activity





# One Good House in a Rough Neighborhood

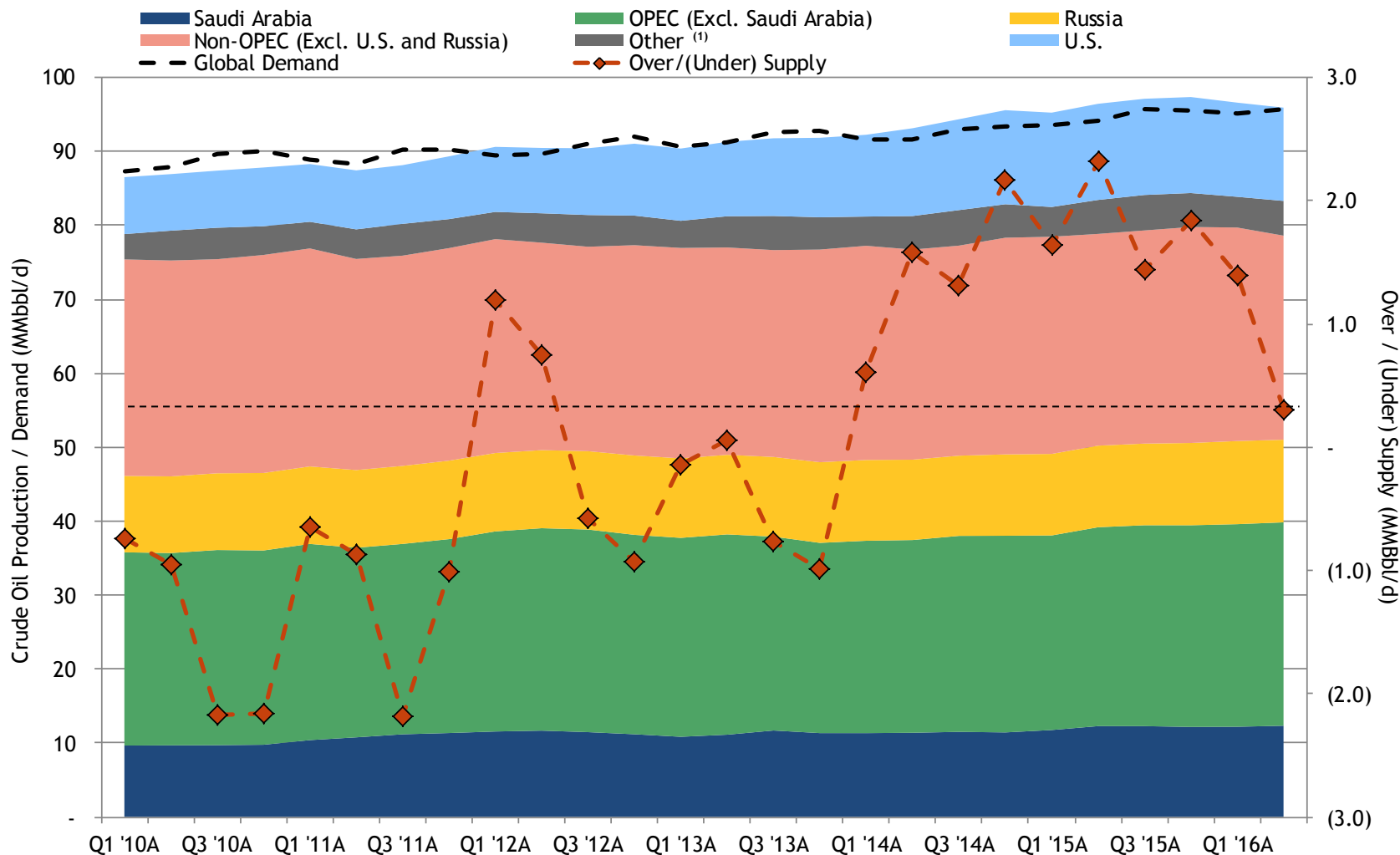


**Excluding certain portions of the Permian Basin, it has been challenging to sell assets at attractive terms in the current market**

Source: IHS and TPH Investment Bank.

# Supply / Demand Fundamentals Improving

## Global Crude Supply and Demand

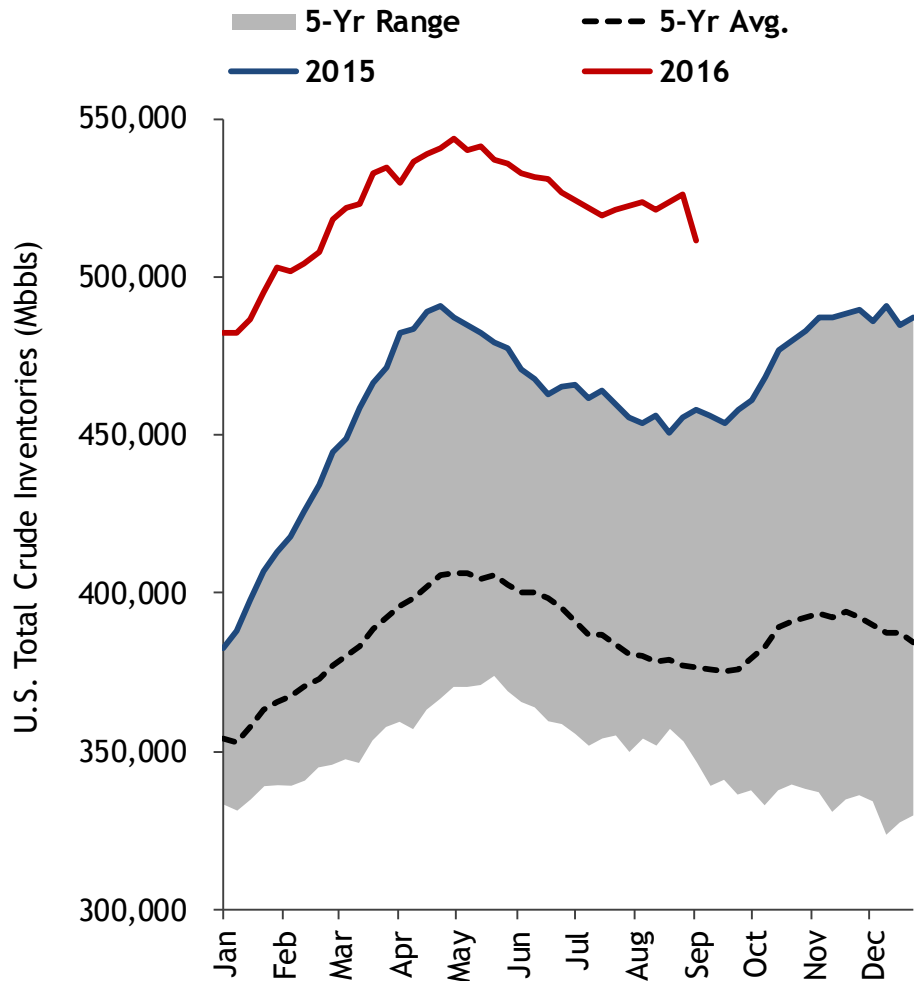


Source: EIA, TPH Research.

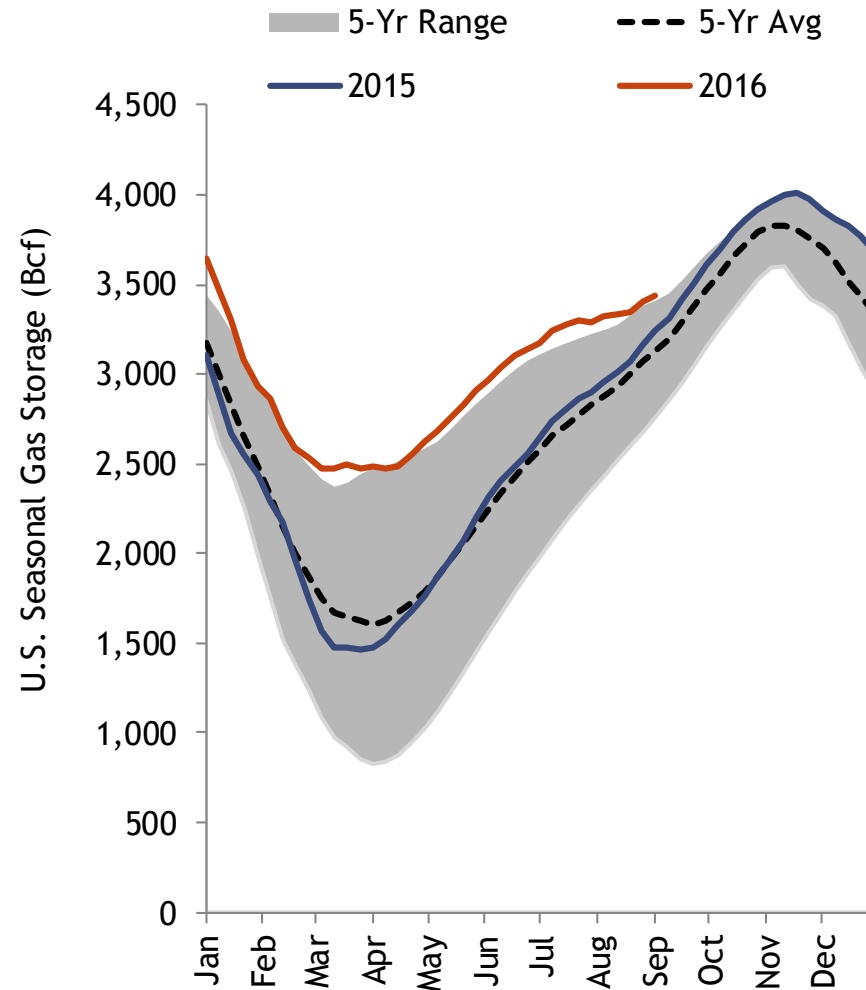
(1) Includes NGLs, Processing and Other Ethanol.

# Watch Inventories Closely...

## U.S. Crude Oil Inventories



## U.S. Seasonal Gas Storage



Source: EIA, TPH Research.

# Washington Issues - 2017+ ????

