

Pragmatism Prevails

■ KEY THEMES

- Driven by physics, economics and politics, 2025 was an interesting year for oil and gas.
- Oil is positioned for lower prices in 2026 due to world supply and demand considerations (\$55-\$65 per barrel of crude oil).
- Many upstream companies with sizable exploration, development and production (E&P) budgets and scale are actually breathing a sigh of relief as the turnabout in energy policy is viewed as positive.
- Practical wisdom suggests that the reset that took off about a year ago will carry into 2026.
- While President Trump's policies are dampening crude prices today, the more informed E&P pragmatists view this as a necessary sacrifice for more stable and realistic policies that will help to bolster oil, natural gas and NGL economics long-term beyond 2026.

■ 2026 OIL & GAS PROGNOSTICATIONS FROM RBN ENERGY LLC

Permian natural gas prices are expected to remain challenged through much of 2026.

More natural gas liquid production growth is coming with the addition of pipeline projects within the Permian Basin in 2026, coupled with higher natural gas prices on a stabilized basis.

Anticipated spike in U.S. natural gas demand from artificial intelligence overhyped. AI, liquefied natural gas, and data centers are still expected to increase demand in the coming years, but some anticipated AI-driven growth may be supplied by alternative energy sources.

Oil rig efficiency is expected to continue. Despite the number of rigs drilling for oil steadily declining, rig efficiency, such as automated land rigs, enhanced pad drilling, better completion designs and improved geo-steering have likewise contributed to higher oil output per rig.

■ RETAIL CAPITAL TRENDS FROM 18 UPSTREAM SPONSORS COVERED BY MICK LAW

Approximately \$2 billion was raised from retail investors by 38 unique private oil and gas programs to support drilling and E&P infrastructure, mineral interest acquisitions, workovers and value-added projects and related assets.

There was a 40.11% year-over-year increase in raised capital in 2025 versus what was reported in 2024.

A significant majority of the established retail sponsors **reported either year-over-year gains in fundraising** or stayed similar to 2024 levels.

2025 Capital Raise Leaders

<u>\$847.8M</u>	<u>\$259.3M</u>	<u>\$258.2M</u>
U.S. Energy Development Corp.	MDS Energy	WhiteHawk Income Corp.
<u>\$180M</u>	<u>\$108.2M</u>	<u>\$97M</u>
Mewbourne Development Corporate	Montego Energy Partners	Renaissance Growth Partners

2025 New Retail Sponsors

Trellis Energy Partners	Mountain V Oil & Gas	Citizen Energy Ventures
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■ 2025 E&P CAPITAL BY STRATEGY - 18 CONTRIBUTING SPONSORS

<u>\$2.019B</u>	<u>\$762.4M (38%)</u>	<u>\$735.5M (36%)</u>
TOTAL CAPITAL	OPERATED DRILLING	NON-OP DRILLING
<u>\$385.5M (19%)</u>	<u>\$108.2M (5.5%)</u>	<u>\$27.4M (1.5%)</u>
MINERALS/ROYALTIES (structured as direct interests or as fund programs)	VALUE ADD E&P	OPPORTUNITY FUNDS (includes a QOZ fund)

Above percentages are representative of the portion of total capital raised in 2025.

Approximately 74% of retail E&P capital raised in 2025 will be used to fund operated and non-operated drilling projects.

Value-added E&P made a comeback in 2025, representing 5.5% of the total capital raised.

The royalty sponsor segment is expected to hold serve in 2026. A **Delaware statutory trust-structured royalty product is anticipated to launch** its first syndication in the first quarter of 2026.

■ CONCLUSION

2026 should be an interesting year for the oil and gas sponsors reviewed by Mick Law, with natural gas markets presently expecting upside.

Cost inflation within the upstream sector has waned considerably, which should enable sponsors to put retail sourced capital to work when drilling and completion costs are stable (broader \$55-\$70 BBL price range expected in 2026).

Cautious independent underwriting by a firm with petroleum engineers of a program's mineral value, costs, risks, and structure will be more important than ever going into 2026-2027 based upon the volatility we are likely to experience.

■ FUNDRAISING TOTALS OF THE E&P SPONSORS COVERED BY MICK LAW IN 2025

Company	Strategy	2025 Raise	2024 Raise	2023 Raise	2022 Raise
Mewbourne	Operated Drilling-Horizontal Wells in the Permian Basin and Anadarko Basin	\$180.0 MM	\$180.0 MM	\$180.0 MM	\$250.0 MM
MDS	Operated Drilling-Horizontal Wells in the Marcellus Shale Play	\$259.3 MM	\$197.0 MM	\$196.0 MM	\$225.0 MM
USEDC	Operated and Non-Op Drilling-Permian Basin, Powder River Basin, and Haynesville Shale Play; the QOF is an Opportunity Fund Seeking to Acquire Working Interests and Other Upstream Assets; 1031 Royalty Program has Direct Title Structure; Private Credit is a Diversified E&P Oriented LP Fund	\$642.8 MM drilling; \$177.4 MM QOF; \$0.2 MM 1031 royalty program; \$27.4 MM Private Credit	\$510.67 MM drilling; \$102.0 MM QOF; \$12.51 MM 1031 program; \$53.08 MM Private Credit	\$388.0 MM drilling; \$80.0 MM QOF; \$15.0 MM 1031 program	\$267.93 MM drilling; \$56.65 MM QOF; \$8.10 MM 1031 program
Waveland	Non-Op Fund Targeting Minerals and Non-Operated Working Interests in the Bakken Shale and Permian Basin	\$75.3 MM	\$67.49 MM	\$94.48 MM	\$42.64 MM
Resource Royalty	1031 Program Acquiring Minerals and Royalties in Anadarko Basin in Oklahoma	\$18.9 MM	\$17.15 MM	\$29.59 MM	\$32.90 MM
Montego	1031 Programs Acquiring Minerals and Royalties in the Permian Basin and East Texas	\$108.2 MM	\$67.49 MM	\$77.0 MM	\$62.20 MM
WhiteHawk	Royalty Fund Acquiring Mineral Rights, Royalties, and Overriding Royalties in Primarily Nat. Gas Plays	\$258.2 MM	\$20.40 MM	\$21.20 MM	\$65.70 MM
King Operating	Sponsors Drilling and Leasehold Acquisition Programs	\$57.9 MM	\$81.63 MM	Not Covered	Not Covered
Texakoma Resources, LLC	Non-Op Drilling in Shale Plays Including the Anadarko Basin in OK	\$38.0 MM	\$26.30 MM	\$32.0 MM	\$30.00 MM
Texas Standard Energy	Drilling-Barnett Shale Combo Play in N. Tex.; Horizontal Drilling for Oil/Nat. Gas	\$13.0 MM	\$38.0 MM	\$40.0 MM	\$4.0 MM
Eagle Eye Permian	Non-Op Drilling- Permian Basin focus	\$26.6 MM	First Fund Covered 2025		
John Henry Oil	Operated Drilling-Shallow Oil Formation in Tennessee and Kentucky	\$2.3 MM	No Raise	\$3.782 MM	\$5.00 MM
RGP	Value-added workover and recompletion of leaseholds and oil production in north and west Texas	\$97.0 MM	\$42.0 MM	\$2.0 MM	NA
Trellis	Non-Op Fund Targeting Working Interests in Shale Plays Including the Rockies and Permian Basin	\$22.5 MM	First Fund Closed 2025	NA	NA
Mountain V	Value-added workover and recompletion of leaseholds and oil production in East Kentucky	\$11.5 MM	\$0.80 MM	NA	NA
Citizen Energy	Operated Drilling-Horizontal Wells in the Anadarko Basin in Oklahoma	\$3.8 MM	First Fund Launched 2025	NA	NA
Unspecified	Two Reg. D sponsors collectively raised equity for Non-Op E&P projects	\$3.0 MM	NA	NA	NA

Note that certain sponsors included in prior reports were omitted if either not covered by Mick Law in 2025 or if the sponsor was covered last year but did not report its numbers.